INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

A STUDY ON RISK PERCEPTION AND PORTFOLIO MANAGEMENT OF EQUITY INVESTORS"

[1]Challa Srinivas **[2]Dr. S. Narender**

[1]II MBA Department of MBA ,Malla Reddy Engineering College(Autonomous),Hyd, India
challasrinivas2001@gmail.com

[2]Professor, Department of MBA, Malla Reddy Engineering College, Hyderabad, narendercommerce@gmail.com

ABSTRACT

This study examines the relationship between risk perception and portfolio management practices among equity investors. Risk perception plays a critical role in shaping investment decisions, influencing asset allocation, diversification strategies, and overall portfolio performance. The research aims to analyze how investors assess and respond to market volatility, economic factors, and personal financial goals while constructing their portfolios. Primary data was collected through structured questionnaires from retail equity investors across different age groups, income levels, and investment experience.Key variables studied include risk tolerance, investment horizon, behavioral biases, and awareness of portfolio management tools. The findings reveal that investors with higher financial literacy and longer investment horizons tend to perceive risk more rationally and maintain diversified portfolios. In contrast, less experienced investors often exhibit herd behavior and overreaction to short-term market fluctuations.The study concludes that investor education and awareness programs are essential to improve risk assessment capabilities and promote sound portfolio management practices. The insights can help financial advisors, mutual fund houses, and policymakers design better investor-centric strategies.

Keywords: Risk Perception, Portfolio Management, Equity Investors, Behavioral Finance, Investment Decisions, Diversification,

Introduction:

MEANING AND DEFINITION OF EQUITY INVESTMENT

Equity investment refers to the purchase of shares or ownership stakes in a company, giving investors a proportional claim on the company's assets and earnings. Equity shares represent the ownership of the company and provide shareholders with voting rights on important corporate matters. Investors, in return for purchasing equity, take on the risk of company performance and market fluctuations in exchange for potential returns in the form of dividends and capital appreciation.

DEFINITION OF EQUITY INVESTMENT

Investopedia defines equity investment as "the act of purchasing shares of a company in the stock market, giving the investor ownership in that company with the potential to share in its profits."

Financial Dictionary describes equity as "a form of financing that allows shareholders to claim ownership in a company in exchange for a potential return on investment, subject to market risks."

In essence, equity investment offers the potential for significant returns but comes with higher risks, as the value of equity depends on both the performance of the underlying company and market conditions.

Overview of Equity Investments

Equity investments are a common means for individuals and institutions to grow their wealth by acquiring ownership in publicly traded or private companies. Investors who purchase equity shares are essentially buying a portion of a company's capital, making them part-owners. The returns on equity investments are derived from two sources:

- **Capital Appreciation**: The increase in the value of the shares over time as the company grows and performs well.
- **Dividends**: A portion of the company's earnings distributed to shareholders, typically on a quarterly or annual basis.

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

Equity investments are typically made through stock exchanges (such as the NYSE, NASDAQ, or Bombay Stock Exchange) or private equity markets for non-publicly traded companies.
These investments can be in various sectors, offering diversification opportunities for investors.

ROLE OF EQUITY IN FINANCIAL MARKETS

Equity investments play a fundamental role in the broader financial markets, driving economic growth and facilitating the flow of capital. The following are key roles equity plays in financial markets:

- **Capital Raising for Companies:** Equity financing is one of the primary ways companies raise money for business expansion, innovation, or debt repayment. By issuing shares to the public or private investors, companies can gather funds without the obligation of fixed repayments, as would be the case with debt.
- **Wealth Creation for Investors:** Equity markets provide individuals and institutional investors with opportunities to build wealth over time. Historically, equity investments have offered higher long-term returns compared to fixed-income securities like bonds or savings accounts.
- **Price Discovery and Economic Health Indicator:** The stock market helps establish fair prices for a company's shares based on supply and demand. Stock prices reflect investor sentiment about the company's performance and the broader economy. Thus, equity markets serve as a barometer of economic conditions.
- **Liquidity and Flexibility:** The presence of liquid markets enables investors to buy and sell shares easily, providing flexibility to manage portfolios according to market conditions. Liquid equity markets also allow companies to raise capital more efficiently.
- **Ownership and Corporate Governance**: Equity holders have ownership rights, which often include voting on critical matters such as board elections and mergers. This gives investors a say in corporate governance and direction.

OBJECTIVES OF THE STUDY

1. To study the risk perception and portfolio management of the equity.
2. To study factors that affecting risk perception portfolio management.
3. To study the impact of demography risk perception and portfolio management.

SCOPE OF THE STUDY

Encompasses various dimensions of equity investment behavior. It focuses on a diverse range of equity investors, including both retail and institutional participants, to understand their distinct risk perceptions and portfolio management strategies. The study will explore the factors influencing risk assessment, such as market conditions, economic indicators, and developments specific to TVS Motors and the broader automotive industry. Additionally, it will analyse the portfolio management practices employed by investors regarding TVS Motors, including aspects like asset allocation, diversification, and risk mitigation strategies. The research will also investigate psychological and behavioural biases that may impact investor decision-making, such as overconfidence and loss aversion. Furthermore, the study will assess the investment performance of equity investors in TVS Motors, focusing on returns, volatility, and overall portfolio outcomes over a specified period. Finally, while primarily concentrating on TVS Motors, the research may include a broader analysis of the Indian automotive sector to provide valuable context and comparative insights. Through this comprehensive approach, the study aims to deliver meaningful insights into risk perception and portfolio management strategies related to TVS Motors.

REVIEWS OF LITERATURE

1. Markowitz (1952):

Markowitz introduced the concept of Modern Portfolio Theory (MPT), which revolutionized how investors approach asset allocation. His seminal paper, *"Portfolio Selection,"* emphasized the importance of diversification in minimizing risk while maximizing returns. According to Markowitz, investors can construct an efficient frontier,

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

a set of optimal portfolios that offer the highest expected return for a given level of risk. This foundational theory is crucial for understanding how equity investors can balance their portfolios, particularly when including stocks like TVS Motors, to achieve their financial goals while managing potential risks.

2. Fama and French (1992):

Fama and French expanded on Markowitz's work by identifying specific factors that affect stock returns. Their research, *"The Cross-Section of Expected Stock Returns,"* introduced the three-factor model, which considers market risk, size (small vs. large stocks), and value (high vs. low book-to-market ratios) as key determinants of expected returns. This model provides valuable insights into portfolio management strategies, helping investors like those focused on TVS Motors understand how different factors influence stock performance and the need for diversification across these dimensions.

3. Kahneman and Tversky (1979):

Kahneman and Tversky's prospect theory fundamentally altered the understanding of risk perception in behavioral finance. Their work illustrates that individuals do not always act rationally when making financial decisions; instead, they often exhibit loss aversion, where losses loom larger than equivalent gains. This behavior influences investors' decisions, leading them to avoid risky investments, even when potential rewards exist. Understanding these psychological factors is essential for analyzing how equity investors perceive risk, especially in volatile markets.

4. Baker and Nofsinger (2010):

Baker and Nofsinger's book, *"Behavioral Finance: Investors, Corporations, and Markets,"* delves into the psychological influences that shape investor behavior. They discuss various biases, such as overconfidence and herding, that can lead to suboptimal investment decisions. For equity investors, recognizing these biases is critical for effective portfolio management, as they can skew perceptions of risk and return, impacting decisions related to stocks like TVS Motors.

STATEMENT OF THE PROBLEM

The problem this study seeks to address is the limited understanding of how equity investors perceive risk and manage their investment portfolios in relation to TVS Motors. As the automotive industry experiences rapid technological advancements and market fluctuations, investors face significant challenges in evaluating the inherent risks associated with their investments. This uncertainty can lead to misaligned investment strategies and inadequate portfolio diversification, ultimately affecting financial outcomes. Moreover, existing literature lacks a focused examination of the specific factors that shape investor risk perceptions, such as market trends, investor behaviour, and the performance history of TVS Motors. This study aims to fill this gap by exploring these dynamics, thereby providing insights that can enhance investors' ability to make informed decisions and optimize their portfolio management in the face of evolving market conditions.

RESEARCH METHODOLOGY

Data Collection Methodology

For this study, **primary data** was collected using **Google Forms**. The questionnaire was designed to gather responses from participants relevant to the project's objectives. A total of **100 valid responses** were obtained from the targeted group, ensuring reliable and meaningful insights for analysis.

1. Primary Data Collection

Primary data was collected using a **Google Form** questionnaire designed to gather firsthand information directly from respondents. The questionnaire consisted of both open-ended and close-ended questions, structured to align with the project's objectives. A total of **100 valid responses** were collected, which served as the primary data source for the analysis.

2. Secondary Data Collection

In addition to the primary data, **secondary data** was gathered from various sources such as academic journals, industry reports, government publications, and company websites. These sources provided supporting

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

information and helped contextualize the findings from the primary data, offering a balanced view on the topic.

Sampling Methodology

The study adopted a **sampling method**, specifically **Google Forms**, due to the accessibility and ease of gathering data within the available time frame. Convenience sampling involves selecting participants based on their availability and willingness to respond, which is suitable for exploratory studies.

- **Sample Size:** 100 respondents
- **Sampling Technique: Google Forms**
  This approach ensured that data was collected efficiently while maintaining relevance to the research objectives.

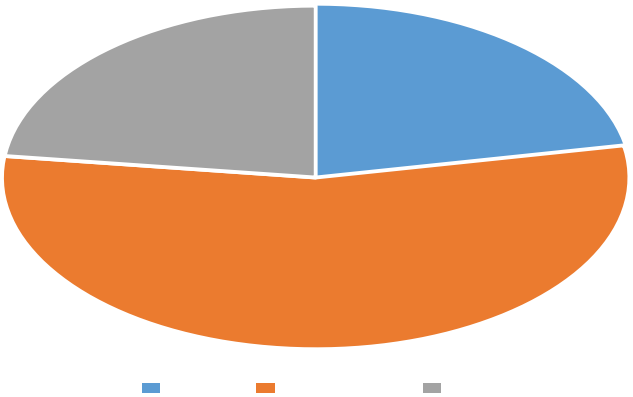
LIMITATIONS OF THE STUDY

- Limited sample size and selection
- Specific time frame may miss long-term trends
- Subjectivity in individual risk perception
- Impact of unforeseen external factors
- Focus on TVS Motors may limit applicability
- Challenges in data availability and reliability
- Incomplete coverage of behavioural biases

DATAANALYSISAND INTERPRETATIONS:

Table showing classification of respondents regarding risk tolerance level

LEVEL	**RESPONSE**
HIGH	22
MEDIUM	55
LOW	23
TOTAL	**100**



INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

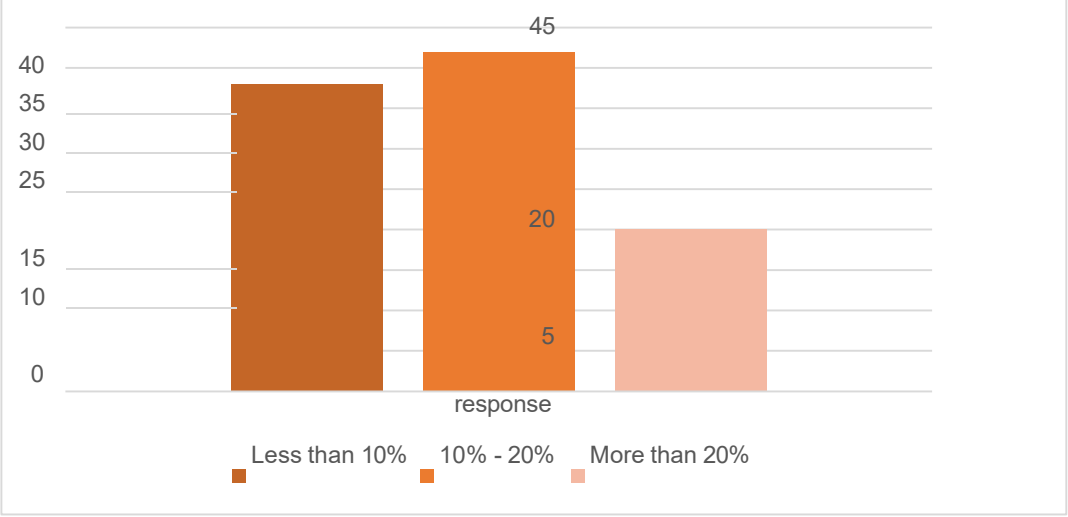
INTERPRETATION

The pie chart illustrating risk tolerance levels shows that the "Medium" category is the largest, comprising 55 respondents who prefer a balanced investment approach. The "Low" category includes 23 individuals, indicating a cautious mind-set focused on capital preservation. In contrast, the "High" category consists of 22 respondents willing to take on greater risks for potentially higher returns. Overall, the chart highlights a diverse range of risk profiles, with a predominant preference for medium risk among the surveyed population.

Table showing classification of respondents regarding Percentage of Income Allocated to Investments

Allocation Percentage	Response
Less than 10%	38
10% - 20%	42
More than 20%	20
Total	100

Chart showing classification of respondents regarding Percentage of Income Allocated to Investments



INTERPRETATION

The pie chart illustrating the percentage of income allocated to investments shows that the "10% - 20%" category is the largest, with 42 respondents indicating a preference for moderate investment levels. The "Less than 10%" segment accounts for 38 respondents, reflecting a cautious approach to investing. In contrast, the "More than 20%" category includes 20 respondents, highlighting a willingness to take on greater risks for potentially higher

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

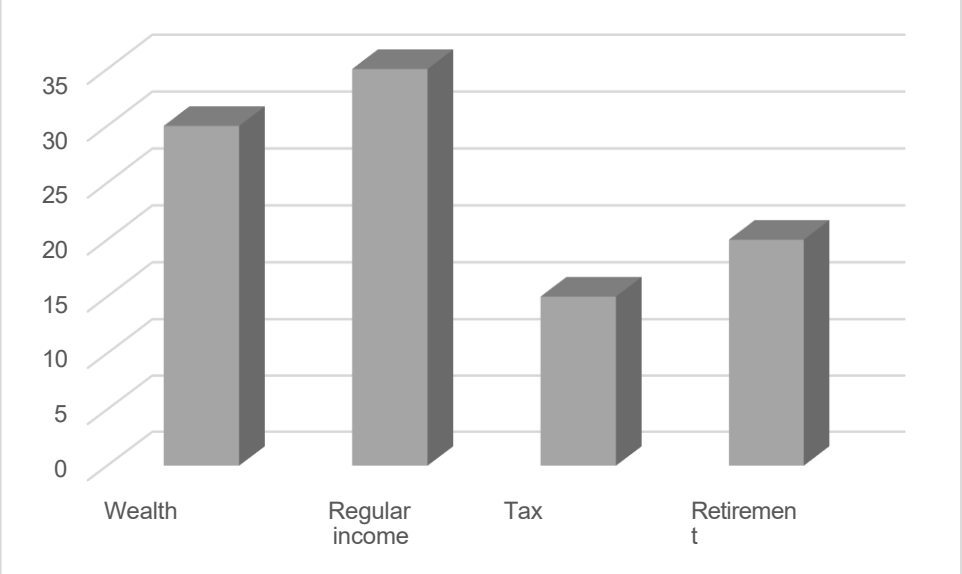
Vol. 01, Issue 2, June2026, pp : 285-298

returns. Overall, the chart conveys a diverse range of investment strategies, with a notable inclination towards moderate investment levels among respondents.

Table showing classification of respondents regarding Primary Objective for Investing

Investment Objective	Response
Wealth creation	30
Regular income (dividends)	35
Tax savings	15
Retirement planning	20
Total	**100**

Chart showing classification of respondents regarding Primary Objective for Investing



INTERPRETATION

The bar chart depicting the primary objectives for investing illustrates the distribution of responses among various categories. **Regular income (dividends)** is the most prominent objective, accounting for **35%** of the responses, indicating that a significant portion of investors prioritizes consistent cash flow from their investments. This is followed closely by **wealth creation**, which represents **30%** of the respondents, underscoring a strong interest in capital appreciation over time. **Retirement planning**, at **20%**, shows that many investors are proactive about securing their financial future, while **tax savings** represents **15%**, reflecting a moderate focus on minimizing tax liabilities through investments. The chart effectively highlights the diverse motivations of investors, emphasizing a balance between immediate income needs and long-term financial goals.

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

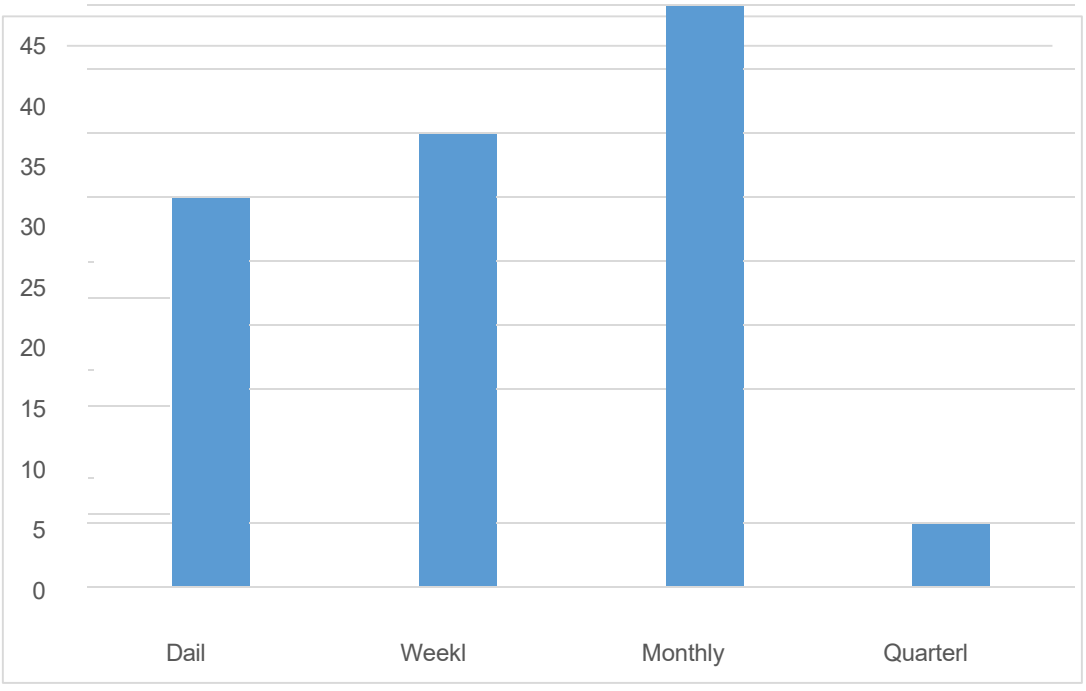
editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

Table showing classification of respondents regarding Monitoring Frequency of Investment Portfolios

Monitoring Frequency	Response
Daily	25
Weekly	30
Monthly	40
Quarterly	5
Total	**100**

Chart showing classification of respondents regarding Monitoring Frequency of Investment Portfolios



INTERPRETATION

Monthly monitoring is most common at 40%, followed by weekly at 30%, showing most investors prefer regular but not daily check-ins.Daily monitoring accounts for 25%, representing highly engaged investors tracking volatility closely.Only 5% monitor quarterly, indicating few investors take a passive approach; overall, regular monthly/weekly

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

www.ijemss.com

e-ISSN : 3139-065X

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

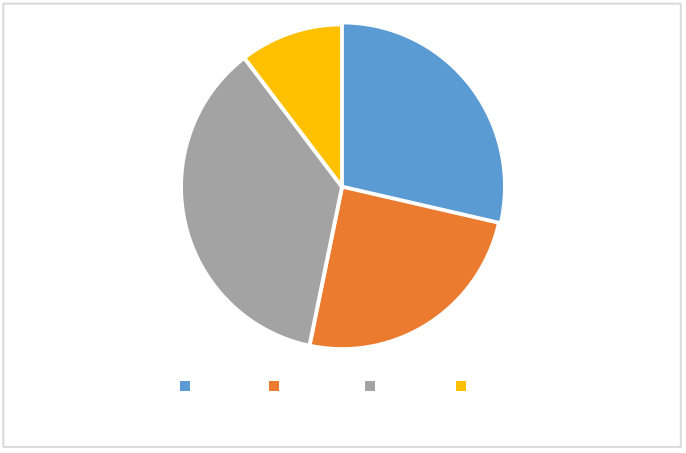
reviews dominate.

Table showing classification of respondents regarding Rebalance Your Portfolio

Rebalancing Frequency	response
Monthly	22
Quarterly	19
Annually	28
Never	8
Total	**100**

Chart showing classification of respondents regarding Rebalance Your Portfolio

Monthly monitoring leads at 40%, with weekly next at 30%, showing most investors prefer regular check-ins without



daily tracking.Daily monitoring is 25%, reflecting a smaller group of highly active investors focused on market volatility.Quarterly monitoring is lowest at 5%, confirming that most investors favor active engagement over passive strategies.

Table showing classification of respondents regarding preferred investment horizon

Investment Horizon	Response
Less than 1 year	20
1-3 years	36

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

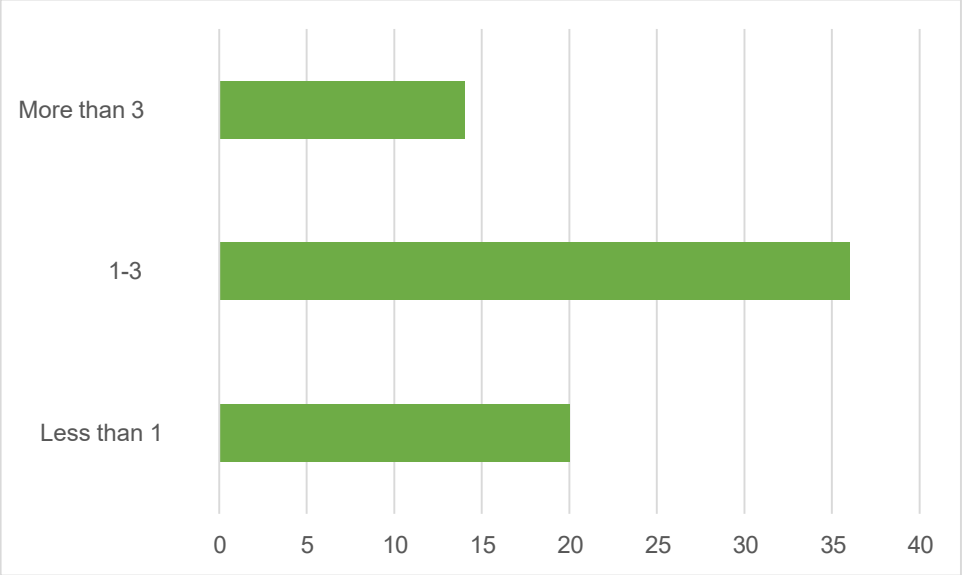
www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

More than 3 years	14
Total	**70**

Chart showing classification of respondents regarding preferred investment horizon



1-3 years is the top choice at 51.4%, showing most investors prefer short to medium-term horizons for flexibility and quicker returns.Less than 1 year follows at 28.6%, reflecting a strong need for liquidity and fast access to funds.Only 20% choose more than 3 years, indicating a limited appetite for long-term investing; overall trend favors shorter periods.

Table showing classification of respondents regarding asset classes do you invest in

Asset Class	**Response Count**
Bonds	**5**
Fixed Deposits	**15**
Real Estate	**5**
Mutual Funds	**30**
Equity (Stocks)	**45**
Total	**100**

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

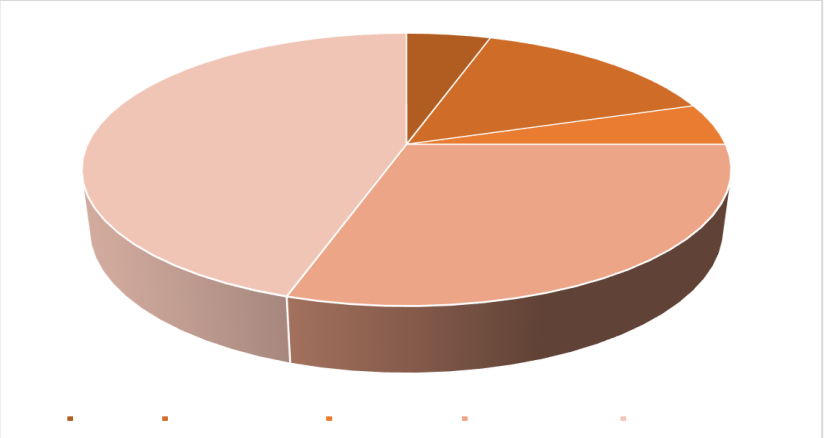
e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

Chart showing classification of respondents regarding asset classes' do you invest in



Equity leads at 45% and mutual funds at 30%, showing a strong preference for growth-oriented and diversified investments.Fixed deposits make up 15%, reflecting a smaller group that favors conservative, low-risk options.Bonds and real estate are lowest at 5% each, indicating limited interest; overall, higher-risk assets dominate investor choices.

Table showing classification of respondents regarding proportion of your equity portfolio is invested in large-cap stocks (like TVS Motors)

Proportion of Equity Portfolio in Large-Cap Stocks	Response Count
Less than 20%	30
20-40%	18
More than 40%	2
Total	100

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

www.ijemss.com

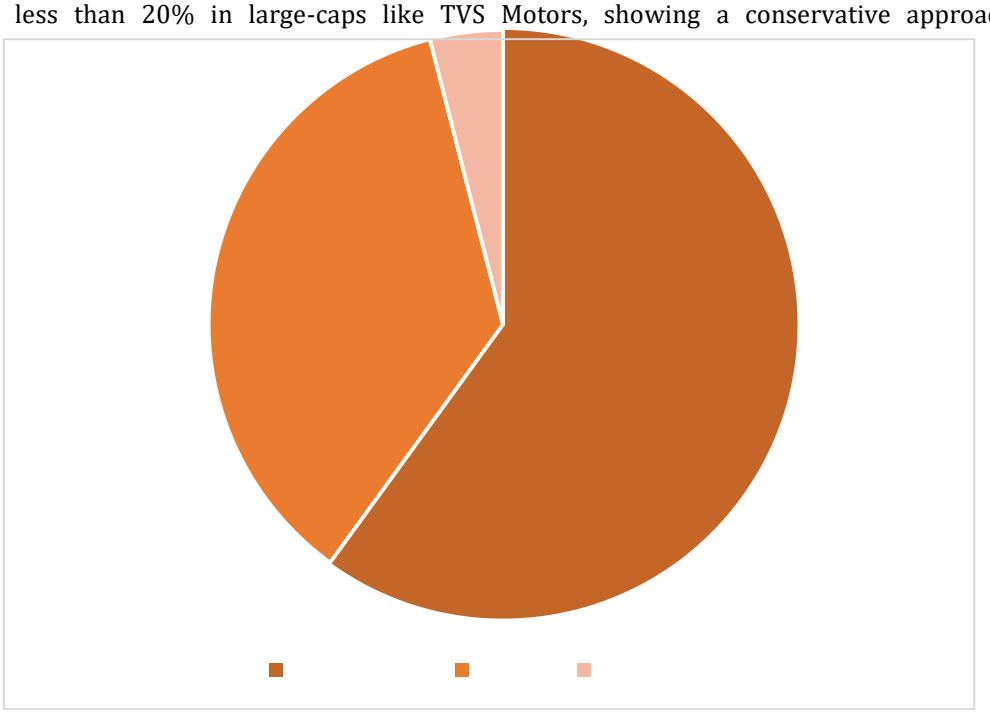
e-ISSN : 3139-065X

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

Chart showing classification of respondents regarding proportion of your equity portfolio is invested in large-cap stocks (like TVS Motors)

30% invest less than 20% in large-caps like TVS Motors, showing a conservative approach with focus on



diversification.18% allocate 20-40%, indicating a balanced strategy that captures large-cap benefits while managing risk.Only 2% invest more than 40%, reflecting rare high confidence in large-caps; most investors limit exposure to prioritize risk management.

Table showing classification of respondents regarding influenced your decision to invest in TVS Motors

Factors Influencing Investment	**response**	**Percentage (%)**
Company Reputation	32	32%
Market Conditions	27	27%
Past Performance	24	24%
Dividend Yield	13	13%
Analyst Recommendations	4	4%
Total	**100**	**100%**

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

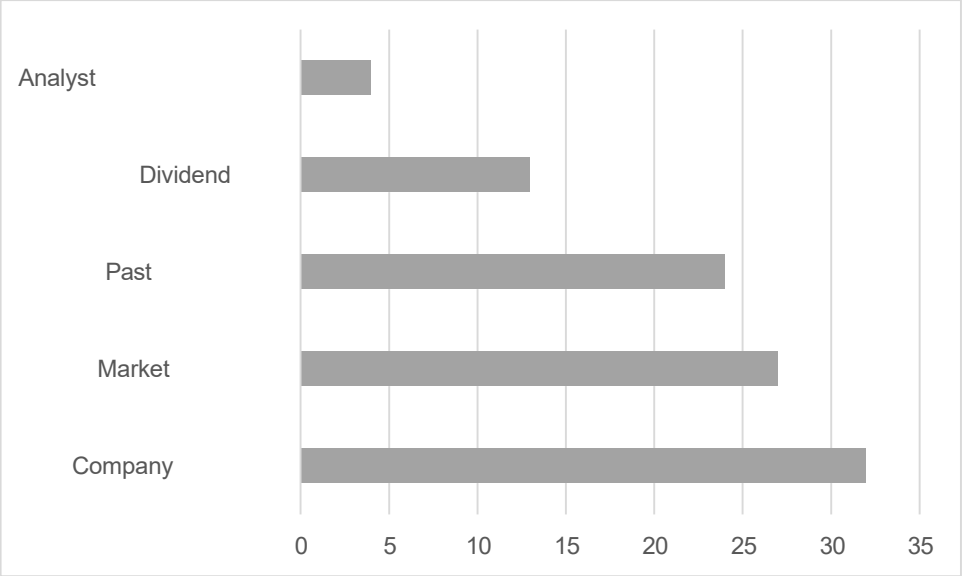
www.ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

e-ISSN : 3139-065X

editor@ijemss.com

Chart showing classification of respondents regarding influenced your decision to invest in TVS Motors



Company Reputation leads at 32% and Market Conditions at 27%, making brand image and external economic factors the top drivers for investing in TVS Motors.Past Performance influences 24%, showing investors heavily weigh historical success when predicting future returns.Dividend Yield is 13% and Analyst Recommendations just 4%, indicating income matters to some while expert advice has minimal impact on decisions.

Table showing classification of respondents regarding react to market fluctuations

Reaction to Market Fluctuations	response	Percentage (%)
Buy more to take advantage of low prices	24	24%
Hold and wait for recovery	70	70%

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

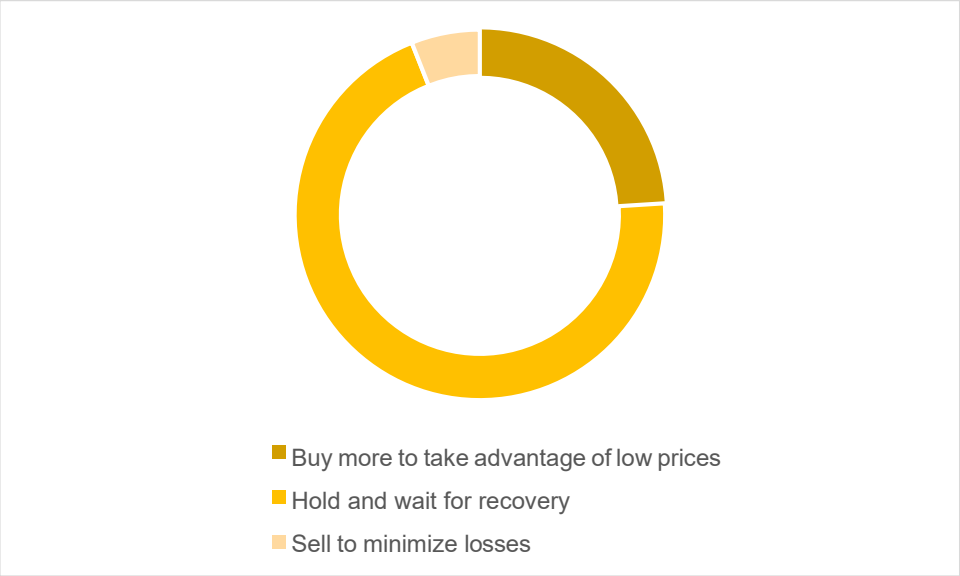
www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

Sell to minimize losses	6	6%
Total	**100**	**100%**

Chart showing classification of respondents regarding react to market fluctuations



70% prefer to hold and wait for recovery, showing most investors are patient and confident in long-term market rebounds.24% buy more during downturns, reflecting an opportunistic group looking to capitalize on low prices.Only 6% sell to minimize losses, confirming that most avoid reactive selling and favor stability over short-term moves.

Findings:

a) Investor profile: 37% aged 21-30 with 54% holding PG/professional degrees, showing a young, educated group capable of informed, adaptive investing.

b) 55% have medium risk tolerance; 45% prefer equities, 30% mutual funds, with 35% seeking dividends and 30% wealth creation, balancing growth and income goals.

c) 40% monitor monthly and 70% hold during downturns, while TVS Motors performance drives strategy shifts: 50% reduced exposure, 36% increased it, guided by reputation and market conditions.

Suggestions:

a) Boost literacy and products: Run workshops, e-learning, and segmented portfolios with hybrid, thematic, and goal-based plans tailored to risk levels**.**

b) **Improve transparency and tech:** Share regular updates, reports, and Q&A sessions while offering real-time dashboards, AI insights, and auto-rebalancing tools.

c) **Personalize and retain:** Provide dedicated/robo-advisors, promote long-term investing with compounding education and rewards, and use surveys/focus groups to refine offerings.

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 2, June2026, pp : 285-298

CONCLUSION

The study on "Risk Perception and Portfolio Management of Equity Investors with Special Reference to TVS Motors" reveals critical insights into the behaviour and attitudes of equity investors, highlighting the interplay between risk perception, investment strategies, and market dynamics. The demographic analysis indicates a predominantly young and educated investor base, reflecting a potential for innovative approaches to portfolio

management. With a significant portion of respondents displaying medium risk tolerance, the findings emphasize a cautious yet strategic approach to investing, suggesting that investors prefer balanced portfolios that mitigate risk while seeking reasonable returns.The focus on investment objectives, notably income generation and wealth creation, underscores the diverse motivations driving investment decisions. Notably, the strong influence of company reputation and market conditions on investment choices reveals that investors rely on qualitative factors alongside quantitative performance metrics. This reliance highlights the importance of maintaining strong corporate governance and transparent communication to foster investor confidence, particularly in companies like TVS Motors.

REFERENCEAND BIBLIOGRAPHY

References

Books

1. Bodie, Z., Kane, A., & Marcus, A. J. (2014). *Investments* (10th ed.). McGraw-Hill Education.
2. Elton, E. J., Gruber, M. J., & Brown, S. J. (2014). *Modern portfolio theory and investment analysis* (9th ed.). John Wiley & Sons.
3. Sharpe, W. F., Alexander, G. J., & Bailey, J. V. (1999). *Investments* (6th ed.). Prentice Hall.

Journals

1. Fama, E. F., & French, K. R. (1992). The cross-section of expected stock returns. *The Journal of Finance, 47*(2), 427-465. https://doi.org/10.1111/j.1540- 6261.1992.tb04398.x
2. Markowitz, H. (1952). Portfolio selection. *The Journal of Finance, 7*(1), 77-91. https://doi.org/10.2307/2975974
3. Statman, M. (1987). How many stocks make a diversified portfolio? *Journal of Financial and Quantitative Analysis, 22*(1), 27-36. https://doi.org/10.2307/2331078

Websites

1. Chen, J. (2023). Understanding risk tolerance in investment decisions. *Investopedia*. Retrieved from https://www.investopedia.com/terms/r/risk-tolerance.asp
2. Investopedia. (2024). Portfolio management: A comprehensive guide. Retrieved from https://www.investopedia.com/terms/p/portfolio-management.asp
3. Morningstar. (2024). The importance of portfolio diversification. Retrieved from https://www.morningstar.com/articles/1013506/the-importance-of-portfolio- diversification