An Encyclopedic review on Impact of various Psychological and Behavioral Attributes in Investment Decision Making by Investors.

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ABSTRACT:
Investment as a word has a very simple meaning but when we start to talk about it, complications start. There are two major areas where the investment plays. They are investors and investment avenues. Investors as an individual act differently when it comes to the investment of their hard earn money. This paper aims to understand the various aspects that are responsible for and have an impact on investment decision making process. This study has provided and platform to understand the behavior of the investors. There are various social cognitive, emotional biases, demographic relationships and psychological traits to understand economic decision making of the investors.

KEY WORDS: Behavioral biasness, psychological attributes, Investors.
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INTRODUCTION:
Money is the lifeblood of the economy. Every thing in the economy is for and by money. Every individual wants to have more money and they make various efforts to attain this goal. The portion of money they earn is spent in consumption, saving and investment. Investment and saving are the basic activity for any individual. But when it comes to investment, it is not a cup of tea foe everyone out there. The basic reason behind this is risk and return involved in the investment. The risk involved in the investment and the return associated with them varies and so the perception of individuals. Every individual has different risk bearing capacity. Also, the satisfaction caused by the return on those investment varies with situation and time. To understand the reason of changes in the behavior of the investor a new field of knowledge came into existence naming behavioral finance.
Behavioral finance is new emerging field of study which defines the different attributes that have impact on the investors resulting their decision-making capacity for the investment in Indian commodity derivative market.
In this paper we have taken papers of other researcher and tried to explore the various psychological, emotional, demographic, socioeconomic, emotional attributes that are the part of the investor’s personality. Also, we tried to find the impact of this attributes in the decision-

making process of the investors who are investing in Indian commodity derivative market.

REVIEW OF LITERATURE :

Jain D. and Dashora N. (2012) according to empirical research done in Udaipur, demographic factors impact investors decision making process. They further found that investors invest in both primary and secondary market. This investment made by investor are influenced by various psychological and behavioral magnitudes.

Das S. (2012) they studied various factors behavioral factors and how demographic influence them. They found that demographic factors have impact on the investors decision making process. Further it was found that the there are four factors which were at the lowest priority at the time of choosing a stock are size of company, recommendations from friends, family and peer, firms market share and expected stock split.

Jain K. and Wadhwa S. (2013) they found that emotional biasness like overconfidence and self-attribution affects the investment decision. They found that though investors are overconfident but they are not influenced by self-attribution. They further found that with age overconfidence reduces.

Pandey V. (2013) investment decision making process is influenced by various factors. The researched tried to study the extent of impact of those factors by taking various demographic factors, risk aversion and overconfidence and its impact on investment decision. They found that females are more prone to the biasness then male. Further due to this biasness in female decision-making process they face more losses as compared to male.

Goel S (2014) when it comes to the investment there are some factors that influence their investment decision, herding effect is also one of them. Researcher found that it affects the rational thinking of the investors to calculate risk and return.

Dhole M. (2014) another study done on private practicing doctors of Aurangabad. This research found that herding, representative, overconfidence, cognitive conflict, fear of regret, mental accounting, hindsight, etc. has great impact on investment decision making process.

Sharma A. (2014) researcher compared efficient market hypothesis and behavioral finance in order to find out which one is better. They did conceptual and descriptive study and found that behavioral finance acts as a framework for the investment in stock market and also, they replace the shortcomings of efficient market hypothesis.

Shrikrishna K.S. et al (2014) studied the financial literacy level and it impact on financial decision making process of the investors.

Dikshit A. eta al. (2014) and Sathya S. (2015) studied the relationship between efficient market hypothesis and behavioral finance. They found that there is irrationality among the investors that are caused by the psychological dilemmas. They further said that though the investors have expertise and experience they are not able to the resist by influence of psychological biasness and irrational behavior while taking decision related to investments.

P. Jeevanandam et al (2015) explored various demographic factors that impact investment behaviour of investors that investment in commodity market. Their findings indicated a connection between investors' perceptions of their investment behavior within commodity markets and demographic variables such as age, education, occupation, annual income, and experience in the field. Additionally, they identified a significant relationship between satisfaction derived from investing in commodity markets and the level of knowledge about these markets. This suggests that investors who possess greater knowledge about commodity markets tend to experience higher satisfaction with their investments.

The research conducted by Muthuswamy (2015) in aimed to investigate the factors influencing investors' behavioral aspects concerning risk perception, information-seeking behavior, and investment decisions within the financial market. Their study revealed a notable influence of various demographic factors on investors' investment behavior. Interestingly, both male and female investors demonstrated an increased presence in this field, attributed to heightened awareness and the availability of surplus investment funds. This suggests that factors beyond gender, such as demographic characteristics, play a significant role in shaping investment decisions within the financial market.

Further Vinay at el. (2015) there are some social cognitive factors and emotional biasness that influence the investors decision making process. There findings shows that behavior plays a very vital role in the investment decision making process of the investors. That define the investors risk perception.

Chitra et al (2015) studied that how awareness and risk perception of equity investors impact the behavior of investors. The study showed that that media and social learnings are the major source of information to the investors. The investment choices made by the investors are majorly influenced by behavioral biasness. They are illusion of control, cognitive dissonance, anchoring and hindsight which has impact on risk and return calculation and rational thinking of the investors.

Sukheja G. (2016) the behavior of individual investor is influenced by their mood, emotions and biasness. Overconfidence and anchoring are the main determinants that determines the decision-making process of investors.

Further they found that investors are risk averse and this also defines their investment. Further there are some psychological factors that are influenced by demographic factors while making investment decision making. Kaur P. et al (2016).

Sharma S. (2016) researcher tried to find out that is there any association between various demographic factors and eight investors sophistication factors. Among the eight factors information processing biasness, belief perseverance bias, cognitive biasness and emotional biasness varies with age, income group, investment experience, etc.

Singh A. and Sharma R. (2016) studied the financial literacy level and its impact on the investment decision making of the investors. They found that level of knowledge, interest level, level of commitment plays a crucial role in investment decision making process of the investor.

RESEARCH METHODOLOGY:

A thorough review of existing conceptual and empirical literature has been made under this study. The articles and research paper published in different online database and search engines like J-Gate Plus, SSRN, NBER, Science Direct, INDIASTAT, Pro-Quest, JSTOR, OECD library, Google Scholar along with the books has been reviewed. The study has been conducted in terms of fundamental measures like objectives, research methodology, sample, and the various behavioral factors that influence the investment behavior and decision-making process of investors.

Purpose of the current research is to identify research gap and explore various demographic and psychological factors that influence the behavior of commodity market investors, which further result in their investment decision-making process of the investors.

The study was conducted as exploratory research and the methodology used was literature review. We aimed to conduct this study in order to bring out various behavioral, psychological, emotional, socioeconomical factors that has an impact on financial decision making process of the investors investing in Indian commodity derivative market.

OBJECTIVES OF RESEARCH:

- To study the various behavioral attributes that affect the investors decision making process investing in Indian commodity market .
- To study the various decision factors that influence the decision making of the investors with respect to the commodity derivative market.

FINDINGS:

It was found that the investment decision making process of the investors investing in commodity derivative market are influenced by various factors. These factors are investors risk perception, loss aversion, demographic factors, psychological factors, socioeconomic factors, awareness, etc. Further it was found that investors are risk averse and have certain biasness regarding the investment decision-making process. They play a vital role in the development of the investor regarding the investment. This behavior influences the risk perception, information seeking and also the investment decision of the investor at the time of investment in the Indian commodity market. From the study of the literature available, following are the findings.

- It was found that the behavioural attributes can be divided into various segments like demographic, psychological and emotional factors which have a direct impact on the investor's decision making. Due to these factors all the investors behave differently and they have different level of satisfaction for their investments. These factors are further classified as follows:

1. *Demographic Factors:* Age, gender, education, occupation, income, family status, no of dependents, knowledge, etc.
2. *Psychological Factors:* Heuristics (representative and availability), overconfidence, anchoring, hindsight bias, buying and selling biased by choice, interest, noise effect, snake bite effect, cognitive conflict, fear of regret, illusion of control, self attribution, etc.
3. *Emotional Factors:* mental Accounting, loss aversion, risk bearing capacity, endowment effect, regret aversion, information processing, time of investment, experience, etc.

- Form the study it was found that the investors decision are affected by various decision and market attributes like:

1. *Decision Factors:* Capital appreciation, safety consideration, liquidity, balance of risk and return, investment need, satisfaction level, etc.
2. *Market attributes:* price change, market return, company status, company performance, commodity specific price fluctuation, price of commodity in relation with other commodities, buying, selling and warehousing conditions, time of investment, etc.

- It was found that there was various kind of pattern drawn by the investors at the time of investment. These patterns were the result of their level of knowledge, risk bearing capacity, level of satisfaction, interest and commitment of the investors towards various investment avenues, time of investment, etc. These were further backed by the various demographic, socio-economic and psychological factors which has a major impact on the investment decision making capacity of the investors. It was found that male investors are more prone to take risk as compared to female investors. The investors' behavior is mainly risk averse and is emotionally biased with their investment decision making process in the Commodity Market.

CONCLUSION:

Efficient Market Hypothesis and prospect theory along have provided base for the investors' behavior and various attributes that effect the investment decision making of the investors. This gave birth to a new field of behavioral finance. This study has provided and platform to understand the behavior of the investors. There are various social cognitive, emotional biases, demographic relationships and psychological traits to understand economic decision making of the investors. The investor's behavior can be classified on the basis of impact of various behavioral and psychological factors in their risk perception, information seeking and investment decision making. Their attitude towards the risk and return and the behavior pattern which they follow during investment differs with respect to the various commodities in the Indian commodity market.

SCOPE OF FUTURE RESEARCH

This study is an extensive literature review in order to explore the various demographic, psychological and socioeconomic factors that are influenced by the investors investing in commodity derivative market. The empirical evidence and its validity need to be taken up. Longitudinal and cross-sectional analysis can be conducted taking all the behavioral factors need to be taken in combination or separately.

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