"A Study on Factors Affecting Decision on Investing in Financial Market"

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ABSTRACT

The decision-making technique regarding investments in the economic marketplace is inspired by a mess of factors, each inner and outside to the investor. This look at aims to analyze the different factors that effect people' decisions while making an investment in economic markets. Through a complete evaluation of current literature and empirical evaluation, this research examines the key determinants that shape funding choices, encompassing monetary, mental, socio-financial, and marketplace-related elements.

The take a look at utilizes a combined-technique method, combining quantitative surveys and qualitative interviews to acquire insights from a various sample of buyers. Quantitative records analysis employs statistical strategies to pick out correlations and patterns among variables, at the same time as qualitative statistics gives nuanced views on man or woman motivations, risk perceptions, and choice-making processes.

Findings from this take a look at make contributions to a deeper information of the complex dynamics underlying investment choices in economic markets. Moreover, the studies presents precious insights for traders, economic advisors, policymakers, and marketplace regulators to decorate selection-making techniques, mitigate risks, and promote economic literacy and balance.

Keywords: investment decision-making, financial markets, factors influencing investment, risk perception, investor behavior.

I. INTRODUCTION

Financial markets have undergone a transformative journey from ancient barter systems to today's complex global networks. Emerging in the 17th century with the establishment of stock exchanges, financial markets have since evolved into diverse entities encompassing stocks, bonds, currencies, commodities, and derivatives. These markets serve as critical pillars of the economy, facilitating capital allocation, enabling businesses to raise funds, and providing liquidity for investors. Market participants range from individual investors to institutional players, each fulfilling distinct roles in the market ecosystem. Regulation plays a vital role in maintaining market integrity and investor protection, overseen by regulatory bodies worldwide. Concepts like market efficiency and risk-return dynamics guide investment decisions, while historical events such as market crashes have led to regulatory reforms.

Technological advancements have revolutionized trading, fostering globalization and enabling the rise of new asset classes like cryptocurrencies. Financial markets continue to evolve, driven by technological innovation, regulatory changes, and shifting investor preferences, shaping the future landscape of global finance.The main objective of present study is to analyze some factors that bind the investors to invest in financial market. There are some preventing factors that discourage investment habits of investors and affect their investment decisions. These factors are directly and indirectly divert the thinking of investors so danger for a healthy economy. To encourage and inspire a common people by create favorable picture of fin. Mkt. against preventing factors is the one of the objective of this paper.

CONCEPT

1. Low Investment Participation: Despite India's economic boom, a massive part of the populace refrains from investing in financial markets, hindering financial development.
2. Need for Economic Development: Encouraging investment in economic markets is vital for transitioning from a developing to a developed kingdom and fostering economic boom.

3. Motivation for Investment: Efforts have to attention on motivating individuals to withdraw financial savings from traditional avenues and put money into economic markets for higher returns and monetary balance.

4. Overcoming Fear Factors: Investors need to overcome fear and hesitation toward financial markets to realize the blessings of making an investment for a steady destiny.

5. Role of Individual Investors: Individual investors play a vital function in non-public funding choices, driven by way of perceptions influenced by mental factors.

6. Risk and Return: Financial markets entail inherent risks, requiring investors to balance risk and go back even as handling their funding portfolios effectively.

7. Preference for Investment Vehicles: Investors have varying choices for funding cars based on their needs and risk tolerance, which includes cash balances, bank deposits, provident funds, and lifestyles coverage.

8. Savings and Investment: Disposable earnings after meeting statutory commitments constitutes savings, prompting the need for deciding on appropriate investment alternatives to generate returns.

9. Risk Management: Effective threat management is paramount in investment choices, with buyers prioritizing danger mitigation over high returns for lengthy-term profitability.

10. Diversification and Financial Planning: Diversifying investment portfolios and strategic monetary making plans are critical for maximizing returns and attaining lengthy-time period economic desires.

II.   LITERATURE REVIEW

1. Rastogi (2015) strongly supports the presence of behavioral aspects in investment decisions of the investors. He found that the behavioral finance can explain answers to many questions related to financial investment which cannot be explained appropriately by conventional finance theory.

2. Sindhu and Rajitha (2014) noted that risk is inherent features in all types of financial investments due to variability in the expected returns and the actual returns achieved. So calculation the amount of risk what an individual can bear becomes very important.

3. Chandra and Kumar (2012) stated that it is important to study individual investor's behavior. He reported that Indian individual investors are more prone to psychological biases while making financial decision making. Presence of financial heuristics, self-regulation, prudence and precautious attitude financial addiction and lack of information effects the decision making of the investors.

4. Bhatt, Brahma, P. S. Raghu Kumari, and Shamira Malekar (2012) in the study titled "A Study of Investor Behavior on Investment Avenues in Mumbai Fenil" aimed to understand the investment behaviour and it proves women are attracted towards investing in gold than any other investment avenues. Most of the investors are in the habit of discussing the options with their family and friends before making any investment decision.

5. Sita L.Y. (2011) found that, income played a peculiar role in influencing Indian equity investor

6. Geetha and Ramesh (2011) in "A Study on People's Preferences in Investment Behaviour" show most of the respondents are unaware about stock market opportunities and most of the investors preferred life insurance policies. In a survey of US employers offering 401(k) plans, 80 per cent of employers reported that their employees were confused about 'where to invest/what fund to use' and 55 percent reported that employees were confused about how much to save for retirement.

7. Kannadhasan (2006) examined the factors that influence the retail investors" decision in investing. The decision of the retail investors is based on various dependent variables viz., gender, age, marital status, educational level, income level, awareness, preference and risk bearing capacity.

8. Lakshmi C. (2005) has stated that the reason for not investing on equity shares and equity oriented securities by Indian investors is the perception that equity investments are risky. She added that though the investors are aware of success stories of equity investment, as they perceive that they do not understand various risk minimisation techniques, they feel it is better to stay away from equity investment.

9. Quantitative and qualitative research carried out in the past indicates that attitudes to investment risk depend on factors such as personality, circumstances, educational attainment, level of financial knowledge and experience, and extent of financial product portfolio (Conquest Research Limited, 2004; Distribution Technology, 2005).

10. Jay Ritter (2003) has given a brief introduction of behavioral finance published in Pacific

Basin Finance Journal. In his research article, he rejected the traditional assumption of expected utility maximization with rational investors in efficient market. The two building blocks of behavioralfinance are cognitive psychology (How People Think) and the limit ofarbitrage (when market will be inefficient). The articlefurther highlights many empirical patterns like stock market bubbles in Japan, Taiwan and the US.

III. RESEARCH METHODOLOGY
OBJECTIVE OF THE STUDY

The main objective of present study is to analyze some factors that bind the investors to invest in financial market. There are some preventing factors that discourage investment habits of investors and affect their investment decisions. These factors are directly and indirectly divert the thinking of investors so danger for a healthy economy. To encourage and inspire a common people by create favorable picture of fin.
Mkt. against preventing factors is the one of the objective of this paper.
In this paper the researchers were trying to - Identify the factors affecting the investor's decision to invest in financial market.

Research Design

Present study is based on the identification of factors influencing the investors in their investment decision in financial market. This paper used the exploratory research design. To understand the causes due to which individual don't invest in financial market a survey has been conducted on investors so primary data has been used and the data was gathered using structured questionnaire. The sample was
chosen from individual retail investors from Indore city. Collected data was analyzed by using statistical tools like SPSS and MS Excel for tabulation and editing of data.

Sample method

Non-probability convenience sampling has been selected as sampling technique this means that sample is not randomly selected from the populations Instead participants will be selected based on convenience
and accessibility

Data collection instrument
We will using Questionnaire as an instrument to collect the data

IV. DATA ANALYSIS
Data analysis for this paper was carried out on the basis of data obtained through the questionnaire

Frequency Table

Gender

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	38	47.5	52.1	52.1
	Female	34	42.5	46.6	98.6
	5	1	1.3	1.4	100.0
	Total	73	91.3	100.0	
Missing	System	7	8.8		
Total		80	100.0		

Gender
81 responses
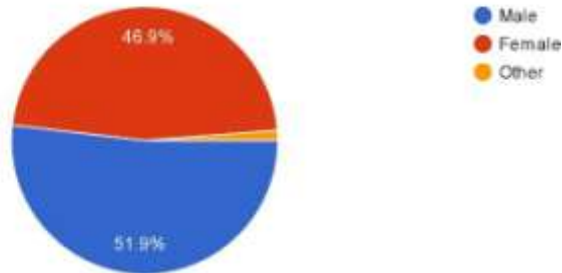
The above shows that 51.9% respondents are male category and other 46.9% respondents are female , and 1.2% other gender from the overall 100%.

The percent respondents data suggest there are more number of males.

Age

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	35	43.8	43.8	43.8
	26-35	20	25.0	25.0	68.8
	36-45	21	26.3	26.3	95.0
	46-55	3	3.8	3.8	98.8
	56 and above	1	1.3	1.3	100.0
	Total	80	100.0	100.0	

Age
81 responses
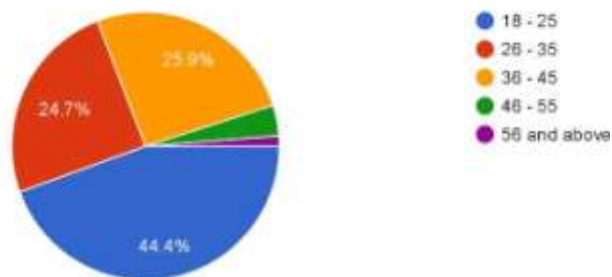
The above data showing the age of respondents identifies that the data consist 44.4% percentage is from the age between 18-25. The age group 26-35 concluded 24.7% percent . percentage of respondents the 36-45 age group include 25.9% of the responds . the age of 46-55 include 3.8% and age group above 56 years are 1.3%.

The overall data shows that higher respondents are from age below 18-25 years .

Employment status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employed	32	40.0	40.0	40.0
	Unemployed	21	26.3	26.3	66.3
	Student	17	21.3	21.3	87.5
	Retired	2	2.5	2.5	90.0
	other	8	10.0	10.0	100.0
	Total	80	100.0	100.0	

Employment status
81 responses
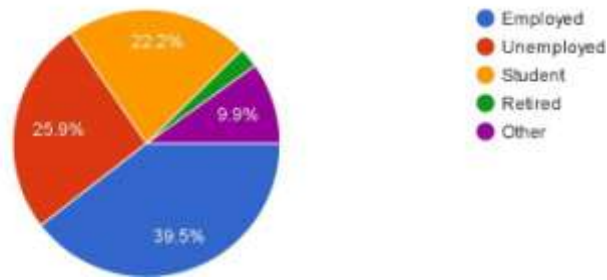
This table seems to present the employment status of a group of individuals. Each row represents a different employment status category (Employed, Unemployed, Student, Retired, Other), with corresponding frequencies and percentages. The "Valid Percent" column shows the percentage of each category relative to the total number of valid responses, while the "Cumulative Percent" column shows the cumulative percentage up to each category. For example, the first row indicates that 32 individuals are employed, which is 40% of the valid responses and also 40% of the total cumulative responses

Banking Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	78	97.5	97.5	97.5
	No	2	2.5	2.5	100.0
	Total	80	100.0	100.0	

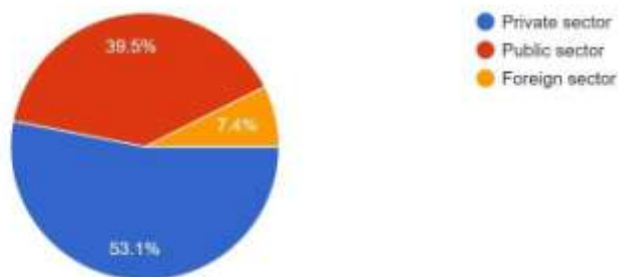Have you ever invested in banking products or services ?
81 responses

This table seems to depict data related to banking services, with two categories: "yes" and "no.The "Frequency" column shows the count of responses for each category.

The "Percent" column represents the percentage of each category out of the total responses.

The "Valid Percent" column indicates the percentage of each category relative to the total valid responses.

The "Cumulative Percent" column shows the cumulative percentage up to each category.

In this case, 78 respondents answered "yes" to having banking services, constituting 97.5% of the valid responses and 97.5% of the cumulative total. Only 2 respondents answered "no," representing 2.5% of both valid responses and the cumulative total.

Invest your money

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Private sector	42	52.5	52.5	52.5
	Public Sector	32	40.0	40.0	92.5
	Foreign sector	6	7.5	7.5	100.0
	Total	80	100.0	100.0	

In which sector do you prefer to invest your money ?
81 responses

The table represents the distribution of responses regarding reasons for saving money. Here's the interpretation:
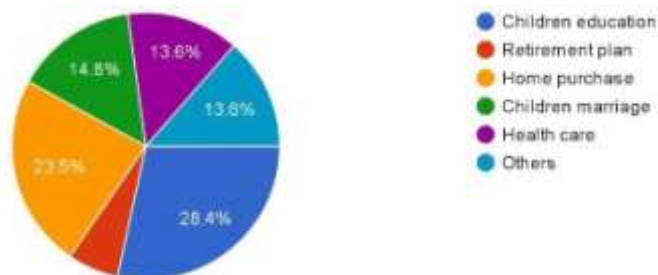- *Valid Percent*: Indicates the percentage of responses within each category relative to the total valid responses. For instance, 29.3% of respondents indicated saving for children's education, 25.3% for home purchase, and so forth.
- *Cumulative Percent*: Represents the accumulation of valid percentages up to a certain point. For example, by the time you reach "Children marriage," 70.7% of respondents have been covered, meaning 70.7% of respondents indicated saving for either children's education, home purchase, or children's marriage.

From the table, it's evident that saving for children's education is the most common reason, followed by saving for a home purchase, children's marriage, health care, and other purposes, in descending order of frequency.

Saving objectsv

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Children Education	22	27.5	29.3	29.3
	Home purchase	19	23.8	25.3	54.7
	Children marriage	12	15.0	16.0	70.7
	Health care	11	13.8	14.7	85.3
	Others	11	13.8	14.7	100.0
	Total	75	93.8	100.0	
Missing	System	5	6.3		
Total		80	100.0		

What are your savings objects ?
81 responses

INTER

The table represents the distribution of responses regarding reasons for saving money. Here's the interpretation:

Valid Percent: Indicates the percentage of responses within each category relative to the total valid responses. For instance, 29.3% of respondents indicated saving for children's education, 25.3% for home purchase, and so forth.

Cumulative Percent: Represents the accumulation of valid percentages up to a certain point. For example, by the time you reach "Children marriage," 70.7% of respondents have been covered, meaning 70.7% of respondents indicated saving for either children's education, home purchase, or children's marriage.

From the table, it's evident that saving for children's education is the most common reason, followed by saving for a home purchase, children's marriage, health care, and other purposes, in descending order of frequency.

Investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Income and capital preservation	29	36.3	36.3	36.3
	Growth and income	35	43.8	43.8	80.0
	Long term growth	12	15.0	15.0	95.0
	Short term Growth	4	5.0	5.0	100.0
	Total	80	100.0	100.0	

What is your investment ?
81 responses

- Income and capital preservation
- Growth and income
- Long term growth
- Short term growth
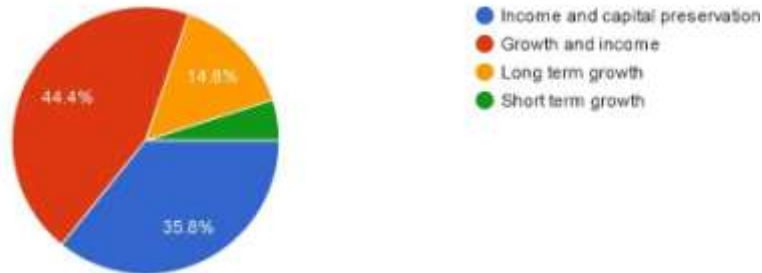
This table illustrates the investment preferences of the respondents based on different categories. Here's the interpretation:
- 36.3% of respondents prefer investments focused on income and capital preservation.
- 43.8% of respondents opt for investments focused on growth and income.
- 15% of respondents prefer investments geared towards long-term growth.

- 5% of respondents favor investments aimed at short-term growth.
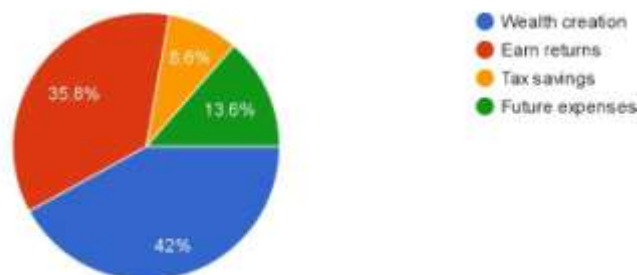- The total number of respondents is 80.

From this data, it's evident that there's diversity in investment preferences, with a significant portion leaning towards growth and income strategies, followed by those preferring income and capital preservation

Purpose behind investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Wealth creation	34	42.5	42.5	42.5
	Earn returns	28	35.0	35.0	77.5
	Tax savings	7	8.8	8.8	86.3
	Future expenses	11	13.8	13.8	100.0
	Total	80	100.0	100.0	

What is the purpose behind investment ?
81 responses

- Wealth creation
- Earn returns
- Tax savings
- Future expenses

This table displays data on preferences for investment growth rates. Here's the interpretation:
- 37.5% of respondents prefer steady growth.
- 42.5% of respondents prefer growth at an average rate.
- 20% of respondents prefer fast growth.
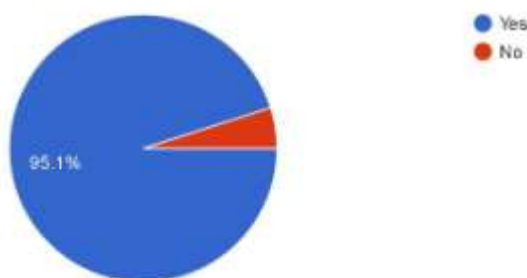
- The total number of respondents is 80.

From this data, it's evident that there is a range of preferences regarding investment growth rates, with the largest portion leaning towards growth at an average rate.

Family Expenditure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	76	95.0	95.0	95.0
	No	4	5.0	5.0	100.0
	Total	80	100.0	100.0	

Do you have a formal budget for family expenditure ?
81 responses

This table appears to be showing data on family expenditure. From the provided information:- 95% of respondents answered "yes" to some question related to family expenditure.

- 5% of respondents answered "no" to the same question.

- The total number of respondents is 80.
Interpreting this data, it seems that the vast majority of respondents have some level of family expenditure, with only a small percentage indicating otherwise.

Target Amount

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	77	96.3	96.3	96.3
	NO	3	3.8	3.8	100.0
	Total	80	100.0	100.0	

Do you having savings and investment target amount you aim for each year ?
81 responses

This table pertains to whether respondents have a target amount for their investments. Here's the interpretation:

96.3% of respondents answered "yes," indicating they have a target amount for their investments.

3.8% of respondents answered "no," indicating they do not have a target amount.
The total number of respondents is 80.

From this data, it's clear that the vast majority of respondents have a target amount in mind for their investments, while a small percentage do

At which rate do you want your investment to grow ?
81 responses
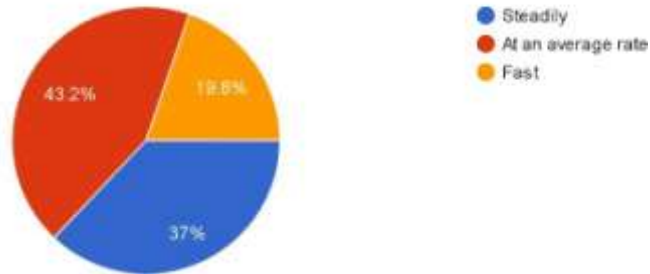
investment to grow

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	steadily	30	37.5	37.5	37.5
	At an average rate	34	42.5	42.5	80.0
	fast	16	20.0	20.0	100.0
	Total	80	100.0	100.0	

this table displays data on preferences for investment growth rates. Here's the interpretation:
- 37.5% of respondents prefer steady growth.
- 42.5% of respondents prefer growth at an average rate.
- 20% of respondents prefer fast growth.

- The total number of respondents is 80.

From this data, it's evident that there is a range of preferences regarding investment growth rates, with the largest portion leaning towards growth at an average rate.

factor do you consider before investing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	safety of principal	42	52.5	52.5	52.5
	low risk	12	15.0	15.0	67.5
	high returns	22	27.5	27.5	95.0
	maturity periods	4	5.0	5.0	100.0
	Total	80	100.0	100.0	

Which factor do you consider before investing ?
81 responses

Legend:
- Safety of principal
- Low risk
- High returns
- Maturity periods
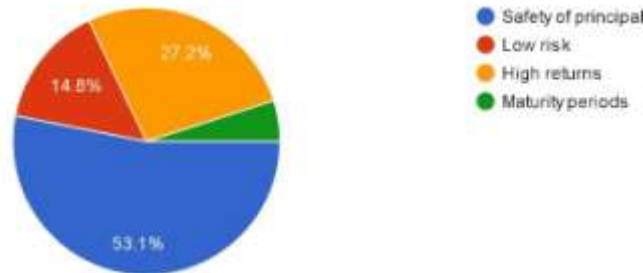
This table presents data on factors considered before investing. Here's the interpretation: 52.5% of respondents consider the safety of principal. 15% of respondents consider low risk. 27.5% of respondents consider high returns. 5% of respondents consider maturity periods. The total number of respondents is 80.

From this data, it's clear that safety of principal is the most commonly considered factor, followed by high returns and low risk. Maturity periods are considered by a smaller portion of respondents.

Percent of your do you invest

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-15%	18	22.5	22.5	22.5
	15-30%	44	55.0	55.0	77.5
	30-50%	18	22.5	22.5	100.0
	Total	80	100.0	100.0	

What percent of your do you invest ?
81 responses

Legend:
- 0 - 15%
- 15 - 30%
- 30 - 50%
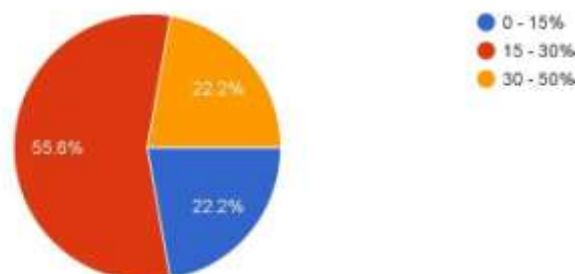
This table represents the percentage of income individuals invest. Here's the interpretation:

- 22.5% of respondents invest 0-15% of their income.
- 55% of respondents invest 15-30% of their income.
- 22.5% of respondents invest 30-50% of their income.
- The total number of respondents is 80.

From this data, it's evident that the majority of respondents invest between 15-30% of their income, with smaller percentages investing less or more than that range.

Time period

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	short term (0-1 year)	23	28.7	28.7	28.7
	Medium term (1-5 year)	38	47.5	47.5	76.3
	long term (< 5 year)	19	23.8	23.8	100.0
	Total	80	100.0	100.0	

What is the time period you prefer to invest ?
81 responses
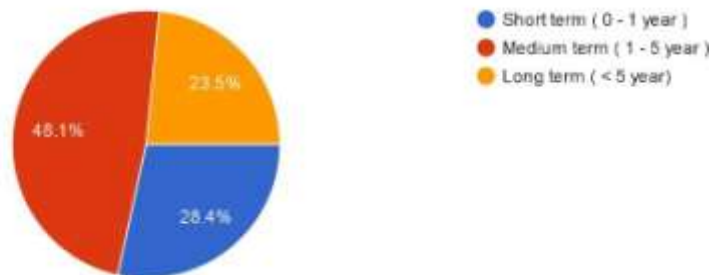
This table pertains to whether respondents have a target amount for their investments. Here's the interpretation:

96.3% of respondents answered "yes," indicating they have a target amount for their investments. 3.8% of respondents answered "no," indicating they do not have a target amount.

The total number of respondents is 80.

From this data, it's clear that the vast majority of respondents have a target amount in mind for their investments, while a small percentage do

V. FINDINGS

Risk Perception: Evaluate how investors understand one-of-a-kind sorts of risks (e.G., marketplace hazard, credit score danger, inflation danger).

Risk Tolerance: Measure traders' willingness to take risks and its effect on investment decisions. Psychological Factors:

Cognitive Biases: Investigate common biases (., confirmation bias, loss aversion) affecting funding choices.

Investor Behavior: Study emotional elements (worry, greed) influencing funding alternatives. Market Knowledge and Information Sources:

Sources of Information: Identify wherein buyers gather records for funding decisions (economic news, social media, professional recommendation).

Knowledge Level: Assess buyers' knowledge of monetary markets and investment devices. Investment Goals and Objectives:

Short-term vs. Long-time period Goals: Determine if traders prioritize short-time period profits over lengthy-term wealth accumulation.

Financial Goals: Analyze precise objectives such as retirement planning, wealth protection, or capital increase.

VI. CONCLUSION

The statistics provided offers insights into diverse elements of respondents' demographics, financial behaviors, and funding alternatives.

Firstly, it suggests a barely higher representation of adult males in comparison to females, with the bulk falling inside the 18-25 age bracket, suggesting a youthful respondent base.

Additionally, a good sized proportion of respondents appear to be employed or students, with a robust inclination towards having banking offerings.

In phrases of economic habits, saving for kid's schooling emerges as the primary priority, accompanied closely through saving for a domestic buy and children's marriage, reflecting long-time period making plans dispositions.

Investment alternatives lean in the direction of strategies centered on boom and profits, with a preference for regular or average growth quotes.

Moreover, the majority of respondents have a target quantity for his or her investments, with a outstanding attention for factors like protection of important and moderate hazard.

Overall, the records paints a photo of financially conscious and intention-orientated people,predominantly younger and employed, with a focus on lengthy-term monetary stability and boom.

VII. ACKNOWLEDGEMENTS

The completion of this study on the factors affecting investing in the financial market has been made possible through the support and contributions of numerous individuals and institutions. We express our heartfelt gratitude to all those who have played a role in making this research endeavor a reality.

First and foremost, we extend our sincere appreciation to our research supervisor, [Supervisor's Name], whose guidance, expertise, and unwavering commitment to the project have been instrumental in shaping the direction of this study. Your mentorship has been invaluable.

We would like to acknowledge the participants and respondents who generously shared their insights and experiences. Without your cooperation and willingness to provide valuable data, this study would not have been possible.

Our gratitude also extends to the various financial institutions and experts in the field who offered their time and expertise for interviews and consultations. Your input has enriched the depth and quality of this research.

We thank our colleagues and peers for their thoughtful discussions and constructive feedback throughout the research process. Your insights and suggestions have been invaluable in refining the study.

Furthermore, we acknowledge the support of our families and friends who have provided unwaveringencouragement and understanding during the demanding phases of this project. Your patience and belief in our work have been a constant source of motivation.

This project has been a collaborative effort that would not have been feasible without the collective support and contributions of many. We are deeply appreciative of the assistance and inspiration we have received, and we hope that this study proves to be a valuable addition to the understanding of investing in the financial market.

REFERENCE

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