APPENDICIES
(A) For Loss aversion

**Instructions:** You start with row 1 and then you go down from row to row. In each row you decide whether you accept (Put a Tick mark) or reject (Put a Tick mark) the lottery.

<table>
<thead>
<tr>
<th>Lottery Task Experiment</th>
<th>Accept</th>
<th>Reject</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 If the coin turns up heads, then you lose Rs 5000</td>
<td>If the coin turns up tails, you win Rs 15000</td>
<td></td>
</tr>
<tr>
<td>2 If the coin turns up heads, then you lose Rs 7500</td>
<td>If the coin turns up tails, you win Rs 15000</td>
<td></td>
</tr>
<tr>
<td>3 If the coin turns up heads, then you lose Rs 10000</td>
<td>If the coin turns up tails, you win Rs 15000</td>
<td></td>
</tr>
<tr>
<td>4 If the coin turns up heads, then you lose Rs 12500</td>
<td>If the coin turns up tails, you win Rs 15000</td>
<td></td>
</tr>
<tr>
<td>5 If the coin turns up heads, then you lose Rs 15000</td>
<td>If the coin turns up tails, you win Rs 15000</td>
<td></td>
</tr>
<tr>
<td>6 If the coin turns up heads, then you lose Rs 17500</td>
<td>If the coin turns up tails, you win Rs 15000</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX (B) For Regret

Assume that you have Rs. 50000 to invest with one of two brokers (Broker A or Broker B). Broker A has a 43% chance of success, that your investment will increase by 15% after one year and Broker B has a 54% chance of success; that your investment will increase by 12% after one year. Which of the two brokers you would like to invest the Rs. 50000? Please circle the option you choose.

1. Broker A  2. Broker B

If the broker chosen by you in above question get failed,

Please show how strongly agree or disagree with these statements by circling number 1 (strongly agree) to 5 (strongly disagree) which best fits your decision in the above question?

1. It was the right decision
   a) Strongly agree  b) Agree  c) Neither agree nor disagree
   d) Disagree  e) Strongly disagree.

2. I regret the choice that was made
   a) Strongly agree  b) Agree  c) Neither agree nor disagree
   d) Disagree  e) Strongly disagree.

3. I would go for the same choice if I had to do it for again
   a) Strongly agree  b) Agree  c) Neither agree nor disagree
   d) Disagree  e) Strongly disagree.

4. The choice did me a lot of harm
   a) Strongly agree  b) Agree  c) Neither agree nor disagree
   d) Disagree  e) Strongly disagree.

5. The decision made was wise one
   a) Strongly agree  b) Agree  c) Neither agree nor disagree
   d) Disagree  e) Strongly disagree
APPENDIX (C) Questionnaire for Stock Market Participation

Instructions: You have to choose one of the five options for each question which suits you the best.

1. How many different types of Stocks do you own on the average?
   a) Less than 2    b) 2-6    c) 7-10
   d) 10-14    e) More than 15

2. How much is your total investment in stock market annually?
   a) Rs. Less than 25000    b) Rs. 26000–50000    c) Rs.50000–75000
   d) Rs. 75000–100000    e) Rs. More than 100000

3. What percentage of your income is invested in equity market?
   a) 1-10%    b) 11-20%    c) 21-30%
   d) 31-40%    e) More than 40%

4. What are the approximate dividends you have earn from the stocks you recently own from the last 1 year?
   a) Less than 2000    b) 2000-4000    c) 4000-6000
   d) 6000-10000    e) More than 10000

Note: Each question was coded from 1 to 5 and then they are summed up to get scores of stock market participation with higher scores indicating higher stock market participation.
APPENDIX (D) Questionnaire for Risk Preferences

Instructions: You have to choose one of the options given for each question which suits you the best.

Q1. What proportion of your assets would you wish to invest in instruments other than risk-free deposits?
   a) 0%   b) Between 1 and 25%
   c) Between 25% and 50%   d) Between 50% and 75%
   e) More than 75%

Q2. You have saved the equivalent of 10% of your gross annual salary and it is proposed that you invest this sum in a risky stock. You have a 50/50 chance that the value of your investment will triple over the next three years or that you will lose the entire amount invested. What will you do?
   a) will automatically refuse the proposal.
   b) will carefully examine the proposal and then refuse.
   c) will have difficulty making a decision.
   d) will carefully examine the proposal and then accept.
   e) will automatically accept the proposal.

Q3. If you had to invest 2,00000 which of the following investment choices would you find most appealing?
   a) 50% in low-risk investments 40% in medium-risk investments 10% in high-risk investments.
   b) 40% in low-risk investments 40% in medium-risk investments 20% in high-risk investments
   c) 30% in low-risk investments 40% in medium-risk investments 30% in high-risk investments
   d) 20% in low-risk investments 40% in medium-risk investments 40% in high-risk investments
   e) 10% in low-risk investments 40% in medium-risk investments 50% in high-risk investments
Q4. You are on a TV game show and can choose one of the following. Which would you take?

a) 10,000 in cash b) A 75% chance of winning 25000

c) A 50% chance at winning 50,000 d) A 25% chance at winning 1,00,000

e) A 5% chance at winning 1,000,000

Q5. Suppose the markets go through a difficult period, what decrease in the value of your investments could you tolerate?

a) No decrease b) Less than 5%

c) Between 5% and 10% d) Between 10% and 20%

e) Over 20%

Q6. Investments carrying a higher risk come with a bigger chance of achieving higher returns, but also a bigger chance of incurring substantial losses. Each investor has a different appetite for risk. Suppose you had 1 crore to invest which of following return scenarios would be most attractive?

a) Between a loss of 2% and a gain of 13%

b) Between a loss of 12% and a gain of 28%

c) Between a loss of 26% and a gain of 46%

d) Between a loss of 36% and a gain of 87%

e) Between a loss of 50% and a gain of 100%
Q7. Please tick which of the following portfolio volatilities would you be most comfortable with? (Assume an inflation rate of say 3% p.a.)

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>B</td>
<td>-5%</td>
<td>11%</td>
<td>3%</td>
<td>15%</td>
<td>-2%</td>
</tr>
<tr>
<td>C</td>
<td>10%</td>
<td>-10%</td>
<td>8%</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>D</td>
<td>38%</td>
<td>-17%</td>
<td>-5%</td>
<td>14%</td>
<td>26%</td>
</tr>
<tr>
<td>E</td>
<td>15%</td>
<td>18%</td>
<td>-28%</td>
<td>63%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Note: Each question was coded from 1 to 5 in each question and then they are totaled up to get scores of risk preferences with higher scores indicating higher risk preferences.
APPENDIX (E) Consent Form

Respected Sir/Madam

I am Muskaan Arora, a regular PhD Scholar in the department of School of Humanities and Social Sciences, Thapar University, Patiala (Since Aug 2010). I am trying to investigate the certain behavioral patterns of the investors. In this context you will be required to answer some questions pertaining to your investments and do some psychological tests.

I assure you that the information collected will be kept strictly confidential.

If you are ready to participate in this study I request you to kindly give your consent by signing this form. If you have any query, you may ask me in person or you can contact me on the following Address/Telephone Nos., I will be happy to answer your queries. If you wish to know about yourself after the study, I will be pleased to provide you the feedback. You will carry a copy of this signed form.

I _____________ hereby give my consent to participate in the study.

Name____________
Organisation____________
Mobile No.____________
Signature____________

Thanking you in anticipation.

Muskaan Arora
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Thapar University
Patiala
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