CHAPTER 2
RESEARCH METHODOLOGY
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Research Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind there. It is necessary for the research to know not only the research method/techniques but also the methodology.

Research methodology helps:-

- To develop certain indices or tests, and also need to know which of these methods or techniques, are relevant and which are not, and what would they mean and indicate and why.

- To understand the assumptions underlying various techniques and they need to know the criteria by which they can decide that certain techniques and procedures will be applicable to certain problems and others will not.

- To evaluate why and on what basis select the particular research techniques and to expose the research decisions to evaluation before they are implemented. He has to specify very clearly and precisely what decisions he selects and why selects them so that they can be evaluated by others also.

I) Objective of study:-

1. To find out the investment motives,

2. To Analyze the investors perceptions regarding his investment Decisions,

3. To Analyze Different investment avenues available for making investments.

4. To Find out Average investor profile and their preferred investment avenues.
5. To know New Trends In Investment In New Millennium.

**Research Question**: Investor’s perception is providing the insight and safety to his behavior and expectations from the industry; this is forming the investment pattern in investment industry.

**Question**: “Vulnerability Of Stock market have Compelled the investors to invest in new areas in the first decade of new millennium”

IV) **Methodology of the study**:

Research Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind there. It is necessary for the research to know not only the research method/techniques but also the methodology.

a) **Primary Data collection**:

Primary Data is collected from the respondents through structured questionnaire, observation and survey method is also used.

b) **Secondary Data collection**:

Secondary Data is collected from sources like Books, Journals, Reports, websites, Newspaper etc.

c) **Sample**:

A sample of 5000 Respondents from Maharashtra state is taken as representative sample which include respondents from all stratas i.e. Professional, Businessman, Govt. Service, Petty Businessman etc. The sample is selected through simple Random Sampling Method.
d) **Tools and Techniques of Analysis:**

Data is Analysed by using simple ratio analysis and Data is presented in form with the help of pie chart and Bar Diagram as per convenience.

e) **Scope of the study:**

Scope for further research is there in investment areas like investment Avenues, Investment Analysis, Gold Investment, Exchange traded Funds, Mutual Funds etc.

f) **Limitation of the study:**

The study is limited to State of Maharashtra due to constraint of time, money and Physical limitation therefore only a representative sample is selected of 5000 Respondents

V) **Chapter Scheme:**

1) Introduction.

2) Research Methodology & Review of Literature.

3) Investment opportunities in Market.

4) DATA Analysis and Interpretation.

5) Summary, conclusion & Suggestion.

- Bibliography
Review of Literature

1) Hans P. Binswanger, Shahidur R. Khandker, 1993, *Journal of Development Economics*, How infrastructure and financial institutions affect agricultural output and investment in India, Volume 41, Issue 2, Pages 337-366, doi:10.1016/0304-3878(93)90062-R, This paper has sought to quantify the inter-relationships among the investment decisions of government, financial institutions and farmers and their joint effects on agricultural investment and output. Empirical results using district-level time-series data from India confirm the importance of input and output prices in the determination of aggregate crop output, but also confirm that aggregate out supply elasticities are low. Education infrastructure availability and the rural banks play an overwhelming role in determining investment, input and output decisions. Availability of banks is a more important determinant of fertilizer demand and aggregate crop output than interest rates. While farmers respond to infrastructure, the governments in turn allocate their infrastructure investments in response to the agro climatic potential of the districts and banks locate their branches where the agro climate and the infrastructure are favorable to their operation. Agricultural output is therefore determined in a complex interactive process where farmers, government and intermediaries respond to the same factors. This sharply affects the econometric techniques which have to be used to analyze output supply.

Investment? Governments the world over offer significant inducements to attract investment, motivated by the expectation of spillover benefits to augment the primary benefits of a boost to national income from new investment. There are several possible sources of induced spillovers from foreign direct investment. This article evaluates the empirical evidence on productivity, wage, and export spillovers in developing, developed, and transition economies. Although theory can identify a range of possible spillover channels, robust empirical support for positive spillovers is at best mixed. The article explores the reasons and concludes with a review of policy aspects.

3) Gaurav Kabra 1, Prashant Kumar Mishra 2, Manoj Kumar Dash3,(2010) Asian Journal of Management Research, Factors Influencing Investment Decision of Generations in India: An Econometric Study, ISSN2229–3795 This study aims to gain knowledge about key factors that influence investment behavior and ways these factors impact investment risk tolerance decision making process among men and women and among different age group. The individuals maybe equal in all aspects, may even be living next door, but their financial planning needs are very different. It is by using different age groups along with Gender that synergism between investors can be generated. In this context, demographics alone no longer suffice as the basis of segmentation of individual investors. Hence keeping this in mind, the present study is an attempt to find out Factors which affects individual investment decision and Difference in the perception of Investors in the decision of investing on basis of Age and on the basis of Gender. The study concludes
that investors’ age and gender predominantly decide the risk taking capacity of investors

4) Dr. Taqadus Bashir, Aaqiba Javed, Arslan Ali Butt, Nazish, Azam, Ayesha Tanveer, 2013, IOSR journal of Business and Management, An Assessment Study on the “Factors Influencing the Individual Investor Decision Making Behavior” (IOSR-JBM)e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 9, Issue 5 (Mar. - Apr. 2013), PP 37-44, In this article Behavioral finance assumes that characteristics of market participants and information structure systematically have an influence on individuals’ investment decisions. This research paper aims at identifying the factors that influence the Pakistan’s individual investor behavior. Thirty four items under the five categories of variables were taken as independent that influences the individual investment decision making behavior that belongs to self image/firm image, neutral information, accounting information, personal financial needs and advocate recommendations. Data collection is made with the help of structured questionnaires. Sample size of 125 was considered for the study out of which 40 were finance students of University of Gujrat 30 were finance teachers from different colleges and 55 were bank employees of Sialkot, Gujranwala, Lahore and Gujrat. The statistical tools that were used for data analysis were mean, standard deviation, frequency distribution table of variables that have significant influence on decision making and frequency distribution table of variables that have least influence on decision making. Results of the calculated mean shown that all the variables are some what affecting the decision making behavior of investor and
accounting information category of variables is most influencing while advocate recommendation is the least influencing category. Frequency table of significantly influencing variables shown that out of the total 33 items the 6 most influencing items which belongs to the self image/firm’s image and accounting information like dividend paid, reputation of firm, feelings for a firm’s products and services, get rich quick, firm's involvement in solving community problems, and firm’s status in industry. On other side factors that were found to be least influencing with respect to order of importance were friend or coworker recommendations, opinions of the firm's majority stockholder, recent price movement in the firm's stock, Religious Reason, Family member opinion and Broker recommendation related to other variable categories.

5) Shalini Kalra Sahi, Ashok Pratap Arora, 2012 Qualitative Research in Financial Markets, "Individual investor biases: a segmentation analysis", Vol. 4 Iss: 1, pp. 6 – 25. In this article Indian investors have been exposed to a plethora of investment opportunities in the past decade and a half, after the liberalization process which commenced in 1991. Over the years, the increased competition has brought a wind of change, not just in the economic environment within the country, but also a radical change in the choices and preferences of the financial consumers. In the endeavor to provide more personalized advice to the financial consumers, financial service providers need more insights into the minds of the consumers. However, little work has been done to understand the Indian individual investor. The purpose of this paper is to study the Individual investor in India:
to segment the investor into distinct behavioural groups based on their biases; to understand the investment preferences and profile of the identified segments; and to understand the implications for financial services providers.

6) K.S.Ravichandran1, P.Thirunavukarasu, R.Nallaswamy3, R.Babu4, 2005, Journal of Theoretical and Applied Information Technology, Estimation of Return on investment in Share Market Through, The stock market is one of the most popular investing places because of its expected high profit. Traditionally, technical analysis approach, that predicts stock prices based on historical prices and volume, basic concepts of trends, price patterns and oscillators, is commonly used by stock investors to aid investment decisions. Advanced intelligent techniques, ranging from pure mathematical models and expert systems to fuzzy logic networks, have also been used by many financial trading systems for investing and predicting stock prices. Indecent years, most of there searchers have been concentrating their research work on the future prediction of share market prices by using Neural Networks. But, in this paper we newly propose a methodology in which the neural network is applied to the investor’s financial decision making to invest all type of shares irrespective of the high/low index value of the scripts, in a continuous time framework and further it is further extended to obtain the expected return on investment through the Neural Networks and finally it is compared with the actual value. The proposed network has been tested it stock data obtained from the Indian Share Market BSE Index. Finally, the design, implementation and performance of the proposed neural network are described.
In this article, International Economic Integration plays a vital role in Economic Development of any country. Foreign Direct Investment is one and only major instrument of attaining International Economic Integration in any economy. It serves as a link between investment and saving. Many developing countries like India are facing the deficit of savings. This problem can be solved with the help of Foreign Direct Investment. Foreign investment helps in reducing the deficit of BOP. The flow of foreign investment is a profit-making industry like insurance, real estate, and business services and serving as a catalyst for the growth of the economy in India. The present study is based on the objectives like (a) to know the requirement of the amount of foreign investment by India, for its economic Development and (b) to analyze the trend and role of FDI & FIIs in improving the quality and availability of goods has been beyond doubt. To analyze all these objectives, data has been gathered through secondary sources like reports and publication of Govt. and RBI relating to foreign Investment. After analyzing all the facts, it may be concluded that maximum global foreign investment’s flows are attracted by the developed countries rather than developing and under-developing countries. Foreign investment flows are supplementing the scare domestic investments in developing countries particularly in India. Further, this paper recommends that we should welcome the inflow of foreign investment because it enables us to achieve our cherished goal like making favorable the balance of payment,
rapid economic development, removal of poverty, and internal personal disparity in the development and also it is very much convenient and favorable for Indian economy.

8) Bhavya Malhotra, 2014, *Global Journal of Business Management and Information Technology*, Foreign Direct Investment: Impact on Indian Economy, ISSN 2278-3679 Volume 4, Number 1 (2014), pp. 17-23, In this Article with the initiation of globalization, developing countries, particularly those in Asia, have been witnessing a immense surge of FDI inflows during the past two decades. Even though India has been a latecomer to the FDI scene compared to other East Asian countries, its considerable market potential and a liberalized policy regime has sustained its attraction as a favourable destination for foreign investors. This research paper aims to examine the impact of FDI on the Indian economy, particularly after two decades of economic reforms, and analyzes the challenges to position itself favourably in the global competition for FDI. The paper provides the major policy implications from this analysis, besides drawing attention on the complexities in interpreting FDI data in India.

9) Tomola Marshal Obamuyi*, 2013, *Organization and Markets in Emerging Economies Factors*, Influencing Investment Decisions Capital Market : A Study of Individual Investors in Nigeria, ISSN 2029-4581, The study seeks to determine the main factors in influencing investment decisions of investors and how these factors are related to the investors’ socio-economic characteristics in the Nigerian Capital Market. The study covers individual investors using convenient sampling method to obtain information From
297 respondents through a modified questionnaire developed by Al-Tamimi (2005). Independent t-test, Analysis of variance (ANOVA) and post hoc tests were employed. The results indicate that the five most influencing factors on investment decisions of investors in Nigeria are past performance of the company’s stock, expected stock split/capital increases/bonus, dividend policy, expected corporate earnings and get-rich-quick. Also, the five least influencing factors include religions, rumors, loyalty to the company’s products/services, opinions of members of the family and expected losses in other investments. The study finds that the socio-economic characteristics of investors (age, gender, marital status and educational qualifications) statistically and significantly influenced the investment decisions of investors in Nigeria. With regard to the past performance of the company’s stock as an assessing factor, groups of investors statistically differed in factor assessment, as segments of a group considered the factor as the most important/unimportant. Since the identified most influencing factors are usually classified as wealth maximising factors, the study recommends that the investment climate and the market environment be made friendly and conducive to attract investors by creatively developing programmes and policies that impact on investors’ decisions in order to maximise the value of the firms and enhance the wealth of the investors. The market players should re-organise the market and implement accommodating policies which will eliminate fraud and resolve the leadership crisis in the market.
Mohd Abass Bhat1 and Fayaz Ahmad Dar2, National Monthly Refereed Journal of Research in Commerce & Management, Conceptual Framework on Emotions and Investment Decisions, Volume No.1 ISSUE NO.12 ISSN 2277-116688 A In this paper most of the theories in security market are based on the notion of rational investment decision behavior from investors. But it has been observed that it is not the case always. A new area of research has come up which recognizes the psychological element in financial decision making and thus challenging the traditional models. This new area of study is known as behavioral finance and in the changing socio-economic and technological context; it is high time to study this new area of knowledge. The objective of this paper is to know, To what extent literature restricted the role of investor emotions in investment decision making. In our study it has been proved that the emotions play a vital role in investment decisions and building long-term wealth requires counter-emotional investment decisions–like buying at times of maximum pessimism or resisting the euphoria around investments that have been recently outperformed. But unfortunately, as the study shows that investors as a group too often let emotions guide their investment decisions. In the end, by anticipating and understanding the series of emotions that you may experience, you’ll be better equipped to tolerate and benefit from market fluctuations. And we have included some important suggestions which will help the investors to avoid emotional influence on investment decisions.
11) CH. SREE LAXMI, 2013, International Journal of Marketing, Financial Services & Management Research, Impact of Demographics on Select Investment Avenues: a Case Study of Twin Cities of Hyderabad and Secunderabad, India AP. ISSN 2277-3622 Vol.2, No. 6, The study presents the results of empirical testing of impact of demographic factors on investment avenues selected by investors in the twin cities of Hyderabad and Secunderabad, India. It is found that gender, age and friends are mostly influencing the investment decisions of the respondents. It is concluded that the respondents of the study are conservative in nature and show less concern for money multiplication and liquidity.

12) Dr. Syed Tabassum Sultana1* Dr S Pardhasaradhi2, European Journal of Business and Management, An Empirical Analysis of Factors Influencing Indian Individual Equity Investors’ Decision Making and Behavior European Journal of Business and Management ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol 4, No.18, 2012, 50, The decision making process is a cognitive process which results in the selection of a course of action among several alternatives. Every decision-making process produces a final choice. The output can be an action or an opinion of choice. Investment decisions made today often are critical for financial security in later life, due to the potential for large financial loss and the high costs of revising or recovering from a wrongful investment decision. Most of the equity investors do not have the sufficient knowledge of basic economic concepts required to make investment decisions. To identify these factors the current study has applied factor analysis. After applying factor analysis it
was found that all the 40 attributes are reduced to the following ten factors: Individual Eccentric, Wealth Maximization, Risk Minimization, Brand Perception, Social Responsibility, Financial Expectation, Accounting information, Government & Media, Economic Expectation and Advocate recommendation factors.

Factors Affecting Investors’ Decision Making Behaviour in The Stock Market: An Analytical Review, Volume: 4, | ISSN - 2249-555X, In this paper the broadest sense, means the sacrifice of current money for the future income. There are two attributes involved: time and risk. The investment takes place in the present and is generally certain. The reward comes later and the amount of reward is generally uncertain. There are large numbers of investment avenues available in the market. The investors choose avenues, depending upon their specific need, risk appetite, and return expected. Every individual is different from others due to different factors which include demographic factors, age, race and sex, education level, social and economic background; same is the situation with the investors. The most important challenge faced by them is the investment decision. The investigation of previous studies reveals the significance of various factors which affect their investment decision making behavior. This paper aims an attempt to discuss the various factors affecting investor decision making behavior in the stock market, were identified by extensive review of literature.
A mutual fund is just the connecting bridge or a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. Mutual funds are considered as one of the best available investments as compared to others they are very cost efficient and also easy to invest in, thus by pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. This study is done to determine the preferences of investors for investment in mutual funds in India. The objectives of the study were to identify the factors that influence the preferences of investors for investment in mutual fund, to analyze investment options other than mutual funds and to plan the promotion of mutual fund investment in India. The sample were divided into two i.e. Prospective and Existing investors. The study reveals the most preferred factor for investment in mutual fund by the existing investors is high return and tax benefits. Bank is the main factor which influences their investment decision as the preferred distribution channel for investment. Tax benefit is the mostly preferred feature of mutual fund which attracts the investor for investment in mutual fund. Most of the prospective investors would like to seek the advice of their financial advisors and the bank personnel.
Davar, Yesh Pal; Gill, Suveera, 2009, *South Asian Journal of Management*, Vol. 16, No. 4, *Antecedents of Households' Investment Decision-Making Process*: A Study of the Indian Households, In this article Current Investment Decision Making (IDM) models present numerous variables that influence investment choice, and thereby, providing a theory base for how investment decisions are made by investors. The study reported here investigated the underlying dimensions in the selection of different investment avenues for the households. An examination of a sample of 500 investor respondents led to unraveling the difference in the household' IDM process both present and future with regard to varied investment alternatives. The results of factor analysis revealed emphasis on familiarity, satisfaction, opinion and demographic dimensions for all investment avenues. Univariate analyses of mean and proportion showed a significant difference amongst households with respect to their decision to invest vis-à-vis abstain in a particular investment avenue on the satisfaction dimension with regard to present investment and the opinion dimension with regard to future investments. The analyses are relevant since they reiterate the fact that the holistic development of capital market can take place only if a concerted effort is made to educate the household investors. The paper also provides direction for future research by identifying a number of issues and areas that have remained totally unexplored in the context of household investment participation and diversification in India.
Affecting Investment Decisions of Companies, In this paper we attempt to investigate the importance of certain external factors on the investment decision among Polish companies. With the use of data from the tailored made Survey on Receivables we examine factors influencing investment decisions of companies in Poland, assess the relation between the branch and company size and importance of the factors and finally we determine the relative influence of these factors on the actual investment reductions. The results showed that first, although the problem of payment delays is the most important single reason determining the investment decisions of Polish companies, its importance decreases when analyzed simultaneously with other reasons. Second, there are two driving forces determining the investment decisions of Polish companies, namely macroeconomic factors and law-related factors with the relative importance of the former lower than the latter. Third, there is a positive association between the importance attached to factors influencing investment decisions associated with either macroeconomic or legal environment and the investment reductions, meaning that companies facing higher investment reductions are also more prone to notice and value the factors influencing these decisions.

to investigate the importance of institutional forces to shape the venture capitalists’ (VC) investment activities of VC firms in China, India, Japan and Hong Kong and has reached a few of interesting findings. Firstly, in China and India, the venture capital funding is focused on early-stage ventures and the government support is an important factor that results in high number of VC deals at early stage in both China and India even though their legal systems to protect investors are not strong. Secondly, in Japan and Hong Kong, most VC funding is provided at expansionary and later stages of development of ventures because of their well-established stock market. Thirdly, availability of government financial incentives for establishment of high-tech ventures is not the most critical driver to increase the possibility of young ventures getting VC funding. Finally, the article discovers a substitution effect of social networks and legal systems in Asian venture capital markets. Entrepreneurs with good social networks with venture capitalist are highly likely to get venture capital financing to support their businesses, as the relationship is one of the most important selection criteria to investment decisions.

18) Mauricio Zelaya, 2014, Asian Economic and Financial Review, Foreign Direct Investment Decisions Into China And India, The article is to investigate the foreign direct investment projects of the multinational companies into the two major BRIC countries: India and China. Our results indicate that wage levels and country population and GDP growth are the major factors that affect company directors’ decision to invest into these countries.
19) **Prof. Priya Vasagadekar, 2014, International Journal of Scientific & Engineering Research, A Research Paper On Investment Awareness Among With Reference To Pune Region, Volume 5, Issue 6, June-2014 1333 ISSN 2229-5518, In this papers From ancient times, women have been managing homes. Hence they are called ‘Home makers.’ But since the last 10 to 15 years, this situation has been changing. These days, in all sorts of fields, women are working efficiently and enthusiastically along with men or if it is said that women work more efficiently than their male colleagues, it wouldn’t be an exaggeration. In the metro cities, the percentage of working women is more and Pune is getting transformed into metros. Previously Pune was known only for the best education; but with the rapid paced development in the industry sector in the recent past, it is now known as ‘Employment Hub’ too. As the name suggests, the present research has been done to know the investment awareness among Indian working women with reference to Pune region. Now-a-days, women want to be financially independent & secure their future with enough funds.

20) **Heena Kothari, Investors Behaviour Towards Investment Avenues:: A Study With Reference To Indore City ISSN 2348 – 8891, In this modern era, money plays an important role in one’s life. In order to overcome the problems in future they have to invest their money. Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested
in assets depending on their risk and return demands, Safety of money, Liquidity, the available avenues for investment, various financial institutions, etc. Through this study, an analysis has been made into preferred investor’s behaviour towards investment avenues in Indore city. It has also studied the difference of opinion of age on investor behaviour while selection of any avenue.

21) Dr. Shanmugasundram AM, MRS.N.Jansirani, 2012, South Asian Academic Research Journals SAJMMR, P. Sathish Chandrainfluenctial Factors In Investment Decision Making, Volume 2, Issue 6 (June, 2012) ISSN 2249-877X, The vulnerability of markets has lead to increased uncertainty and unpredictability, as market conditions cannot always be judged with the help of standard financial measures and tools. Investor behaviour is characterised by overexcitement and overreaction in a volatile market. Investors get carried away by the financial magazine ratings, media impact, tips from share brokers, friends and others and the sources of information were not adequately tapped. The goal of financial independence and wealth drive millions of investors to seek out vehicles by which success may be achieved through any investment avenue. Investors have more socially oriented needs, which can have important implications for their decision making process. In this paper investor behaviour is analysed whether they behave rationally or irrationally towards various capital market information like bonus issue, rights issue, dividend declaration etc and the result show that investors behave rationally towards specific capital market information.
22) Ravikumar Thangaraj, 2012, Research Journal of Social Science & Management, Perceptions Towards Financial Literacy In India, In this article financial education or financial literacy has assumed greater importance in the recent years, as financial markets have become increasingly complex and there is also an information asymmetry leading to making informed choices more and more difficult for the common person. Financial education can broadly be defined as providing the familiarity with and understanding of financial market products, especially, rewards and risks, in order to make informed choices. Viewed from this standpoint, financial education primarily relates to personal financial education to enable individuals to take effective actions to improve overall wellbeing and avoid distress in matters that are financial. Therefore, this article has made an attempt to find out financial literacy perceptions of people in India and their perceptions are analyzed in detail.

23) P. Krishna Prasanna, 2008, Vol. 3. No. 2 Foreign Institutional Investors: Investment Preferences in India, In this paper Foreign institutional investors have gained a significant role in Indian capital markets. Availability of foreign capital depends on many firm specific factors other than economic development of the country. In this context this paper examines the contribution of foreign institutional investment particularly among companies included in sensitivity index (Sensex) of Bombay Stock Exchange. Also examined is the relationship between foreign institutional investment and firm specific characteristics in terms of ownership structure, financial performance and stock performance. It is observed that foreign investors invested more in companies with
a higher volume of shares owned by the general public. The promoters’ holdings and the foreign investments are inversely related. Foreign investors choose the companies where family shareholding of promoters is not substantial. Among the financial performance variables the share returns and earnings per share are significant factors influencing their investment decision.

24) Saugat Das & Ritika Jain, 2014, IMPACT: International Journal of Research in Humanities, Arts and Literature (IMPACT: IJRHAL), “A Study On The Influence of Demographical Variables On The Factors Of Investment-A Perspective On The Guwahti Region”, ISSN(E): 2321-8878; ISSN(P): 2347-4564 Vol. 2, Issue 6, Jun 2014, 97-102, In this paper The behavioral aspect of investors plays an important role in financial decision making which has attracted a huge financial literature. Among other objectives, demographic variables are one of the important objectives which influence financial decision making of investors. This paper focuses on the relationship between the four demographic variables i.e., age, gender, education and occupation with the four most important objectives of investment such as risk, return, retirement and tax which influences the buying behavior of the investors. A sample of 150 respondents was interviewed and analysis was done through SPSS. The study emphasizes the fact that demographic variables indeed play a role on the mindset of the investor community which is driven by age and educational qualification.
25) **Rahul S. Sahgal, Foreign Direct Investment Decision-Making Processes: The Case of Swiss Companies in India**, Dissertation, page no.15,- This dissertation seeks to provide an answer to the following research question: What is the foreign direct investment (FDI) decision-making process for Swiss companies that intend to invest in India? Which are the specific characteristics of the Indian market that influence the decision-making process?

26) **Pestonjee D M, Balsara Anita H, Investment Pattern And Decision Making: The Role of Working Women**, In this article, an attempt is made to study how far working women enjoy freedom to take investment related decisions on their own and the pattern of investments in the male dominated investment world in India. The questions related to investment pattern and its decision maker with respect to working women was studied by taking, 227 respondents from 3 cities: 108 in Ahmedabad, 60 in Solapur, 59 in Gulbarga. Questionnaire method was administered and data were collected on saving, types of investment, influencers, expenditure and decision-makers. In order to answer the questions, conventional and non-conventional statistics were used. There is no significant difference among the respondents across the cities with respect to age, family size, type of family, marital status, level of education, occupation and annual income. No cultural and demographical patterns are associated with decision making of working women.
27) Dr. K. Malar Mathi 1, A. Kungumapriya2, 2012, International Journal of Science and Research (IJSR), Review of Literature on Investment Behavior of Rural Investors, ISSN (Online): 2319-7064, Impact Factor (2012): 3.358, Volume 3 Issue 7, The diversification of the financial services sector has provided the individual investor with a wide range of opportunities to invest. Savings are the mantras that any investment advisor will recite. Savings are the difference between the amount investor earns and the amount investor spends. One reason could be that there are certain materials goals that they want to save for. Indian investor’s behavior has been changing drastically in the post-economic reforms era in investment activity, preferences in selecting various financial instruments, evaluating and in analyzing the investment avenues. In this paper the diverse literature available worldwide on individual investor behavior has been explored. Its main objective is to understand individual investor behavior. In order to review the literature, research papers have been collected from various referred journals related to individual investors’ behavior.

28) Samie A Sayed and Barnali Chaklader, 2014, Vikalpa Volume NO 4, October, Includes research articles that focus on the analysis and resolution of managerial and academic issues based on analytical and empirical or case research Executive Summary Does Equity Research Induced Buying Have Investment Value? Evidence from an Emerging Market. Equity Research India Broker Target Price Accuracy Buy Rating Accuracy this research investigates the contribution (if any) of sell side analysts towards profitable investment decisions for
investors in India. A sample of 1,000 target prices issued with buy ratings issued between 2007 and 2011 is used to investigate if investors have benefitted from these target price forecasts. The accuracy of target price forecasts is assessed by investigating if target price forecasts have been achieved anytime during the forecast horizon of one year. Analysts are found to meet their target price forecasts with 57.6 percent accuracy which is better than 55.6 percent target price accuracy reported from 16 countries. This implies that analysts perform in line with global analyst performance. The findings support the proposition that analyst recommendations with buy ratings have investment value in India and investors can benefit by tracking buy recommendations issued by analysts.

29) Ravikumar Thangaraj, Research Journal Of Social Science & Management, Perceptions Towards Financial Literacy In India, ISSN:2251 1571, In this article Financial education or financial literacy has assumed greater importance in the recent years, as financial markets have become increasingly complex and there is also an information asymmetry leading to making informed choices more and more difficult for the common person. Financial education can broadly be defined as providing the familiarity with and understanding of financial market products, especially, rewards and risks, in order to make informed choices. Viewed from this standpoint, financial education primarily relates to personal financial education to enable individuals to take effective actions to improve overall wellbeing and avoid distress in matters that are financial. Therefore, this article has made an
attempt to find out financial literacy perceptions of people in India and their perceptions are analyzed in detail.

30) M. Selvam, N. Vivek v and Eva Esther Shalin, 2012, African Journal of Business Management Vol. 6(32), pp. 9317-9325, The impact of investors’ sentiment on the equity market: Evidence from Indian stock market E. Bonnet, DOI: 10.5897/AJBM11.588ISSN 1993-8233, The investors’ sentiment can be defined as investors’ attitude and opinion towards investing in the Stocks. The aim of this research is to analyse the individual investor’s sentiment. This study also analyses the influence of market specific factors on investors’ sentiment. The investor’s attitude towards investing is influenced by rumors, intuition, herd behavior among investors and media coverage of the stock. A simple random sample of 375 investors in Tamil Nadu was chosen for the study. These investors were administered a structured schedule, containing pre-validated scales to measure the investor sentiment. Once the constructs were found to be both reliable and valid, the impact of Herd Behaviour, Internet Led Access to Information and Trading, Macro Economic Factors, Risk and Cost Factors, Performance Factors and Confidence Level of Institutional Investors, Best Game in Town Factors were tested by using the Bootstrapping method. The Market Specific Factors had a significant impact on the investors’ sentiment in India.

31) Noel Capon, Gavan J. Fitzsimons, Russ Alan Prince, This study investigates the manner in which consumers make investment decisions for mutual funds. Investors report that they consider
many nonperformance related variables. When investors are grouped by similarity of investment decision process, a single small group appears to be highly knowledgeable about its investments. However, most investors appear to be naive, having little knowledge of the investment strategies or financial details of their investments. Implications for mutual fund companies are discussed.

32) Richard Blundell, Lorraine Dearden, Costas Meghir, Barbara Sianesi, This paper provides a non-technical review of the evidence on the returns to education and training for the individual, the firm and the economy at large. It begins by reviewing the empirical work that has attempted to estimate the true causal effect of education and training on individual earnings, focusing on the recent literature that has attempted to control for potential biases in the estimated returns to education and training. It then moves on to review the literature that has looked at the returns from human capital investments to employers. Lack of suitable data and methodological difficulties have resulted in a paucity of studies that have carried out sound empirical work on this issue. In the final part of the review, we look at the work that has tried to assess the contribution of human capital to national economic growth at the macroeconomic level. This work has generally involved using either a ‘growth accounting’ theoretical framework or ‘new growth’ theories. Although the empirical macroeconomic evidence that accompanies this work does not generally allow one to distinguish between the two approaches, there is a
substantial body of evidence on the contribution of education to economic growth.

33) Takeo Hoshi, Anil Kashyap and David Scharfstein, This paper presents evidence suggesting that information and incentive problems in the capital market affect investment. We come to this conclusion by examining two sets of Japanese firms. The first set has close financial ties to large Japanese banks that serve as their primary source of external finance and are likely to be well informed about the firm. The second set of firms has weaker links to a main bank and presumably faces greater problems raising capital. Investment is more sensitive to liquidity for the second set of firms than for the first set.

34) Joan Ballantine & Stephanie Stray In their study, explores the techniques used by organizations to appraise Information Systems (IS)/Information Technology (IT) investments, and concentrates, in particular, on techniques of capital investment appraisal. We draw on relevant studies reported in both the accounting and finance, and the IS literature, which have addressed their usage. Where possible comparisons are drawn between both sets of literatures. The results of a survey that specifically examined IS/IT investment appraisal practices of a sample of UK companies is also presented. Among the issues discussed include the extent to which capital investment appraisal techniques are used to appraisal investment, the importance of the techniques used and the problems attendant on the decision making process.
Jean Boddewyn September 1983, The managerial literature on foreign investment and divestment is much less developed than the economic literature on foreign direct investment theory. Nevertheless, surveyed with the purpose of better understanding foreign divestment decisions, the research to date reveals some noticeable differences between investment and divestment divisions — whether foreign or domestic — and even more substantial differences between foreign divestment and domestic divestment decisions. Additional research, however, is clearly in order.

Ram Mudambi, In the study, Factors governing MNE investment are typically divided into three groups-infrastructural variables, location-specific risk factors and government policy variables. The first objective of this paper is to assess the influence of these factors on MNE location decisions. The second objective is to test whether government participation in location tournaments (whereby local governments offer incentives to MNEs to influence their location decisions) is worthwhile. Arthur (1986,1990) points out that such participation is worthwhile if government policy has irreversible effects that persist after policy is withdrawn. In the estimation of the model, neither risk nor infrastructural factors are found to have a significant effect on the MNE investment location decision. However, there seems to be some evidence indicating that past investment decisions tend to have irreversible effects. Thus, government participation in location tournaments may be worthwhile.
37) **Gerrit Antonides, Nico L Van Der Sar**, In their study, Both expectations and preferences with respect to stock returns are put into a model which is estimated for a sample drawn from the Dutch Central Union of Investment Study Clubs in 1987. Our approach differs from most economic research since it makes use of economic-psychological variables concerning future developments of financial and macro-economic factors, as they are expected by the respondents, multiplied by their perceived importance weights. Also, the Pratt-Arrow relative risk aversion measure is applied to estimate the dependence of the return-risk attitude on investor-specific variables. Finally, some conclusions are drawn with respect to investment decision making.

38) **Cherian Samuel**, In their study, For firms, the single most important determinant of capital spending appears to be cash flow. Firm managers care more about cash flow and cost of capital than about stock market signals and level of output. In the United States, gross business investments in plant and equipment (fixed investments) constitute only about 10 percent of GNP, but such investments may represent GNP's most important component because (1) plant and equipment have a long-term effect on the economy's productive capacity, (2) changes in investment spending directly affect levels of employment and workers' incomes in durable goods industries, and (3) supply and demand are sensitive to changes in investment, which is the most volatile component of GNP. Economists have long been concerned about what - in the economy, the industry, and the firm - determines investments in capital spending. Using a panel of data for U.S. manufacturing
firms for 197290, Samuel compares five theories of investment: accelerator theory, cash flow theory (liquidity model, managerial model, and information-theoretic model), neoclassical theory, modified neoclassical (Bischoff) theory, and Q theory. If the results from cross-section regressions can be viewed as representing the long-term equilibrium, the single most important determinant of capital spending appears to be cash flow. Apparently, managers care more about cash flow and cost of capital than about stock market signals and the level of output. And at the firm level, managerial perceptions about fundamentals are more important than market perceptions. For managers, the stock market may be a side show to capital spending decisions.

To generalize in a way that might be useful for developing countries: Financial decisions at the firm level are closely linked to real decisions in the economy. Internal finance is the most important source of funds, and capital spending is the most important use of funds, so there is a close relationship between real and financial decisions. This paper-a product of the Operations Policy Group, Operations Policy Department - is part of a larger effort in the department to disseminate results of policy analysis. The author may be contacted at csamuel@worldbank.org.

39) Dr. R. Shanmugham and Zabiulla (2011), In their study, “Return-Based performance analysis of selected equity mutual funds schemes in India-An Empirical Study”, states that Risk and return plays a key role in most individual investors’ decision making process. Investment decisions, therefore, involve a trade off
between risk and return, which is considered to be central to the investment decision making. Mutual fund is considered to be the most at a relatively low cost. Mutual funds provide investment opportunities depending on investor’s risk, return expectations. This paper addresses the financial performance of mutual funds in the framework of risk-return dimensions.

40) **Dr. Prashanta Athma and Ms Suchitra K.(2011), “Gold ETFs: An Emerging Investment Option”,** in their study states that, An investor has numerous investment options to choose from, depending on his risk profile and expectation of returns. Different investment options represent a different risk-reward trade off. Of the various types of investment options in Stock market, Gold Exchange Traded Funds (GOLD ETFs) happens to be one of the best options to be included in the portfolio for diversification of risk. The studies related mainly to conceptual knowledge of gold ETFs. Hence the study is undertaken to fill the research gap with the objectives to focus the Gold ETF as a strong asset class; to stress upon the inclusion of Gold ETF in a portfolio for risk diversification; to assist the investor in the selection of best Gold ETF option and to analyze the tax implications of Gold ETF.

41) **R.Dhivya and Dr. C.Sekar(2010),** In their study, “Investors’ Preference towards Financial Investment – Some Survey Evidence”, stated that the factors influencing the savings and the source of information for decision making about the financial investment. This paper makes use of some of the data collected in a survey using a structures questionnaire. The survey result shows that the annual income and the annual savings are given
prime importance of consideration by the respondents, because the level of income decides the level of savings and preference of saving Avenue. The survey result shows Mutual fund as a investment avenue is on the 4th Rank.

42) **Nicholas S. Majluf**, This paper considers a firm that must issue common stock to raise cash to undertake a valuable investment opportunity. Management is assumed to know more about the firm's value than potential investors. Investors interpret the firm's actions rationally. An equilibrium model of the issue-invest decision is developed under these assumptions. The model shows that firms may refuse to issue stock, and therefore may pass up valuable investment opportunities. The model suggests explanations for several aspects of corporate financing behavior, including the tendency to rely on internal sources of funds, and to prefer debt to equity if external financing is required.

43) **Author: Lori L. Embrey and Jonathan J. Fox**, Previous studies have suggested that women are more risk averse than men, leading women to choose more conservative investments. This study used a sample of one person households from the 1995 Survey of Consumer Finances to explore gender differences in the investment decision-making process. The determinants of some investment decisions were found to differ by gender, but gender did not appear to be a critical determinant of investment choice. Women were more likely to hold risky assets if expecting an inheritance, employed and holding higher net worth; while men invested in risky assets if they were risk seekers, divorced, older,
and college educated. Key Words: Gender differences, Single-person households, Investment decisions, Risk aversion.

44) **Gaurav Kabra**, This study aims to gain knowledge about key factors that influence investment behavior and ways these factors impact investment risk tolerance and decision making process among men and women among different age group. The individuals may equal in all aspect, May even believing next door, but their financial planning needs are very different. It is by using different age groups along with Gender that synergism between investors can be generated. In this context, demographics alone no longer suffice as the basis of segmentation of individual investors. Hence keeping this in mind, the present study is an attempt find out factors which affects individual investment decision and Differences in the perception of Investors in the decision of investing on basis of Age and on the basis of Gender. The study concludes that investors’ age and gender predominantly decides the taking capacity of investors.

45) **Khushbu Agrawal**, The behavior of financial markets and decisions of individuals are many a time driven by various biases. This can be attributed to the tendency of humans to resort to shortcuts owing to the constraints on time and mental capacity to process unlimited information. Various researchers have made an attempt to classify these biases into various types. But these biases have been viewed in isolation, thereby ignoring the possibility of any interaction or relationship between them. This paper aims to provide a comprehensive view of the behavioral
biases by taking into account such interactions and developing a conceptual framework that incorporates the antecedents or causes of the biases and their outcomes or consequences. It also explores the possibility of overcoming some of the biases. It is argued that certain biases reinforce each other. The strength of each bias is a function of several factors like the external environment and presence of other biases in the process. The paper concludes that behavioral biases have been and will continue to influence human judgment. Although it is possible to avoid some of the biases in specific situations, it is not possible to completely eliminate them.

46) Nabila Zribi and Younes Boujelbène, The aim of this paper is to analyze bank’s risk-taking from a behavioral perspective. The paper addresses this issue through a special case: risk attitudes based on the prospect theory introduced by Kahneman and Tversky (1979) and Tversky and Kahneman (1992). According to this theory, agents usually underweight the probable results compared to certain ones, which implies that agents are risk-averse when the gains are certain, and risk-seeking when losses are certain. In this respect, this paper analyzes the relationship between outcome variability and distance from target. Targets are defined as the median values of return variables. The results reveal that: in below target case, the results confirm the prospect theory; the distance from target is generally found to be negatively associated with the dispersion from the mean. In above target case also, the results do confirm the prospect theory; the distance from target is generally found to be positively associated with the dispersion from the mean.
Sanjay Kr. Mishra and Manoj Kumar, This study investigates the impact of level of Purchase Decision Involvement (PDI) of Mutual Fund (MF) investors on their investment behavior through a survey of 268 MF investors. Overall the results suggest that the level of PDI significantly impacts the investment behavior of MF investors. Further, the results suggest significant difference in the width and depth of information search and information processing by low PDI MF investors and high PDI MF investors. Specifically, it is found that (a) during information search low PDI MF investors are likely to use fewer number of information sources to collect information, rely less on sources providing detailed information related to MFs (e.g., financial portal) and rely more on banks as a source of investment advice in comparison to high PDI MF investors; and (b) during information processing low PDI MF investors are likely to use information on a fewer number of attributes to compare MFs, and do not process MF-related attribute information in details in comparison to high PDI MF investors. The implications of the findings that are relevant to the marketing of MFs are also discussed.

Lalit Mohan Kathuria and Kanika Singhania, The fast growing Indian economy has led to higher income level and availability of new investment avenues. Government savings departments, banks, financial institutions and mutual fund houses are vying for a share in the savings of investors. Investors now have many options for making investments like debt instruments, stocks, mutual funds, gold, etc. With the role of women becoming increasingly important in the family as well as society, it becomes
important to examine the investment behavior of women investors. The present study analyzes the level of knowledge regarding various investment avenues, select investment practices, and factors influencing investment decision making among male and female employees of private sector banks in a city of India. The study reveals that both male and female respondents were using magazines, Internet and TV channels as the three most important sources of awareness for collecting information about various investment alternatives. Also, male and female respondents were investing a larger portion of their savings into safe and risk-free investment avenues, like employee provident fund, public provident fund and life insurance policy.

49) Fazlzadeh Alireza, Mohammadzadeh Parviz and Sheikhi Mina,

This research evaluates the capability of financial ratios for predicting the financial crisis of companies. Predicting the financial crisis of institutions has been constantly the concern of different groups of users, because the final effectiveness of each decision has a direct relation to the accurate predicting of its consequences. One of the tools for predicting the financial crisis of companies is the use of financial ratios as independent variables and attaining some patterns for predicting financial crisis of companies. This research is aimed at presenting a model in a way suitable for Iran’s environmental conditions with a selection of 64 financial ratios for relatively predicting the financial conditions of companies in one, two and three years before bankruptcy. Analyzing the information of two groups, including that of 44 bankrupt and 56 non-bankrupt companies
between 2003-2007, using the discriminate analysis, a final model was presented which was able to predict the financial situation of companies in the year of bankruptcy with an accuracy of 94% and in the years previous to the bankruptcy with an accuracy of more than 80%, showing the high potential of financial ratios for predicting.

P Srinivasan, The present paper examines the price discovery process and volatility spillovers in Indian spot-futures commodity markets through Johansen co integration, Vector Error Correction Model (VECM) and the bivariate EGARCH model. The study uses four futures and spot indices of the Multi Commodity Exchange of India (MCX), representing relevant sectors like agriculture (MCXAGRI), energy (MCXENERGY), metal (MCXMETAL), and the composite index of metals, energy and agro commodities (MCXCOMDEX). Johansen co integration test confirms the presence of long-term equilibrium relationships between the futures price and its underlying spot price of the commodity markets. The VECM shows that commodity spot markets of MCXCOMDEX, MCXAGRI, MCXENERGY and MCXMETAL play a dominant role and serve as effective price discovery vehicle, implying that there is a flow of information from spot to futures commodity markets. Besides, the bivariate EGARCH model indicates that although bidirectional volatility spillover persists, the volatility spillovers from spot to the futures market are dominant in case of all MCX commodity markets.
Foreign direct investments (FDIs) have been one of the most noticeable factors in the world during the twentieth century. Relatively little is known, however, about the decision processes in firms which have led to making an FDI. The aim here is to highlight the FDI decision process in five foreign manufacturing investments made by Finnish firms. In the analysis of the FDI decision behavior the general model of the strategic decision process developed by Mintzberg, Raisinghani, and Théorét (1976), is used as a framework. Concerning the case firms' FDIs the following aspects are dealt with: stimuli to FDIs, routes to FDIs, motives for FDIs, consideration of alternatives, information collection, evaluation, choice and authorization and both the problems expected and actually met, and experiences from the investments. The basis for the choice of cases was that there should be differences in the background data of investing firms, in the process data, and in the situational data. In spite of this, a lot of similarities in the cases were found concerning e.g. the motives for the FDI, alternative development behavior, information categories and methods used in the evaluation of the investment. Most of the findings were in accordance with the behavioral investment theory and previous FDI studies.

Behavioural Finance is a new field of finance discipline emerged in 1980s to interpret Investors behaviour and its influence on decision making. Because of big shares of Investors, no one from Stock Market can ignore the Investors Behavior as it reflects market movements. Behavioural Finance utilizes the concept of Cognitive Psychology, Social Science and
Anthropology to understand the irrational behavior that has not been observed under the conventional models of finance. Past study of Behavioural Finance attracted the research scholars, academicians and psychologists to explore the factors affecting violation of rationality inconsistent with Market efficiency.

This study tries to understand the key factors influencing Investors Behavior and how these factors impact in Risk tolerance and Psychological Decision Process about Investment in different age groups. Also, we have attempted to aware investors what Behavioural Finance is all about and how it can help them in making effective investment decisions and can hedge the risk in selecting the investment portfolio. Every investor is differing in Age, Socio-economic background, race, education and culture. The most crucial challenges faced by Investors are in the area of Investment Decisions. In designing, investment portfolio, Investors should consider their financial risks and many constraints.

53) **Keyten**, Investments which are short-term in nature and which can be written off in the same year that the expenses occur are current investments or current expenditures. Capital investment or capital expenditures are long-term in nature, where the economic benefits is expected to applied over a longer period of time usually is typically a single large amount and the benefits arrive in a stream of smaller amounts over a fairly protracted period. Capital investments can be for new project, expansion project, replacement project, mandatory project, and other projects like research and development for new products as well as various other long-term investments for building, land patents.
and so on. Strategic investments are capital investments which are linked to the business strategy of the company. It is not all capital expenditures or buying a car? but only investments which are related to the strategy of the organization or has a strategic importance to the organizations.

54) **Dhiraj Jains, Nakul Dashora,** markets are becoming more risky and each and every passing day makes investors behave differently upon different market dynamics. The basic methods of market analysis (Fundamental, Technical and Quantitative) though are playing an important role in investment decisions, the behavior of the investors has become more important and hence the study “Behavioral Finance” emerging and becoming the topic of various researches and studies. In extension to the same, this study reviews the literature on one of the most meaningful concepts in behavioral finance, the decision factors which are influenced by market movements and examines the perceptions, preferences and various investment strategies adopted by investors in the Indian stock market on the basis of a survey of 110 respondents based in Udaipur and are investors in the stock market during September 2011-January 2012. The study analyses the rationality of the investors of Udaipur during different market expectations, dividend and bonus announcements, and the impact of age, income levels and other market related information on investment decisions of investors from Udaipur.
The purpose of this paper is to assess the level of financial literacy among people residing in Delhi and National Capital Region (NCR) who invest in different financial instruments, like Post Office Savings Scheme, Mutual Funds, Life Insurance, Stock market etc. According to RBI, Financial literacy can broadly be defined as “providing familiarity with and understanding of financial market products, especially rewards and risks, in order making informed choices”. The study analyses the relationship between financial literacy and other factors like age, income and education. The study also tries to find out the financial instruments which are considered to be the most reliable and the source of information which is mostly used by the individuals while taking investment decisions.