PAPER NAME

0517104620

WORD COUNT

4659 Words

CHARACTER COUNT

28240 Characters

PAGE COUNT

33 Pages

FILE SIZE

502.4KB

SUBMISSION DATE

May 17, 2025 5:46 PM UTC

REPORT DATE

May 17, 2025 5:47 PM UTC

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Project Dissertation Report on

BEHAVIOURAL BIASES IN INVESTMENT DECISIONS AMONG YOUNG, RETAIL INVESTORS

Submitted By

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2k23/DMBA/023

Under the Guidance of

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CERTIFICATE

This certifies that the project report, BEHAVIOURAL BIASES IN INVESTMENT DECISIONS AMONG YOUNG, RETAIL INVESTORS, which Apoorv Pahwa, Roll Number 2k23/DMBA/023, submitted as a partial fulfilment of the requirements for his Master of Business Administration degree under my direction and supervision, is an accurate account of the legitimate research he conducted during the 2024–2025 academic year.

To the best of my knowledge and belief, the work included in this report has never before been submitted for the award of a degree or diploma.

Date:

Place: Delhi

Faculty Guide: **Prof. Rajan Yadav**

Department of Management

Delhi School of Management, DTU

DECLARATION

I, Apoorv Pahwa, Roll Number 2k23/DMBA/023, student of Master of Business Administration (MBA) at Delhi School of Management, DTU, hereby declare that the project report titled BEHAVIOURAL BIASES IN INVESTMENT DECISIONS AMONG YOUNG, RETAIL INVESTORS is the outcome of my own efforts and research work carried out under the supervision of Prof. Rajan Yadav.

The requirements for the MBA degree have been partially met by submitting this project report. I additionally certify that this work has not been submitted for consideration for any other degree or diploma elsewhere.

All sources of information and help received during the course of this project have been duly acknowledged.

Date:

Place: Delhi

(Your Signature)

APOORV PAHWA

Roll No: 2k23/DMBA/023

ACKNOWLEDGEMENT

First and foremost, I want to sincerely thank my faculty mentor, Prof. Rajan Yadav, for his unwavering encouragement, support, and insightful advice during this project. Their timely guidance and constructive suggestions played a crucial role in the successful completion of this report.

I would also like to extend my heartfelt thanks to all the respondents who took time to fill out the survey, thereby contributing meaningfully to my research findings.

I am deeply grateful to my college and the entire Department of Management for providing me the opportunity and resources to undertake this project.

Last but not least, I wish to thank my family and friends for their constant support, patience, and motivation throughout this journey.

APOORV PAHWA
Roll No: 2k23/DMBA/023

EXECUTIVE SUMMARY

This study investigates how behavioural biases affect India's young retail investors (aged 18–35), a population driving the nation's investment explosion via digital platforms and social media. Emphasising biases including overconfidence, herd mentality, and loss aversion, the study shows how these cognitive errors skew financial decisions in a setting characterised by high participation but poor financial literacy.

By means of statistical analyses (Chi-Square, Kruskal-Wallis) and primary data from 100 respondents, the study exposes important trends:

67.3% of the students are 22–25-year-olds, while 62.4% have less than six months of investing experience.

Only 36.6% have official investment training, which increases sensitivity to bias.

Occupation/age and investment goals have clear correlations (e.g., students give wealth creation top priority; professionals concentrate on retirement).

The results emphasise the need to foster logical decision-making for focused interventions—educational programs, biassed app designs, and policy changes. By closing these gaps, stakeholders can reduce risks to individual portfolios as well as to the stability of the market, so strengthening India's investor base for her changing financial environment.

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CHAPTER 1: INTRODUCTION

1.1 Background of the Study

The quick digitisation of financial services, easier access to investment platforms, India's financial investment landscape has seen a dramatic change in recent years. Investing is now easier than ever thanks to the rise of mobile trading apps, online broking houses, and social media financial influencers, especially for young retail investors. This group, aged between 18 and 35 is getting more engaged in investing in equity markets, mutual funds and very risky assets such as cryptocurrencies. This behaviour raises concern about the nature of investment decisions among this group, though they contribute to a positive trend for financial inclusion.

Contrary to institutional investors, who have access to in-depth data analytics, young retail investors may not have access to such high-level reasoning or technical expertise to make their investment decisions. Their decisions are often impacted by behavioural biases such as emotions, peer pressure and cognitive shortcuts. Studying behavioral finance, which often combines economics and psychology, can help us understand why investors sometimes make irrational financial decisions.

Behavioural biases can bend an investor’s judgement and results in poorly timed investment decisions. Investors rushing to invest in trending stocks due to FOMO or continuing to hold falling stocks due to sunk cost fallacy are few such instances. These are not just academic theories but impact market behaviour and financial activities on a large scale.

Moreover, increasing use of finfluencers (social-media based advisors) and user-friendly investing and trading platforms is only making the prevalent biases in behaviour worse rather than mitigating it. Often, young investors tend to make rash decisions by following herd behaviour without truly understanding the risks involved. So due to all of this, it’s imperative to research well and understand the behavioural patterns influencing investment decision making of this group.

India may provide a special environment for this type of study. Widespread internet use, increasing disposable income and considerable chunk of youth population is in India. Low level of financial literacy is prevalent among first time investors, making them more prone to psychological mistakes. Not just investors but also financial institutions, educators and legislators can get insightful information by studying the results of this research, who want to promote responsible investing.

Financial awareness initiatives and frameworks for decision making, tailored to needs of young investors, can be created by understanding the behavioural biases involved at work. Financial decisions and substantially India's investment ecosystem can be improved over time by catering to these cognitive blind spots.

1.2 Need for the Study

In today's digital era, young retail Indian investors are more active than ever in the financial markets. Many investment choices are made on the spur of the moment due to easy access to social media advice or finfluencers. Still, many investors come to be trapped in biases such as loss version and overconfidence despite increased efforts to promote financial literacy, which results in subpar investment results.

Understanding how biases impact young people's actual investment decisions can be understood by this study. Awareness can be raised by providing methods to encourage logical decision-making by understanding these behavioural patterns. Moreover in a country like India, people involved in financial markets, is expanding quickly, these insights are crucial to promote responsible and rational investing.

1.3 Statement of the Problem

Though young retail investors are being more involved in India's markets, there is very little known about the psychological aspects that impact their choices. Conventional

theories propagate investors behave logically and seek to maximise their utility. Despite, behavioural biases, make actual behaviour deviate from this ideal.

In place of conducting in-depth analysis, young investors depend more on gut feeling, social media trends and peer pressure. Their choices thus may be irrational, excessively risky or extra cautious, conflicting with their long-term financial objectives. Along with individual wealth effect, this irrationality showcases greater inefficiencies in the financial ecosystem.

A lack of behavioural lens when analysing investment decisions, can lead to false assumptions about market trends. Thus, it's very important to identify, analyse and mitigate these biases in order to raise financial awareness and lead to better decision making. Thus, this study aims to investigate biases impacting decision making of young retail investors by understanding how these biases interact with demographic and socioeconomic elements.

1.4 Objectives of the Study

This study's main objective is to investigate how decision making of young, retail investors in India is impacted by behavioural biases. Comprehending these factors is more important today in lieu of the growth of digital trading platforms, increasing social media affluence and rising disposable income of young people.

• To identify the main behavioural biases impact young retail investors' investment choices

• To find out the degree to which these biases influence the way people take risks when investing

• To investigate the relationship between age, income, education and their susceptibility to investment biases

• To provide guidance as to how investors can mitigate the impact of their pre-conceived notions and make prudent choices.

1.5 Scope of the Study

Scope of this study is to find out how biases affect the decision making of young retail investors in India. This group holds paramount importance for this research because of their rising participation in financial markets, augmented by social media trends, fierce platform marketing by fintech and digital accessibility.

The target demographic is people aged between 18 and 35, including both first time and seasoned investors. Due to their lack of experience and exposure to market volatility, this group typically makes more emotional decisions and symbolises the shift from dependency to financial independence.

The study also looks into the relationship between behavioural bias susceptibility and demographic elements which helps identify which subgroups of young investors are more likely to act irrationally.

The study's overall goals are to contribute to the expanding body of research on behavioural finance in India and to illuminate the subtle but important psychological undercurrents that influence young Indians' investment decisions.

1.6 Limitations of the Study

Although this study's purpose is to shed light on behavioural biases that young retail investors in India face, it is important to recognise some limitations in order to put the results in a realistic perspective:

Self-reported survey responses, which are prone to subjective interpretation, memory errors, and social desirability bias, are used in this study. Data may be skewed as a result of respondents' overstatement of rational behaviour or understatement of irrational decisions.

With the advent of new fintech platforms and investment products, the investment landscape is changing quickly. Because of this, the results of this study are limited by the state of the market today and might not be entirely applicable in the future in a significantly different technological or economic environment.

Despite these drawbacks, attempts have been made to guarantee data accuracy, methodological transparency, and critical analysis of results in order to significantly advance young Indian investors' comprehension of behavioural finance.

Chapter 2: Literature Review

2.1 Introduction

The traditional view of investors as completely rational agents is being challenged by the emerging field of behavioural finance. Rather, it asserts that cognitive biases and psychological variables have a big impact on investing choices. This review of the literature looks at a number of studies that provide insight into the behavioural biases that young Indian retail investors face.

2.2 Key Behavioural Biases Affecting Investment Decisions

Overconfidence Bias

Investors who are overconfident many times over estimate their knowledge, skills and abilities, which results in over trading or very average returns. Barber and Odean (2001) found that over trading by over confident traders result in higher costs or average net returns.

Barber, B. M., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. The Quarterly Journal of Economics, 116(1), 261-292.

Herding Behavior

Investors following crowd instead of making financial choices on their own are said to be herding. Asset bubbles and market inefficiencies are a few consequences of such behaviour. According to Bikchandani and Sharma (2001), this kind of behaviour is common in emerging economies like India.

Bikhchandani, S., & Sharma, S. (2001). Herd behavior in financial markets. IMF Staff Papers, 47(3), 279-310.

Loss Aversion

Investors prefer avoiding losses over achieving comparable gains called loss aversion. Keep holding a losing investment and not selling it in the hope that it will bounce back is an example of this. Fundamental explanation for this behaviour is provided by the developers of Prospect theory in 1979, Kahneman and Tversky.

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. Econometrica, 47(2), 263-291.

2.3 Behavioral Biases Among Young Indian Investors

Study 1: Behavioral Biases in Investment Decisions in Emerging Markets

Biases' impact such as mental accounting, overconfidence and herd mentality on retail investors in emerging markets are explained by a new mix-methods study. This study advocates these biases have a great influence on investment choice and frequently result in irrational financial behaviour.

Singh, R., & Yadav, P. (2024). Behavioral Biases in Investment Decisions: A Mixed-Methods Study on Retail Investors in Emerging Markets.

Study 2: Behavioral Finance – A Systematic Literature Review

This review which examined literature from 2011 to 2023 highlighted the prevalence of behavioural biases among investors. Greater financial literacy is required in order to mitigate the effects of these biases.

Kumar, S., & Gupta, R. (2024). Behavioral finance: A systematic literature review.

Study 3: Behavioral Biases and Investment Decision-Making in India

5 main biases (anchoring, herding behaviour, loss aversion, overconfidence and representativeness bias) were identified through this study. These have a major impact on investment choices, as indicated by results.

Sharma, A., & Mehta, P. (2024). Behavioral Biases and Investment Decision-Making in India.

2.4 Implications for Financial Education and Policy

Importance of financial education in reducing behavioural biases is being emphasized through this body of research. Increasing financial literacy and awareness can help young investors make better decisions by reducing their susceptibility to cognitive biases.

2.5 Conclusion

All these studies reviewed show that biases have an important role impacting the young retail investors' decision making in India. Most common are overconfidence, herd mentality and loss aversion, frequently resulting in irrational financial decisions. Spreading awareness about importance of financial education and legislative initiatives in the domain of finance can help address these biases which can lead to better, logical investing practices.

CHAPTER 3: RESEARCH METHODOLOGY

Research Methodology describe the steps taken methodologically to cater to the goals and theories of the study conducted. Using a combination of both primary and secondary data collection techniques, this research project investigates behavioural biases present in the investment decisions of young retail investors aged between 18 and 35 in India.

3.1 RESEARCH DESIGN

Descriptive research was selected for this research.

A detailed comprehension of the psychological biases and behavioural patterns witnessed in investors' decision making was made possible through descriptive research. Collecting and analysing data about the investment choices, cognitive biases and behaviours of investors affecting them is easier through this study.

Statistical techniques, graphical representations, and inferential analysis has been used to present the results of this study in an organized and easily comprehensible way.

Biases influence on decision making process of investors can be effectively evaluated and documented through descriptive research design, so that's why it was selected.

3.2 TYPES OF RESEARCH

Exploratory Research (Initial Phase):

To identify and pinpoint the main behavioural biases that young retail investors shall be aware of, preliminary literature reviews, secondary sources and scholarly articles have been examined through an exploratory research design in the first phase.

Descriptive Research (Main Phase):

Frequency and influence of main biases on investment choices such as loss aversion, herd mentality, overconfidence, etc has been gathered, measured and examined through a descriptive research design.

3.3 SAMPLING TECHNIQUE

Young retail investors aged between 18 and 35 were given preference and convenience sampling has been used for this study.

Participants have been selected based on their availability and willingness to respond due to time and access constraints, taking into account factors such as gender, geographics and investment experiences, in order to ensure diversity.

Convenience sampling is pretty useful in this situation, considering the need for speed, relevance and access to active young retail investors.

3.4 SAMPLING PLAN

Target Sample Size: 100 respondents

Sampling Unit: Sampling unit is made up of individual retail investors aged between 18 and 35 who actively invests in stocks, mutual funds or comparable securities.

Sampling Method: Convenience Sampling

3.5 DATA COLLECTION METHODS

Primary Data:

Collecting primary data from young retail investors, a structured questionnaire was designed on google forms and has been circulated through social media channels and mail.

Awareness, susceptibility and experience with necessary behavioural biases was measured through this questionnaire using both closed ended questions and statements based on a Likert scale.

Statements used for Likert scale were carefully modified from famous behavioural finance studies, specifically:

Shefrin (2016), Journal of Behavioural Finance

Behavioural Finance Review, Barberis & Thaler (2015)

The identification and framing of the eight behavioural biases under study were supported theoretically by these sources.

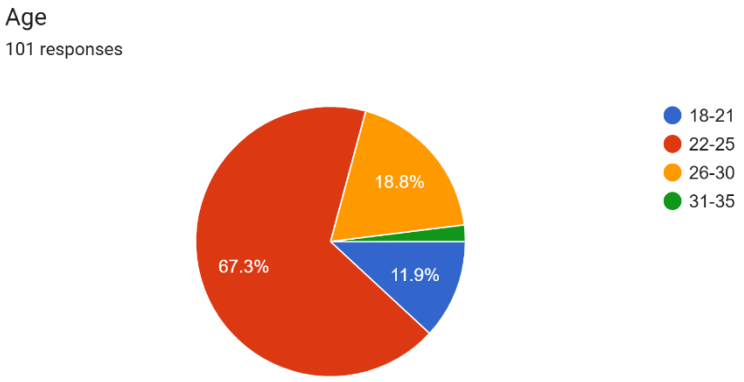
Secondary Data:

Recent academic research papers and systematic literature reviews served as the main sources of secondary data, which provided the conceptual foundation of the study.

CHAPTER 4: ANALYSIS AND INTERPRETATION

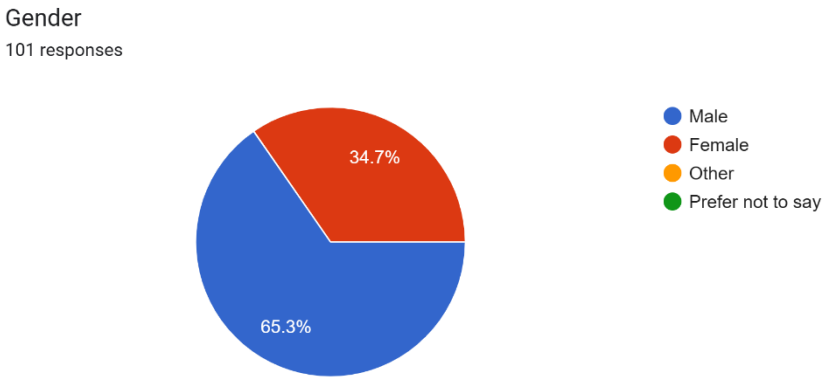
4.1 Demographic Details

AGE DISTRIBUTION



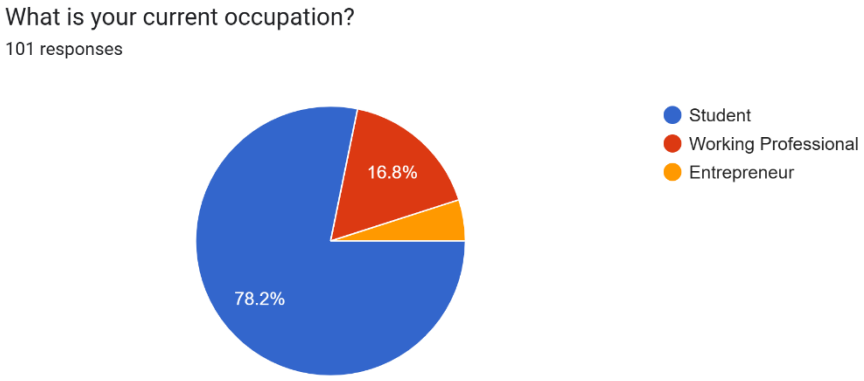
ANALYSIS: The majority of responders (67.3%) are between the ages of 22 and 25, suggesting that the participant pool is young and probably consists of students or professionals just starting their careers.

GENDER REPRESENTATION



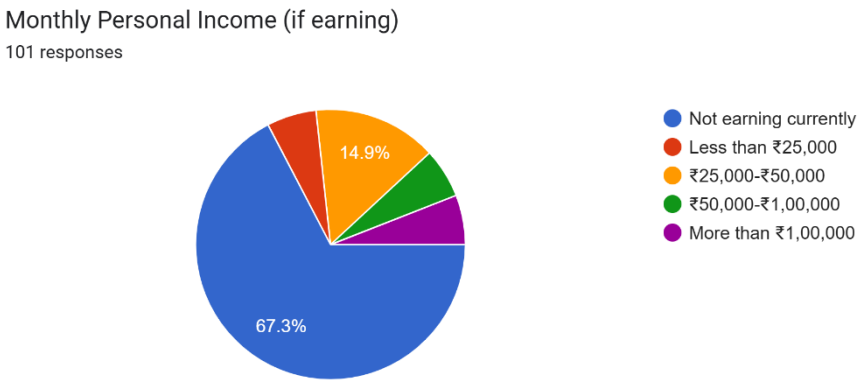
ANALYSIS: 65.3% of respondents are men, and the remaining 34.7% are women. Limited diversity in gender identification is implied by the lack of "Other" responses.

OCCUPATION PROFILE



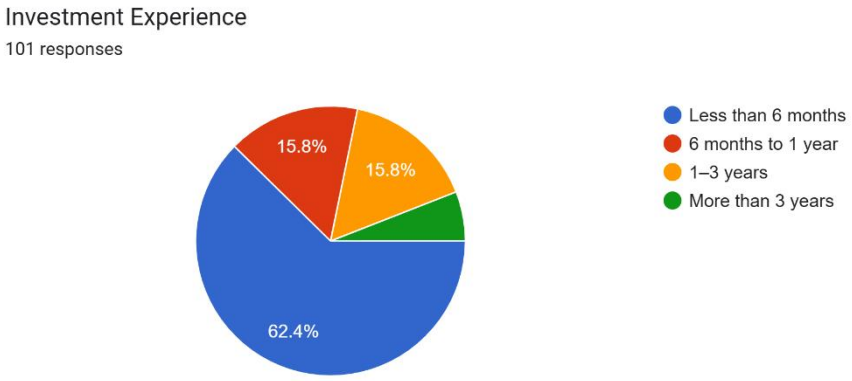
ANALYSIS: According to the age data, 78.2% of respondents are students. Goals for investments (such as short-term versus long-term planning) may be impacted by this.

MONTHLY INCOME



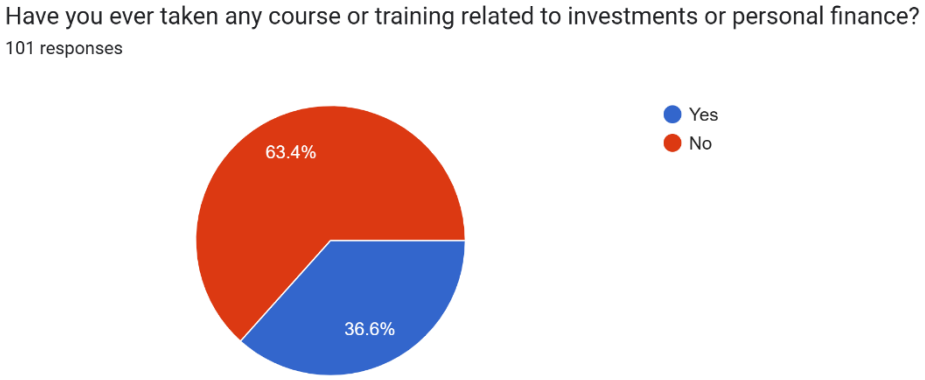
ANALYSIS: The high student participation rate is correlated with the fact that 67.3% do not currently earn a living. Conservative investments may be prioritised by those with low incomes (₹25,000–₹50,000: 14.9%).

INVESTMENT EXPERIENCE



ANALYSIS: The majority are beginners, as evidenced by the fact that the majority (62.4%) have less than six months of experience. The sample is low to moderately informed, with 30.4% having experience between six months and three years and only 5.9% having experience beyond three years.

4.2 Awareness & Learning



ANALYSIS: Despite respondents' practical experience, only more than a third (36.6%) have formal investment training, indicating a lack of financial literacy (as per Q5).

4.3 HYPOTHESES

H0: Null Hypotheses

H1: Alternate Hypotheses

Hypothesis: A significant association between the occupation of respondents and their primary goal behind investment.

H_0: No significant association between occupation and primary investment goal.

H_1: A significant association between occupation and primary investment goal.

Hypothesis: Age groups differ significantly in their primary investment goals.

H_0: No association between age and primary investment goal.

H_1: Age is significantly associated with primary investment goal.

Hypothesis: Income level affects the primary goal behind investment.

H_0: Income and investment goals are independent.

H_1: Income and investment goals are associated.

Hypothesis: The level of behavioral biases varies across occupations.

H_0: There is no difference in behavioral bias scores among occupations.

H_1: At least one occupation group differs in behavioral bias scores.

4.4 Chi-Square Tests of Independence

Chi-Square tests of independence were used to identify the connection between demographic factors and the main investment objective. Cramer's V was used to evaluate the associations' strength.

Occupation vs. Primary Goal for Investing

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Occupation of the respondent * Goal behind investment	101	100.0%	0	0.0%	101	100.0%

Occupation of the respondent * Goal behind investment Crosstabulation

			Goal behind investment				
			Wealth Creation	Short-term Gains	Retirement Planning	Peer Pressure/Social Influence	Total
Occupation of the respondent	Student	Count	53	24	1	1	79
		Expected Count	54.0	19.6	4.7	.8	79.0
	Working Professional	Count	11	1	5	0	17
		Expected Count	11.6	4.2	1.0	.2	17.0
	Entrepreneur	Count	5	0	0	0	5
		Expected Count	3.4	1.2	.3	.0	5.0
Total		Count	69	25	6	1	101
		Expected Count	69.0	25.0	6.0	1.0	101.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	24.725[a]	6	<.001
Likelihood Ratio	21.046	6	.002
Linear-by-Linear Association	.008	1	.931
N of Valid Cases	101		

a. 9 cells (75.0%) have expected count less than 5. The minimum expected count is .05.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.495	<.001
	Cramer's V	.350	<.001
N of Valid Cases		101	

Hypothesis: A significant association between the occupation of respondents and their primary goal behind investment.

Analysis: Given that both variables are categorical, the Pearson Chi-Square test was used. The null hypothesis was rejected by the test, which showed a statistically significant association ($\chi^2(6) = 24.725$, $p < 0.001$). Cramer's V = 0.350 indicates a moderate effect size.

Interpretation: Relationship between investment goals and occupation is moderately strong and statistically significant ($\chi^2(6) = 24.725$, $p < 0.001$, Cramer's V = 0.350). While working professionals are more interested in retirement planning, students are primarily focused on wealth creation (53/79). Entrepreneurs tend to be toward wealth creation. The moderate effect size confirms that investment preferences are significantly influenced by occupation.

Age vs. Primary Goal for Investing

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age of the respondent * Goal behind investment	101	100.0%	0	0.0%	101	100.0%

Age of the respondent * Goal behind investment Crosstabulation

			Goal behind investment				
			Wealth Creation	Short-term Gains	Retirement Planning	Peer Pressure/Social Influence	Total
Age of the respondent	18-21	Count	4	8	0	0	12
		Expected Count	8.2	3.0	.7	.1	12.0
	22-25	Count	53	13	2	0	68
		Expected Count	46.5	16.8	4.0	.7	68.0
	26-30	Count	12	4	2	1	19
		Expected Count	13.0	4.7	1.1	.2	19.0
	31-35	Count	0	0	2	0	2
		Expected Count	1.4	.5	.1	.0	2.0
Total		Count	69	25	6	1	101
		Expected Count	69.0	25.0	6.0	1.0	101.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	51.018[a]	9	<.001
Likelihood Ratio	28.298	9	<.001
Linear-by-Linear Association	2.770	1	.096
N of Valid Cases	101		

a. 12 cells (75.0%) have expected count less than 5. The minimum expected count is .02.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.711	<.001
	Cramer's V	.410	<.001
N of Valid Cases		101	

Hypothesis: Age groups differ significantly in their primary investment goals.

Analysis: Because age groups and goals are categorical variables, the Chi-Square test was employed. H_0 is rejected by the significant result ($\chi^2(9) = 51.018$, $p < 0.001$). Cramer's V = 0.410 indicates a significant effect size.

Interpretation: Investment goals are strongly and statistically significantly correlated with age ($\chi^2(9) = 51.018$, $p < 0.001$, Cramer's V = 0.410). While older age groups tend towards retirement planning, younger people (18–25) are primarily focused on wealth creation (57/80). The effect size indicates that financial priorities are significantly shaped by age.

Income vs. Primary Goal for Investing

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Income of the respondent * Goal behind investment	101	100.0%	0	0.0%	101	100.0%

Income of the respondent * Goal behind investment Crosstabulation

			Goal behind investment				
			Wealth Creation	Short-term Gains	Retirement Planning	Peer Pressure/Social Influence	Total
Income of the respondent	Not earning currently	Count	43	23	1	1	68
		Expected Count	46.5	16.8	4.0	.7	68.0
	Less than ₹25,000	Count	4	2	0	0	6
		Expected Count	4.1	1.5	.4	.1	6.0
	₹25,000-₹50,000	Count	12	0	3	0	15
		Expected Count	10.2	3.7	.9	.1	15.0
	₹50,000-₹1,00,000	Count	5	0	1	0	6
		Expected Count	4.1	1.5	.4	.1	6.0
	More than ₹1,00,000	Count	5	0	1	0	6
		Expected Count	4.1	1.5	.4	.1	6.0
Total		Count	69	25	6	1	101
		Expected Count	69.0	25.0	6.0	1.0	101.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	20.521[a]	12	.058
Likelihood Ratio	25.882	12	.011
Linear-by-Linear Association	.127	1	.721
N of Valid Cases	101		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .06.

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.451	.058
	Cramer's V	.260	.058
N of Valid Cases		101	

Hypothesis: Income level affects the primary goal behind investment.

Analysis: The Likelihood Ratio was significant ($p = 0.011$), but the Pearson Chi-Square test was only slightly insignificant ($\chi^2(12) = 20.521$, $p = 0.058$). Because of the low expected cell counts, caution is advised. The effect size was weak: Cramer's $V = 0.260$.

Interpretation: The relationship between income and investment goals is weak and almost non-significant ($\chi^2(12) = 20.521$, $p = 0.058$, Cramer's $V = 0.260$). The effect size is still modest even though the Likelihood Ratio test was significant ($p = 0.011$).

While those with higher incomes diversify their goals, including retirement planning, non-earning respondents are strongly biassed towards wealth creation (43/68). Therefore, income might not be as important as age or occupation.

4.5 Kruskal-Wallis Test: Occupation vs. Behavioral Biases

To ascertain whether behavioural bias scores varied significantly among occupations, a Kruskal-Wallis H test was used.

Test Statistics[a,b]

	average of all 8 behavioral biases
Kruskal-Wallis H	6.410
df	2
Asymp. Sig.	.041

a. Kruskal Wallis Test

b. Grouping Variable: Occupation of the respondent

Ranks

	Occupation of the respondent	N	Mean Rank	Sum of Ranks
average of all 8 behavioral biases	Student	79	46.65	3685.50
	Working Professional	17	57.09	970.50
	Total	96		

Test Statistics[a]

	average of all 8 behavioral biases
Mann-Whitney U	525.500
Wilcoxon W	3685.500
Z	-1.407
Asymp. Sig. (2-tailed)	.159

a. Grouping Variable: Occupation of the respondent

Ranks

	Occupation of the respondent	N	Mean Rank	Sum of Ranks
average of all 8 behavioral biases	Student	79	43.80	3460.50
	Entrepreneur	5	21.90	109.50
	Total	84		

Test Statistics[a]

	average of all 8 behavioral biases
Mann-Whitney U	94.500
Wilcoxon W	109.500
Z	-1.956
Asymp. Sig. (2-tailed)	.050
Exact Sig. [2*(1-tailed Sig.)]	.049[b]

a. Grouping Variable: Occupation of the respondent

b. Not corrected for ties.

Ranks

	Occupation of the respondent	N	Mean Rank	Sum of Ranks
average of all 8 behavioral biases	Working Professional	17	13.32	226.50
	Entrepreneur	5	5.30	26.50
	Total	22		

Test Statistics[a]

	average of all 8 behavioral biases
Mann-Whitney U	11.500
Wilcoxon W	26.500
Z	-2.460
Asymp. Sig. (2-tailed)	.014
Exact Sig. [2*(1-tailed Sig.)]	.011[b]

a. Grouping Variable: Occupation of the respondent

b. Not corrected for ties.

Hypothesis: The level of behavioral biases varies across occupations.

Analysis: Due to non-normality, the Kruskal-Wallis test—a non-parametric substitute for ANOVA—was employed. The outcome disproves H_0 ($H(2) = 6.410$, $p = 0.041$). Post-hoc analysis using Mann-Whitney U tests revealed:

Comparison	**U-value**	**Z-score**	**p-value**	**Result**
Student vs. Working Professional	525.5	-1.407	0.159	Not significant
Student vs. Entrepreneur	94.5	-1.956	0.050	**Significant**
Working Professional vs. Entrepreneur	11.5	-2.460	0.014	**Significant**

Interpretation: A statistically significant difference in behavioural bias scores across occupations was found by the Kruskal-Wallis test ($H = 6.410$, $p = 0.041$). Post-hoc Mann-Whitney U tests showed:

Biases are substantially lower among entrepreneurs than among students and working professionals ($p = 0.050$ and $p = 0.014$, respectively).

No discernible difference between working professionals and students ($p = 0.159$).

This implies that entrepreneurs are less prone to behavioural biases, perhaps as a result of their practical investment experience or environments where they make financial decisions on their own. Biases are similar and comparatively higher among working professionals and students.

Note: $\alpha = 0.05$ is used in all tests.

The degree of association in Chi-Square outputs was measured using Cramer's V.

Following Kruskal-Wallis, pairwise comparisons were conducted using Mann-Whitney U.

CHAPTER 5: CONCLUSION

The aim of this research was to investigate how behavioural biases impact young Indian retail investors' investment choices. Understanding the subtle psychological undercurrents behind investment behaviour has become both timely and crucial as the nation experiences an unprecedented wave of young people participating in financial markets (driven by digital accessibility and evolving economic aspirations).

The study's four main goals were to: identify the main behavioural biases that young investors face; evaluate the effects of these biases on risk-taking; investigate the relationships between demographic factors (age, income, and education) and bias susceptibility; and offer strategies for reducing these biases so that investors can make better financial decisions. The study's focus was restricted to young investors between the ages of 18 and 35, who are prone to making emotional and inexperienced decisions as they move from financial dependence to independence. Nevertheless, this study had some drawbacks, such as its reliance on self-reported data, which increases the possibility of bias or memory errors, and the rapidly evolving nature of fintech and investment products, which may restrict the findings' future applicability.

Despite these limitations, a number of important revelations surfaced:

Demographic Profile: Major chunk of participants were male, aged between 22 and 25, and students. Since a sizable percentage had little to no income and less than six months of investment experience, the sample is ideal for researching the behaviour of early-stage investors.

Financial Literacy: Despite rising market participation, a startling 36.6% of respondents reported having any formal investment training, pointing to a pervasive lack of structured financial education.

Hypothesis Testing Insights:

Occupation vs. Investment Goals: A moderately significant statistical association was found ($\chi^2(6) = 24.725$, $p < 0.001$, Cramer's $V = 0.350$), with working professionals

leaning more towards retirement planning and students primarily focussing on wealth creation.

Age vs. Investment Goals: A significant correlation ($\chi^2(9) = 51.018$, $p < 0.001$, Cramer's $V = 0.410$) showed that older participants diversified towards long-term security, while younger investors placed a greater emphasis on wealth accumulation.

Income versus Investment Goals: The Likelihood Ratio showed significance ($p = 0.011$), indicating that income may have a secondary, weaker role than age or occupation, while the Pearson Chi-Square test was marginally insignificant ($p = 0.058$).

Behavioral Biases Across Occupations:

Bias levels varied significantly by occupation, according to the Kruskal-Wallis test ($H(2) = 6.410$, $p = 0.041$).

Compared to students and working professionals, entrepreneurs were found to be the least vulnerable to behavioural biases; this finding may be attributed to their greater financial independence and exposure to real-world decision-making.

Essentially, this study emphasises that young investors are greatly impacted by demographic realities, emotional triggers, and experiential gaps in addition to being irrational. Young investors exhibit biases like overconfidence, herding, and loss aversion, which indicates that education alone might not be enough. Experience-driven learning interventions, focused behavioural nudges, and platform designs that encourage logical investing practices are desperately needed.

In order to develop a generation of resilient investors, policymakers, educators, and fintech platforms need to be aware of these psychological vulnerabilities. By including longitudinal studies to monitor how behavioural biases change over time with age, income growth, and market exposure, future research could build on these findings.

SUGGESTIONS

Key Bias	Impact	Recommendation
Overconfidence	Excessive trading → Higher costs, lower returns	Encourage self-evaluation that is realistic by using investment simulation tools.
Herding Behavior	Chasing trends → Asset bubbles, poor timing	Prior to making an investment, encourage independent research; in investor education, emphasise contrarian thinking.
Loss Aversion	Holding losing investments too long	Instruct students in risk management frameworks and structured exit strategies.

MITIGATION STEPS

• Introduce bias-focused gamified literacy initiatives.

• Nudges for rational behaviour should be incorporated into financial apps (for instance, verifying information before making trades based on trending assets).

• Risk disclosure in influencer-led financial promotions ought to be required by law.

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APPENDIX

QUESTIONNAIRE: https://forms.gle/umobgAgfvAsKatAZA

RESPONSES DATA:

1 https://docs.google.com/spreadsheets/d/1h1cjczOO1J55ofycJnuKxruuVOMJjS3u/edit?usp=sharing&ouid=103252285536257521508&rtpof=true&sd=true

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