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Risk Management Strategies in Mitigating Investors' Risks in the National Stock Exchange: Insights from Hyderabad

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Abstract*:* *Risk management is a critical aspect of investment decision-making, particularly in volatile financial markets such as the National Stock Exchange (NSE) of India. Investors face various types of risks, including market risk, liquidity risk, credit risk, and operational risk, which can significantly impact their portfolio performance. This study aims to assess the effectiveness of different risk management strategies employed by investors to mitigate potential losses and enhance financial stability. Utilizing a combination of primary data collected through structured questionnaires from active NSE investors and secondary data from financial reports and regulatory guidelines, this study employs quantitative techniques such as regression analysis and Structural Equation Modeling (SEM) to analyze the impact of these risk management strategies. The findings indicate that diversification remains a fundamental approach to reducing risk exposure, while derivative instruments offer a protective hedge against adverse market movements. Stop-loss orders and algorithmic trading provide additional layers of control over investment decisions. This research contributes to the existing literature on financial risk management by offering empirical insights into the efficacy of different strategies in the Indian stock market context. The study's conclusions highlight the necessity for investors to adopt a multi-faceted approach to risk management, incorporating both traditional and technology-driven strategies to optimize portfolio performance and safeguard against financial downturns. Future research could explore the integration of artificial intelligence and machine learning in enhancing risk mitigation processes.*

Keywords: Risk management, NSE, Portfolio Management