

Impact of Behavioral factors on hypothetical Stocks-An empirical study of HNI's  
Investment perspective with special reference to BSE

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*Abstract: - The study tries to investigate the behavioral finance and investor Psychology in investment decision making specifically correlated towards Hypothetical stocks which can trade above the Capital Market Line always. The Study tried to establish the critical factors which influence the behavior segment of the group of High Net worth Individuals on successful investment on the hypothetical stocks. The study has a sample size of 50 HNI's. The study established the critical behavioral factors such as Representativeness, Overconfidence, anchoring, Gamblers Fallacy, loss aversion, regret aversion, mental accounting, Group behavior, Psychology and other factors. The study also tries to investigate the helps the investors in removing the Cementing the Behavioral Gap investment especially towards the Hypothetical stocks. The study deliberates the ranking of critical factors which influences investment and also tries to have a close look up at the trading activity. The study is confined to investors of Bangalore Stock Exchange and conclusions so drawn can be implemented to the same segment of investors in different exchange as well.*

**Introduction: -**

Investment has become a primary concern of any individual in India. Most of investors are keen to invest on those stocks which give them an optimum return. Return is also correlated with the amount of Risk the individual takes (As indicated in CAPM). Identification of specific risk plays keen role in establishing the relationship between the stocks and their behavior. Hypothetical stocks will yield an optimum return hence advisable for long term investment. Finding out the Hypothetical stocks and their behavior has attracted the eyes of many investment brokers. The study would be conducted by keeping in mind of investment mechanism followed by aggressive investors, speculators, short sellers. The Research paper would also help these investors in selecting the best possible stocks which yields Bench mark return in the long run. The research will zero on selection hypothetical stocks to identification of risk to reduction of risk & also will give a clear cut picture about the Return expected out of these stocks. The research would critically investigate the behavioral factors which will influence the behavior of both stocks as well as investors.

**Objectives of the study:-**

1. To study the Critical Behavioral Factors which influences the Investment Decision
2. To correlate the impact of these factors on the investment Decision
3. To propagate best stocks ( Hypothetical ETF) for the investment in the Long run keeping in Mind different investors
4. To conduct a qualitative meta-analysis of the current state of financial decision making behavior on the above factors

**Hypothesis:-**

1. Behavioral factors has a significant positive impact on the investment Decision
2. Risk Return Analysis is positively correlated with the behavioral Investment Decisions
3. Behavioral Mind set of investors will help in stimulating marginal return

**Tools used for Data Collection:-** Parameters on which calculated risk can be assessed

1. Effect of Discount Brokerage
2. Personal Capital Assessment
3. Portfolio Analysis
4. Running Through Feex ( A software which calculates the risk and Return of the Estimated Portfolio Mix

**Data Analysis is done through**

- ✓ Meta Analysis is done to process the Qualitative data from the Behavior segmentation of the stocks based on Technical Analysis tools of selected hypothetical stocks
- ✓ Matching of the above two is done to reduce the GAP between the Investor and their behaviouristic Syndrome
- ✓ Assessment is made by Charting out the List of graded parameters in which hypothetical stocks can be selected

**Tools used for Analysis:-**

- ✓ Factor Analysis
- ✓ Multivariate Analysis
- ✓ Exponential Moving Average
- ✓ A Formal Z-Two Tailed Test

**Time Frame of Research:** - Data Collected from April 2017 till February 2019 hence the duration of

research is for 3 years

**Review of Literature:-**

1. Introduction to the special issue on behavioral finance published in journal of Empirical finance talks about the reason of new approach which has emerged. Behavioral finance thinks about financial issues with the help of ideas borrowed from psychology. It not only casts doubt on the predictions of modern finance, such as the notion of efficient markets, but also on its micro-foundations, i.e., expected utility maximization, rational expectations and Bayesian updating. Prospect theory, mental frames, heuristics and related psychological concepts form the basis for a new theory of finance. Opinions differ, but so far, it appears, behavioral finance has been a fertile paradigm. In the area of asset pricing, for instance, it has been used to interpret and/or to discover empirical anomalies in the speculative dynamics of stock returns, e.g., under- and overreaction to news.
2. **The human agent in behavioral finance: a Searlean perspective published in journal of economic methodology states the implications of** John Searle's theory of human ontology, intentional mental states such as beliefs and wants rely on non-intentional, Background, dispositions to produce rational behavior. The distinction between intentional and non-intentional states is used as the basis on which to understand the various conceptions of human agency to be found in behavioral finance. The agent of behavioral finance is characterized in terms of three sets of **psychological traits: prospect theory, heuristics and mental accounting**. These are examined from a Searlean perspective and shown to rely on the interplay between various reflected upon and non-reflected upon elements.

3. ***The Psychology of Financial Decision-Making: Applications to Trading, Dealing, and Investment Analysis by Dr. Denis published in journal of Psychology and financial markets states that*** social psychology and behavioral finance could offer competitive advantage both to financial markets as well as individual firms. The aim is to identify potential applications of experimental and organizational psychology to improve the efficiency of financial institutions. The focus is on two major areas of application: trading and dealing in currencies, and investment decision-making.
  
4. ***Are behavioral finance equity funds a superior investment? A note on fund performance and market efficiency published by Christiane Goodfellow Dirk Schiereck Steffen Wippler in Journal of Asset Management*** compares the performance of behavioral finance funds with the performance of the market and that of matched mutual funds across the major regions of the world from 1990 to 2010. Performance is measured raw and risk-adjusted. The empirical evidence suggests that behavioral finance funds neither outperform nor underperform the market or matched actively managed mutual funds. Overall, the empirical findings vary strongly with the set-up of the investigation. We conclude that either stock markets are more efficient, or fund management is worse, than behavioral finance funds advertise.
  
5. ***Understanding Behavioral Finance by Dr. Swapan Kumar Roy published in The Management Accountant*** Journal talks about the critical irrational behavior aspects which include herd behavior, Over confidence, Anchoring, Loss Aversion, Over reaction, mental accounting. The article also talks about the behavioral Theories such as prospect theory, regret theory, over and under reaction theories.

## Data Analysis

Table 1 showing the fundamental information of Tata investment corporation

DATE	open value	close value	Ri(Y)	Rm(x)	Ri*Rm	Rm*Rm	$(y - \bar{y})^2$
Apr-17	637	671.65	5.4395	0.6075	3.3045	0.3690	16.4578
May-17	669	660.9	-1.2107	3.7456	-4.5350	14.0295	6.7262
Jun-17	654.15	736.9	12.65	-0.6282	-7.9467	0.3946	126.9514
Jul-17	744.95	889.35	19.38385	4.3615	84.5426	19.0226	324.0403
Aug-17	892	848.1	-4.92152	-2.6068	12.8294	6.7954	39.7436
Sep-17	846.1	850.25	0.490486	-1.5285	-0.7497	2.3363	0.7961
Oct-17	859.5	866	0.756254	5.3128	4.0178	28.2258	0.3924
Nov-17	857	896.3	4.585764	-0.5847	-2.6813	0.3418	10.2594
Dec-17	890.75	889.5	-0.14033	2.4337	-0.3415	5.9228	2.3197
Jan-18	895	848.2	-5.22905	5.5931	-29.2466	31.2827	43.7156
Feb-18	865	798.65	-7.67052	-5.1733	39.6819	26.7630	81.9613
Mar-18	802.55	739.75	-7.82506	-3.4343	26.8736	11.7944	84.7834
Apr-18	733.85	865.2	17.89875	6.4469	115.3915	41.5625	272.7789
May-18	871.05	808.2	-7.21543	-0.0184	0.1327	0.0003	73.9283
Jun-18	805	816.4	1.416149	0.1399	0.1981	0.0195	0.0011
Jul-18	818.95	807.2	-1.43476	5.7992	-8.3204	33.6307	7.9382
Aug-18	807	809.15	0.266419	2.6596	0.7085	7.0734	1.2461
Sep-18	807.85	726.65	-10.0514	-6.9091	69.4459	47.7356	130.7387
Oct-18	726.85	679.65	-6.49377	-5.0509	32.7994	25.5115	62.0393
Nov-18	673.2	849.15	26.13636	4.4549	116.4349	19.8461	612.7423
Dec-18	855	890.95	4.204678	-0.9021	-3.7930	0.8137	7.9633
Jan-19	899.95	852.7	-5.25029	0.2624	-1.37768	0.0688	43.9970
Feb-19	860	825.75	-3.98256	-0.9309	3.7073	0.8665	28.7863
TOTAL			31.80285	14.0499	451.0764	324.4077	1980.308
			1.382732	0.610865			

$$\text{Beta}(\beta) = \frac{n\sum xy - \sum x \sum y}{n\sum x^2 - (\sum x)^2}$$

$$\text{Variance} (\sigma^2) = \frac{\sum (y - \bar{y})^2}{23}$$

$$= \frac{23(451.0764) - (14.0499)(31.80285)}{24(324.4076) - (14.0499)^2}$$

$$= \frac{1980.308}{23}$$

$$= 1.3667$$

$$= 86.1003$$

$$\text{Std Deviation} (\sigma) = \sqrt{86.1003}$$

$$\text{Alpha} (\alpha) = y - \beta x$$

$$= 9.2790$$

$$= (1.3827) - (1.3667 * 0.6108)$$

$$= 0.5479$$

**Table 2. Showing the fundamental information of NIIT TECH**

DATE	Open value	close value	Ri(y)	Rm(x)	Ri*Rm	Rm*Rm	$(y - \bar{y})^2$
Apr-17	430	456.95	6.2674	0.6075	3.8074	0.3690	0.4392
May-17	455	521.2	14.5494	3.7456	54.4964	14.0295	80.0093
Jun-17	520	577.1	10.9807	-0.6282	-6.8981	0.3946	28.9025
Jul-17	578	514.15	-11.0467	4.3615	-48.1802	19.0226	277.2681
Aug-17	519.35	497.9	-4.1301	-2.6068	10.7665	6.7954	94.7667
Sep-17	501	541.7	8.1237	-1.5285	-12.4172	2.3363	6.3458
Oct-17	544	677.85	24.6047	5.3128	130.7203	28.2258	361.0047
Nov-17	680	639	-6.0294	-0.5847	3.5253	0.3418	135.3515
Dec-17	639.1	646.3	1.1265	2.4337	2.7417	5.9228	20.0531
Jan-18	642	855.95	33.3255	5.5931	186.3931	31.2827	768.4477
Feb-18	855.95	834.55	-2.5001	-5.1733	12.9340	26.7630	65.6878
Mar-18	838.1	864.25	3.1201	-3.4343	-10.7155	11.7944	6.1727
Apr-18	860	1163.45	35.2848	6.4469	227.4781	41.5625	880.9159
May-18	1160	1117.85	-3.6336	-0.0184	0.0668	0.0003	85.3457
Jun-18	1119	1096.15	-2.0420	0.1399	-0.2856	0.0195	58.4713
Jul-18	1114	1229.15	10.3366	5.7992	59.9441	33.6307	22.3915
Aug-18	1239.95	1403.6	13.1981	2.6596	35.1017	7.0734	57.6605
Sep-18	1409.9	1092.7	-22.4980	-6.9091	155.4413	47.7356	789.7621
Oct-18	1085	1227.15	13.1013	-5.0509	-66.1738	25.5115	56.2009
Nov-18	1229.95	1091.5	-11.2565	4.4549	-50.1468	19.8461	284.3004
Dec-18	1130.95	1149.45	1.6357	-0.9021	-1.4756	0.8137	15.7518
Jan-19	1140	1311.1	15.0087	0.2624	3.9383	0.0688	88.4373
Feb-19	1301	1318.95	1.37970	-0.9309	-1.2843	0.8665	17.8501
TOTAL			128.9070	14.0499	689.778	324.4077	4201.537
			5.6046	0.610865			

$$\text{Beta}(\beta) = \frac{n\sum xy - \sum x \sum y}{n\sum x^2 - (\sum x)^2}$$

$$\frac{23(689.7781) - (14.0499)(128.9070)}{24(324.4076) - (14.0499)^2} = 1.9347$$

$$\text{Variance} (\sigma^2) = \frac{\sum (y - \bar{y})^2}{23}$$

$$= \frac{4201.537}{23}$$

$$= 182.6755$$

$$\text{Std Deviation} (\sigma) = \sqrt{182.6755} = 13.51$$

$$\text{Alpha} (\alpha) = y - \beta x$$

$$= (5.6046) - (1.9347 * 0.6108)$$

$$= 4.422$$

Table 3 showing the fundamental information of Bajaj Finserv

DATE	Open value	close value	Ri(y)	Rm(x)	Ri*Rm	Rm*Rm	$(y - y)^2$
Apr-17	4090	4568.65	11.7029	0.6075	7.1095	0.3690	87.3480
May-17	4575	4191.3	-8.3868	3.7456	-31.4139	14.0295	115.4293
Jun-17	4190	4116	-1.7661	-0.6282	1.1094	0.3946	16.9993
Jul-17	4139.55	4999.7	20.7788	4.3615	90.6268	19.0226	339.3668
Aug-17	5001.3	5503.6	10.0433	-2.6068	-26.1811	6.7954	59.0818
Sep-17	5543.9	5146.55	-7.1673	-1.5285	10.9552	2.3363	90.7114
Oct-17	5200.1	5024.2	-3.3826	5.3128	-17.9712	28.2258	32.9423
Nov-17	5053.3	5223.55	3.3690	-0.5847	-1.9699	0.3418	1.0244
Dec-17	5220	5328.4	2.0766	2.4337	5.0538	5.9228	0.0785
Jan-18	5220	4810.8	-7.8390	5.5931	-43.8448	31.2827	103.9584
Feb-18	4800	5056.85	5.3510	-5.1733	-27.6825	26.7630	8.9647
Mar-18	5057.55	5178.55	2.3924	-3.4343	-8.2164	11.7944	0.0012
Apr-18	5100	5482.55	7.5009	6.4469	48.3580	41.5625	26.4613
May-18	5482	6048.45	10.3329	-0.0184	-0.1901	0.0003	63.6164
Jun-18	6050	5818.65	-3.8239	0.1399	-0.5349	0.0195	38.2033
Jul-18	5823	6985.9	19.9708	5.7992	115.8147	33.6307	310.2491
Aug-18	7000.1	6754.85	-3.5035	2.6596	-9.3179	7.0734	34.3447
Sep-18	6760	5988.65	-11.4105	-6.9091	78.8363	47.7356	189.5419
Oct-18	5989	5402.5	-9.7929	-5.0509	49.4632	25.5115	147.6194
Nov-18	5401.85	6007.3	11.2082	4.4549	49.9314	19.8461	78.3451
Dec-18	6020	6481.3	7.6627	-0.9021	-6.9126	0.8137	28.1522
Jan-19	6500	6093.15	-6.2592	0.2624	-1.6424	0.0688	74.2380
Feb-19	6149.95	6466.75	5.1512	-0.9309	-4.7953	0.8665	7.8083
TOTAL			54.2091	14.0499	276.5854	324.4077	1854.487
			2.356917	0.610865			

$$\text{Beta}(\beta) = \frac{n\sum xy - \sum x \sum y}{n\sum x^2 - (\sum x)^2}$$

$$\text{Std Deviation } (\sigma) = \sqrt{80.6298}$$

$$= 8.9794$$

$$\frac{23(276.5854) - (14.0499)(54.2091)}{24(324.4076) - (14.0499)^2}$$

$$\text{Alpha } (\alpha) = y - \beta x$$

$$= 0.7709$$

$$\text{Variance } (\sigma^2) = \frac{\sum (y - y)^2}{23}$$

$$= (2.356917) - (0.7709 * 0.6108)$$

$$= 1.8860$$

$$= \frac{1854.487}{23}$$

$$= 80.6298$$



**Table 4 showing the fundamental Information of Tata consultancy services**

Date	open value	close value	Ri(y)	Rm(x)	Ri*Rm	Rm*Rm	y-y2
Apr-17	1217.5	1136.05	-6.6899	0.6075	-4.0641	0.3690	94.8018
May-17	1148.5	1272.18	10.7688	3.7456	40.3357	14.0295	59.6315
Jun-17	1265	1182.18	-6.5470	-0.6282	4.1128	0.3946	92.0394
Jul-17	1182	1427.03	20.7301	4.3615	90.4144	19.0226	312.7038
Aug-17	1247.03	1248.38	0.1082	-2.6068	-0.2822	6.7954	8.6343
Sep-17	1237.5	1218.5	-1.5353	-1.5285	2.3467	2.3363	20.9950
Oct-17	1217.5	1308.15	7.4455	5.3128	39.5569	28.2258	19.3503
Nov-17	1311	1317.13	0.4675	-0.5847	-0.2734	0.3418	6.6517
Dec-17	1318.5	1350.28	2.4103	2.4337	5.8659	5.9228	0.4049
Jan-18	1344.9	1555.88	15.6874	5.5931	87.7412	31.2827	159.7881
Feb-18	1560	1519.13	-2.6198	-5.1733	13.5533	26.7630	32.1098
Mar-18	1520.5	1424.65	-6.3038	-3.4343	21.6493	11.7944	87.4324
Apr-18	1422.5	1765.7	24.1265	6.4469	155.5414	41.5625	444.3602
May-18	1766.5	1744.8	-1.2284	-0.0184	0.0226	0.0003	18.2765
Jun-18	1758	1847.2	5.0739	0.1399	0.7098	0.0195	4.1097
Jul-18	1829.95	1941.25	6.0821	5.7992	35.2715	33.6307	9.2139
Aug-18	1951	2078.2	6.5197	2.6596	17.3398	7.0734	12.0620
Sep-18	2080.05	2184.5	5.0215	-6.9091	-34.6941	47.7356	3.8999
Oct-18	2186	1937.6	-11.3632	-5.0509	57.3944	25.5115	207.6454
Nov-18	1940.1	1970.6	1.5720	4.4549	7.0034	19.8461	2.1744
Dec-18	1980.1	1893.55	-4.3709	-0.9021	3.9430	0.8137	55.0219
Jan-19	1905	2014.6	5.7532	0.2624	1.5096	0.0688	7.3256
Feb-19	2005	1984.25	-1.0349	-0.9309	0.9634	0.8665	16.6594
TOTAL			70.0737	14.0499	545.962	324.4077	1675.293
			3.04668435	0.610865			

$$\text{Beta}(\beta) = \frac{n\sum xy - \sum x \sum y}{n\sum x^2 - (\sum x)^2}$$

$$\text{Std Deviation } (\sigma) = \sqrt{72.8388}$$

$$= \frac{23(545.962) - (14.0499)(70.0737)}{24(324.4076) - (14.0499)^2}$$

$$= 8.5345$$

$$= 1.5931$$

$$\text{Variance } (\sigma^2) = \frac{\sum (y - \bar{y})^2}{23}$$

$$= (3.0466) - (1.5931 * 0.6108)$$

$$= 2.073$$

$$= \frac{1675.293}{23}$$

$$= 72.8388$$

**Table 5 Showing the fundamental information of Infosys**

Date	open value	close value	Ri(y)	Rm(x)	Ri*Rm	Rm*Rm	$(y - y)^2$
Apr-17	513.55	459.7	-10.4858	0.6075	-6.3701	0.3690	142.9783
May-17	462.4	488.48	5.6401	3.7456	21.1257	14.0295	17.3773
Jun-17	484.5	467.83	-3.4406	-0.6282	2.1614	0.3946	24.1295
Jul-17	467.5	505.65	8.1604	4.3615	35.5917	19.0226	44.7415
Aug-17	503.5	457.65	-9.1062	-2.6068	23.7381	6.7954	111.8893
Sep-17	457.6	449.38	-1.7963	-1.5285	2.7456	2.3363	10.6788
Oct-17	454	460.83	1.5044	5.3128	7.9926	28.2258	0.0010
Nov-17	462	487.48	5.5151	-0.5847	-3.2241	0.3418	16.3509
Dec-17	488.75	519.65	6.3222	2.4337	15.3864	5.9228	23.5296
Jan-18	520	575.33	10.6403	5.5931	59.5127	31.2827	84.0681
Feb-18	575	587.13	2.1095	-5.1733	-10.9134	26.7630	0.4071
Mar-18	586.73	567.2	-3.3286	-3.4343	11.4314	11.7944	23.0413
Apr-18	567.75	599.7	5.6274	6.4469	36.2797	41.5625	17.2719
May-18	600	615.95	2.6583	-0.0184	-0.0489	0.0003	1.4085
Jun-18	615.95	653.38	6.0767	0.1399	0.8501	0.0195	21.2085
Jul-18	656.95	682.5	3.8891	5.7992	22.5541	33.6307	5.8451
Aug-18	682.93	720	5.4280	2.6596	14.4365	7.0734	15.6543
Sep-18	729	727.85	-0.1577	-6.9091	1.0899	47.7356	2.6545
Oct-18	735.1	686.25	-6.6453	-5.0509	33.5650	25.5115	65.8836
Nov-18	693.9	666.5	-3.9487	4.4549	-17.591	19.8461	29.3787
Dec-18	670.5	659.85	-1.5883	-0.9021	1.4328	0.8137	9.3629
Jan-19	661	749.6	13.4039	0.2624	3.5171	0.0688	142.3825
Feb-19	753.8	733.95	-2.63332	-0.9309	2.4513	0.8665	16.8497
TOTAL			33.84494	14.0499	257.7147	324.4077	827.0936
			1.471519	0.610865			

$$\text{Beta}(\beta) = \frac{n\sum xy - \sum x \sum y}{n\sum x^2 - (\sum x)^2}$$

$$= \frac{23(257.7147) - (14.0499)(33.8449)}{24(324.4076) - (14.0499)^2}$$

$$= 0.7505$$

$$\text{Variance} (\sigma^2) = \frac{\sum (y - y)^2}{23}$$

$$= \frac{827.0936}{23}$$

$$\text{Std Deviation} (\sigma) = \sqrt{35.9605}$$

$$= 5.9967$$

$$\text{Alpha} (\alpha) = y - \beta x$$

$$= (1.4715) - (0.7505 * 0.6108)$$

$$= 1.0131$$

Table 6

## Consolidated Values of Beta of Different Stocks

<b>STOCKS</b>	<b>BETA</b>
Kotak Mahindra Bank	1.4668
Tata investment corporation	1.3667
NIIT Tech	1.9347
Bajaj Finserv	0.7709
TCS	1.5931
Infosys	0.7505

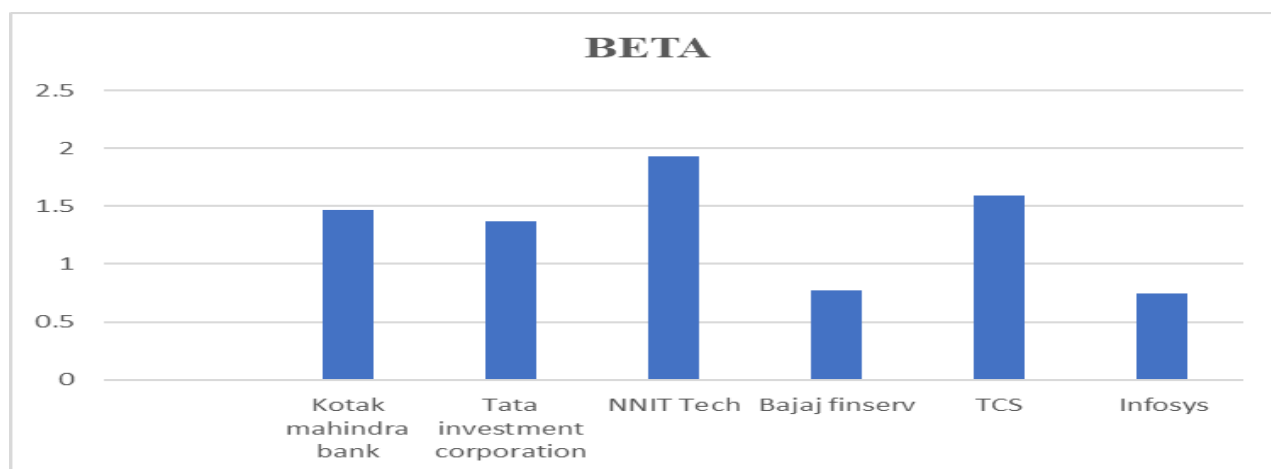


Table 7

## Consolidated Values of Standard Deviation of Different Stocks

<b>STOCKS</b>	<b>SD</b>
Kotak Mahindra bank	6.1793
Tata investment corporation	9.2790
NIIT Tech	13.5157
Bajaj finserv	0.7709
TCS	8.5345
Infosys	5.9967

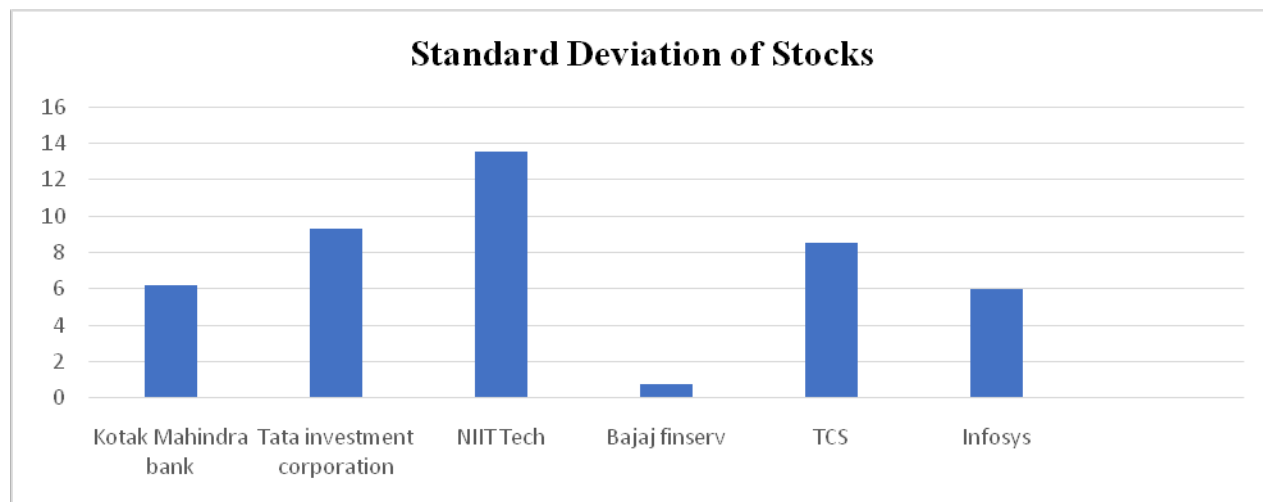


Table 8

Consolidated Values of Variance of Different Stocks

STOCK	VARIANCE
Kotak Mahindra bank	38.140
Tata investment corporation	86.1003
NIIT Tech	182.6755
Bajaj finserv	80.6298
TCS	72.8388
Infosys	35.9605

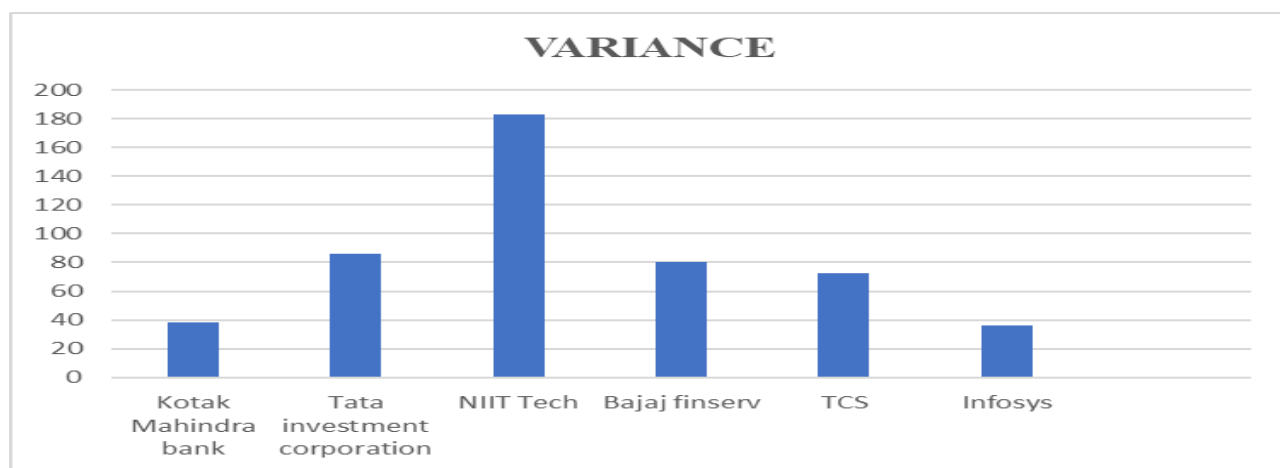


Table 9

## Consolidated Values of Alpha of Different Stocks

STOCKS	ALPHA
Kotak Mahindra bank	0.6697
Tata investment corporation	0.5479
NIIT Tech	4.4228
Bajaj finserv	1.8860
TCS	2.0735
Infosys	1.0131

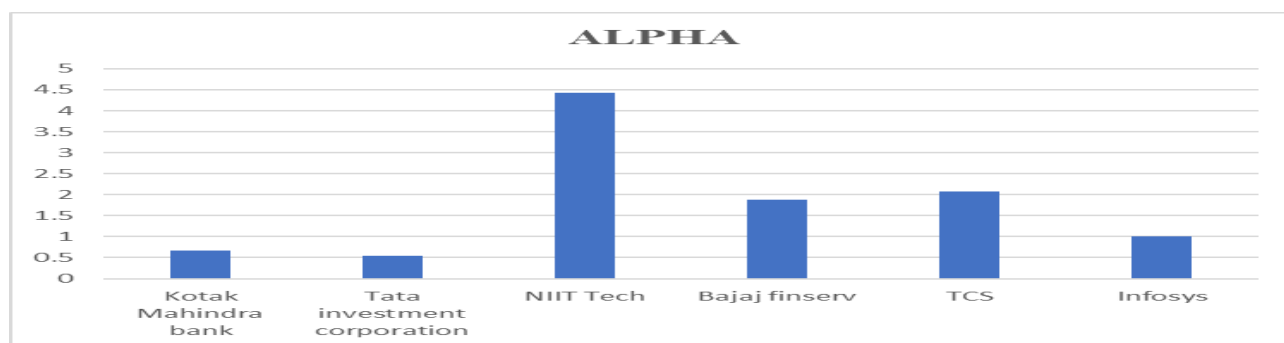


Table 10

## Consolidated Values of Return of Different Stocks

Kotak Mahindra bank	36.0105
Tata investment corporation	31.8028
NIIT Tech	128.9070
Bajaj finserv	54.2091
TCS	70.0737
Infosys	33.8449

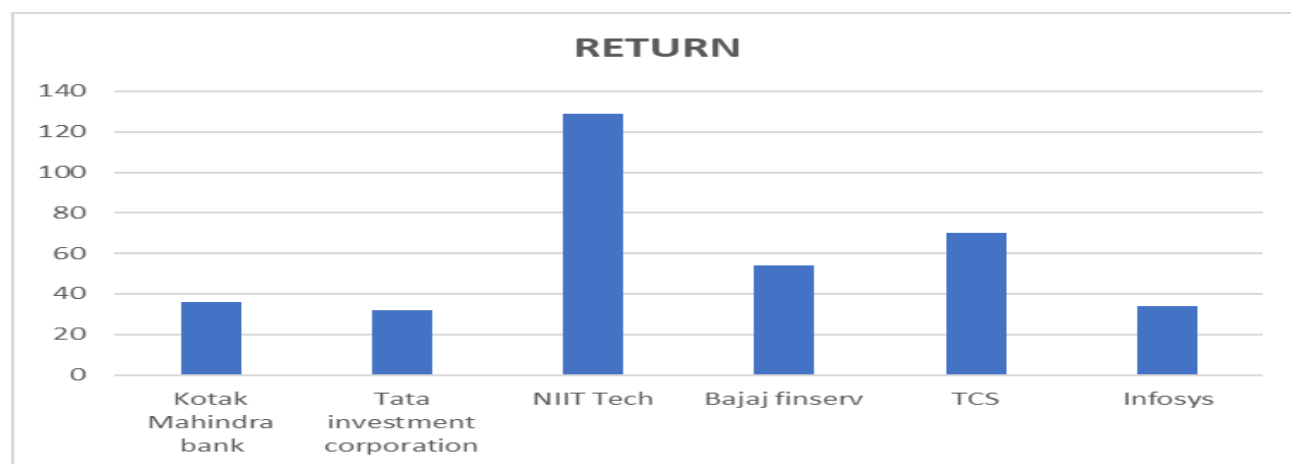


Table 11

**Overall Risk of different companies put together**

COMPANY	VARIANCE	$\beta^2$	MARKET VARAINCE ( $\sigma_m$ ) <sup>2</sup>	SYSTEMATIC RISK ( $\sigma_m$ )	UNSYSTEMATIC Risk ( $\sigma_{ei}^2$ )
kotak Mahindra bank	38.1440	2.1515	13.7314	29.54313786	8.596862
Tata investment corporation	86.1003	1.8679	13.7314	25.64845488	60.45185
NIIT Tech	182.6755	3.7431	13.7314	51.39751025	13.2780
Bajaj Finserv	80.6298	0.5943	13.7314	8.160389903	72.46941
TCS	72.8388	2.538	13.7314	34.84984844	37.98895
Infosys	35.9605	0.5633	13.7314	7.734214483	28.22629

Table 12

**Excess return to Beta ratio and Ranking**

Companies	RETURN	RF	EXCESS RETURN (Ri - Rf)	BETA	RI-RF/B	RANK
KotakMahindra Bank	36.0105	0.08	35.9305	1.4668	24.49584	5
Tata Investment corporation	31.8028	0.08	31.7228	1.3667	23.21124	6
NIIT Tech	128.907	0.08	128.827	1.9347	66.58758	2
Bajaj finserv	54.2091	0.08	54.1291	0.7709	70.21546	1
TCS	70.0737	0.08	69.9937	1.5931	43.93553	4
Infosys	33.8449	0.08	33.7649	0.7505	44.98987	3

Table 13

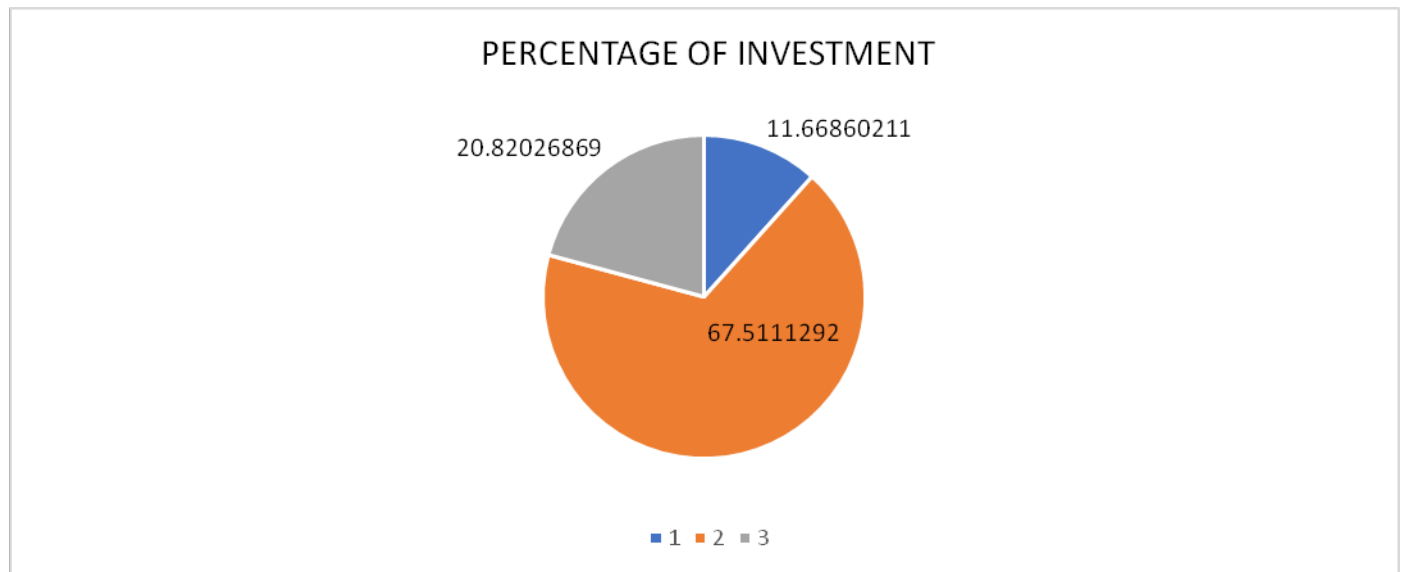
**Calculation of Ci and Finding out C\*(cut-off point)**

Companies	Ri-Rf*B	UNSYST	Ri-Rf- b/unsys	1+var	b2/unsys	b2/unsys	4*2	3/7
<b>Kotak Mahindra bank</b>	35.8931	8.5968	4.1751	39.144	0.250266	1.3328	52.1713	0.0800
Tata investment corporation	31.6934	60.45185	0.5242	87.1003	0.030898	0.1895	16.5088	0.0317
NIIT Tech	128.752	131.278	0.9807	183.6755	0.028513	0.0872	16.0311	0.0611
Bajaj finserv	54.1474	72.46941	0.7471	81.6298	0.008201	0.1581	12.9062	0.0578
<b>TCS</b>	69.9462	37.98895	1.8412	73.8388	0.066808	0.3016	22.2707	0.0826
<b>Infosys</b>	33.7848	28.22629	1.1969	36.9605	0.019955	0.4059	15.0034	0.0797

Table 14

## Calculation of proportion of investment on stocks in the near Future

Company	Zi	Xi	%
TCS	27.14825	0.116686	11.6686
Kotak Mahindra bank	157.0719	0.675111	67.51113
Infosys	48.44058	0.208203	20.82027
TOTAL	232.6607	1	100



## Conclusion and Suggestions:-

- The Analysis has pointed out about the systematic risk of Different stocks. Systematic risk of NIIT Tech is comparatively high (51.39751025) followed by TCS (34.84984844).
- The Analysis has pointed out that Un systematic risk of different stocks. Unsystematic risk of Bajaj Finserv is comparatively high (72.46941) followed by Tata Investment Corporation (60.45185).
- The Analysis has proved that Bajaj finserv has the highest return which is 70.21546 hence to be ranked amongst top followed by NIIT 66.58758.
- The analysis has paved a way to judge the quantum of investment in the long run which is determined by CI values. However in the overall quantum of investment Kotak Mahindra Bank has emerged as top class by securing 67% of the investment.
- The overall analysis has proved that these stocks are meant for aggressive investment. The holding period is determined as 3 to 6 months.
- The investor can book these stocks in the Months of March, June, & August & Can sell the same in the Months of July, September, & December 2019
- Effect of Elections also stimulated the volatility & Price movements because of which more investors are getting attracted towards capital market.
- The behavioral Gap syndrome can be reduced by “Gap Analysis” and hedging with Index which may yield better results.



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