HYPOTHESIS

1. Market prices of equity share in stock market follow the traditional methods of equity prices determination. There is no discrepancy between observed market prices of equity shares in stock market and the prices as calculated by traditional methods of equity price determination.
2. To compare the different traditional methods of determination of equity prices in stock market with the observed data.
3. To compare the different Behavioural theories of determination of equity prices in stock market with the observed data.

STOCK MARKET CJUXSHESTHROUGH THELENS OFBEIUWIOBAL FINANCE Boryana BogdanovE, Bozhidar Eedev Sofia University "St.baiment Ohridski", Far ulty of Economics and. Business Admi nistration. Abstract. The goal of this paper is to study stock market crashes through the lens of behavioral finance. As argued in the literature, investors tend to follow positive feedback trading strategies, i.e. strategies that buy past winners and sell past losers. This might cause stock prices to deviate from their fundamental values in the short run thus generating momentum effect.Â Consequently short run deviation of stock market prices from their fundamental values is observed. The latter phenomenon is known as momentum1. Behavioral finance is a new field that challenges the traditional assumption that individuals are rational. It focuses on the cognitive and emotional aspects of finance, drawing on psychology, sociology, and even biology to investigate true financial behavior. What is a behavioral bias? While our biases can serve us well in our lives, they can have the opposite effect with investing. prices of stocks available to investors. Behavioral finance focuses on irrational decision of people. Ritter, (2002).Â This study examines the impact of behavioral and traditional finance on Investorâ€™s decision making process. This. study is helpful or used as a tool for the better decision making by the investors.Â implemented on specific investors. Impact of Traditional finance and behavioral finance on investment: Olsen, (1998) stated in â€œInvestor Irrationality and Self-Defeating Behaviorâ€ that people behavior is rational in. traditional finance that create profit maximization that are incomplete model that do not fully consider the. behavior of people for investment that are studied in behavioral finance. Efficient market Hypothesis (EMH) is.