Bharatiya Vidya Bhavan

BHAVAN'S VIVEKANANDA COLLEGE

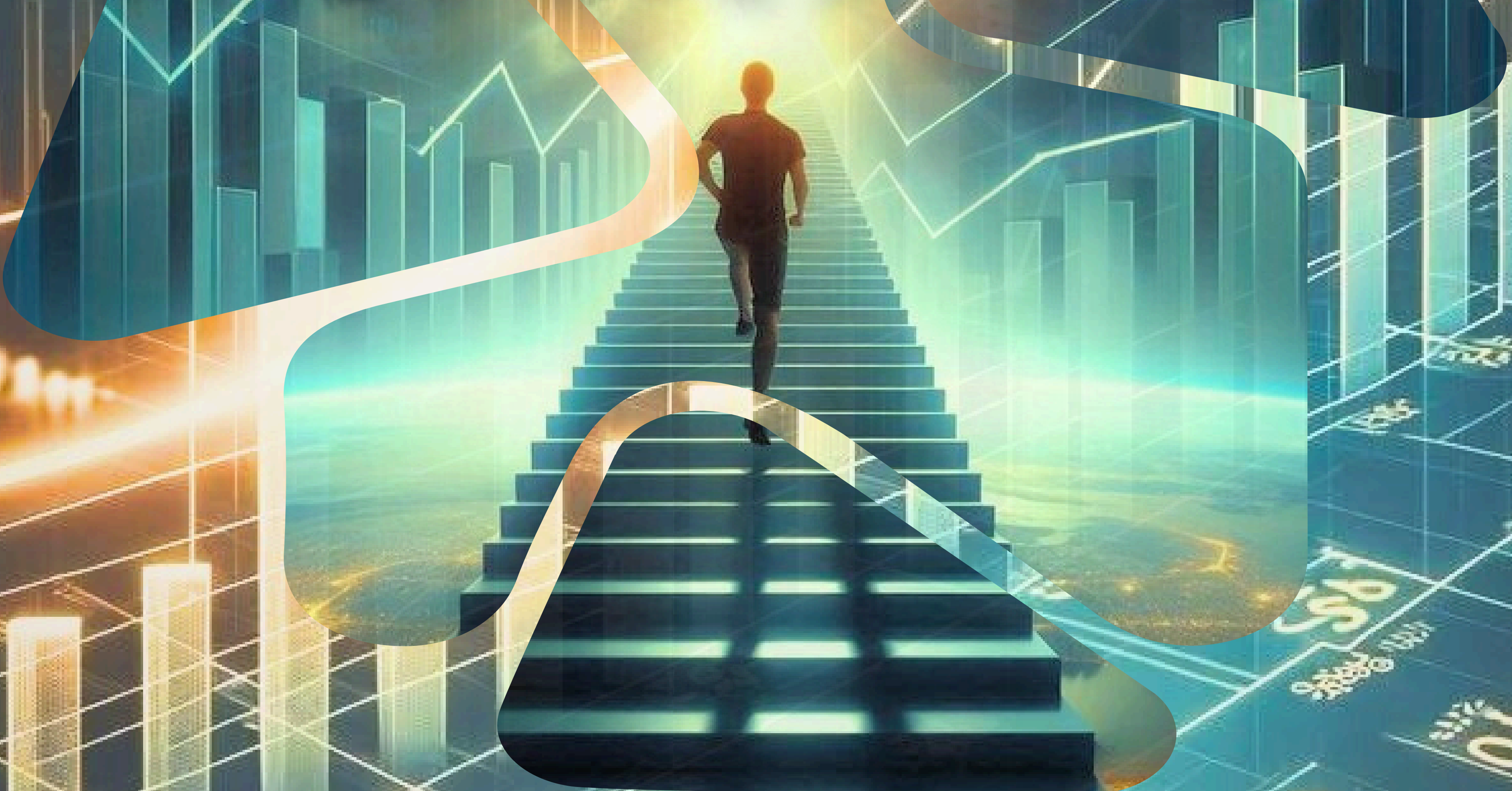
OF SCIENCE, HUMANITIES & COMMERCE

DEPARTMENT OF MANAGEMENT STUDIES

PRESENTS

SAMVRIDHI

THE MIND'S MARKET



HOW EMOTIONS DRIVE INVESTMENT DECISIONS

VOL – 1

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FOREWORD

Welcome to The Mind's Market, a fresh perspective from the Samvridhi Club designed specifically for you, the ambitious college student navigating the complexities of finance and investment. In a world buzzing with market trends and investment opportunities, it's easy to assume that financial decisions are purely logical, driven by numbers and data alone. But what if I told you there's a powerful, often overlooked force at play?

This magazine dives deep into the fascinating realm where psychology meets finance. We're exploring the emotional rollercoaster that every investor, from seasoned pros to aspiring newcomers, rides. Have you ever felt the thrill of a rising stock or the pang of regret from a missed opportunity? That's your emotions at work. We uncover how feelings like fear and greed don't just influence, but often dictate, our investment choices.

Through topics ranging from behavioral finance and loss aversion to the perils of overconfidence and FOMO (Fear of Missing Out), we aim to equip you with a crucial understanding: knowing yourself is key to smarter investing. We'll shed light on the psychology of risk, the dangers of herd mentality, and the importance of emotional intelligence in making sound financial decisions.

"The Mind's Market" isn't just about understanding market dynamics; it's about understanding your dynamics within the market. We believe that by recognizing and managing your own investment psychology, you can move from making emotional decisions to making rational, informed ones.

We hope this magazine serves as a valuable guide as you embark on your own financial journey, helping you to truly master the most influential market of all , the one within your own mind.

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THE EMOTIONAL ROLLER COASTER HOW FEAR AND GREED IMPACT INVESTMENT

Throughout the history of investing, fear and greed have played a significant role in influencing the decisions of investors. The decisions made under the influence of these emotions have caused market crashes on multiple occasions and resulted in huge losses for investors. In this article, we will be looking at events where fear and greed impacted investments, and in the end, we will also be looking at tips on how to minimise the impact of greed and fear in our investments.

GREED IN INVESTING :

DOT COM BUBBLE (USA – LATE 1990S - 2000)

In 1993, the release of MOSIAC and other web browsers popularised the use of the internet in the USA. With the internet becoming popular, people viewed it as a profitable investment option. The Taxpayer Relief Act of 1997, which lowered the top marginal capital gains tax in the United States, also made people more willing to make more speculative investments. As a result of these factors, many investors were eager to invest, at any valuation, in any dot-com company, especially if it had one of the Internet-related prefixes or a ".com" suffix in its name. Investment banks also fueled these speculations. This created an environment where,in the search for huge profits, investors didn’t think twice before investing in technology. This led to a stock market bubble.

In the early 2000s, the bubble burst when the investors found out that many of these tech companies were overvalued and unprofitable. This led to a rapid sell-off, which led many tech companies to shut down. During this burst, it was reported that nearly 5 trillion dollars were wiped out in losses. It was also considered a mild recession.

FEAR IN INVESTING :

COVID-19 MARKET CRASH (2020)

COVID-19 had a huge impact on society, and it devastated world economies. It caused a huge wave of global fear and uncertainty. The government locked down whole cities, and airlines came to a full stop. This huge decrease in economic activity led investors to rapidly sell off their stocks, fearing a recession. This impacted the Indian stock markets harshly. Theyobserved the fastest and steepest fall in their history. Nearly 50 lakh crore rupees of investor wealth eroded in days. Due to this market crash, unemployment peaked at ~23%.

In the above cases of Dot dot-com bubble crash and the COVID-19 market crash, some investors didn't give in to fear or greed and stuck to their long-term plans. The emotional control of these investors made them reap huge returns when the market bounced back up.

We will be looking at the characteristics of these investors, which will help us to minimise the impact of greed and fear in our investments:

LONG-TERM MINDSET- The investors ignored the short-term panic and stuck to long-term investing

DIVERSIFICATION – The investors diversified their portfolios by investing some amount everywhere, which minimised their losses during the market crash

CONSISTENT INVESTING – The investors didn't follow the herd and continued to invest despite the market conditions.

IGNORED THE MEDIA NOISE – The investors didn't follow the news blindly and double-checked the company's quality and focused on fundamentals before investing

STRONG EMOTIONAL CONTROL – The investors neither invested with the hype nor panicked and sold due to fear.

Conclusion

Emotions like fear and greed are inevitable in investing, but how we respond to them determines our success. By staying disciplined, focused, and rational, investors can turn market downturns into opportunities for long-term growth.

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BEYOND LOGIC: THE ROLE OF EMOTION IN INVESTMENT DECISION-MAKING

Investing is often seen as a rational activity, driven by data, analysis, and logic. However, in reality, emotions play a powerful and sometimes unpredictable role in shaping investor behaviour. Fear, greed, overconfidence, and regret frequently influence decisions more than facts and figures.Greed can push investors to chase high returns, leading them to invest in overvalued assets or follow market trends blindly. On the other hand, fear can cause panic selling during market downturns, often resulting in losses that could have been avoided with a calm, long-term view. Emotions like regret and loss aversion may lead investors to hold onto losing stocks too long or sell winning ones too early, simply to avoid emotional discomfort.

Behavioural finance, a field that studies how psychology affects financial decisions, highlights that investors are not always rational. Real-world examples such as the 2008 financial crisis or the GameStop short squeeze show how crowd emotions can heavily impact markets. To make better investment decisions, it's crucial to recognize and manage these emotional triggers. A disciplined strategy, long-term goals, and a focus on fundamentals can help investors stay grounded. Ultimately, successful investing lies not in removing emotion, but in mastering it.

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THE PSYCHOLOGY OF RISK: WHY INVESTORS MAKE EMOTIONAL DECISIONS

Risk surrounds us, it envelops us. Without understanding it we risk everything, and without capitalizing upon it we gain nothing. This is one of the many reasons why emotions shouldn't be a part of investment decisions. But we are human afterall, and humans are nothing without their emotions.

Investment decisions are not only driven by objective data and rational analysis. Human emotions also play a significant role in shaping investment choices.The twin demons here are- fear and greed. Fear comes from a sense of danger or threat which makes an investor take decisions just on the basis of that perceived threat. This can cause huge losses for the investor and continue to affect them as they hesitate to re-enter the market even as it shows signs of recovering, losing the opportunity to recover from losses. Greed as seen in many previous cases has driven even the best of the investing personalities into fools who lost everything to its temptation.

There are quite a lot of psychological biases as well that humans just tend to have, consciously or unconsciously that affect investment decisions.

To name a few :

Optimism bias. Can also be called overconfidence. It is the natural human tendency to overestimate our capabilities.

Confirmation bias. Individuals in almost every case will draw conclusions first and then seek out the facts that led to the conclusion. Once they have a confirmed thought in their head on what needs to happen in the head, its nearly impossible for humans to change their mind.

Negativity bias. The human brain has a greater sensitivity to bad news, which is one reason newscasts and newspapers are filled with it.

The way we see ourselves, others, what we hear and in our surroundings, the way we cope to losses or any kind of stress and many of these factors play a role in the kind of decision an individual makes. Hence it is very important that one is aware of these factors and takes steps to manage emotions to improve investment outcomes, ultimately resulting in achievement of financial goals.

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FEAR AND THE MARKET: HOW ANXIETY DRIVES INVESTMENT BEHAVIOUR

Money makes the market move, but its fear is what makes it crash too. Every time the stock market dips or the news of economic problem hits, fear spreads faster than the facts which leads to panic in investors. This fear which grips the investors makes them question everything. Fear of loss, fear of missing out (FOMO), fear of making wrong decisions can push even the smartest minds into making irrational moves. The market is highly influenced by emotions fear, in particular, plays a powerful role in shaping investors decisions. The emotional reaction isnt just individual-it's systematic. If we take a look at the period of covid-19 where shares were sold off, widespread anxiety drove market downward. The psychology behind fears like loss aversion-feeling losses more strongly, herd mentality-following the crowd to play it safe, overreaction bias, recency bias-giving importance to recent events than long term events makes people sell low, buy high or avoid investing altogether.

On the other hand ANXIETY which is a mental state that is full of doubt, overthinking and hesitation can lead to a cascade of poor decisions. How anxiety shapes investment decisions? Fear-induced panic selling occurs where investors sell assets quickly, often for losses, as more investors sell prices fall further, leading to fear-based selling phenomenon -herd behavior. Anxiety narrows investor's time horizons into short-term decision making which leads to deviation from their original goals. It also paralyses the investor with fear of making wrong decisions resulting in missed opportunities. It also creates an aversion towards risk.

with ease.

Fear is natural. It's part of human behaviour but in the world of finance, successful people are not those who are not afraid -but those who learn to recognize, understand and manage it. While fear is a direct response, anxiety is more subtle, creeping in through doubt, uncertainty and anticipation of what goes wrong. Together, they influence decisions of investors powerfully. The key lies in not eliminating but perceiving them and navigating through them

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THE GREED FACTOR: HOW EMOTIONS CAN LEAD TO INVESTMENT MISTAKES

GREED - one of the strongest and dangerous emotions in Mankind. It is that constant craving for more, more money, more power, more success. It's the desire to get beyond what's needed, often without thinking of the risks involved. In simple words, it's wanting more than what's reasonable sometimes at the cost of logic or long-term benefits.

When it comes to investing, greed appears when investors chase for high returns without calculating risks. The idea of quick profits can cloud judgment, leading to rushed decisions.In the end, greed pulls focus away from long-term goals and pushes investors towards short-term gains, which often leads to losses.

From Strategy to Gamble – The greed Effect.

Greed often tricks investors into chasing the illusion of endless profits. For example, someone hearing about a "trending" stock on social media without any research thinking they will double their money overnight. This is where overtrading kicks in. Constantly buying and selling to chase quicks returns, usually ending in avoidable losses. Herd Mentality plays a big role too. People tend to follow the crowd, buying when prices are high just because "everyone else is". Greed can make investors cling to underperforming stocks, refusing to accept losses and hoping for unrealistic recoveries. Greed also makes investors ignore a company's actual fundamentals where they end up choosing hype over hard data. In short, when greed takes control, rational strategies are often replaced with emotional reactions turning investments into gambles.

Now, can these mistakes be avoided? In other words, can greed be controlled? The answer is yes. But it takes conscious effort and discipline. Start by recognising the emotions, especially greed. This can silently influence your financial choices. Setting clear realistic goals and sticking to planned strategies can help in keeping the emotions in check. Avoid chasing hot trends blindly instead diversify your portfolio into balancing risks. A practical tip many investors use is setting stop loss limits which automatically sells a stock when losses hit a certain point. Most importantly pause before making any impulsive decisions. If something feels too-good-to-miss opportunity, it's often a sign to step back and think logically. In investing patience and discipline win over emotion every time.

Remember, wealth isn't built overnight, it's built wisely. Control your greed, and let strategy lead your success.

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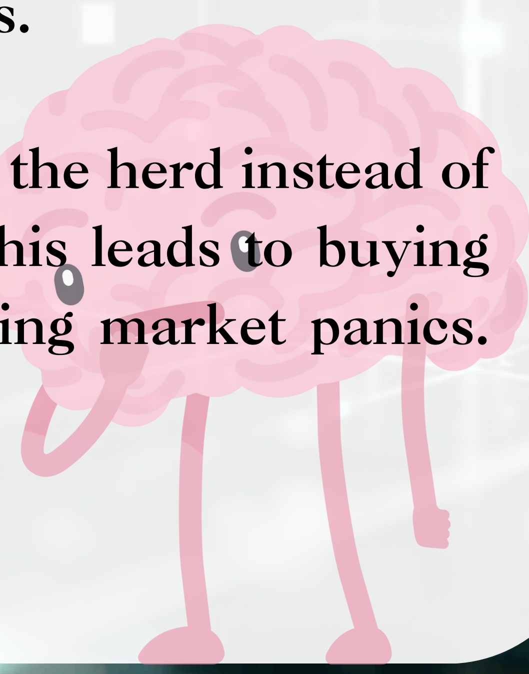
MARKET SENTIMENT THE POWER OF EMOTIONS IN SHAPING INVESTMENT DECISIONS

Emotions also play a significant role in shaping investment decisions, alongside objective data and rational analysis. There is a branch of finance that studies how emotions impact and shape investment decisions. This branch is called Behavioural Finance. In this article, we will explore how emotions influence investment decisions, along with relevant examples.
There are 5 main emotional biases that shape investment decisions. They are fear and greed, loss aversion, confirmation bias, anchoring bias, and herd mentality.

Fear and greed – Investors either panic sell during a crash or invest hugely in companies without studying properly, out of greed
Loss aversion – Investors prioritize avoiding losses over taking risks for equivalent gains. This makes investors hold on to losing investments instead of reallocating their capital to more promising investments.

Confirmation bias – investors often believe in information that supports their existing beliefs and avoid any evidence that contradicts their beliefs. This can lead to poor diversification and poor market adaptability, which can result in significant losses.
Anchoring bias – investors believe in the first piece of information they get, like the initial price. This doesn't lead to sound business decisions based on current market requirements.

Herd mentality – many investors tend to follow the herd instead of conducting their own independent research. This leads to buying high during market peaks and selling low during market panics. This results in meagre investment outcomes.



Throughout the history of investment, these 5 emotional biases have crashed markets during multiple instances like the Dot-com bubble, the 2008 Recession, the 2020 COVID-19 market crash, etc. If you want to become a good investor, you shouldn’t let these emotions dictate your investment decisions. You should do proper research before investing, and always trust long-term plans, not short-term gains. You have to take calculated risks instead of only focusing on loss aversion. Never take a decision based on the first piece of information you receive; take a decision based on the current market requirements. Never follow the hype or panic; stick to your long-term goals. Hype and panic won't last; your long-term goals will.

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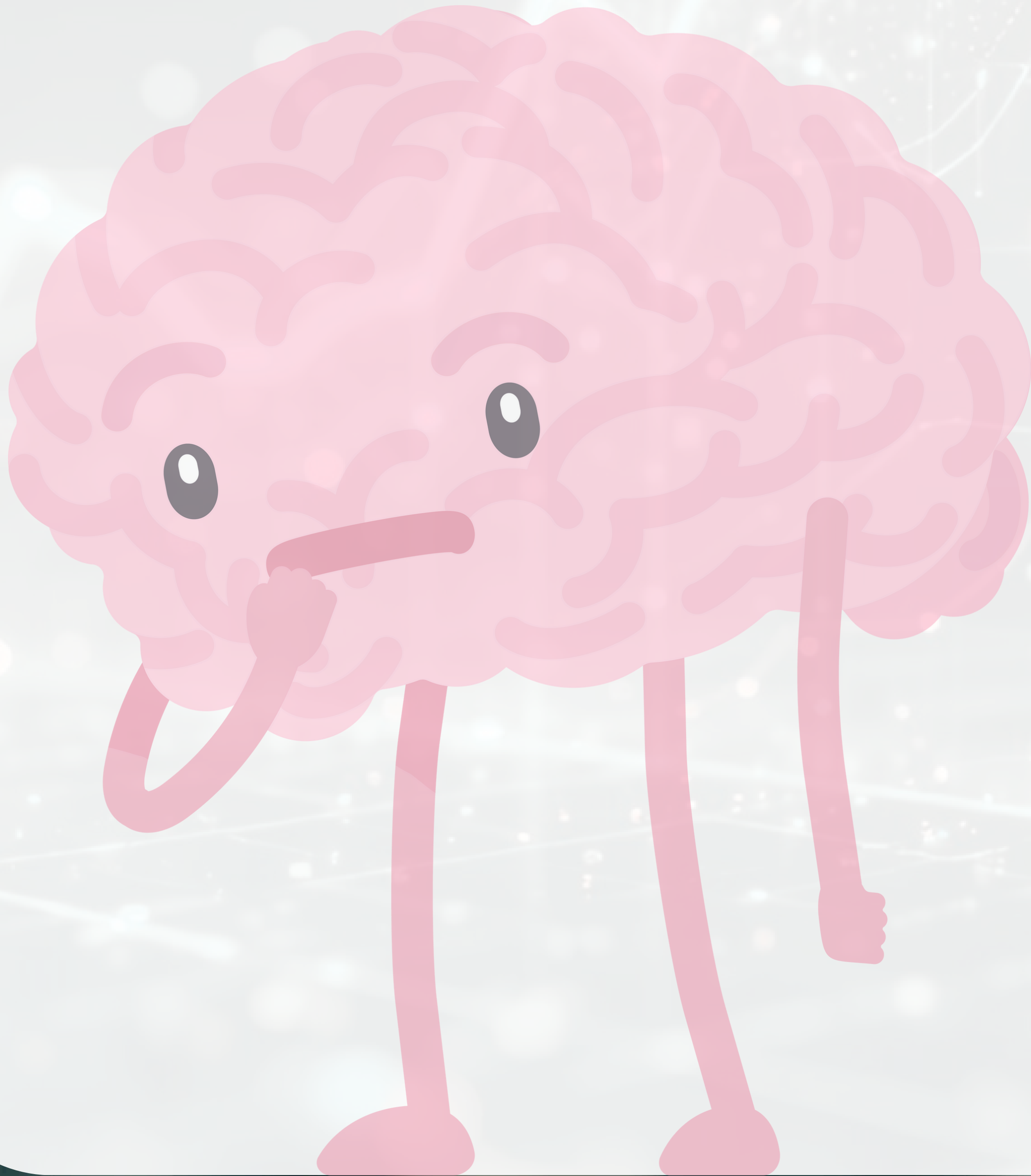

THE EMOTIONAL INVESTOR: UNDERSTANDING YOUR OWN INVESTMENT PSYCHOLOGY

Investing is often seen as a rational and logical activity, driven by facts, figures, and financial strategies. However, in reality, emotions play a powerful role in how investors make decisions. Even the most experienced investors are not immune to fear, greed, regret, and overconfidence. These emotions can lead to irrational decisions, especially during times of market volatility. Understanding one's own investment psychology is essential for making wise financial choices and achieving long-term goals. The key to success lies not only in choosing the right assets but also in managing emotional responses.

How to understand your own investment psychology:
One of the strongest emotions that affect investors is fear. When the market drops or news headlines are negative, investors often panic and sell their investments at a loss. This reaction is driven by a desire to avoid further loss and protect oneself. However, making decisions based on fear can result in selling good investments at the wrong time. History has shown that markets eventually recover, and long-term investors usually benefit from staying invested during downturns.

Another powerful emotion is greed. During a bull market, when prices are rising rapidly, investors may be tempted to take higher risks in hopes of making quick profits. Greed can lead to chasing hot stocks or following the crowd without proper research. This behavior often causes investors to buy at high prices, only to suffer losses when the market corrects. Greed also causes people to ignore their risk tolerance and overexpose themselves to risky assets.

Regret is a common emotion that can influence future decisions. Many investors look back and feel disappointed about missed opportunities or past mistakes. This regret can lead to hasty decisions, such as buying a stock too late or selling out of frustration. It's important to understand that no one can time the market perfectly, and mistakes are a part of the learning process.

Overconfidence is another psychological trap. After a few successful investments, some investors begin to believe they have special insight or skill. This can lead to ignoring expert advice, taking bigger risks, or abandoning a long-term plan. Overconfidence can be dangerous, especially in unpredictable markets. To overcome emotional investing, self-awareness is crucial. Investors should take time to assess their goals, risk appetite, and emotional triggers. Creating a written investment plan helps maintain discipline. Diversifying investments, avoiding constant checking of prices, and staying informed — not overwhelmed — are also effective strategies. Consulting a financial advisor can provide guidance and keep emotions in check.

Investing is as much about managing emotions as it is about understanding markets. Emotions like fear, greed, regret, and overconfidence can cloud judgment and lead to poor financial outcomes. By recognizing and understanding these emotional responses, investors can make smarter, more balanced decisions. Emotional control, paired with a strong investment strategy, is the key to long-term success. In the end, understanding your own investment psychology is not just helpful — it is essential for becoming a confident and successful investor

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BEHAVIOURAL FINANCE: HOW EMOTIONS INFLUENCE INVESTMENT CHOICES

Imagine you're watching the stock market plummet, you try to stay as calm as possible but something in you screams "Sell everything before it gets even worse". If there is a prevailing bull market, with prices rising rapidly ,one tends to immediately purchase the shares. Every day, millions of investors make decisions worth billions- often not with logic but with instinct and a calculated risk. This is the world of Behavioural finance where the market runs on emotions, biases and flawed human thinking.

Why do smart people make bad financial decisions? Why do we panic when markets rise and fall? No matter how smart and experienced an individual is there is a multitude of psychological and social factors that affect the financial decisions. Behavioural finance is a study which dives into understanding and exploring the psychology behind the reasons of our irrational decisions. The most common emotions that influence investors are fear of losing, greed to earn more, overconfidence –leading to excessive trading and risk-taking, regret-fear of making wrong decision, herd mentality and cognitive biases like loss aversion.

One of the historical example of behavioural finance is THE DOTCOM CRASH (also called as Dotcom bubble burst).During the late 1990s investors poured money into internet based companies, driven by greed, overconfidence and herd mentality. Dotcom companies failed to make money which eventually led to the bubble burst; many faced heavy losses due to panic selling and regret.

"The investor's chief problem-and even his worst enemy-is likely to be himself "said Benjamin graham (father of value investing).So recognizing our emotions and learning to manage them can help investors make smarter, more rational financial choices. Behavioural finance teaches that comprehending and mastering our own emotions is just as important as grasping the market.

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THE IMPACT OF STRESS ON INVESTMENT DECISIONS: A PSYCHOLOGICAL PERSPECTIVE

In the investment world, figures, graphs, and books of accounts are usually the center of decision-making. But with each click to sell or buy, there is a mind in action—usually struggling against a sea of emotions. Among the strongest and most intrusive of these emotions is stress. Whether due to market fluctuations, personal loss, or financial uncertainty, stress significantly affects the way individuals perceive risk and make financial decisions. This article examines how stress influences investment decisions from a psychological perspective and why understanding this relationship is paramount for improved financial outcomes.

How Stress Affects the Brain

When an individual is stressed, the brain sends hormones such as cortisol and adrenaline into the system, causing the "fight or flight" response. In investment situations, this natural response can lead individuals to panic when the market has a downturn, as well as overreact to breaking news. Stress constricts focus, decreases patience, and decreases the brain's capacity for long-term thinking—resulting in rash choices.

Most investors in stressful situations will:

- Sell investments too quickly to prevent further loss
- Avoid opportunities for fear of risk-taking
- Go with the crowd (herd mentality) for emotional comfort

The Role of Past Experiences in Depleting Self-Discipline

Psychologists observe that earlier financial trauma—loss of money in a crash, for instance—increases sensitivity among investors. Even slight market declines might be perceived as threatening, evoking flashbacks and leading to irrational behavior. Such investors tend to behave cautiously even if the market signals are favorable.

Managing Stress for Better Decisions

The better news is that stress need not dominate investment decisions. Awareness is the key. These are a few strategies that keep investors calm and rational:

- Practice mindfulness and emotional awareness
- Don't constantly check market movements
- Stay fixed on a financial plan and adhere to it in times of turmoil
- Seek professional guidance or leverage automated tools to release decision pressure
- Think of long-term objectives to remain grounded

Just as athletes train both mind and body, investors can train their brains to stay focused and calm, even when the market is not.

Invest with a Balanced Mind - Stress is an inescapable part of the human condition, but let loose in the investment community, it can manifest in poor choices and financial regret. Investors can make wiser, more intelligent decisions by understanding the way stress works on the brain and how to control it. The most successful investors are not the ones who eschew emotions—but the ones who learn to manage them. In the marketplace of the mind, an equilibrium state is the greatest asset of all. By learning the psychology of stress, we are enabled to make wiser, more emotionally sound investment choices.

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EMOTIONAL INTELLIGENCE: THE KEY TO SMARTER INVESTMENT DECISIONS

In the fast paced and ever-changing world of finance, success isn't just about analyzing figures; it's significantly shaped by human psychology. Financial Emotional Intelligence (FEI) refers to the ability to identify, understand, and manage one's emotions effectively while dealing with financial matters, serving as the hidden advantage for making more informed investment choices. It goes further than standard quantitative analysis, tackling the fundamental human aspect to reduce expensive behavioral biases and encourage enduring financial discipline.

Humans are inherently emotional, and these feelings significantly impact financial decisions, ranging from everyday purchases to significant market activities. Notable economists recognize that investor choices are often influenced by emotions such as heightened optimism (greed) and fear, resulting in volatile shifts in asset prices. Frequent mistakes include loss aversion, in which the discomfort from financial losses is experienced about twice as strongly as the satisfaction from equal gains, and herd mentality, where people unthinkingly follow market trends instead of conducting their own analysis. Overconfidence and confirmation bias distort judgment, resulting in heightened risk-taking or dismissal of conflicting evidence. Warren Buffett famously suggested, "Be cautious when others are eager, Be avaricious when others are scared", highlighting the unconventional self-control that is necessary.

Developing emotional intelligence equips individuals with the skills to handle these difficulties. Self-awareness is essential, allowing investors to identify their emotional triggers—like fear in declines or overconfidence in rising markets—and understand how these emotions affect their choices. This acknowledgment marks the initial stage of mindful oversight.

Self-regulation enhances this by enabling investors to take a moment before responding rashly to market fluctuations, thus avoiding panic selling or pursuing "hot" investments.

Motivation maintains concentration on long-term financial objectives, aiding investors in resisting diversions from temporary losses or the temptation of immediate profits, thus combating anchoring and recency biases. Ultimately, empathy and social awareness offer understanding of shared market sentiment, allowing investors to "think for themselves" and avoid following the crowd.

In the fast paced and ever-changing world of finance, success isn't just about Practical strategies for cultivating FEI include maintaining a decision journal to track emotional responses , establishing structured investment plans with clear goals and automated behaviors like Systematic Investment Plans (SIPs) , regularly rebalancing portfolios , and seeking objective professional financial guidance. Adopting a long-term perspective, recognizing that "time in the market is more important than trying to time the market," is also crucial.

Ultimately, emotional intelligence is a critical skill for investors, fostering resilience and rationality in volatile markets. "Building wealth isn't just about picking the right stocks or timing the market—it's about mastering yourself".

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HERD MENTALITY: HOW EMOTIONS DRIVE MARKET TRENDS

Have you ever ended up doing something just because everyone else around you was doing it, like buying a product, joining a trend, or even investing in something? That's called herd mentality, and it's way more common than we think, especially in the world of finance. It's when people follow the crowd without thinking things through on their own. In the stock market, this behavior can cause prices to rise or fall sharply, even if there's no real reason behind it. In simple terms, herd mentality in investing is when people start buying or selling just because others are doing it. It's like when one person starts running and suddenly everyone follows, even if no one knows what's going on. When investors act out of panic or excitement, emotions take control, and logic gets thrown out the window. It becomes less about "What is this stock worth?" and more about "Everyone's buying it ,I should too!"

But why do people do this? Well, emotions play a big role. One of the biggest reasons is FOMO "fear of missing out". If we see others making money fast, we feel pressured to join in. There's also a sense of comfort in doing what the majority is doing. It feels safer to go with the crowd than to stand alone, even if deep down we're unsure. On top of that, not everyone feels confident making financial decisions on their own, so following others feels easier. Now, the problem with herd mentality is that it usually doesn't end well. When too many people rush to invest in something, prices often get pushed way higher than what the asset is actually worth. And when reality hits, maybe the company isn't doing that great, or there's bad news, people panic and start selling all at once.

This leads to sudden market crashes, heavy losses, and a lot of regret. The sad part is, the ones who joined the trend late are often the ones who suffer the most.
To avoid falling into the herd mentality trap, think for yourself and do your own research before investing. Don't rely on hype or emotions like fear or excitement. Focus on long-term value, diversify your investments, and avoid putting all your money in one place. Stay calm, patient, and confident in your decisions. Sometimes, going against the crowd is the smarter move. Stay informed, curious, and trust your instincts.
At the end of the day, the market isn't just driven by numbers. It's driven by people. And people are emotional. That's why understanding herd mentality is so important. If you can recognize it and learn to think independently, you'll not only protect yourself from risky mistakes, but also become a wiser and more confident investor.

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LOSS AVERSION: THE EMOTIONAL PAIN OF INVESTMENT LOSSES

"Loss Aversion", sounds like a heavy phrase, but it's actually pretty simple. To borrow the words of renowned behavioural economist Richard Thaler: "The pain of losing ₹100 is more intense than the joy of gaining ₹100." And just like that, it starts to make sense. We've all experienced this. At some point in life, we've hesitated or backed out of something, not because it wasn't rewarding, but because the fear of loss loomed larger than the hope of gain. Don't say no! It's human nature to dwell more on our losses than to celebrate our wins. Now, one might feel tempted to skip this article, thinking it's too niche. But before onedoes that, understand why loss aversion is something worth understanding, especially if one is dealing with people, investments, or even just everyday decisions.

Social Loss Aversion- As we grow older, socializing becomes second nature. We meet new people, build networks, and love to brag about our connections, "MLA knows me," "Head Boy is my friend," and the like. It's fun to name-drop. But when an argument breaks out with that same "Head Boy," what happens? Suddenly, we're cautious. we don't want to lose the friendship, even if we're right. Why? Because of loss aversion.The emotional cost of losing that social connection feels greater than the benefit of proving our point. Let's take a relatable investment scenario. Suppose you invest ₹1,000 in Tata Technologies expecting the stock to rise. And lucky you, it does! It goes up to ₹1,250. You're happy. A 25% return feels great. But two days later, the market dips and your stock arenow worth ₹750.

Suddenly, that same ₹250 gain you celebrated earlier is overshadowed by a ₹250 loss, and the sadness hits much harder. That's the essence of loss aversion. The graph below would show how the emotional impact of losses outweighs gains of equal value.This is just a ₹250 swing. Imagine if the numbers were in thousands or lakhs.

That's when the real gravity of loss aversion kicks in. It doesn't just hurt, it paralyses. So, what can be done? Understanding this bias is the first step. Loss aversion is deeply rooted in our psychology, but being aware of it can help us manage our emotions better, especially when money is involved. Whether it's about investing in the stock market or making a tough social decision, the best way to handle loss aversion is to stay informed and think long-term. Analyse options. Make decisions based on logic, not just emotion. And most importantly, accept that losses as the part of the journey.

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OVERCONFIDENCE AND INVESTMENT: DANGERS OF EMOTIONAL BIAS.

1. What's Overconfidence in Investing?

It's when you think you know more than you do.
You believe your gut is sharper than the data.
You're sure your picks will outperform the market.
But here's the thing the market doesn't care about your confidence.
It cares about reality: numbers, performance, volatility, and risk.
Overconfident investors often:

•Trade too much
•Underestimate risks
•Ignore diversification
•Dismiss opposing views

The result? They might hit a few wins, but over time, they usually underperform.

2. Why Emotional Bias is So Dangerous

Let's call out some of the usual suspects:

•Confirmation Bias: You only look for data that supports your view. Everything else? You ignore it.
•Loss Aversion: You hold on to a sinking stock because you don't want to admit you were wrong.
•Herd Mentality: You buy in just because everyone else is — even when it makes no sense.
•FOMO: You chase gains when the smart move was to sit tight.
•Overconfidence Bias: You think past success = future success. It doesn't.

3. How This Messes Up Your Portfolio

Overconfidence makes you:

•Buy high, sell low (opposite of what you should be doing)

•Ignore warning signs

•Take reckless risks without a backup plan

•Churn your portfolio with excessive trading and fees

All of this erodes long-term returns. You feel smart, but your results don't match.

4. Real Talk: Why Smart People Fall for This

Because investing isn't just a numbers game it's an ego game. People crave control. They want to beat the system. They confuse luck with skill.

5. How to Fix It

•Build a plan before emotions kick in.

•Automate decisions where possible.

•Review your past trades honestly. Where were you wrong? Why?

•Get a second opinion. Someone who'll challenge your bias — not echo it.

•Learn to sit still. Sometimes the best move is no move.

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BBA 2B

EMOTIONAL CONTAGION: HOW MARKET SENTIMENT AFFECTS INVESTMENT DECISIONS

"Market is bullish, keep investing lump sum money in it", "Buy this particular stock, it is a multibagger, it has given me 2x profits", "market is bearish, it's time to invest in gold", "gold price hiked at the ever-highest rate" – all these statements we must have either told or have heard from someone else, this is because we all tend to influence others with our decisions, and this act of getting influenced is what Emotional Contagion means. It is not a new concept, nor that it is happening just to our generation, rather it has been in live since the gold was discovered.

One of the most valuable assets that Indians consider is the GOLD, but why? Is it because it is lustrous? or because it is an element that brings pride? To speak from an economist/vyapaari point of view – Gold multiplies money in the safest manner, that is when the market is dull, the price of gold shoots up and when the market is at heights, the gold value digs the crust but not to a greater extant, and one of the major reason is that gold is considered as an ever-rising asset, due to its demand & supply aspect. To penetrate deeper, below is the infographics on the rise of gold value from 1964-2025, which mirrors the true picture of why Gold is such a valuable asset.

Why does the price of gold or any other asset like real estate or a stock grows? The major hand in this is of emotional contagion, that is when is markets are in tension (assume during COVID-19 pandemic) then everybody invests in secure assets such as Gold, Real estate etc., and that is when the demand for such assets increases, since we know price and demand are directly proportional, due to which the price of such assets ultimately increases to make it No.1 asset, this is how emotional contagion works.

But wait, emotional contagion has more of a negative impact than a positive one. Here's a catch, speculation is also a part of this, when someone gives you a tip to invest in a particular stock or if you receive message to invest money in this particular stock saying "xyz ltd. Will give you 2x profits" they (speculators) try to speculate the price by making common man invest their penny (say Re.100
from 1000 people) and they (speculators) themselves invest huge money (say Re.10,000), now that common man has invested their penny and also have tipped other acquaintances to invest, then the price of the stock increases, after a certain extent of hike, the speculators sell their stock (say for Re.25,000) without informing the common man to sell, here speculators make fat money, whereas by the time common man realizes to sell the stock, the stock value is already dropped and now the same Re.100 stock is valued at Re.20, this is how big stock market scams happens by using the common man for self-benefits.

Hence, it becomes crucial for everyone to always do a deeper analysis before a particular investment rather than investing on tips or doing what everyone does, since most of the time "All that glitters is not gold." Therefore, when someone is selling you something that seems very fruitful from all the aspects, it's sure that the person is trying to bluff you (in most cases). So, beware and do your own analysis to get the real picture outside the gallery.

KUNSH AGARWAL
BBA 1H

MIND OVER MARKET: STRATEGIES FOR MANAGING EMOTIONS IN INVESTMENT DECISIONS

Investing is as much a psychological game as it is a financial one. While data, charts, and analysis dominate the technical side of the markets, it's often emotions-fear, greed, and impatience-that determine actual investor behavior. Emotional decision-making can lead to impulsive actions, which often result in financial loss. The key to becoming a successful investor lies in mastering your mind.

To manage emotions, investors can use some helpful strategies
Make a Plan: Set clear goals and stick to your plan even when the market changes. Know Your Risk: Understand how much risk you are comfortable with and invest accordingly.Stay Informed, Not Overwhelmed: Keep learning about the market, but don't let daily news affect your decisions too much, Avoid Herd Mentality: Don't copy others blindly. Make choices based on your own research.Take a Long-Term View: Stay patient and don't expect quick profits
Review Regularly: Check your investments from time to time to stay on track
Seek Help if Needed: A financial advisor can help you make logical, emotion-free choices

Successful investing is not just about making the right calls-it's about avoiding emotional missteps. By cultivating self-awareness, creating a structured plan, and learning to stay calm during market chaos, investors can tilt the odds in their favor. Remember, mastering the markets begins with mastering your mind.
In short: Stay calm, think long-term, and don't let emotions drive your investment decisions.

GAYATRI
BBA 3B

THE ROLE OF EMOTIONS IN MARKET VOLATILITY

Financial markets are often seen as places where decisions are based on things like economic data, company profits, and world events. But if you look a little deeper, you'll find that something else is really driving the changes: human feelings. Whether it's the excitement of a market going up or the sadness of a market going down, the overall feelings of people investing play a big role, sometimes in ways that don't make sense.

Two main feelings are at the heart of how markets behave: greed and fear.

When markets are going up, greed is the main force. People get excited, sometimes too excited, and they might chase high returns without thinking about the risks. This can lead to people paying too much for assets, creating big bubbles. This kind of overconfidence makes people follow the crowd, making prices go up even more than they should.

When markets are going down, fear takes over.

Once something bad happens or prices start to fall, fear spreads quickly and can turn into panic. Losing money feels worse than making it, which makes people sell their investments in a rush, often at the worst time. This panic selling can make prices drop even more quickly, making the market more unstable and less rational.

Behavioral economics shows that certain mental habits make these feelings worse.

Overconfidence makes people think they know more than they do, leading them to take bigger risks. Anchoring makes people stick to old prices, even when they shouldn't. Confirmation bias makes people look for information that fits what they already believe, strengthening their emotional views.

These feelings and habits form a cycle: first there is hope, then excitement and overconfidence, then fear and panic, and finally a slow recovery.

Emotions are natural, but it's important to know how they affect decisions. To avoid being too emotional, you can make a solid investment plan, focus on long-term value instead of short-term changes, and use methods like buying the same amount each month. Getting advice from professionals can also help you think more clearly.

In short, financial markets aren't really rational.They show a lot abouthow people feel. By understanding how emotions and thinking biases affect the market, investors can be more ready to deal withthe risks and make better, more thoughtful choices.

TRUPPTHI SONI
BBA 1 HBIA

INVESTING WITH YOUR HEART: HOW EMOTIONS IMPACT FINANCIAL DECISIONS

When it comes to investing, many people think it's all about numbers and facts. But in reality, emotions have a big impact on how we make financial decisions. Our feelings like fear, greed, excitement, regret, and even sadness can influence when and where we invest our money.

For example,fear can make us panic and sell our investments when prices drop, even if it’s a temporary dip.

Greed can make us chase risky investments, hoping to get rich quickly, but often leading to losses.

Overconfidence might make someone believe they always know best, causing them to ignore advice or warning signs.

Regret can prevent someone from investing again after a bad experience, even if the situation has improved.

Emotions like these can cause people to buy when prices are high (because others are buying) and sell when prices are low (because they’re scared), which is the opposite of what smart investing usually requires.

To make better investment decisions, it’s important to

Create a clear investment plan based on your goals and stick to it.

Understand your risk tolerance, so you’re prepared for ups and downs.

Stay calm during market changes, and avoid reacting emotionally.

GAYATRI
BBA 3B

FOMO (FEAR OF MISSING OUT) – EMOTIONAL INVESTING

Have you ever done something just because all of your friends were doing it and you didn't want to miss out on all the fun they might have even if you don't like what your doing? That is the simplest way to understand the sociological phenomenon – Fear of missing out.

So why do investors take emotional decisions? This is because our brain is wired to believe that what it believes is right and not the very real and very correct facts and figures we derive. In recent times, many people have started investing, not because they want to gain profits, not because they like to invest but only due to seeing or hearing people around them doing this task and believing that they are missing out on something. Most individuals in the investing market do not even know properly of what a financial market is, let alone how it works. There are also many psychological behaviours that lead to Investors making bad decisions, just because others are doing the same thing. For example,

- Herd mentality, also known as mob or crowd mentality, describes the tendency for individuals to act and think like the majority of a group, often without independent thought or critical analysis. This can lead to people adopting behaviours or beliefs that differ from their own, sometimes with negative consequences.
- Chasing a rising stock: A trader sees a stock skyrocketing and, without proper analysis, buys in at a high price, only to face a sharp drop shortly after.
- Missing a profitable opportunity in the past can lead to FOMO-driven decisions in the future. Traders might feel anxious about missing the next big opportunity and jump into trades too quickly.

Now, investing isn't a child's play, it is very risky and can have very negative consequences if it is not done properly. Therefore, it is very important for individuals to first be aware of the market, of it'spros and cons and everything about the market before they start investing because half knowledge is worse than ignorance, and dangerous than no knowledge. Do proper research, do not take decisions in haste and especially because everyone is doing the same thing, many of those people don't even know what they're doing. So be different, be someone above the crowd, not among it.

REBECCA VUBA
BBA 1 HBIA

EMOTIONAL BIASES: HOW THEY AFFECT INVESTMENT DECISIONS

“Trust your gut” a common phrase we are all familiar with.But when it comes to investing, relying on that instinct can quietly work against you. Why? Because gut decisions are often driven by emotional biases. Have you ever made a financial decision just because “it felt right”? That’s not strategy, that’s emotional bias at work.

Instead of thinking logically, we let our feelings like fear, greed, or even overconfidence decide for us. In behavioural finance such patterns are called emotional biases where decisions are based on emotions instead of proper analysis. And when money is involved, that’s where real mistakes happen. So, understanding how emotional biases work isn’t just helpful but essential if you are serious about making smart, logical financial decisions. Not just for investors but for anyone who handles money which is basically everyone.

Real World Examples of Emotional Biases in Investing-

• Over confidence bias. When we think we know more than we actually do. Example: you invest a lot of money in a company just because your last investment worked well. You believe you’re an expert now and stop checking facts like financial reports or company growth.

• Fear & Loss Aversion. We feel losses much more strongly than gains. Example: if you lose Rs.500, it hurts more than gaining Rs.500. In investing, people often sell their stocks too early just to avoid losses even when the company is good.

• Regret aversion. After making a bad choice once, we avoid similar situations. Example: you invested in a company that failed. Now even if another company shows promise, you avoid investing out of fear of repeating your mistakes.

• Herd mentality. blindly following the crowd. Example: everyone around you is investing in gold, so you also start investing in gold without thinking whether it suits your goals.

• Greed bias. wanting quick and big returns without checking risks. Example: hearing about trending stocks and investing blindly hoping to double your money fast.

How to Avoid Emotional Biases While Investing-

• Set Clear Goals. know why you're investing whether it's for a house, education, or future savings.

• Do Research. Check the company's financial reports, market position, and risk factors before investing.

• Diversify. don't put all your money into one company or asset. Spread it across stocks, bonds, mutual funds, or gold. This is called diversification.

• Use Stop-Loss. This is a tool where your investment automatically sells when it reaches a certain loss limit. It helps protect you from big losses.

• Pause Before Acting. if you're making a decision quickly because it "feels right," stop. Take a moment, check the facts, and then decide.

Emotions are natural, but in investing, they can be costly. Mastering your emotions isn't about eliminating them, it's about managing them. Keep your biases in check and let strategy, not feelings guide your investment journey.

AARTHI SHARMA
BBA 1H

FROM EMOTIONAL TO RATIONAL: IMPROVING INVESTMENT DECISION-MAKING

Let's face it. Most of us aren't born investors. We didn't grow up studying charts of the share market or calculating risk ratios. We just know money matters as we live in this capitalistic system, and we want to make good choices with it.

But here's the catch: making smart money decisions isn't just about knowing numbers. It's about knowing yourself and also your emotions towards money and finances.

Because when it comes to investing, emotions sneak in quietly, but powerfully and we don't even know it often times.

Questions arise in our minds :

"Should I sell it?" "Should I buy now?" "What if I lose everything?"

Ever caught yourself feeling that way? That's not the logic of your mind. That's fear. Or maybe greed. Or that thing called FOMO we call it these days - the fear of missing out.

You hear your friend made a quick profit on a stock and suddenly, your heart speeds up. You think, maybe I should jump in too, There's a good chance I'll see solid returns.

Or the market crashes, and your first instinct is to sell everything.

We've all been there.

Heart over head?

And honestly? It's normal.

We're human.

We're emotional. We want security. We want gains. We hate losing. And in the world of investing, those feelings can get overwhelming fast.

But here's the problem: Emotions make terrible investment advisors often

They react. They rush. They convince you to buy high and sell low, which is the exact opposite of what you should do.

That’s why the real challenge isn’t picking the right stock.
It’s managing yourself and your thoughts.
So how do we shift?

Here’s what I’ve been learning and still working on:
Firstly,
Know why you’re investing
Not just “to make money.” Be specific. Is it for your future home? Freedom to travel? Helping your family? When your reason is personal, you stop chasing trends and start staying grounded.

Secondly,
Make a plan when you’re calm
When the market is stable and your mind is clear, set some rules - how much you’ll invest, your risk limit, and when you'll sell or not sell. Then, when panic hits, you already have a plan to fall back on.

Thirdly,
Step away from the noise
Constant updates and market news can mess with your head. You don’t need to check your portfolio every hour. Give it space. Let it grow.

Fourth,
Write it down
I started journaling why I make certain money decisions. Later, I read it back and ask, was that a smart move or an emotional one? It’s eye-opening.

Fifth,
Talk it out
Whether it's with friends, a mentor, or someone who knows investing; talking helps. Sometimes you just need someone to say, breathe, don't do anything rash.
It's not about being perfect at investing It's about being aware
You're still going to feel things. I do too. Sometimes I feel nervous even after making the right decision.
But I've learned that emotional investing is like replying to a message when you're angry. It feels right in the moment, but you usually regret it later.

Final thought :
Your money will follow your mindset.
The mindset which you built by emotional awareness.
And the more calm, intentional, and self-aware you become, the better your decisions will be.
When your emotions begin to overwhelm you, take a moment to breathe and regain your focus.
Remember your goals.
And choose the grounded voice of reason over the loud noise of fear.

That's how we move, slowly but surely, from emotional to rational.
And truly? That's where the magic happens.

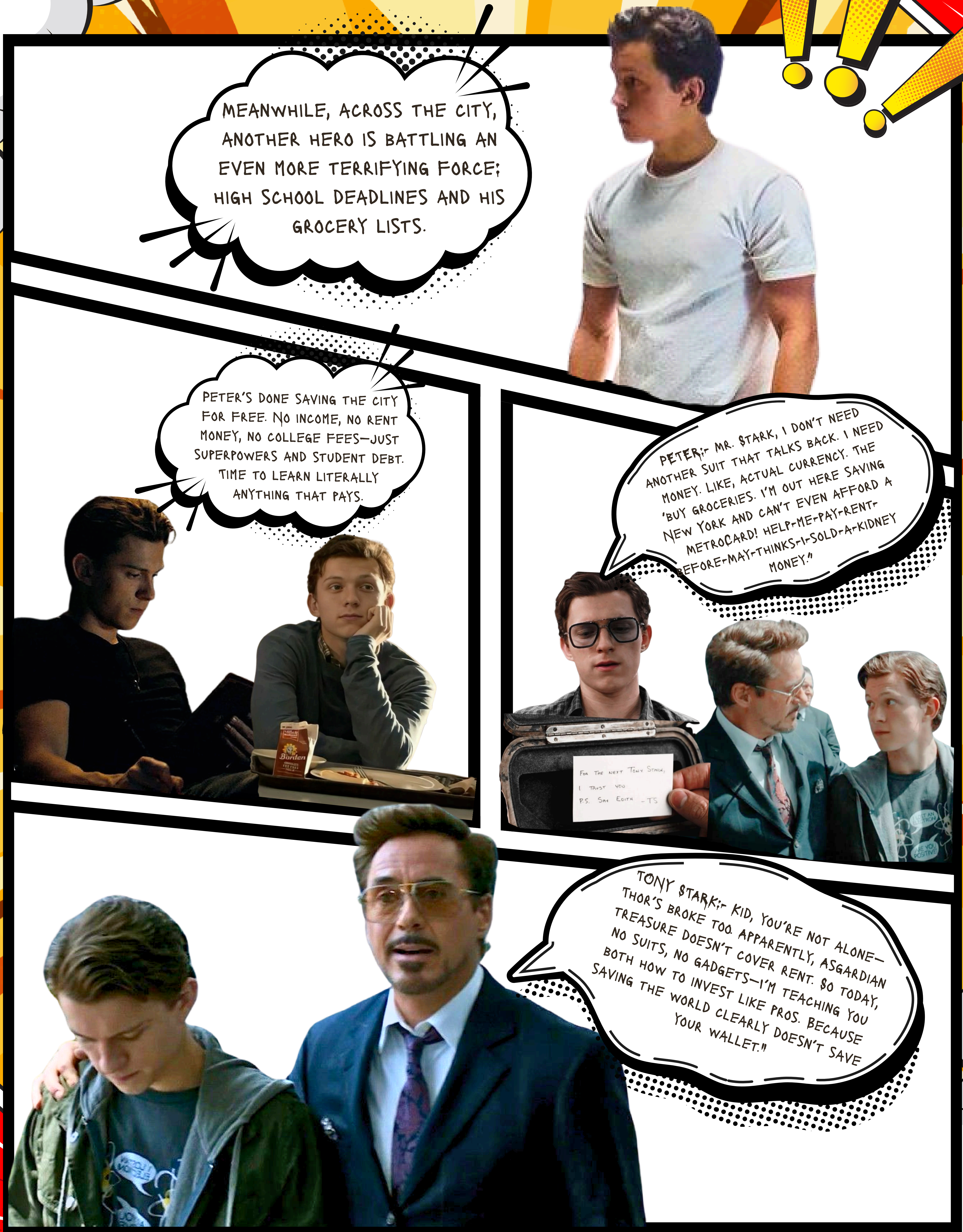
TANVI
MBA 1B

MARVEL
OF THE MARKET

WHEN HERO'S CHASE PROFITS

#1 Asgard to overdraft

#2 Webs to Debts



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#3 Think Long Term

#4 Diversify


THIS SHINES! I INVEST IT ALL!
ONE BET AND YOU'RE TOAST. SPREAD IT OUT.
LIKE WEBBING TO DIFFERENT BUILDINGS – STAY BALANCED?
EXACTLY, BUG BOY.
SHOULD WE SELL?!
I SHALL STRIKE DOWN THIS 'NASDAQ'!
"MARKET CRASH!" "SELL NOW!"
BREAKING NEWS
"MARKET CRASH!" "SELL NOW!"
19:05
IGNORE THE NOISE. MEDIA THRIVES ON PANIC. YOU DON'T HAVE TO.
INVEST WITH WISDOM, NOT WRATH.
STAY CALM. STAY FOCUSED.
CONTROL YOUR EMOTIONS. NO FEAR WHEN IT DIPS, NO GREED WHEN IT JUMPS.
NOW THAT'S HERO-LEVEL INVESTING.

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OF SCIENCE, HUMANITIES & COMMERCE

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Autonomous College - Affiliated to Osmania University

DEPARTMENT OF MANAGEMENT STUDIES

ORIENTATION PROGRAM FOR BBA FIRST YEARS

Name of the event: Ice breaking activity
Date: 18 June Day: Wednesday
Venue: MBA Block, Bhavan's Vivekananda College room no.s 207,304 & 305

SAMVRIDHI NEWS LETTER in collaboration with ABHYAS CLUB has organized Ice breaking activity on 18th June 2025, by Department of Management studies Faculty members being present alongside Student in-charges for orientation program for the first years of BBA Generals and BBA honors students. To help them engage with fun games and quizzes; They were briefed about Samvridhi, Abhyas and SARP. The activity was held in 3 rooms, 207, 304 & 305 respectively with each room conducting different set of activites for the freshers.

Room 207:
Faculty Incharge:
Ms. V. Achutamba, Lecturer Coordinator, Abhyas Club, BVC
Ms. k.Kausalya ,Faculty Department of Management Studies, BVC
Ms. V. Shravani priya , Faculty
Student Incharge:
Prajwal Badiger, Member of Abhyas club, BVC

Tanisha kumari, Member of SAMVRIDHI Newsletter, BVC
Atharava Asthana, Member of Abhyas club, BVC

Activities Conducted:
1.Tic Tac Toe
No of participants: 40
Strength: 60
The activity starts of with the simple game of X & O box on the board and 2 rival teams with each team having five members each, ranking themselves in order of 1 to 5 among themselves on both the sides, student incharges were to ask the questions to the teams and whichever team answers first within 20 secounds were given the score and mark either X or O on the board and the team that matched the streak of X or O wins the game.

2.Word Building
No of participants: 60
Strength: 60
Classroom divided into 10 teams with 6 members on each team, and a random letter given by student incharge to the first team had to tell a word, the last letter of the spoken word had to be passed to the next team to form another word and so on till the last team, each team gets only 5 secounds to think of a word and score themselves a point, by the end whichever team has high number of scores wins.

Room no: 304
Faculty Incharge :
Mrs. Guddati Archana, Lecturer Coordinator, SAMVRIDHI Newsletter, BVC
Mrs. B. Navaneetha, Lecturer Co-Coordinator, SAMVRIDHI Newsletter, BVC
Ms. Rachel Annie, Lecturer Co-Coordinator, Abhyas club, BVC

Student incharge :
Amali Pathuri, Student Coordinator, SAMVRIDHI Newsletter, BVC
Kameswari Guduru, Member of SAMVRIDHI Newsletter, BVC

Activities conducted :
1. Pass the Ball:
No of participants : 50

strength: 60 Group of students to form a circle and one to stand in between the circle, throws the ball to the people standing in the circle and whoever catches the ball answers to general questions asked by student incharges.

2. Word Forming:
No of participants: 55
Strength: 60
The topics given for the game, Music genres and Movie Punch Lines and go on with the game, teams had to make a word with the last letter of the topic to make a meaningfull sentence, whichever team ended the last word of the sentence scores a point

Room no: 305
Faculty Incharge:
Mrs.Sneha Cintre, Lecturer Co-Coordinator, Abhyas club, BVC
Mrs. Srivani ,Faculty Department of Management Studies
Student Incharge:
Bidisha Banerjee, Student Coordinator, SAMVRIDHI Newsletter, BVC
Deepika Paku, Member of Abhyas club, BVC
K Presha, Member of Abhyas club, BVC

Activities conducted:

1.Roast Royalee:

No of participants: 55

Strength:60

Teams were divided in two sets where one versus the other, and were given topics of Samsung vs IPhone, Tollywood vs Bollywood, DC vs Marvell and had to debate with eachother, the team that has major approvable and appropriate points within time frame scores

2.Guess the Logo:

No. Of participants: 30

Strength: 60

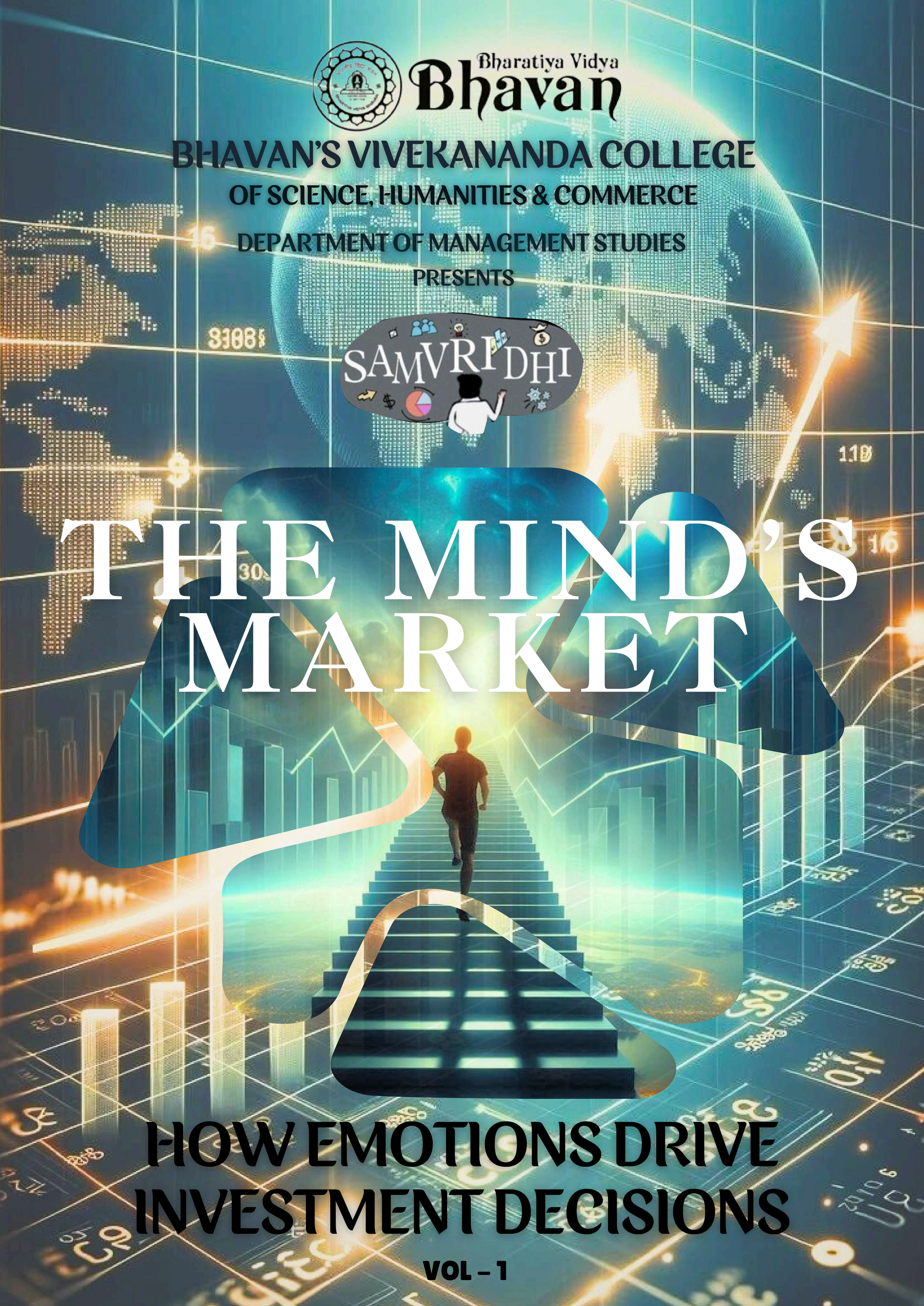
The student incharges to show different logos of the companies on the screen and the students have to guess them and whoever guessed majority of the logos scores.

3.Word Continuation:

No of participants: 60

Strength:60

Teams had to continue telling a word in alphabetical order to form a sentence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Bhavan
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HOW EMOTIONS DRIVE
INVESTMENT DECISIONS
VOL – 1