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## **INDIVIDUAL INVESTORS PREFERENCES AND BIASES IN CAPITAL MARKET INVESTMENT**

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### **ABSTRACT**

Savings and investments play a key role in achieving economic growth and overall development of a nation. India in its march towards development has a healthy household savings, a robust developing economy and strong and developed financial markets. But, it has been noted that majority of the investors, especially those in Kerala are reluctant in using capital markets for their investments. In this regard, it is essential to generate a profile of these individual investors, the structure of their savings and investment and their preferences and motivations. In this direction, a study with the objective of understanding the preferences of individual investors and the factors that are influencing their investment decision in capital market was carried out. A structured questionnaire was distributed among investors of two districts in Kerala state and the data thus collected was analysed. From the data it is inferred that investment community is dominated by people who are male, middle aged, graduates or above and private or self employed. It is seen that while factors like, past performance of the share, Government/Political decisions and affordable share price significantly influence decision making of investors, factors such as recommendations of brokers, friends and family, coverage in press were considered to be least influencing. It is also seen that behavioural biases like overconfidence, conservatism bias and self-attribution influence the investors while making their investment decisions.

**KEYWORDS:** Investor perceptions, preferences, behavioural finance.