

Report on Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Rahul Subash
Advisor:	PhDr. Karel Bat'a
Title of the thesis:	Role of Behavioral Finance in Portfolio Investment Decisions: Evidence from India

OVERALL ASSESSMENT (provided in English):

In this Master thesis author studies the behavioral biases of investors in India. In first part of the thesis he made a survey of literature about the evolution of behavioral finance and then he focused on literature review about of the following behavioral bias: Representativeness, Herding, Overconfidence, Anchoring, Cognitive Dissonance, Fear of Regret, Gambler's Fallacy, Mental Accounting and Hindsight.

In the empirical part he presents results from data that he gathered among investors in south India. He distributed a questionnaire about the biases that were mentioned above between the investors. This effort should be appreciated. He then divided the investors in two groups (young and experienced) and made a Chi-square test of independence. As a methodology he also used discriminant analysis and he dealt with multicollinearity problem.

Author uses excellent English. Manuscript form is also excellent.

This thesis considers a broad range of biases and determines them only based on the survey from questionnaires. This can be seen as a weak point and for future research I would recommend to take only a few biases and make an experiment. However, author realizes that there is this weakness in making an analysis based only on self-reported data. Also he wanted to investigate the investor's behavior in broader perspective and I believe he achieved his goal.

I recommend a grade 1 for this Master thesis.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	20
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	20
TOTAL POINTS (max. 100 points)	85
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: PhDr. Karel Bat'a

DATE OF EVALUATION: 04.06.2012

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong Average Weak
30 15 0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong Average Weak
30 15 0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě