



## Impact of Strategies on Investment Decisions in Stock Markets: A Comprehensive Analysis

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### ABSTRACT :

Investors employ diverse strategies in the stock market, impacting their decision-making cycle significantly. Fundamental analysis involves assessing a company's financial health to determine its true value, attracting investors seeking undervalued stocks for long-term growth. Conversely, technical analysis relies on past market data to predict future price movements, appealing to short-term traders exploiting momentum. Behavioural finance incorporates psychological biases into decision-making, aiding investors in understanding and mitigating irrational tendencies. The effectiveness of these strategies varies based on market conditions and investor characteristics. In volatile markets, technical analysis suits short-term traders, while fundamental analysis attracts long-term investors seeking stability. Insights from research on investment strategies help in risk management, performance analysis, market timing, understanding investor behaviour, and aligning strategies with financial goals and time horizons. Recommendations include value investing, growth investing, dividend investing, momentum investing, technical analysis, contrarian investing, sector rotation, dollar-cost averaging, asset allocation, and risk management. Choosing the most suitable strategy depends on factors such as risk tolerance, investment objectives, and time horizon, necessitating thorough research and understanding before implementation.

KEYWORDS :ETF (Exchange Traded Fund), Derivate, Speculation, Stock, Dynamic, Valuation, Mitigate, Technical Analysis, Fundamental Analysis.

### INTRODUCTION :

Investors traverse a challenging terrain full of opportunity, risk, and uncertainty in the volatile stock market. Their choices are informed by the newest trends and insights as well as a variety of techniques that have been refined throughout decades of market evolution. It is imperative that novice and experienced investors alike comprehend these tactics and how they affect the investment decision-making process. Every investor's path revolves around their investment decisions, which direct capital allocation with the goal of producing returns. But making decisions is not always an easy task, as it is frequently impacted by a wide range of elements such as investor psychology and economic statistics. Fundamental analysis is one of the main tactics used by investors. This method entails a thorough examination of a business's financial situation, paying close attention to variables including sales, profits, and future growth potential. Fundamental analysts use a company's intrinsic value assessment to find stocks that have long-term growth potential but are now selling below their true value. Prominent investors such as Warren Buffett have established their wealth through the application of basic research, highlighting the need of comprehending the underlying principles of businesses. In contrast, technical analysis employs a different strategy, relying on past price and volume data to forecast future price changes. Technical analysts spot trends and decide whether to buy or sell based on perceived market momentum by using a variety of tools and indicators, including moving averages and chart patterns. Short-term traders hoping to profit from transient market trends and swings will find this method appealing. Prominent investors like as Paul Tudor Jones have employed technical analysis as a tool to manage unstable markets and produce significant profits. The emergence of behavioural finance in recent times has added a new level of complexity to the process of making investment decisions. This area of study recognises that investors are fallible and susceptible to psychological heuristics and biases. Ideas that influence decision-making include loss aversion, herd mentality, and overconfidence. These ideas have a big influence on investor conduct. Investors hope to reduce illogical tendencies and improve their decision-making by applying behavioural finance concepts. Technology has also completely changed the investing scene, resulting in the development of cutting-edge tools and methods. For instance, algorithmic trading uses sophisticated algorithms to quickly execute trades and profit from even the smallest market inefficiencies. Similar to this, robo-advisors automate investment management using algorithms and give investors individualised portfolios based on their financial objectives and risk tolerance. These technological developments have made it easier for people from all walks of life to access the stock market and become active participants. Furthermore, the rise in popularity of environmental, social, and governance (ESG) investing can be attributed to the increased focus on sustainability and ethical considerations. In order to match their portfolios with their values and views, investors are increasingly adding ESG criteria into their investment decisions. This pattern highlights how investors' interests are changing and how investing techniques affect society as a whole. In a similar vein, robo-advisors use algorithms to automate the administration of investments and provide investors with personalised portfolios that are tailored to their specific financial goals and risk tolerance. People from all walks of life can now more easily access and participate in the stock market thanks to technology advancements. Moreover, the growing emphasis on sustainability and ethical considerations can be linked to the surge in

popularity of environmental, social, and governance (ESG) investing. Investors are increasingly incorporating ESG factors into their investment decisions in an effort to align their portfolios with their beliefs and values. This trend demonstrates how the interests of investors are evolving and how investing strategies impact society at large.

Peter Lynch: Renowned for his exceptional results and uncomplicated approach to investing, Peter Lynch was the previous manager of Fidelity Investments' Magellan Fund. Lynch popularly promoted the notion of investing in firms you understand and believe in, urging regular investors to do their homework. His book, "One Up on Wall Street," is still regarded as a classic in the investing world.

Ray Dalio: a hugely prominent player in the finance sector, Ray Dalio founded Bridgewater Associates, the largest hedge fund in the world. Dalio is well-known for his macroeconomic research and creation of the "Principles," a set of values that he applies to investment and to life in general. Bridgewater's adeptness in managing diverse market cycles has solidified Dalio's standing as a preeminent investor.

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## OBJECTIVES OF THE STUDY :

By examining how various strategies influence investors' decision making, researchers can gain insights into the underlying factors driving market dynamics. This understanding is crucial for both individual investors and institutional stakeholders in anticipating market trends and adjusting investment approaches accordingly. The findings of such a study can provide practical guidance to investors, financial advisors, and fund managers on the effectiveness of different investment strategies. This information can help investors make more informed decisions, optimize their portfolio allocation, and mitigate potential risks associated with their chosen strategies. Research reports on investment strategies contribute to financial literacy by elucidating the complexities of the stock market and the diverse approaches available to investors. Educating investors about the pros and cons of different strategies enhances their ability to make rational investment decisions aligned with their financial goals and risk tolerance. By analysing the impact of various strategies on decision making, researchers can contribute to the ongoing discourse on market efficiency. Understanding how investors interpret information, process market data, and respond to different stimuli can provide insights into market dynamics and potentially uncover inefficiencies that affect price discovery and asset valuations.

Insights derived from studies on investment strategies can inform regulatory policies aimed at promoting market integrity and protecting investor interests. Policymakers can use research findings to design regulations that foster transparency, mitigate systemic risks, and safeguard against predatory practices in the financial markets.

Conducting a study and producing a report on how different strategies impact decision making in the stock market is essential for advancing knowledge in finance, guiding investment practices, empowering investors, enhancing market efficiency, and informing policy development in the financial sector.

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## REVIEW OF LITERATURE :

### *Literature Review*

Kevin D. Mahn(2016) explores The new SRI—sustainable, responsible, and impact investing—offers a creative way to make investments in this quickly expanding field. In order to present a clear image of a company's operations and social and economic impact, this style of investing entails a constructive, proactive, and thorough examination of the business. ESG (environment, social responsibility) and corporate governance are the three main categories of factors taken into account for this kind of investing. Investors seeking to make investments through impact investing will choose businesses or investment plans that offer both social and financial benefits. Put differently, today's investors want to feel good about the firms that they are purchasing stock in through their portfolios, both financially and morally.

Rusmiyati Rusmiyati, Eni Kriswandari, Ahmad Rizani, Endang Supriatna, and Putri Anindyajati (2024) paper, which provides a detailed analysis of stock market dynamics and international investment strategies. Utilizing a thorough literature review methodology, the study synthesizes theories, empirical data, and current knowledge. The study is conducted in stages, starting with the formulation of research goals and ending with a critical assessment of the literature, to guarantee a methodical approach. To give a comprehensive view, the literature study covers investment management, economics, and finance. The study preserves the integrity of its sources by adhering to strict inclusion and exclusion criteria and concentrating on influential publications, empirical investigations, and solid theoretical frameworks.

Mustabsar Awais, M. Fahad Laber, Nilofer Rasheed, and Aisha Khursheed (2016) investigate how making investment decisions is a critical process that is influenced by a variety of circumstances. The extent to which an investor can bear risk is a crucial concept that needs to be understood. This risk intensity, which might be at a low, high, or mediocre level, specifies the approaches for making investment decisions. Investors must give particular attention to understanding a factor that influences investment decisions. By building a theoretical model, this study contributes to the determination of those variables. Upon examining previous studies and theories, certain findings are reached regarding the elements influencing the process of making decisions.

Vanita Tripathi (2008) survey conducted among 93 investment analysts, fund managers, and active equity investors situated in Delhi and Mumbai between May and October 2007, investigates the attitudes, preferences, and different investment methods in the Indian stock market. According to survey results, investors in the Indian stock market employ both technical and fundamental analysis. Many company fundamentals (book to market equity, size, price earnings ratio, leverage, etc.) have a substantial impact on stock prices, according to the majority of respondents. As a result, including these factors in an asset pricing model can help explain cross-sectional variations in equity returns in India. Size-based strategies, momentum strategies, tracking FIIs' investment patterns, purchasing companies based on a 30-day moving average, and purchasing stocks based on the relative strength index are the five most popular investment approaches in the Indian equity market. Over the previous five years, there has been a significant

shift in the investment tactics employed by active investors in the Indian stock market. In summary, tactics that relied solely on technical analysis have given way to those that combined technical and fundamental analysis. In addition, investors' investing horizons have shrunk as a result of increased volatility.

Prof. Chabi Gupta and Kshama Agarwal (2016) want to close the gap between psychology and investing. Far too many investors are blind to the psychological traps that lie ahead. We must acknowledge that knowledge does not equate to moral behaviour, even once we are conscious of our prejudices. A vast quantity of information is easily accessible, and it is up to the investor to sort and decide. This collection of data is referred to as a "behavioural finance" study. Therefore, behavioural finance investigates how psychology affects portfolio investors' decisions and the responses that follow in the stock market

A study was undertaken by Debjiban Mukherjee (2007) regarding the increased activity and growing significance of the stock market. This article examines the trends, parallels, and patterns in the actions and movements of the Indian Stock Market relative to its foreign equivalents under the current framework of globalization and the ensuing integration of the global markets. This study examines stock exchanges from a variety of sociopolitical and economic backgrounds, including the New York Stock Exchange (NYSE), Hong Kong Stock Exchange (HSE), Tokyo Stock Exchange (TSE), Russian Stock Exchange (RSE), and Korean Stock Exchange (KSE). As components of the Indian Stock Market, the study has made use of both the Bombay Stock Exchange (BSE) and the National Stock Exchange of India Limited (NSE). To test, the time span has been split up into different eras.

Vanita Tripathi and Ritika Seth (2014) focuses on the heated discussion around the connection between stock market performance and the real economy, particularly in the context of emerging nations. Using monthly data from July 1997 to June 2011, this article investigates the causal links between the performance of the Indian stock market and a few chosen macroeconomic indicators. For data analysis, we employ regression, Granger causality, ADF and PP Unit root tests, factor analysis, ARCH model, and Johansen Co-integration test. Analyses of impulse response have also been done to see how the stock market reacts to shocks generated in the actual economy.

MM Aparna Nayak Manohara Pai, Radhika M. Pai (2016) focuses on the massive volume of data created by stock market prices, which are constantly changing. People who invest in the stock market face the risk of losing all of their life savings or making money. It's a complicated and difficult system. An attempt at stock market trend prediction is made in this book. Two models—one for daily prediction and the other for monthly prediction—are constructed. The models are constructed using algorithms for supervised machine learning. Sentiment and historical prices are integrated in the daily forecast model. Using supervised machine learning algorithms on a daily prediction model, up to 70% of accuracy is seen.

Raman K. Agrawalla and SK Tuteja (2007) talks about how stock market development either causes or is caused by economic growth. The enormous surge in stock market activity over the past ten years makes it more relevant for India. The relationship between changes in the stock market and the Indian economy is not well-documented by time-series econometric research. In the current work, cointegration testing comes before causality tests, giving causality investigations and inferences a more natural environment. Furthermore, by creating and utilizing a composite index of stock market trends, the current study attempts to address the issues raised by earlier research. Our results demonstrate a long-term, stable equilibrium relationship between changes in the Indian stock market and economic expansion. According to this study, rather than solely responding to the demands or whims of speculators and day traders, stock market rules should be focused on building transparent, established stock exchanges where a majority of investors have a long-term perspective.

Martin Weber and Sebastian Muller (2010) evaluated financial literacy. Researchers have asked enlightening questions to assess the financial literacy program's efficacy. The relationship between human financial behaviour and financial education has been evaluated. The findings support the idea that there isn't necessarily a correlation between the level of financial literacy and how well the actively regulated price range that each participant had chosen performed. Less knowledgeable fund consumers specifically choose traditional distribution channels, suggesting that they are looking for assistance from a financial advisor who has a financial motive to recommend an actively managed pricing range. On the other hand, clients of funds with a higher level of financial literacy acknowledge that they possess some fund selection skills and more often choose their price range.

Warren Bailey, Alok Kumar, and David (2010) examined how individual buyers have demonstrated that behavioural factors influence their decisions to hold individual shares over mutual price ranges, which include passive index price ranges. As a result, buyers who experience greater financial security, higher incomes, and better academic standing are considerably more likely to use a mutual price range and take advantage of their options. Conversely, purchasers who possess strong behavioural biases are more likely to lean toward individual stocks and avoid low-rate index price ranges. Factor analysis shows that prejudiced consumers often accept stereotypes that could be described as "mature," "narrow-framed," "gambler," "clever," or "overconfident." Through the use of hundreds of brokerage accounts held by individual buyers in the United States, we have demonstrated how behavioural factors influence individual buyers' decisions to hold individual shares rather than mutual price ranges, which include passive index price ranges. When they do invest in mutual funds, they typically choose high yielding funds, switch between funds often, avoid index funds, and execute buys and sells at the wrong times, all of which negatively impact the overall performance of their portfolio (Warren Bailey, 2010). While some buyer types no longer appear to make significant substitutes that enhance portfolio performance, others do. The reliance of mutual fund buyers on broker-provided statistics on the time a fund is picked and on delegated.

## Research Gap

The research gap in the area of strategies impacting investment decisions in stock markets encompasses several key aspects:

1. **Effectiveness and Efficiency:** Despite the abundance of investment strategies available, there's a need to assess their effectiveness and efficiency in generating returns across different market conditions. Research could focus on comparing traditional strategies like value investing or momentum trading with newer approaches such as factor-based investing or algorithmic trading.
2. **Psychological Factors:** Understanding the psychological factors that influence investors' adoption and implementation of different

strategies is crucial. Research could delve into the cognitive biases, emotions, risk perceptions, and decision-making processes that affect investors when choosing and executing investment strategies.

3. **Market Dynamics:** The dynamic nature of stock markets presents challenges in identifying strategies that consistently outperform the market. Research could explore how different strategies perform during various market cycles, volatility regimes, and economic environments, identifying strategies that are robust and adaptable to changing market conditions.
4. **Technological Advancements:** The role of technology, including AI, machine learning, big data analytics, and high-frequency trading, is rapidly evolving in stock market investing. Research could investigate how these technological advancements impact the effectiveness and implementation of different investment strategies, as well as their implications for market efficiency and investor behaviour.
5. **Behavioural Finance:** Incorporating insights from behavioural finance, such as prospect theory, loss aversion, and herding behaviour, into the analysis of investment strategies can provide deeper insights into their performance and investor decision-making. Research could explore how behavioural biases affect the success of different strategies and how they can be mitigated or leveraged for better investment outcomes.

Addressing these research gaps can contribute to a more comprehensive understanding of the factors driving investment decisions in stock markets and help investors make more informed choices in allocating their capital.

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## RESEARCH METHODOLOGY :

### *Research Approach*

- Started by conducting a comprehensive review of existing literature, academic papers, and industry reports on various investment strategies. This helps identify the most relevant theories, concepts, and empirical evidence related to stock market investment strategies.
- We Collected relevant data on stock market performance, including historical prices, trading volumes, financial statements, economic indicators, and other relevant variables. Data sources include financial databases, market indices, company reports, and economic research publications.
- We have done Quantitative research using statistical and economic techniques to analyse the collected data and tested the formulated hypotheses. Quantitative analysis involve regression analysis, correlation studies, time-series analysis, event studies, and other statistical methods to assess the relationship between different investment strategies and stock market returns.
- We have done quantitative analysis with qualitative analysis.

### *Population (Sample Structure)*

The sample consists of 50 investors involved in trading of securities, either on a part time or a full time basis.

### *Sample Size*

The sample consists of 50 investors involved in trading of securities, either on a part time or a full time basis.

### *Sample Characteristics*

- List of traders were within our social circle, hence easily accessible.
- The sample size is very cost efficient and saves a lot of time.
- Review from such set of traders is very easy to obtain.

### *Data Collection Method*

1. We prepared a Google form listing out utilization of different techniques and frequency of involvement of traders / investors in stock markets.
2. We obtained feedback of such traders / investors in our questionnaire through Google forms.

### *Data Analysis Techniques*

We prepared a Google form listing out utilization of different techniques and frequency of involvement of traders / investors in stock markets. We obtained feedback of such traders / investors in our questionnaire through Google forms.

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### **DATA ANALYSIS :**

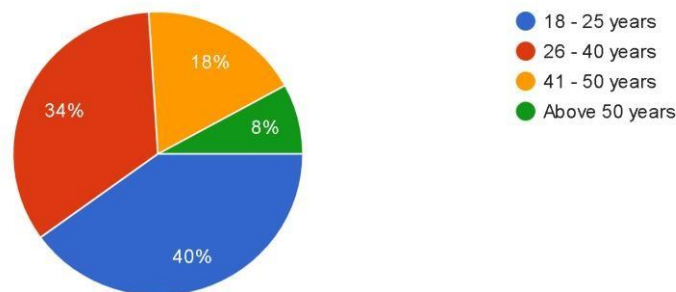
Basis the questionnaire that we had prepared using Google forms, and circulated to our sample 50 traders / investors, our data analysis has been broken into 15 sections, i.e. one particular section for responses to each question in our questionnaire.

Data analysis and findings are as follows:

#### *Large Group*

Under what age group do you fall into?

50 responses



#### *Introduction*

Above pie chart represents the age group of the responders in our survey, who are involved in stock market.

#### *Explanation*

Based on the responses to our questionnaire, we have observed that a fair share of people belonging to age group of 18-25 years invest in the stock market.

#### *To summarize*

- 40% - "18 – 25 years"
- 34% - "25 – 40 years"
- 18% - "41 – 50 years"
- 8% - "Above 50 years"

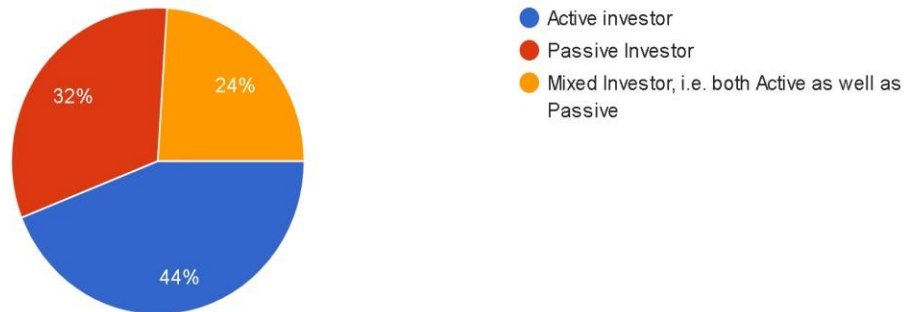
#### *Conclusion*

To conclude, we can infer that majority of people involved in stock market belong to young people.

## 2. CATEGORY OF INVESTOR :

Under which category of investor would you like yourself to categorize?

50 responses



### *Introduction*

The above pie chart depicts under which category of traders the respondents categorise themselves.

### *Explanation*

Based on the response to our question, we have observed that most of the traders which responded to the question categorise themselves as active traders, then are passive traders, followed by mixed category

### *To Summarise*

- Active traders represents -44% of the pie chart
- Passive traders represents-32% of the pie chart
- Mixed category represents-24% of the pie chart

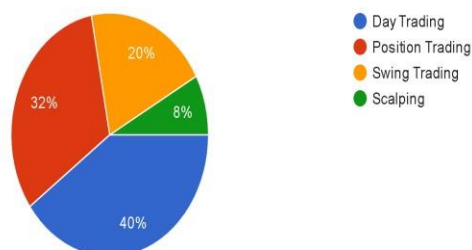
### *Conclusion*

To conclude, we can infer that most of the people involved in stock market are active traders.

## 3. Investor Strategy

As an active investor, which of the following strategies do you frequently adopt for trading in securities?

50 responses



**Introduction**

The above pie chart represents the most used strategy of investments preferred by respondents

**Explanation**

Based on the response to our question, we have observed that most of respondents prefer day trading, followed by position trading, then followed by swing trading and then scalping.

**To Summarise**

- Day trading represents 40% of the pie chart
- Positional trading represents 32% of the pie chart
- Swing trading represents 20% of the pie chart
- Scalping represents 8% of the pie chart

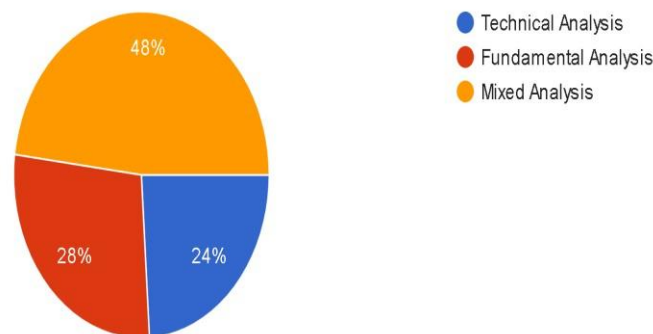
**Conclusion**

To conclude we can say that most of respondents use day trading strategy.

**4. Investor Analysis**

Which of the following trading analysis do you utilize to track price movements in securities?

50 responses

**Introduction**

The above pie chart represents, which type of analysis is mostly preferred by respondents

**Explanation**

Based on the response to our question, we have observed that most of respondents use mixed analysis, followed by fundamental analysis, then technical analysis.

**To Summarise**

- Mixed analysis represents 48% of the pie chart
- Fundamental analysis represents 28% of the pie chart
- Technical analysis represents 24% of the pie chart

### Conclusion

To conclude we can say that mixed analysis is mostly accepted

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## 5. Capital Invested

How much capital have you invested in stock market?

50 responses



### Introduction

The above pie chart represent, the amount which is on average invested by the respondents

### Explanation

Based on the response to our question, we have observed that most of the respondents have invested 2.5 lac –5lac, followed by 1 lac, then followed by above 5 lac, then followed by 1lac -rs2.5 lac.

### To Summarise

- Rs.2.5lac-5lac holds 32% of the pie chart
- Up to 1 lac represents 28% of the pie chart
- Above 5 lac represents 24% of the pie chart
- 1lac-2.5lac holds 16% of the pie chart

### Conclusion

To conclude we can say that most of the respondents have invested b/w 2.5 lac-5 lac.

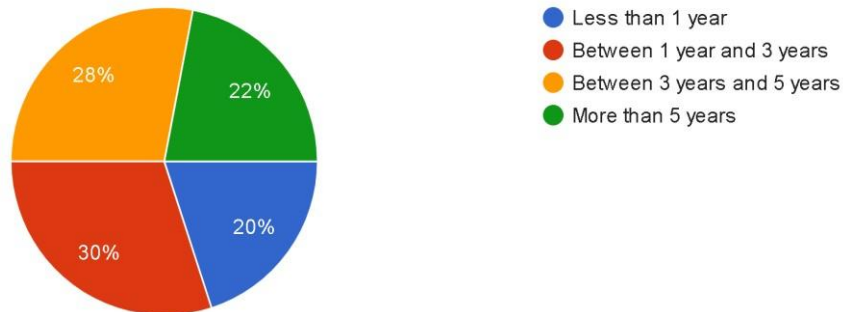
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## 6. Experience



### How much experience have you gathered in stock market?

50 responses



#### Introduction

The above pie chart represents the experience of most of respondents in stock market

#### Explanation

Based on the response, to the question most of respondents have gathered experience of 1-3 year in stock market, followed by 3-5 years of experience, then more than 5 years, then less than 1 year

#### To Summarise

- Red part hold 30% of the pie chart
- Orange part hold 28% of the pie chart
- Green part hold 22% of the pie chart
- Blue part hold 20% of the pie chart

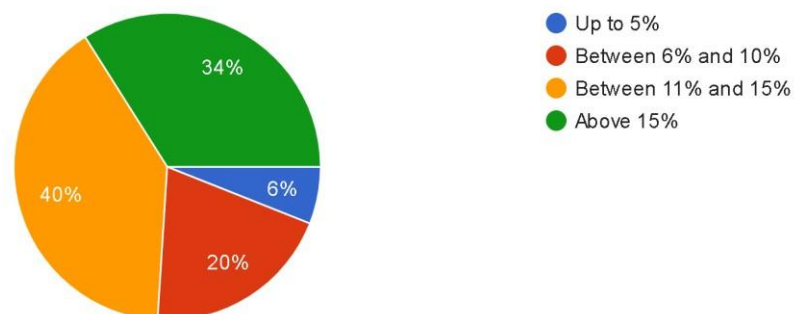
#### Conclusion

To conclude we can say that, most of respondents have experience of 1-3 years

## 7. Return On Investment

### How much return on your capital invested, do you make on an average per annum?

50 responses



**Introduction**

The above pie chart depicts the average rate of return which most of the respondents expects from stock market

**Explanation**

On the basis of response to our question, we can say that most of respondent's expect 11%-15% return p.a. followed by 15%+, followed by 6-10%, followed by 6%.

**To Summarise**

- Orange part hold 40% of the pie chart
- Green part hold 34% of the pie chart
- Red part holds 20% of the pie chart
- Blue part holds 6% of the pie chart

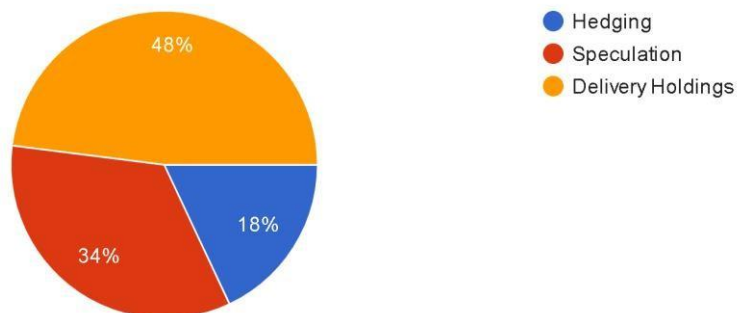
**Conclusion**

To conclude we can say that most of respondents expects 11% - 15% return p.a. from stock market

**8. Investing Pattern**

What is the nature of your investing pattern?

50 responses

**Introduction**

The above pie chart represents, nature of investments mostly used by respondents

**Observation**

On the basis of responses to our question, we can easily observe that most people took delivery naked holdings, then they prefer speculation, then hedged investments.

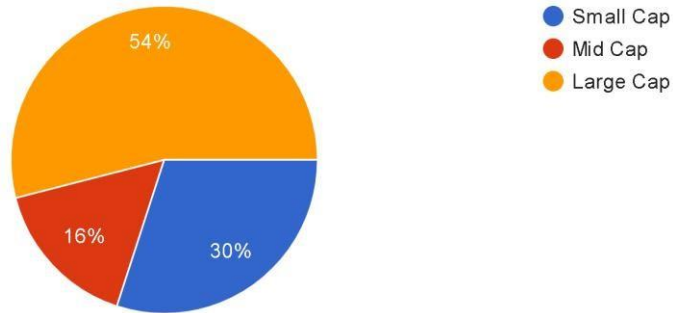
**Conclusion**

To conclude we can say that most people took naked delivery positions, then the hedged investments.

## 9. Market Capital

Which category of companies do you tend to pick for your investment?

50 responses



### Introduction

The above pie chart represents, which type of companies respondents tend to pick up for investments.

### Observation

On the basis of responses to our question, we can observe that mostly respondents invest in large cap, then small caps, mid cap.

### To Summarise

- Large cap holds 54% of the pie chart
- Small cap hold 30% of the pie chart
- Mid cap hold 16% of the pie chart

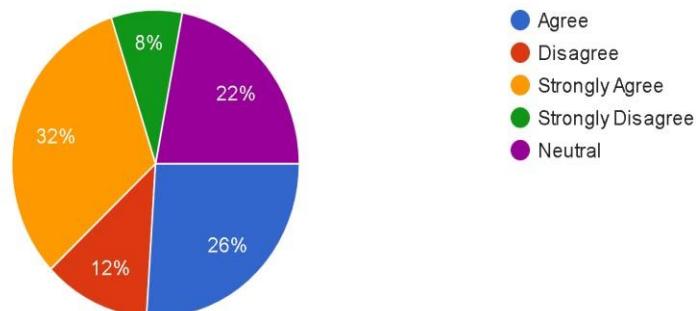
### Conclusion

To conclude we can say that most of respondents invest in large cap then others.

## 10. Strategies

Do you believe Day trading can provide you optimum return on your investment?

50 responses



**Introduction**

The above pie chart represents, view of respondent on earning optimum return through day trading.

**Observation**

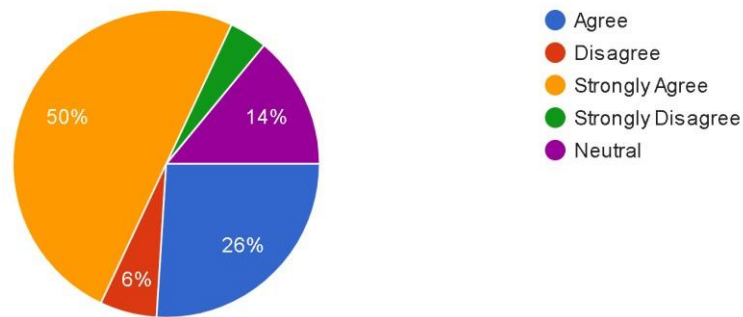
On the basis of response, we can observe that most of the people strongly agree day trading can provide you optimum return on investment

**To Summarise**

- People who strongly agree holds 32% of the pie chart
- People who agree hold 26% of the pie chart
- People who are neutral hold 22% of the pie chart
- People who disagree holds 12% of the pie chart

Do you believe Position trading can provide you optimum return on your investment?

50 responses

**Introduction**

The pie chart represents the, view of respondents on earning optimum return through positional trading

**Observations**

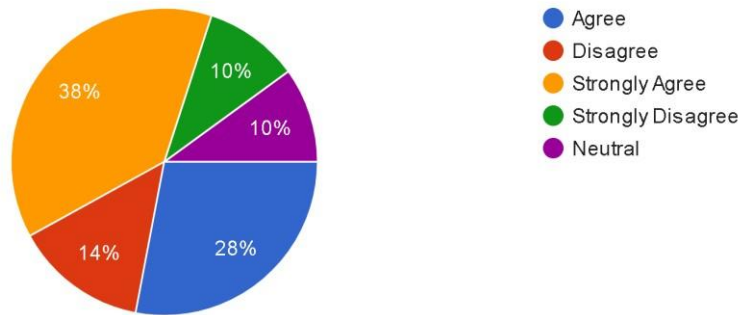
- People who strongly agree hold 50 % of the pie chart.
- People who agree hold 26% of the pie chart
- People who are neutral hold 14% of the pie chart
- People who disagree hold 6% of the pie chart
- People who strongly disagree hold 4% of the pie chart

**Conclusion**

To conclude most of respondents believe that through positional trading one can earn optimum return on it.

### Do you believe Swing trading can provide you optimum return on your investment?

50 responses



#### Introduction

The pie chart represents the view of respondents on earning optimum return through swing trading.

#### Observations

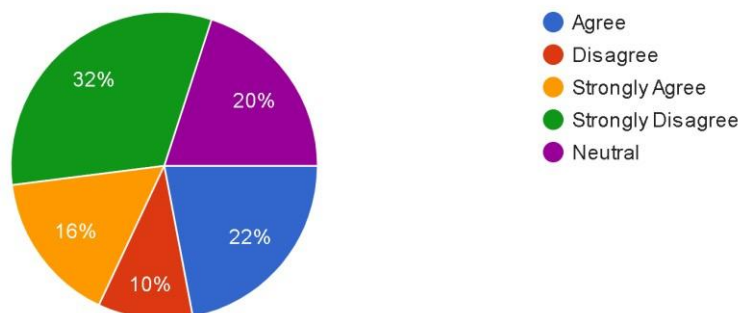
- People who strongly agree hold 38% of the pie chart.
- People who agree hold 28% of the pie chart
- People who disagree hold 14% of the pie chart
- People who are neutral hold 10% of the pie chart
- People who strongly disagree hold 10% of the pie chart

#### Conclusion

To conclude, we can say that most of respondents strongly believe that one can earn optimum return through swing trading

### Do you believe Scalping can provide you optimum return on your investment?

50 responses



#### Introduction

The pie chart represents the, view of respondents on earning optimum return through scalping.

**Observations**

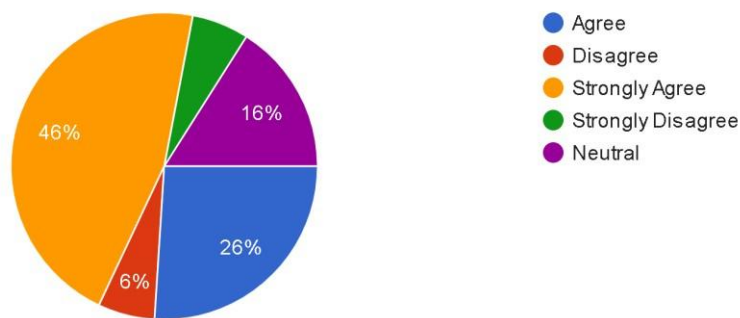
- People who strongly disagree hold 32% of the pie chart.
- People who agree hold 22% of the pie chart
- People who are neutral hold 20% of the pie chart
- People who strongly agree hold 16% of the pie chart
- People who disagree hold 10% of the pie chart

**Conclusion**

To conclude, we can say that most of respondents strongly disagree that one cannot earn optimum return through scalping.

Do you believe Passive investing technique, i.e. long term investments can provide you optimum return on your investment?

50 responses

**Introduction**

The pie chart represents the view of respondents on earning optimum return through long term investments.

**Observations**

- People who strongly disagree hold 32% of the pie chart.
- People who agree hold 22% of the pie chart
- People who are neutral hold 20% of the pie chart
- People who strongly agree hold 16% of the pie chart
- People who disagree hold 10% of the pie chart

**Conclusion**

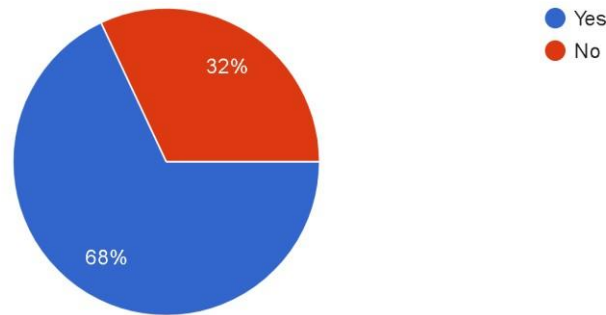
To conclude, we can say that most of respondents strongly disagree that one cannot earn optimum return through scalping.

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**II. Awareness**

## Are you familiar with the new SEBI norms introduced in Financial year 2021?

50 responses



### Introduction

The pie chart represents the, whether respondents are familiar with new norms of SEBI.

### Observation

- 68% of the respondents are familiar with new norms of SEBI.
- 32% of the respondents are not familiar with new norms of SEBI.

### Conclusion

To conclude, we can say that most of respondents are familiar with new norms of SEBI.

### FINDINGS :

- We can infer that majority of respondents involved in stock market belong to young people i.e. 40% of the pie /sample space.
- We can infer that most of the people involved in stock market are active traders i.e. 44% of the sample space.
- We can say that most of respondents use day trading strategy i.e. 44% of the sample space.
- We can say that mixed analysis is mostly accepted 48% of the sample space.
- We can say that most of respondents have invested b/w Rs. 2.5 lac-Rs.5laci.e.32% of the sample space.
- We can say that most of respondents expect 11%- 15% return p.a. from stock market i.e.is40% of the sample space.
- We can say that most of respondents invest in large cap then others i.e. is 54% of the sample space.
- We can say that most of respondents are familiar with new norms of SEBI i.e.68% of the sample space.

### SUGGESTION AND RECOMMENDATIONS :

1. **Value Investing:** This strategy involves identifying undervalued stocks based on fundamental analysis. Investors look for companies with strong financials trading below their intrinsic value, aiming for long-term growth.
2. **Growth Investing:** Investors following this strategy focus on companies with high growth potential, even if they may be trading at higher valuations. They prioritize revenue and earnings growth over current profitability.
3. **Dividend Investing:** Dividend investors seek out stocks that pay regular dividends, providing a steady income stream. They look for companies with a history of consistent dividend payments and potential for dividend growth.
4. **Momentum Investing:** This strategy involves capitalizing on the upward or downward trends in stock prices. Investors buy stocks that have been performing well recently, expecting the trend to continue in the short to medium term.
5. **Technical Analysis:** Technical analysts rely on historical price and volume data to forecast future price movements. They use charts and technical indicators to identify patterns and trends, helping them make buy or sell decisions.
6. **Contrarian Investing:** Contrarian investors go against the crowd by buying stocks that are unpopular or out of favour. They believe that markets often overreact to news, creating buying opportunities in undervalued stocks.
7. **Sector Rotation:** This strategy involves rotating investments among different sectors of the economy based on economic cycles or market trends. Investors aim to capitalize on sectors expected to outperform while avoiding underperforming ones.

8. **Dollar-Cost Averaging:** Instead of investing a lump sum at once, investors using this strategy invest a fixed amount regularly over time. This helps reduce the impact of market volatility and can potentially lower the average cost per share.
9. **Asset Allocation:** Investors allocate their portfolio across different asset classes, such as stocks, bonds, and cash, based on their risk tolerance and investment goals. This strategy aims to balance risk and return.
10. **Risk Management:** Investors use various risk management techniques, such as setting stop-loss orders or diversifying their portfolio, to protect against potential losses and manage overall portfolio risk.

The most suitable one depends on factors like an investor's risk tolerance, investment objectives, and time horizon. It's essential for investors to thoroughly research and understand any strategy they choose to implement in the stock market.

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## IMPLICATIONS OF RESEARCH :

Research on different strategies impacting investment decisions in the stock market can have several implications:

Understanding various investment strategies helps investors assess and manage risk more effectively. For example, some strategies may focus on diversification to spread risk, while others may involve more concentrated positions for potentially higher returns but with increased risk. Researching different strategies allows investors to compare the historical performance of various approaches. This analysis can help investors identify strategies that have consistently outperformed the market over time and those that have underperformed. Different strategies may be more or less effective depending on market conditions. Researching various strategies can help investors identify which approaches tend to perform better during different market cycles, such as bull markets, bear markets, or periods of high volatility. Research into different investment strategies can provide insights into investor behaviour and decision-making biases. Understanding these behavioural patterns can help investors avoid common pitfalls, such as overconfidence, and make more rational investment decisions. Some strategies may be better suited for long-term investing, focusing on fundamental analysis and value investing principles, while others may be more appropriate for short-term trading, such as technical analysis or momentum trading. Researching these strategies can help investors align their investment approach with their financial goals and time horizon. Different strategies may incur varying levels of costs and fees, such as trading commissions, management fees, or bid-ask spreads. Researching these costs is essential for investors to understand the overall impact on their investment returns and to choose strategies that are cost-effective. Certain investment strategies may have regulatory implications or restrictions, depending on the jurisdiction and the type of securities involved. Researching these regulations is crucial for investors to ensure compliance and avoid legal issues.

Overall, research on different investment strategies provides valuable insights that can help investors make more informed decisions, manage risk effectively, and achieve their financial objectives in the stock market.

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## LIMITATIONS OF RESEARCH :

Limitations of research Results from back-testing techniques may be unreliable if the historical data is erroneous or scarce. In addition, real-time data access can be expensive and not always reliable, which makes it difficult to make timely investment decisions. In general, the stock market is efficient, which means that prices accurately reflect all available information. Because of this, it may be challenging to continuously beat the market with a single strategy because any advantage obtained could be swiftly arbitrated away. There is a chance that the model will be over fit to historical data while evaluating various methods or parameters on historical data, which would lead to subpar performance in actual situations. This may cause incorrect inferences to be drawn regarding a strategy's efficacy... Because investor mood, economic conditions, and market conditions are ever-changing, it is difficult to forecast future events using only historical data. What functions well in one market context might not function as anticipated in another. Transaction expenses associated with implementing trading methods, such as brokerage fees and bid-ask spreads, can reduce returns, particularly when it comes to high-frequency trading tactics. Realising gains may also include tax obligations, which could reduce overall returns. Investors may display behavioural biases, such as loss aversion, herd mentality, or overconfidence, which can influence strategy performance and result in less-than-ideal investment selections. The stock market is naturally unpredictable, subject to unpredictability in events, geopolitical variables, and unanticipated market shocks, even with extensive research and analysis. Given the dynamic nature of markets, the economy, and investor sentiment, it is challenging to predict future occurrences only based on historical data. Something that works well in one market environment might not work as expected in another. Returns can be lowered by transaction costs related to using trading strategies, such as bid-ask spreads and brokerage fees, especially when using high-frequency trading methods. Tax obligations may be a part of realising gains, which could lower total returns. Investors may exhibit behavioural biases, such as overconfidence, herd mentality, or loss aversion, which can affect the success of strategies and lead to less-than-ideal investing choices. Even with rigorous research and analysis, the stock market is inherently unpredictable and is susceptible to unpredictability in events, geopolitical factors, and unexpected market shocks. Despite these drawbacks, investors can reduce risk and raise their chances of success in the stock market by carrying out in-depth research, comprehending the fundamental ideas behind each strategy, and diversifying across a number of techniques.



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## FUTURE SCOPE OF THE RESEARCH :

The future scope of different strategies impacting decision-making in the stock market is influenced by various factors, including technological advancements, regulatory changes, market dynamics, and investor preferences. Here are some potential future trends for each strategy:

- **Value Investing:** With the growing availability of data analytics and machine learning tools, value investors may incorporate advanced quantitative methods to identify undervalued stocks more efficiently. Additionally, there could be increased emphasis on environmental, social, and governance (ESG) factors in value investing analysis.
- **Growth Investing:** Technological innovation and disruptive business models may continue to drive opportunities for growth investors, particularly in sectors such as technology, healthcare, and renewable energy. Investors may also focus on companies with sustainable growth models and strong digital presence.
- **Dividend Investing:** As interest rates fluctuate and market conditions evolve, dividend investors may adjust their strategies to prioritize companies with stable cash flows and sustainable dividend payouts. ESG considerations could also influence dividend investment decisions, with a focus on companies with responsible dividend policies.
- **Momentum Investing:** Advances in algorithmic trading and big data analytics may enhance momentum investing strategies, enabling investors to capitalize on short-term price movements more effectively. Behavioural finance research could also provide insights into market sentiment and investor behaviour, shaping momentum strategies.
- **Technical Analysis:** The adoption of artificial intelligence and machine learning algorithms may revolutionize technical analysis, providing traders with more accurate predictions of price trends and patterns. Integration with high-frequency trading platforms could further automate technical analysis processes.
- **Contrarian Investing:** As markets become more efficient and information dissemination accelerates, contrarian investors may need to adapt by leveraging alternative data sources and behavioural finance principles to identify opportunities overlooked by the market.
- **Sector Rotation:** Economic shifts, geopolitical developments, and technological breakthroughs will continue to influence sector rotation strategies. Investors may increasingly focus on sectors related to sustainability, digital transformation, and emerging markets.
- **Dollar-Cost Averaging:** With the rise of Robo-advisors and automated investment platforms, dollar-cost averaging strategies may become more accessible to retail investors. Personalized asset allocation and risk management algorithms could optimize investment decisions over time.
- **Asset Allocation:** Advanced portfolio optimization techniques and risk management tools may enable investors to construct more diversified and resilient portfolios across various asset classes, including alternative investments such as crypto currencies and private equity.
- **Risk Management:** Innovations in risk modelling and stress testing methodologies may empower investors to better quantify and mitigate portfolio risks, particularly in volatile market conditions. Regulatory reforms aimed at enhancing transparency and investor protection could also shape risk management practices.

Overall, the future scope of investment strategies in the stock market will be driven by technological innovation, regulatory changes, and evolving investor preferences, shaping the way investors make decisions and manage their portfolio.

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## CONCLUSION :

At the tip of survey, we've got observed that almost all of individuals are actively trade markets, among them most of them prefer day trading, and most of them have invested capital b/w Rs. 2.5 lac-5lac, and that they usually expect 11%-15% return p.a. they're tend to use mixed analysis instead of the opposite too. They are cognizant about the changes in norms and also the environment which effects their trading style. Those who have more experience in market are those who can consistently make money and that they are interested in investing in large caps than others.

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## REFERENCE :

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3. "One Up On Wall Street" by Peter Lynch
4. "Technical Analysis of the Financial Markets" by John J. Murphy
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2. Research Gate
3. Google Scholar
4. Investopedia (For Articles And Tutorials On Various Investment Strategies)
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