A STUDY ON IMPACT OF MARKET MOVEMENTS ON INVESTMENT DECISION "AN EMPIRICAL ANALYSIS WITH RESPECT TO INVESTORS IN UDAIPUR, RAJASTHAN"

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ABSTRACT

Investment 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, the impact of age, income levels and other market related information on investment decisions of investors from Udaipur.

Keywords: Bonus, Dividend, Expectation, Investment pattern, Portfolio.

INTRODUCTION:

Beginning in the early 1970`s, the Efficient Market Hypothesis (EMH henceforth) became dominant in academic circles trying to understand the rules of return in the equity market. After a long period of successes, faith in this hypothesis was gradually eroded by the discovery of several anomalies. The last decades showed immense research efforts to find new models accurately predicting market behavior. These efforts build the foundation for what is called **"Behavioral Finance"**. During all this time researchers have identified two major reasons why the EMH fails to deliver correct results in so many cases.

While the first is called "Limits to arbitrage" and it shows why even well informed, completely rational investors can be limited in their ability to use market options; the second relates to an application of behavioral psychology on individual investors, cataloguing the kinds of deviations from full rationality in investment decisions.

Behavioral finance began as an attempt to understand why financial markets react inefficiently to public information. One stream of behavioral finance examines how psychological forces induce traders and managers to make suboptimal decisions, and how these decisions affect market behavior. Another stream examines how economic forces might keep rational traders from exploiting apparent opportunities for profit. Behavioral finance remains controversial, but will become more widely accepted if it can predict deviations from traditional financial models without relying on too many "ad hoc" assumptions.

Approaches based on perfect predictions, completely flexible prices, and complete knowledge of investment decisions of other players in the market, are increasingly unrealistic in today's global financial markets. Behavioral finance is a new paradigm of finance theory, which seeks to understand and predict systematic financial market implications of psychological decision-making (Olsen, 1988). By understanding the human behavior and psychological mechanisms involved in financial decision making, standard finance models may be improved to better reflect and explain the reality in today's evolving markets.

Different investors behave differently in different market situation before investing like return, flexibility and etc but the markets will face a question mark in knowing the pulse of an investor. So a study must be made on the demographics and psychographics of the investor such that the market can know the pulse of an investor and can act upon it. Investor behavior analysis deals with analyzing the behavior of an investor based on his demographic and psychographic factors like age, gender and income groups. This state's what would be a preferred portfolio of an investor at a particular age. This will be helpful to the stock brokers and portfolio managers so that they can offer better portfolios to their investors.

This needs better insight, and understanding of human nature in the existing global perspective, plus development of fine skills and ability to get best out of investments. In addition, investors have to develop positive vision, foresight, perseverance and drive. Every investor differ from others in all aspects due to various demographic factors like socio-economic background, educational attainment level, age, race and sex. The most crucial challenge faced by the investors is in the area of investment decisions. An optimum investment decision plays an active role and is a significant consideration.

This analysis will show the mentality of an investor and his preferences clearly and concisely. In order to study a review of literature was conducted to develop the concept and idea behind the study.

REVIEW OF LITERATURE:

In order to study the behavior a review of literature was done to develop the concept and understand what had been done earlier. Stock market's performance is not simply the result of intelligible characteristics but also due to the emotions that are still baffling to the analysts. Despite loads of information bombarding from all directions, it is not the cold calculations of financial wizards, or company's performance or widely accepted criterion of stock performance but the investor's irrational emotions like overconfidence, fear, risk aversion, etc., seem to decisively drive and dictate the fortunes of the market.

Rajarajan (2000) in his study revealed that there was an association between the lifestyle clusters and investment related characteristics.

K.Santi Swarup (2003) studied on the decisions taken by the investors while investing in the primary markets. In her study she indicated that investors give importance to their own analysis as compared to their broker's advice.

Louhichi Wael (2004) examined the market behavior around the times of annual earnings announcements made in the Paris Bourse to study both the informational role of accounting numbers and the intraday speed of adjustment of stock prices to new information.

Yash Pal Davar and Suveera, Gill (2007) in their paper on investment decision making revealed that the class of investors (undoubtedly) with growing age develop maturity and experience for making decisions about the usage of their surplus and available funds in the light of overall economic needs of family.

Szyszka Adam (2008) in his study on efficient market hypothesis to behavioral finance analyzed how investors psychology changes the vision of financial markets. He found that investors are not always able to correctly value the utility of decision alternatives, cannot update and estimate probability and events and do not diversify properly.

Dr. Vanita Tripathi (2008) examines the perceptions, preferences and various investment strategies in Indian stock market. Study reveals that investors use both fundamental as well as technical analysis while investing in Indian stock market. Most of the respondents strongly agree that various company fundamentals (such as size, book to market equity, price earnings ratio, leverage etc.) significantly influence stock prices and hence addition of these factors in asset pricing model can better explain cross sectional variations in equity returns in India.

Gaurav Kabra, Prashant Kumar, Mishra, Manoj Kumar Dash (2010) from the study concluded that modern investor is a mature and adequately groomed person. In spite of phenomenal growth in the security market and quality Initial Public Offerings (IPOs) in the market, the individual investors prefer investments according to their risk preference. A majority of investors are found to be using some source and reference groups for taking decisions. Though they are in the trap of some kind of cognitive illusions such as overconfidence and narrow farming, they consider multiple factors and seek diversified information before executing some kind of investment transaction.

Syed Tabassum Sultana (2010) concludes that the individual investor still prefers to invest in financial products which give risk free returns. This confirms that Indian investors even if they are of high income, well educated, salaried, independent are conservative investors prefer to play safe. The investment product designers can design products which can cater to the investors who are low risk tolerant and use TV as a marketing media as they seem to spend long time watching TVs.

E. Bennet, Dr. M. Selvam, Eva Ebenezer, V. Karpagam, S. Vanitha (2011) concluded that the average value of the five factors, namely, Return on Equity, Quality of Management, Return on Investment, Price to Earnings Ratio and various ratios of the company influenced the decision makers. Further, other five factors, namely, recommendation by analysts, Broker and Research Reports, Recommended by Friend, Family and Peer, Geographical Location of the Company and Social Responsibility were given the lowest priority or which had low influence on the stock selection decision by the retail investors.

Azwadi Ali (2011) in his study showed interest in examining the relationships between individual investors perceived financial performance of companies and their trading intentions, and the mediating effect of companies images on the relationships.

Giridhari Mohanta & Dr. Sathya Swaroop Debasish (2011) studied that investors invest in different investment avenues for fulfilling financial, social and psychological need. While selecting any financial avenue they also expect other type of benefits like, safety and security, getting periodic return or dividends, high capital gain, secured future, liquidity, easy purchase, tax benefit, meeting future contingency etc.

OBJECTIVES OF THE STUDY:

On the basis of the above study we framed the main objectives of our study which are as under:

1. To study the influence of age on the investment pattern.
2. To study the impact of income level on investment decisions.
3. To analyze the investment pattern of investors to various capital market information.
4. To study the impact of announcement of annual result on investment pattern.
5. To study the impact of declaration of dividend & bonus announcements on investment pattern.

HYPOTHESIS OF THE STUDY:

H_{01} : There is no association between the age of the investors and their investment behavior .

H_{02} : There is no association between the age of the investors and their behavior when dividends of listed companies are announced .

H_{03} : There is no association between the age of the investors and their behavior during bonuses are announcements.

RESEARCH METHODOLOGY:

SOURCES OF DATA:

The research design for the study is descriptive in nature. The researchers depended heavily on primary data. The required data were collected from the retail investors living in Udaipur during the period between September 2011 and January 2012 through a Structured Questionnaire.

SAMPLING SIZE AND PROCEDURE:

The questionnaire approach was used for the collection of data. In this study, the primary data was collected from 110 investors in Udaipur city. Questionnaire was distributed through online platform through social networking websites and offline platform through individual brokers. Questionnaires were hand delivered to many investors while personal interviews have also been taken to ensure a degree of objectivity in the survey data, selected investors were personally interviewed to verify the accuracy of the self reported data. The responses were received from those investors who wished to contribute to research willingly.

QUESTIONNAIRE CONSTITUENTS:

The questionnaire was divided into three parts:
In the first part, the demographic factors of the investors were recorded primarily for their classification. The second part of the questionnaire was related to the investment details of the investor. The various avenues the investor had invested in and details regarding investment in capital market viz. primary, secondary or both were recorded. The final part of the questionnaire was related to the behavioral details, which recorded the investors' reaction to the various capital market information.
ANOVA test has been used to test the relationship between age and decision making process and between average income and investment portfolio. CHI SQUARE test was also used for testing the relationship between age and behavior of investors to the various information announcements.

ANALYSIS AND INTERPRETATION:

Age Distribution of the Respondents: From the questionnaire it was observed that maximum number of respondents fall in the less than 30 years category. The next highest number of respondents falls in the 30-40 years category. Thus around 74% (81) of the respondents are below 40 years of age and are relatively young.

TABLE1: SHOWING THE AGE DISTRIBUTION OF THE RESPONDENTS

Age Group	No. Of Respondents	%Age no. of Respondents
<30 years	50	45.45%
30-40 years	31	28.18%
40-50 years	17	15.45%
50-60 years	8	7.27%
60 years above	4	3.63%
Total	**110**	**100%**

INCOME DISTRIBUTION OF THE RESPONDENTS:

Most of the investors fall under the income level below Rs 1, 50,000. From this we can say that this is probably because most of the investors i.e. around 74% (75) of the respondents fell under the age group of less than 40 years.

TABLE2: SHOWING THE INCOME DISTRIBUTION OF THE RESPONDENTS

Income levels	No. of respondents	%Age no. of Respondents
<1,50,000	45	40.90%
1,50,000-3,00,000	30	27.27%
3,00,000-4,50,000	16	14.54%
4,50,000-6,00,000	12	10.90%
6,00,000 above	7	6.36%

OCCUPATION DISTRIBUTION OF RESPONDENTS:

From the questionnaire it was disclosed that most of respondents are of service class. Thus around 42% (47) of respondents are of service class who falls under the age of less than 40 with income less than ₹1, 50,000. (So we can say that because of then fixed income source they could take high risk and could invest in a number of investment avenues). Next to service is business class that is 30% (32) which shows because of uneven income they will be less aggressive in investing in different investment avenues.

TABLE3: SHOWING THE OCCUPATION DISTRIBUTION OF THE RESPONDENTS

Occupation	No. of respondents	%Age no. of Respondents
Service	47	42.72%
Business	32	29.09%
Student	14	12.72%
Professional	13	11.81%
Others	4	3.63%

INVESTMENT BASIS OF INVESTORS:

When it is about investment in primary or secondary instrument almost 97 of respondents invest in equity market. Thus we can say that as the 80% of respondents fall under the age of less than 40 they have risk taking ability with low average income levels to earn more. Next to equity is fixed deposit which is preferred by almost 61 of respondents it may be quite because of attraction towards less risky and assure returns & because high fluctuation behavior in the equity. Next to fixed deposit is investment in real estate and gold/commodities that is 83 because of very low risk profile and having long term use. Only 30 investors were interested in investing in mutual funds because of the lack of awareness towards this instrument and 28 in Post office Saving Scheme because of availability of more instruments and last only 10 in others investment avenue which includes investment in currency, derivatives, commodities etc because of very high risk profile.

TABLE4: SHOWING THE INVESTMENT AVENUES OF THE RESPONDENTS

Investment Avenues	No. of respondents	%Age no. of Respondents
Fixed deposit	61	19.74%
Post office saving scheme	28	9.06%
Mutual funds	30	9.70%
Shares\Equity	97	31.39%
Real estate	40	12.94%
Gold commodities	43	13.91%
Others	10	3.23%

PERCENTAGE OF INCOME INVESTED BY INVESTORS:

As the higher number of investors falls in the age less than 40 years with income level less than ₹1,50,000 taking calculative risk maximum number of respondents invest about 10-30% of their income annually.

TABLE5: SHOWING THE PERCENTAGE OF INCOME INVESTED BY RESPONDENTS USUALLY

Percentage of Income	No of Respondents	%Age no. of Respondents
Less than 10 %	26	26.36%
10-20%	36	32.72%
20-30%	34	30.90%
30-40%	8	7.27%
40% above	6	5.45%

INVESTORS REACTION TO THE ANNOUNCEMENT OF ANNUAL RESULTS:

When the results announced by the company are better than the expectation, 42% (47) of investors wanted to buy more shares, which shows that for investors if the performance of company is good the company carries future growth potential which translates into good returns on stock. 28% (31) of investors preferred to hold the stock with a view that good performance was already discounted by the market and there is little scope of future appreciation & 29% (32) of investors preferred to sell the stock with a view to encash the good result.

If the company performance was as per expectation 31% (35) investors want to buy the stock and 38% (42) want to hold the stock with a view to get long term return and 33% (33) of investors preferred to sell the stock.

If the company performance was below expectation than almost 46% (51) of investors preferred to hold the stock, they could be waiting for the right price to exit, While 35% (39) of investors sell the stock by booking their losses and to start with new so that their losses could be averaged & only 18% (20) investors preferred to buy the stock with a view that because of poor performance the stock would be available at a discount which could be an opportunity to encash.

TABLE 6: SHOWING INVESTORS REACTION TO THE ANNOUNCEMENT OF ANNUAL RESULTS

	If Results are		
Reaction	**Above Expectation**	**As per Expectation**	**Below Expectation**
Buy the stock	47	35	20
Hold the stock	31	42	51
Sell the stock	32	33	39

INVESTORS REACTION TO THE DECLARATION OF DIVIDEND:

It was found that 45% (49) of investors preferred to hold the stock after declaration of dividend because of long term gain which was expected by the investor as a result of good performance of company, while 40% (44) investors preferred to buy the stock which shows good performance of company attracts the investment and only 15% (17) of investors sell the stock after the dividend declaration with a view to book profits and liquidate their holdings.

TABLE 7: INVESTORS REACTION TO THE DECLARATION OF DIVIDEND

Declaration of Dividend	No. of Respondents	%Age no. of Respondents
Buy the stock	44	40%
Hold the stock	49	44.54%
Sell the stock	17	15.45%

INVESTORS REACTION TO THE DECLARATION OF BONUS:

In case of bonus declaration 57% (63) of investor's favored holding the stock, so that they could avails the opportunity of better price from the stock in future to gain good return. While 27% (30) of investors wish to buy more stocks when bonus is declared as for them bonus is good sign for the company and the prospective returns gained by them & only 15% (17) wanted to sell the stock and book profits as they were cautious of unpredictable market movements.

TABLE 8: INVESTORS REACTION TO THE DECLARATION OF BONUS

Declaration of Bonus	No. of respondents	%Age no. of Respondents
Buy the stock	30	27.27%
Hold the stock	63	57.27%
Sell the stock	17	15.45%

INVESTORS PERCEPTION ABOUT FUTURE OF CAPITAL MARKET:

When asked about the future of the capital market 47% (52) of investors were unable to give any prediction may be because of unpredictable nature of market or may be not sure about their portfolio strength which weakens their position in market. While 34% (37) of investors assume market to be bullish because of good portfolio or because of favorable market conditions and only 19% (21) of investors assumes market to be bearish, it may because of good buying of stock at right time.

TABLE 9: INVESTORS PERCEPTION ABOUT FUTURE OF CAPITAL MARKET

Perception	No. of respondents	%Age no. of Respondents
Bullish	37	36.63%
Bearish	21	19.09%
Can't say	52	42.27%

TABLE 10: TEST OF SIGNIFICANCE FOR RELATIONSHIP BETWEEN AGE OF THE INVESTORS AND THEIR CRITERIA FOR INVESTMENT

		Sum of Squares	df	Mean Square	F	Sig.
Market Information	Between Groups	.636	4	.159	.666	.617
	Within Groups	25.082	105	.239		
	Total	**25.718**	**109**			
Brokers	Between Groups	2.144	4	.536	2.637	.038

	Within Groups	21.347	105	.203		
	Total	**23.491**	**109**			
Intuition	Between Groups	3.082	4	.771	3.575	.009
	Within Groups	22.636	105	.216		
	Total	**25.718**	**109**			
Industry Review	Between Groups	1.082	4	.270	1.290	.279
	Within Groups	22.018	105	.210		
	Total	**23.100**	**109**			
Various Earnings Ratio	Between Groups	.365	4	.091	.863	.489
	Within Groups	11.099	105	.106		
	Total	**11.464**	**109**			

Looking at the significant column of above F-Table, we can see that most of the values are greater than 0.05 which shows that the differences between the means are not statistically significant except for two values i.e., 0.038 (Brokers) and 0.009(Intuition) which are less than .05 stating that the differences are statistically significant . This means that it is due to chance and is probably due to Age of Investors. Brokers and Intuition have different impact on the investors depending upon their age. Market information, Industry review and the study of the various earnings ratios have the same impact on the investors irrespective of their age.

TABLE 11: TEST OF SIGNIFICANCE BETWEEN INCOME OF THE INVESTORS AND THEIR INVESTMENT PORTFOLIO (ANOVA VALUES FOR INCOME AND INVESTMENT PORTFOLIO)

		Sum of Squares	df	Mean Square	F	Sig.
Fixed Deposit	Between Groups	1.293	4	.323	1.312	.270
	Within Groups	25.880	105	.246		
	Total	**27.173**	**109**			
Post Office Saving Scheme	Between Groups	.864	4	.216	1.134	.345
	Within Groups	20.009	105	.191		
	Total	**20.873**	**109**			
Mutual Fund	Between Groups	2.383	4	.596	3.219	.016
	Within Groups	19.435	105	.185		
	Total	**21.818**	**109**			
Shares/Equity	Between Groups	2.205	4	.551	6.251	.000
	Within Groups	9.259	105	.088		
	Total	**11.464**	**109**			
Real Estate	Between Groups	2.812	4	.703	3.261	.015
	Within Groups	22.642	105	.216		
	Total	**25.455**	**109**			
Gold/Commodities	Between Groups	2.210	4	.552	2.419	.053
	Within Groups	23.981	105	.228		
	Total	**26.191**	**109**			
Others	Between Groups	.668	4	.167	2.081	.088
	Within Groups	8.423	105	.080		
	Total	**9.091**	**109**			

Looking at the significant column of above F-Table, we can see that most of the values are greater than 0.05 which shows that the differences between the means are not statistically significant except for three values i.e., 0.016 (Mutual Funds), 0.000 (Shares / equity) and 0.015 (Real estate) which are less than .05 stating that differences between their means are statistically significant. The analysis shows that investments in Mutual Funds, Shares / Equity and Real estate are dependent upon the income level of the investors and are dependent among different income classes. All the other investment schemes i.e., Post office schemes, Fixed Deposits, Gold / Commodities and others are independent of the income level of the investors.

H_0: There is no association between the age of the investors and their investment behavior.

TABLE 12: TEST OF SIGNIFICANT RELATIONSHIP BETWEEN AGE OF THE INVESTORS AND THEIR INVESTMENT BEHAVIOR

Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Above Expectation	110	100.0%	0	.0%	110	100.0%
Age * As Per Expectation	110	100.0%	0	.0%	110	100.0%
Age * Below Expectation	110	100.0%	0	.0%	110	100.0%
Age * Dividend of Listed Companies	110	100.0%	0	.0%	110	100.0%
Age * Bonus of Listed Companies	110	100.0%	0	.0%	110	100.0%

TABLE 13: AGE * ABOVE EXPECTATION CROSS TABULATION

		Above Expectation			Total
		BUY THE STOCK	HOLD THE STOCK	SELL THE STOCK	
Age	<30	20	17	13	50
	30-40	17	9	5	31
	40-50	7	2	8	17
	50-60	1	3	4	8
	60above	2	0	2	4
Total		47	31	32	110

TABLE 14: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.174[a]	8	.144
Likelihood Ratio	14.012	8	.081
Linear-by-Linear Association	1.864	1	.172
N of Valid Cases	110		

a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is 1.13.

The calculated value of chi square is 12.174. The chi square value at 5% level of significance and the 8 of degree of freedom is 15.507. As the calculated value of chi square is less than the value in chi square table, hence the null hypothesis is accepted.

TABLE 15: AGE * AS PER EXPECTATION CROSS TABULATION

		As Per Expectation			Total
		BUY THE STOCK	HOLD THE STOCK	SELL THE STOCK	
Age	<30	13	24	13	50
	30-40	12	7	12	31
	40-50	7	8	2	17
	50-60	2	3	3	8
	60above	1	0	3	4
Total		35	42	33	110

TABLE 16: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.540[a]	8	.129
Likelihood Ratio	13.974	8	.082
Linear-by-Linear Association	.101	1	.751
N of Valid Cases	110		

a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is 1.20.

The calculated value of chi square is 12.540. The chi square value at 5% level of significance and the 8 of degree of freedom is 15.507. As the calculated value of chi square is less than the value in chi square table, hence the null hypothesis is accepted

TABLE 17: AGE * BELOW EXPECTATION CROSS TABULATION

		Below Expectation			Total
		BUY THE STOCK	HOLD THE STOCK	SELL THE STOCK	
Age	<30	14	20	16	50
	30-40	1	16	14	31
	40-50	2	6	9	17
	50-60	3	5	0	8
	60above	0	4	0	4
Total		20	51	39	110

TABLE 18: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.933[a]	8	.011
Likelihood Ratio	25.335	8	.001
Linear-by-Linear Association	.000	1	.987
N of Valid Cases	110		

a. 7 cells (46.7%) have expected count less than 5. The minimum expected count is .73.

The calculated value of chi square is 19.933. The chi square value at 5% level of significance and the 8 of degree of freedom is 15.507. As the calculated value of chi square is less than the value in chi square table, hence the null hypothesis is rejected.

So we can conclude that there is no significant association between the age of the investors and the way they behave when the markets perform above expectation or as per expectation. But when the performances of the markets are below expectation, investors of different age groups behave differently.

H_0 : There is no association between the age of the investors and their investment behavior when dividends of listed companies are announced.

TABLE 19: AGE * DIVIDEND OF LISTED COMPANIES CROSS TABULATION

		Dividend of Listed Companies			Total
		BUY THE STOCK	HOLD THE STOCK	SELL THE STOCK	
Age	<30	22	22	6	50
	30-40	11	16	4	31
	40-50	4	6	7	17
	50-60	5	3	0	8
	60above	2	2	0	4
Total		44	49	17	110

TABLE 20: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.066[a]	8	.110
Likelihood Ratio	12.714	8	.122
Linear-by-Linear Association	.047	1	.829
N of Valid Cases	110		

a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is .62.

The calculated value of chi square is 13.066. The chi square value at 5% level of significance and the 8 of degree of freedom is 15.507. As the calculated value of chi square is less than the tabulated value , hence the null hypothesis is accepted that there is no association between age of the investors and the way they behave

during dividend announcements of listed companies .

H_0 : There is no association between the age of the investors and their investment behavior during bonus announcements .

TABLE 21: AGE * BONUS OF LISTED COMPANIES CROSS TABULATION

		Bonus of Listed Companies			Total
		BUY THE STOCK	HOLD THE STOCK	SELL THE STOCK	
Age	<30	16	30	4	50
	30-40	6	20	5	31
	40-50	5	8	4	17
	50-60	1	4	3	8
	60above	2	1	1	4
Total		30	63	17	110

TABLE 22: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.284[a]	8	.319
Likelihood Ratio	9.090	8	.335
Linear-by-Linear Association	2.316	1	.128
N of Valid Cases	110		

The calculated value of chi square is 9.284. The chi square value at 5% level of significance and the 8 of degree of freedom is 15.507. As the calculated value of chi square is more than the value in chi square table, hence the null hypothesis is accepted that there is no association between the age of the investors and their investment behavior during bonus announcements .

CONCLUSION:

The research brings out certain characteristics of investors living in Udaipur. The ability to understand the judgment criteria like rationality and irrationality in investment pattern and behavior which enables the investor to be cautious as its consequences affect the lifestyle, asset value and relationship with others. The present study has shown that investors prefer investing in both primary and secondary market instruments.

Most of the decision are rational and influenced by the various information available in market.

It was also found that investors prefer the wait and watch policy for taking their decision, and are very cautious and their decisions are influenced by various psychological factors and behavioral dimensions.

LIMITATIONS OF THE STUDY:

The present research paper was aimed to achieve the defined objectives in full earnest and accuracy, although there were certain limitations :

- The data has been taken from the primary sources, so the findings are true to the extent of authentication of the data.
- The study was conducted targeting the investors in Udaipur city only.
- The primary data has been collected through a structured questionnaire to a sample of 110 investors in Udaipur city, which may not reflect the opinion of the entire population of the country.

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