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Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

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- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

A STUDY OF RISK APPETITE AMONG INVESTORS IN BANGALORE CITY

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ABSTRACT

The Investors' decisions are not driven by consideration. The decisions are taken by them are most inconsistent. The rationale behind the behavior of investors is examined from their attitude and risk bearing capacity. The research paper is based on the behavioral pattern of Investors, based on their various dependent variables viz. Gender, age, marital status, educational level, income level, awareness, preference and risk bearing capacity.

KEYWORDS

Investors Decisions, Attitude, Behavioral Pattern, Demographic Characteristics, Risk Bearing Capacity.

INTRODUCTION

Financial market practitioners often cite market sentiment as a key factor driving broad trends in asset price. The prices of financial assets frequently move though many of the factors affecting valuations in different asset market. The Asian financial crisis illustrates how shifting attitudes toward risk can generate correlation among the prices of seemingly unrelated assets. Following the devaluation of the Thai baht in July 1997, investors reduced their risk exposures across a range of emerging markets, causing a rise in the cost of borrowing beyond Asia, and into Latin America and emerging Europe. The spillover of financial sets across borders could not be explained by domestic fundamentals alone and coincided with claims that a decline in "Risk Appetite" was an underlying reason for contagion and financial instability.

The terms "risk appetite," "risk aversion," and "risk premium "are frequently used interchangeably to refer to sentiment in asset markets. But the concepts are very distinct, and inappropriate use makes it difficult to assess and convey the true extent of the willingness to hold risky assets. Investors dislike uncertainty surrounding the future consumption implied by their asset holdings. Risk appetite the willingness of investors to bear risk depends on both.

The level of uncertainty about consumption prospects depends on the macroeconomic environment. And the degree to which investors dislike uncertainty reflects underlying preferences over lotteries. This risk aversion is part of the intrinsic makeup of investors. It is a parameter that our theoretical priors suggest is unlikely to change markedly, or frequently, over time. Risk appetite, by contrast, is likely to shift periodically as investors respond to episodes of financial distress and macroeconomic uncertainty. In adverse circumstances, investors will require higher excess expected returns to hold each unit of risk and risk appetite will be low it is the inverse of the price of risk. And when the price of risk is taken together with the quantity of risk inherent in a particular asset, the expected return required to compensate investors for holding that asset is the *risk premium*.

The investors' degree of risk aversion reflects underlying preferences and, as such, it is expected to change infrequently over time. In contrast, risk appetite is likely to change more often as investors respond to changing levels of uncertainty in the macroeconomic environment. Thus, risk appetite depends on the subjective degree to which investors are willing to bear uncertainty and on the overall level of uncertainty about the fundamental factors which drive asset prices

NEED FOR THE STUDY

The economic development of our country is directly influenced by its capital market and financial services. Its contribution towards the national growth is high and inseparable one. It is very difficult to understand the activities of capital market. It has so many players in its real sense. It consists of so many players in its segments say primary and secondary market. Each acts differently with varying needs. Investors also approach capital market with varying objectives. They differ in their risk perception also. The price of securities varies depending upon the activities and behaviours of all these persons. In recent days, the awareness of the investors and "risk appetite" leads to more attention and involvement in the capital market.

In the emerging scenario of capital market, the retail investors are playing a vital role in deciding the nature and extent of business in the market and they are integral part of the capital market. Under these circumstances "Effect of Market Volatility on Investor perception and Investment Decisions" focus its attention towards concepts like volatility in Indian capital market, variety of investment options, global level of economic changes and the impact on investment behaviour is based on the risk appetite of the investor.

LITERATURE REVIEW

Prasanna Gai and **Nicholas Vause (March 2006)** ,"MEASURING INVESTORS' RISK APPETITE" in his empirical analysis suggests that a measure based on the variation in the ratio of risk-neutral to subjective probabilities, derived from equity index option prices, appears to generate results that conform to intuition the measure responds to major financial events in a plausible manner.

Laurence Kang-por Fung, (Jan 2008), "Changes in investors' risk appetite –an assessment of financial integration and interdependence " The author opines that evolution of such company movements provides some insights to policy makers on the interdependence between stock and bond markets in these economies, which may give rise to possible risk during financial markets.

Festus M Epetimehin,(August 2013), "IMPACT OF RISK APPETITE ON THE VALUE OF A FIRM" An organization must consider its risk appetite at the same time decides which goals or operational tactics to pursue.

Kailan Shang and **Zhen Chen (March 2012)**, "Risk Appetite: Linkage with Strategic Planning". Awareness of the risks embedded in the planned business activities will improve the process has been demonstrated in the paper. A risk appetite framework provides a holistic picture of the company's willingness and ability to take risk.

Erkko Etula (September 2010), "Broker-Dealer Risk Appetite and Commodity Returns", the empirical analysis focuses on the futures and spot returns of four energy Commodities (crude oil, heating oil, gasoline and natural gas), four metals (copper, silver, platinum, gold), and six agricultural commodities (sugar, cotton, corn, soybeans, cocoa, and wheat). Empirical analysis by a simple asset pricing model where time-variation in broker-dealer risk constraints generates time-variation in the price of non-marketable risk, which stems from systematic fluctuations in the aggregate value of physical commodities

Jean–Pierre Zigrand (February 2009), "Risk Appetite and Endogenous Risk" a rational expectations model of stochastic volatility with the feature that traders act as if their preferences are changing in response to market outcomes. In this sense, we have shown how risk appetite and risk are determined together and how both are tied to market outcomes.

OBJECTIVE OF THE STUDY

To study the investment decision and the risk appetite of the investor towards the stock markets

RESEARCH METHODOLOGY

Type of research: Descriptive research
Source of data: Primary data
Data collection method: Structured questionnaire method
Sampling method: Non- Probability sampling method
Sampling type: Convenience sampling

LIMITATIONS OF THE STUDY

1. The views of respondents is subjected to their bias and prejudice
2. The findings of the study is based on sample size, so it cannot be generalized
3. The study is made only in Bangalore city

ANALYSIS AND INTERPRETATION

TABLE 1: DEMOGRAPHIC CHARACTERISTICS

Sl No	Demographic Characteristics	Categories	No of Respondents	Frequency (%)
1	**Gender**	Male	42	84
		Female	8	16
		Total	50	100
2	**Marital Status**	Single	22	44
		Married	28	56
			50	100
3	**Educational Qualification**	Less than High School	0	0
		High School	2	4
		PUC	6	12
		Degree	23	46
		PG or Ph. D	19	38
			50	100
4	**Occupation**	Service	3	6
		Business	17	34
		Professional	24	48
		Others	6	12
			50	100
5	**Monthly Income**	Below Rs. 25000	8	16
		Rs. 25001- Rs. 50000	19	38
		Rs. 50001 - Rs. 75000	16	32
		Above Rs.75000	7	14
			50	100
6	**Age**	18- 25 years	12	24
		26 – 35 years	18	36
		36 – 50years	13	26
		Above 50 years	7	14
			50	100

GENDER

It is evident from the information presented in above table that the Capital market is not confined to Males only as the researcher has female respondents of 16% (8 numbers) for the study According to my research out of 50 respondents (84%) i.e. 42 members are male respondents.

MARITAL STATUS

Overall, the majority of the respondents are married (56%) i.e. 28 members and (44%) i.e. 22 members are single

EDUCATIONAL QUALIFICATION

The 38% of the respondents selected for the study have completed their post-graduation i.e. 19 members, Degree of (46%) i.e. 23 members, PUC i.e.12% i.e. 6 members, High School of (4%) i.e. 4 member. This pattern shows that educated people are taking part in the capital market as there are many awareness creating initiatives by the regulators that intensify the confidence in individual investors.

OCCUPATION

In the conducted research occupation is one of the demographical characteristic which affect the investor behavior on investments decision that the majority of the respondents (48%) are Professional, (34%) are business people, (12%) are doing others occupation, and (6%) are service sectors.

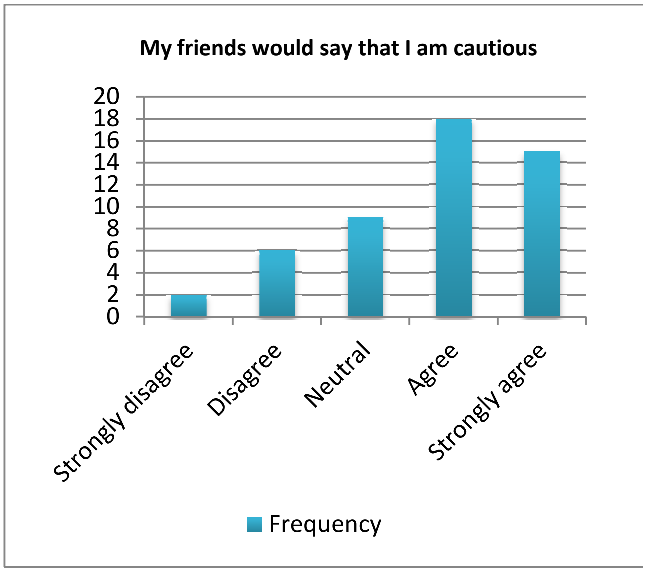
MONTHLY INCOME

The Monthly Income is one of the demographical characteristics that should be considered while investing in the capital market. the above table shows that the monthly income of 16% respondents for below 25000, 38% of respondents are earning between Rs 25001 – Rs 50000, 32% of total respondents were earnings between Rs. 50001 –Rs 75000, (14%) of total respondents are earnings between below Rs 150,000 and only (3%) of total respondent i.e. 1 respondent out of 50 is earning income of above Rs75000.

AGE

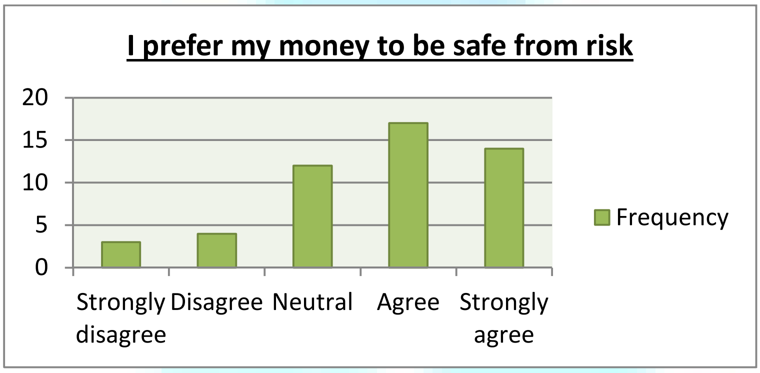
It is evident from the information presented in the above table that the majority respondents age is (36%) between 26 - 35 years. Then (26%) of respondents are in the age group of 36 – 50 years, (24%) respondents are in the age group 18- 25 years and 14% of total respondents are above the age of 50 year.

GRAPH 1



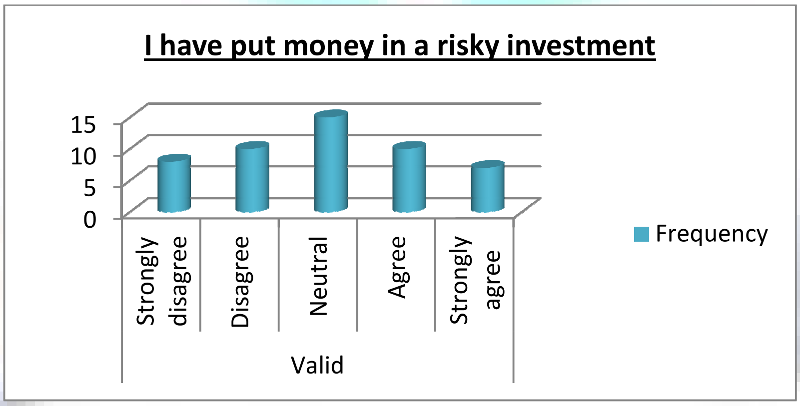
From the above table it is clear that the respondents are cautious where strongly disagree by 4% disagree by 12% neutral by 18% agree by 36% and strongly agree by 30% respondents friends know that they are cautious.
From the analysis it is clear that 36% of the respondents are agreed that they the cautious

GRAPH 2



From the above table it is clear that the respondents prefer that the money should be safe from risk where strongly disagree by 6%, disagree by 8%, neutral by 24%, agree by 34% and strongly agree by 28% respondents.
From the analysis it is clear that 34% of the respondents are agreed that they prefer that money should be safe from risk.

GRAPH 3

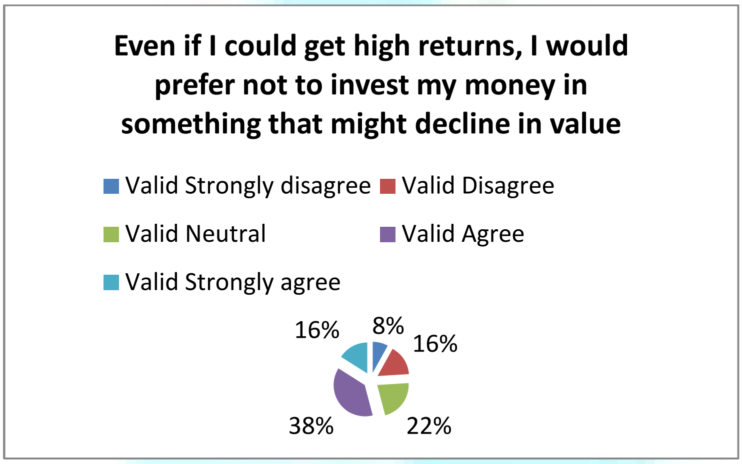


From the above table it is clear that the respondents invest the money in risky investment where strongly disagree by 16%, disagree by 20%, neutral by 30% , agree by 20% and strongly agree by 14% respondents .
From the analysis it is clear that 30% of the respondents are in neutral that they prefer they the may or may not invest their money in risky investment

GRAPH 4

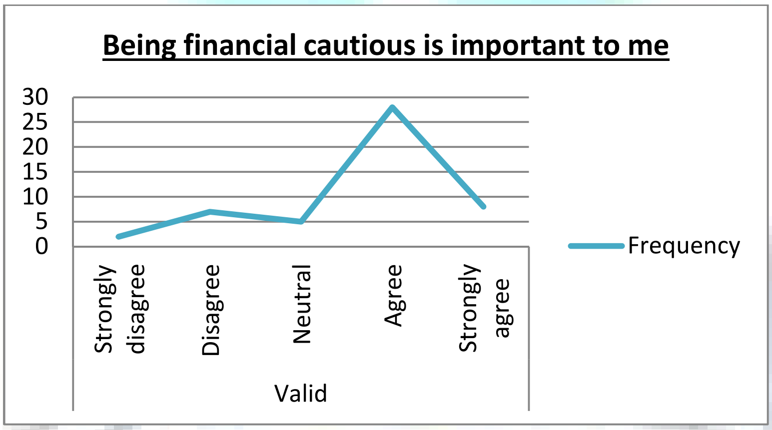
From the above table it is clear that the respondents are experience extremely risk in past with financial instruments where strongly disagree by 12%, disagree by 16%, neutral by 30%, agree by 32% and strongly agree by 10% respondents.
From the analysis it is clear that the respondents are agree that they have experienced the high risk in past with financial instruments.

GRAPH 5



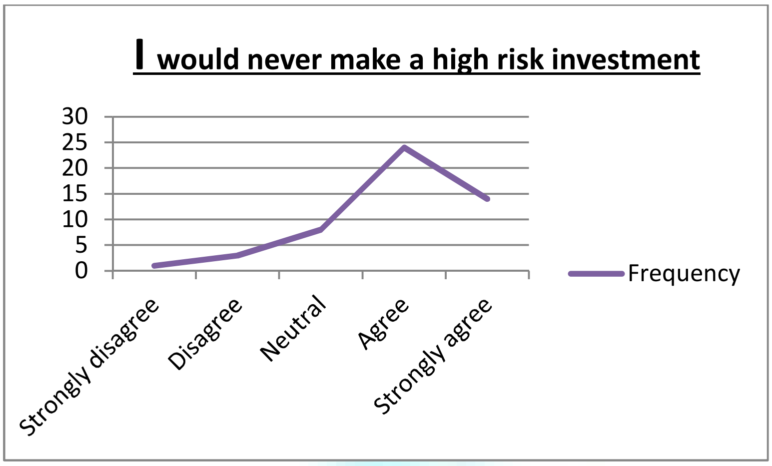
From the above table it is clear that if respondents get high return also they would not prefer to investment to decline its value, where it was strongly disagree by 8% , disagree by 16% , neutral by 24% , agree by 38% and strongly agree by 16% respondents.
From the analysis it is clear that the respondents agree that if they get high returns also they would not invest the money to decline its value.

GRAPH 6



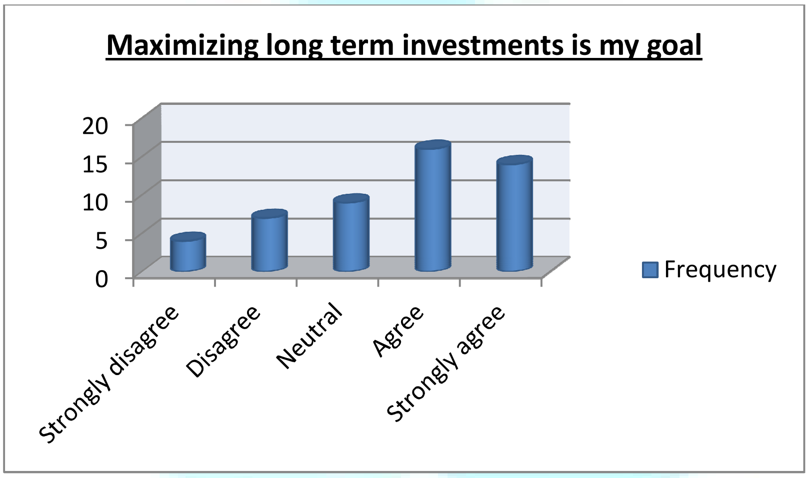
From the above table it is clear that if respondents are being financial cautious for them where it was strongly disagree by 4%, disagree by 14%, neutral by 10%, agree by 56% and strongly agree by 16% respondents.
From the analysis it is clear that the most of respondents are agree that being financial cautious is much important to them.

GRAPH 7



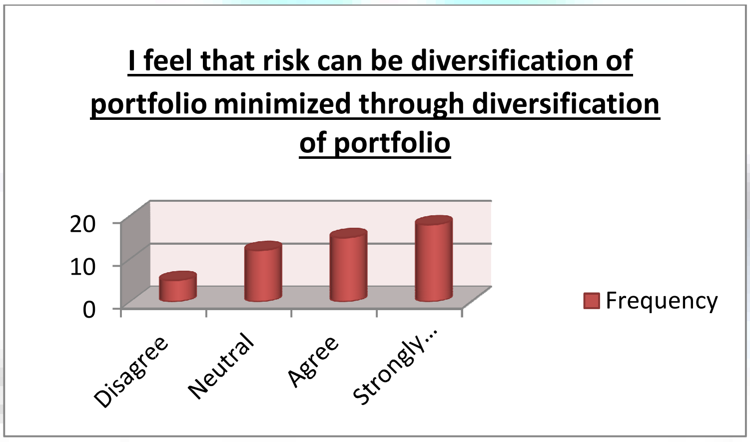
From the above table it is clear that if respondents never make a high risk investment has been strongly disagreed by 2%, disagree by 6%, neutral by 16%, agree by 48% and strongly agree by 28% respondents.
From the analysis it is clear that the most of respondents are agree they will never make a high risk investment

GRAPH 8



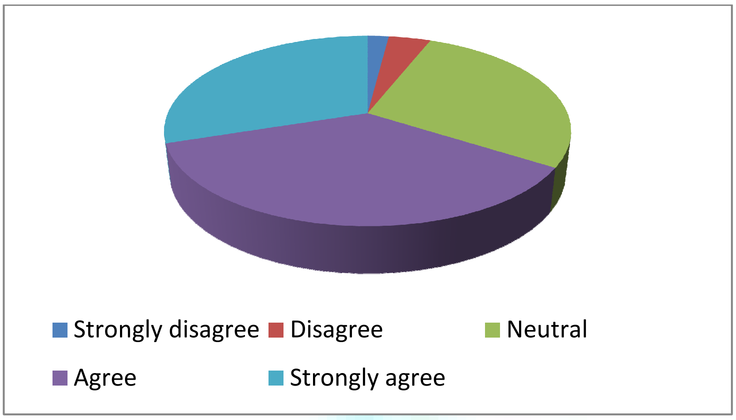
From the above table it is clear that if respondents as long term goal is to maximize the investment and he is willing to accept the dynamic changes in short term to achieve the goal where it was strongly disagree by 8%, disagree by 14%, neutral by 18%, agree by 32% and strongly agree by 28% respondents.
From the analysis it is clear that the most of respondents are agree that. Maximizing long term investments is my goal, and I would be willing to accept dramatic, short term drops in value to achieve this so that the responds are willing for long term investment

GRAPH 9



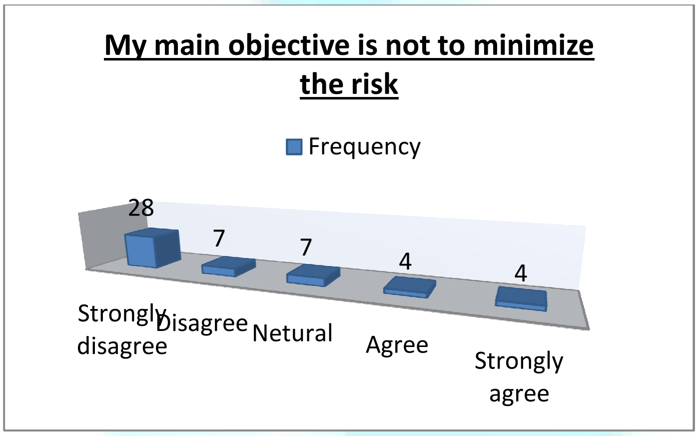
From the above table it is clear that if respondents feel that diversification of portfolio can minimized the risk where it was disagree by 10%, neutral by 24%, agree by 30% and strongly agree by 36% respondents.
From the analysis it is clear that the most of respondents are strongly agree that diversification of portfolio can reduced the risk.

GRAPH 10



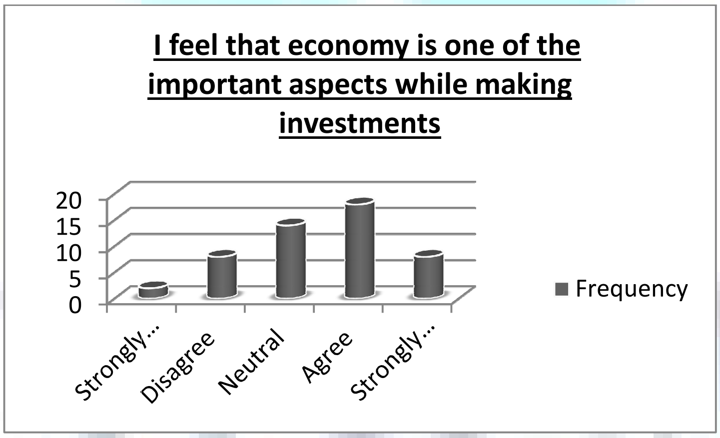
From the above table it is clear that respondents will not consider the religion when they make investment where it was strongly disagree by 2%, disagree by 4%, neutral by 28%, agree by 36 % and strongly agree by 30% respondents.
From the analysis it is clear that the most of respondents agree that religion is not a criterion to make investment

GRAPH 11



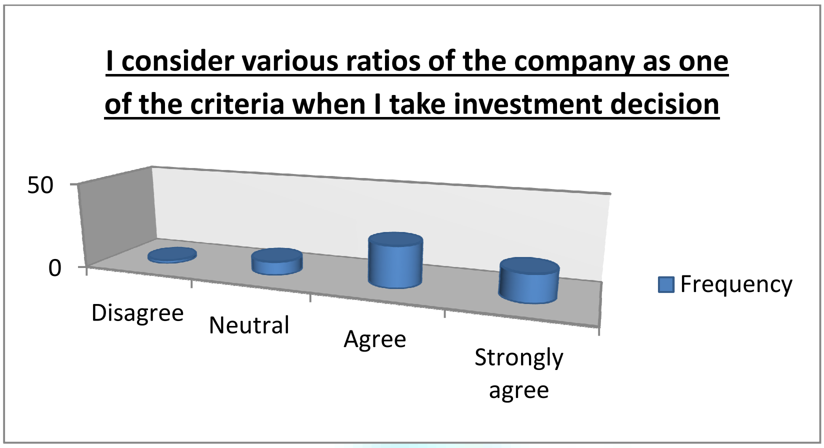
From the above table it is clear that respondents the objectives is not to minimize the risk where it was strong disagree by 56%, disagree by 14%, neutral by 14%, agree by 8% and strongly agree by 8% respondents.
From the analysis it is clear that the most of respondents strongly disagree that the objectives are to reduce risk

GRAPH 12



From the above table it is clear that respondents feel that economy should be consider while making investment where it was strong disagree by 4%, disagree by 16%, neutral by 28%, agree by 36 % and strongly agree by 16% respondents.
From the analysis it is clear that the most of respondents agree that they should consider the economy of the country should be considered

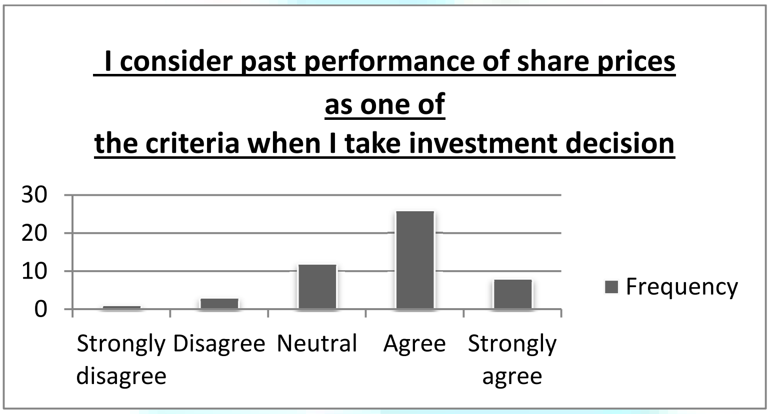
GRAPH 13



From the above table it is clear that respondents feel that economy should be consider while making investment where it was disagreed by 4%, neutral by 16%, agree by 48% and strongly agree by 32% respondents.

From the analysis it is clear that the most of respondents agree that they will consider that various ratios of the company as to made as a part of fundamental analysis.

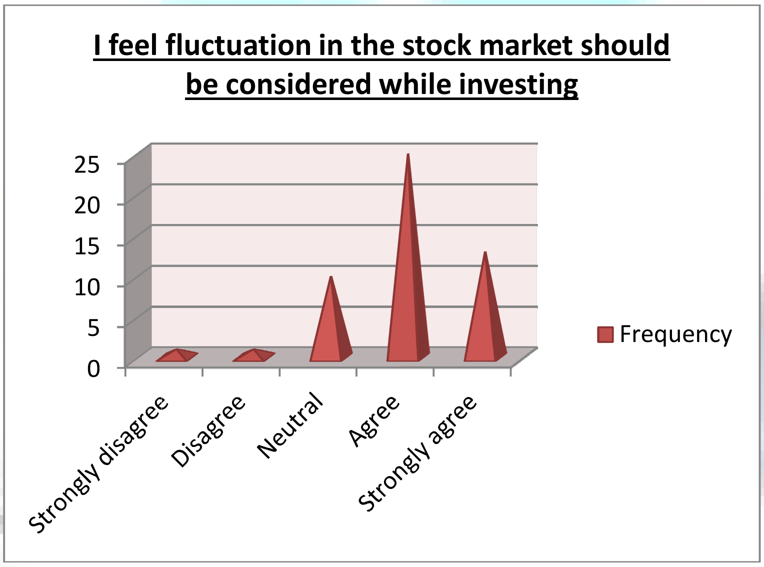
GRAPH 14



From the above table it is clear that respondents feel that they should consider the past performance of share price where it was strongly disagreed by 2%, disagree by 6%, neutral by 24%, agree by 52 % and strongly agree by 16% respondents.

From the analysis it is clear that the most of respondents agree that they will consider that past performance of the company share prices while investing

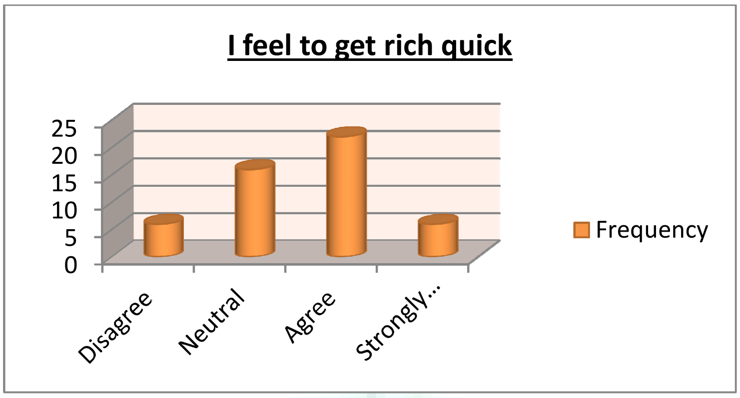
GRAPH 15



From the above table it is clear that respondents feel that they should have the consideration of fluctuation of stock market where it was strongly disagreed by 2%, disagree by 2%, neutral by 20%, agree by 50% and strongly agree by 26% respondents.

From the analysis it is clear that the most of respondents agree that they will consider the fluctuation of stock market will be considered while investing

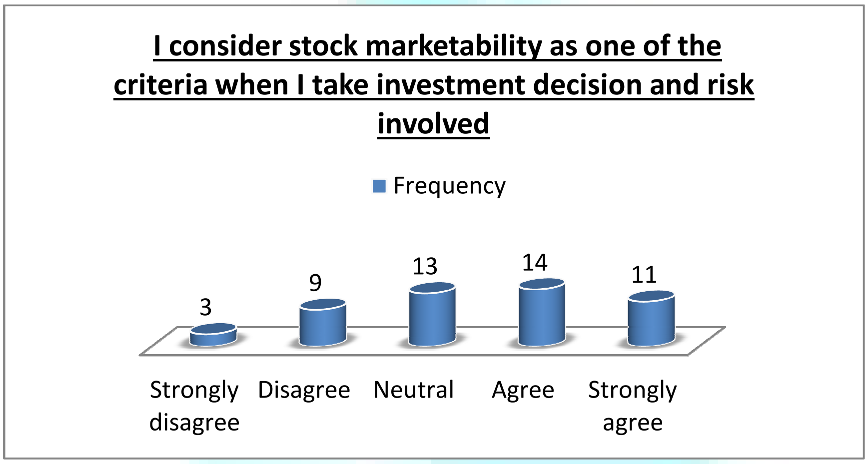
GRAPH 16



From the above table it is clear that respondents feel to get rich quick where it was disagreed by 12%, neutral by 32%, agree by 44% and strongly agree by 12% respondents.

From the analysis it is clear that the most of respondents agree that they should become rich in a quick span of time

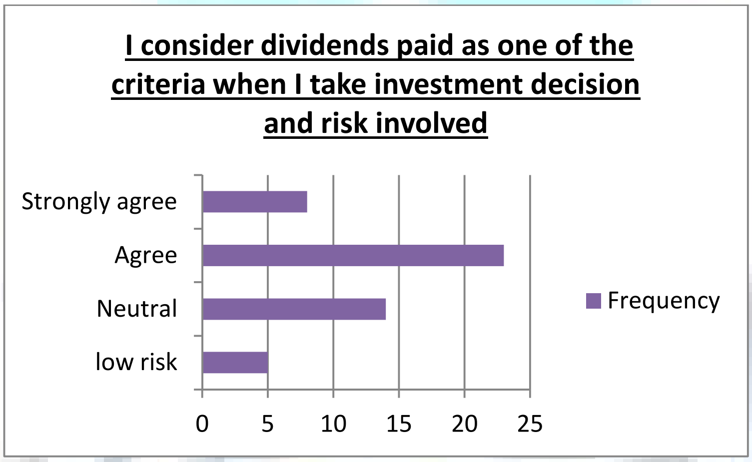
GRAPH 17



From the above table it is clear that respondents feel to stock marketability is one of the criteria while taking investment decision and consider the risk involved in it where it was strong disagree by 6%, disagree by18%, neutral by 26%, agree by 28% and strongly agree by 22% of respondents.

From the analysis it is clear that the most of respondents agree that they should consider the stock marketability and the risk involved in it.

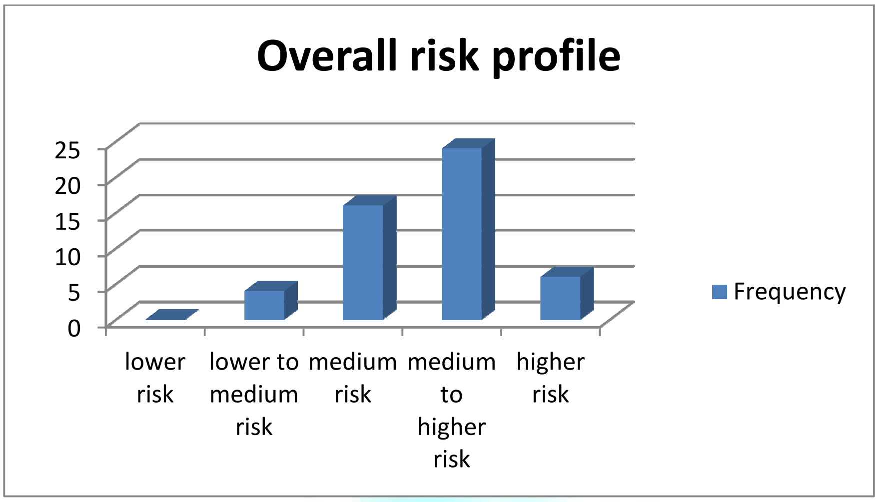
GRAPH 18



From the above table it is clear that respondents feel dividends is one of the criteria while taking investment decision and consider the risk involved in it where it was disagreed by10%, neutral by 28%, agree by 48% and strongly agree by 16% of respondents.

From the analysis it is clear that the most of respondents agree that they should consider the dividends and the risk involved in it.

GRAPH 19



From the above table it is clear that respondents overall score is considered for the risk capacity that can be handled by respondents, where lower risk is by 0%, lower to medium risk by 8%, medium by 32%, medium to higher risk by 48%, higher risk by 12%.

Lower Risk: A risk score (40-49) would put you in the lower risk category. Respondents in this category are conservative with their investments.

They prefer talking a small amount of risk to achieve modest or relatively stable returns. They accept that there may be some short terms periods of fluctuation in value.

Lower to Medium Risk: A risk score (50-59) would put in this category are relatively cautious with their investment. They want to try to achieve a reasonable return, and are prepared to accept some risk in doing so. Typically these portfolios will exhibit relatively modest yet frequent fluctuations in value.

Medium Risk: A risk score of (60-69) would put you in this category. Respondents in this category are balanced in their attitude towards risk. They don't seek risky investments but don't avoid them either. They are prepared to accept fluctuations in the value of their investments to try and achieve better long term returns. These portfolios will be subject to frequent and their times significant fluctuations in value.

Medium to Higher Risk: A risk score of (70-79) would put in this category. Respondents in this category are relatively comfortable with investment risk. They aim for higher long term returns and understand that this can also mean some sustained periods of poorer performance. They are prepared to accept significant fluctuation in value to try and achieve better long term returns.

Higher risk: A risk score of (80-89) would put you in this category. Respondents in this category are very comfortable with investment risk. They aim for high long term return and do not overly worry about periods of poorer performance in the short to medium term. Ordinarily these portfolios can be subject to the full extent and frequency of stock market fluctuations

From the analysis it is clear that the most of respondents agree that they would consider in the category of medium to higher risk where the score will be (70-79) in the overall score.

CONCLUSION

The research makes a pertinent revelation that the level of investment knowledge significantly leverage returns on the investments. From the analysis it is clear that knowledge of investment is low towards stock market and the level of risk is moderate where as per the analysis it is medium to high risk and says relatively comfortable with investment risk. They aim for higher long term returns and understand that this can also mean some sustained periods of poorer performance. Most of the investors are ready to accept the shot fall of the share price to achieve its long term objectives, majority of the investors would reduce the risk by diversification of the investment. We must put up some "financial literacy campaign" as many people are still unaware of stock market and in India there is youth which is untapped because they don't understand risk profile and the returns of investment. Many times it happen that people land up in mess or huge losses due to not proper information or guidance, and if they want to know where they are going? They need a risk profile or risk assessment test at regular intervals were financial planners, relationship managers will be there to support them.

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