

PERFORMANCE OF EQUITY SHARES OF BANKING SECTORS IN NATIONAL STOCK EXCHANGE INDIA WITH REFERENCE TO AMBALAL SHARES AND STOCKS PRIVATE LIMITED

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ABSTRACT

The present paper is an attempt to evaluate the market efficiency of daily share prices of sample banks listed in the National Stock Exchange of India Limited. For the purpose of analysis, five public sector and five private sector banks were selected, based on the total market capitalization of sample banks. The daily closing prices of sample banks were collected from the website of National Stock Exchange of India Limited. The analysis of weak form market efficiency, using Runs Test and Autocorrelation function, revealed that the daily share price returns of sample banks were not efficient in weak form.

Key words: Abnormal Return, Banking Sector, Crisis, Nifty, Sensex, Stock Return.

INTRODUCTION

The main aim of this project is to analyse current growth trend of scripts of banking in equity market. Based on the study of Indian economy. Research studies have proved that investments in some shares with a longer tenure of investment have yielded far superior returns than any other investment. However, this does not mean all equity investments would guarantee similar high returns. Equities are high-risk investments. One needs to study them carefully before investing.

Since 1990 till date, Indian stock market has returned about 17% to investors on an average in terms of increase in share prices or capital appreciation annually.

Besides that on average stocks have paid 1.5 % dividend annually. Dividend is a percentage of the face value of a share that a company returns to its shareholders from its annual profits. Compared to most other forms of investments, investing in equity shares offers the highest rate of return, if invested over a longer duration.

Each investment alternative has its own strengths and weaknesses. Some options seek to achieve superior returns (like equity), but with corresponding higher risk. Other provide safety (like PPF) but at the expense of liquidity and growth. Other options such as FDs offer safety and liquidity, but at the cost of return. Mutual funds seek to combine the advantages of investing in arch of these alternatives while dispensing with the shortcomings. Indian stock market is semi-efficient by nature and, is considered as one of the most respected stock markets, where information is quickly and widely disseminated, thereby allowing each security's price to adjust rapidly in an unbiased manner to new information so that, it reflects the nearest investment value.

Mainly after the introduction of electronic trading system, the information flow has become much faster. But sometimes, in developing countries like India, sentiments play major role in price movements, or say, fluctuations, where investors find it difficult to predict the future with certainty. Banks are the

major part of any economic system. They provide a strong base to Indian economy as well. Even in the share markets, the performance of banks shares is of great importance. Thus, the performance of the share market, the rise and the fall of market is greatly affected by the performance of the banking sector shares and this report revolves around all factors, their understanding and a theoretical and technical analysis

National Stock Exchange

National Stock Exchange (NSE) Clearing has empanelled 15 clearing banks namely Axis Bank Ltd., Bank of India Ltd., Canara Bank Ltd., Citibank N.A., The Hongkong & Shanghai Banking Corporation Ltd., ICICI Bank Ltd., HDFC Bank Ltd., IDBI Bank Ltd., IndusInd Bank Ltd., JPMorgan Chase Bank, Kotak Mahindra Bank Ltd., Standard Chartered Bank, Union Bank of India, State Bank of India and Yes Bank.

The National Stock Exchange (NSE) is India's leading stock exchange covering various cities and towns across the country. National Stock Exchange (NSE) was set up by leading institutions to provide a modern, fully automated screen-based trading system with national reach. The Exchange has brought about unparalleled transparency, speed & efficiency, safety and market integrity. It has set up facilities that serve as a model for the securities industry in terms of systems, practices and procedures. National Stock Exchange (NSE) has played a catalytic role in reforming the Indian securities market in terms of microstructure, market practices and trading volumes.

The market today uses state-of-art information technology to provide an efficient and transparent trading, clearing and settlement mechanism, and has witnessed several innovations in products & services viz.

Demutualization of stock exchange governance, screen based trading, compression of settlement cycles, dematerialization and electronic transfer of securities, securities lending and borrowing, professionalization of trading members, fine-tuned risk management systems, emergence of clearing corporations to assume counterparty risks, market of debt and derivative instruments and intensive use of information technology

Performance of equity shares in the banking sector

Analyzing the performance of equity shares in the banking sector is crucial due to the sector's significant impact on the economy and the financial markets. This study aims to provide a comprehensive analysis of equity shares in the banking sector, focusing on key aspects such as stock prices, risk, return, and investment patterns.

The study utilizes a sample of banks selected based on specific criteria, and data is collected from various sources, including stock prices and financial statements. Methodologies such as statistical analysis and ratio analysis are employed to analyze the data and draw meaningful conclusions.

By evaluating the performance of equity shares in the banking sector, this study aims to provide valuable insights for investors, policymakers, and other stakeholders, helping them make informed decisions regarding their investments in the banking sector. The banking sector plays a pivotal role in driving economic growth and stability, making the performance of its equity shares a topic of great interest. This study employs a rigorous methodology to analyse the performance of equity shares in the banking sector, focusing on a diverse range of banks to ensure a comprehensive view.

By examining trends in stock prices, risk factors, and return metrics, the study aims to uncover key insights into the drivers of stock performance in this sector. Additionally, the analysis of investment patterns provides valuable information on investor behavior and sentiment towards banking stocks.

By evaluating the performance of equity shares in the banking sector, this study not only contributes to the existing body of knowledge but also provides practical implications for investors and policymakers.

Understanding the factors that influence stock performance in the banking sector is crucial for making informed investment decisions and ensuring the stability of the financial system

OBJECTIVES OF THE STUDY

Primary objective:

- To examine the nature of volatility of the banking sectors of National Stock Exchange (NSE) India

Secondary objective:

- To study and compare the performance of the banks in the banking sector.
- To analyse the banking sector equities.
- To study the equities of selected banks.
- To understand how the investors are responding to banking equities.

NEED OF THE STUDY

The Study enables a fresh investor to understand easily the various benefits offered by the Market. The Study provides a clear idea on growth of equities from past to the present scenario and its scope in the future. The Study gives a brief idea on the Open- Ended Equity Growth Schemes of five major organizations. At the end of the study, one can conclude what type of investments would be ideal with reference to the risk taking abilities of the investors and which type of investments would suit their financial needs and goals.

"A Study on the Performance of Equity Shares of Banking Sector in NSE India" stems from the pivotal role that the banking sector plays in the Indian economy. As a significant component of the National Stock Exchange (NSE), banking equities influence market dynamics and investor sentiment. This study is essential to provide a detailed analysis of these equities, helping investors understand their risk-return profiles, volatility patterns, and overall performance.

Such insights are crucial for making informed investment decisions, managing portfolio risks, and identifying lucrative opportunities within the banking sector. Moreover, the findings can assist policymakers in assessing the financial health of the sector and guide regulatory measures to ensure market stability and growth. Overall, this study aims to bridge the knowledge gap and support various stakeholders in navigating the complexities of banking sector investments in National Stock Exchange (NSE) India.

SCOPE OF THE STUDY

- This study cover introduction to capital market and trading to serve as basic material for capital market operations.
- For the purpose of analysis the data relating from 2020 to 2024 has been considered.
- However basic fundamentals have been brought out which can be also helpful for the study in large scale studies.
- Analysis based on only correlation to one sector stocks to other stocks and shown impact of financial results impact only and not applied any research.
- For this study the data collected are return and risk of investing an industrial stock

- It incorporates sections on fundamental analysis in the contexts of various companies in the stock markets.

The scope of "A Study on the Performance of Equity Shares of Banking Sector in NSE India" encompasses a comprehensive analysis of banking stocks listed on the National Stock Exchange. This study will evaluate key financial metrics, including price-to-earnings (P/E) ratio, return on equity (ROE), net interest margin (NIM), and non-performing assets (NPA) ratio, to assess the financial health and performance of these equities. Additionally, it will analyse risk-adjusted returns using the Sharpe and Treynor ratios. The study will cover a historical period to identify trends, patterns, and volatility in stock performance. By focusing on both individual stock performance and comparative analysis within the sector, the study aims to provide valuable insights for investors, financial analysts, and policymakers. The findings will aid in understanding market dynamics, optimizing investment strategies, and enhancing financial decision-making within the banking sector in National Stock Exchange (NSE) India.

RESEARCH METHODOLOGY

The process used to collect information and data for the purpose for making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include present and historical information.

The study will begin with the selection of a representative sample of banking sector stocks listed on the National Stock Exchange (NSE). Historical stock price data, financial statements, and relevant financial metrics will be collected from reliable sources such as National Stock Exchange (NSE) databases, financial reports, and industry publications.

Quantitative analysis techniques will be employed to calculate key financial ratios, including the P/E ratio, ROE, NIM, and NPA ratio. Additionally, risk-adjusted performance measures like the Sharpe and Treynor ratios will be computed. Statistical tools and software, such as R or Python, will be used for data analysis to ensure accuracy and reliability. The methodology will also include comparative analysis within the sector to identify trends, patterns, and anomalies. The findings will be interpreted to provide actionable insights into the performance, risk, and return characteristics of banking equities in National Stock Exchange (NSE) India.

METHOD OF DATA COLLECTION

- Source of data collection
- Statistical tools and techniques

Source of data collection:

- The data has been collected through primary and secondary sources

Primary data

- Interview with branch manager and banking staff
- Live trading in the market

Secondary data

- Books related to financial management
- Web sites can be used as vital information source

PERIOD OF THE STUDY

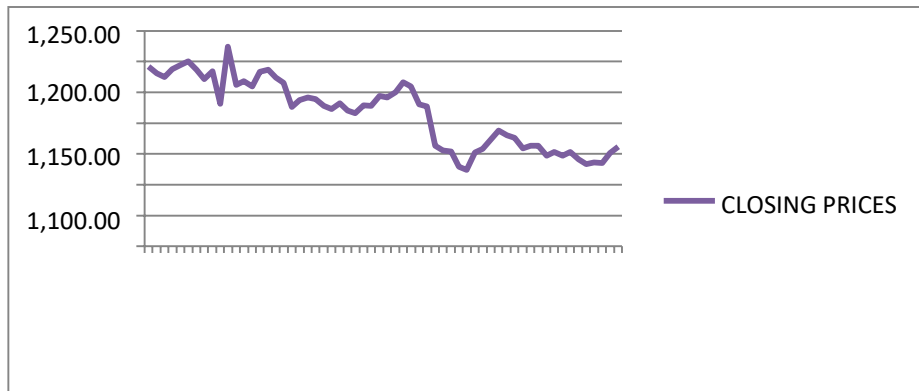
- The period of the study is from 18.03.2023 to 18.06.2023

LIMITATION OF THE STUDY

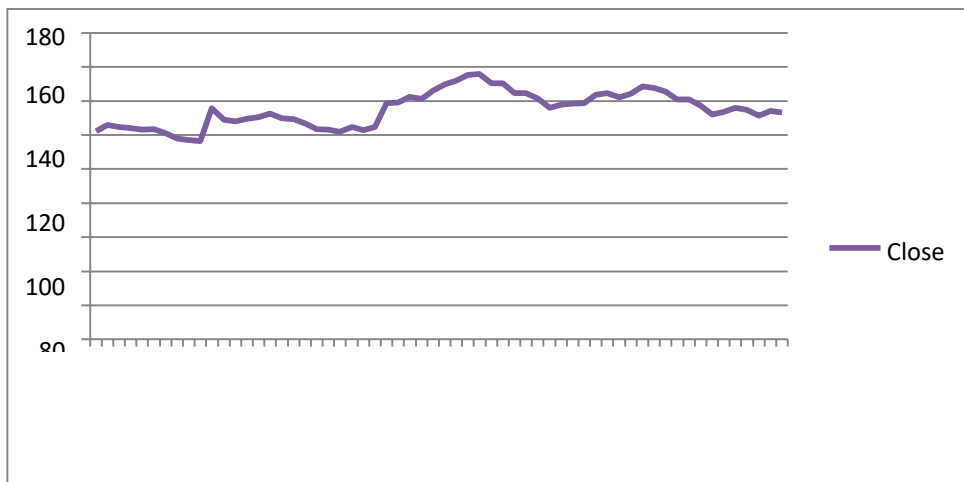
- The study is based on the data is given by the investors and the employees which may not be 100% correct.
- More over very few investors and agents have a detailed knowledge of the study
- The study is confined to only one sector.
- The project has been limited to investment analysis of banking sector only.
- Duration of the project is only 90 days, so not possible to evaluate other sector performance also

DATA ANALYSIS AND INTERPRETATION

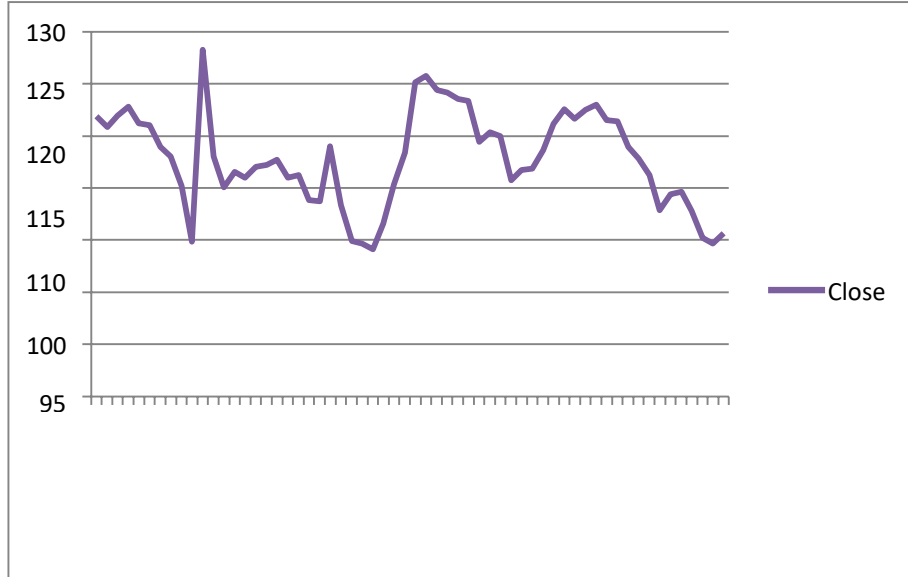
DISTRIBUTION OF RESPONDENTS BY AXIS BANK LIMITED SHARE PRICES MOVEMENT



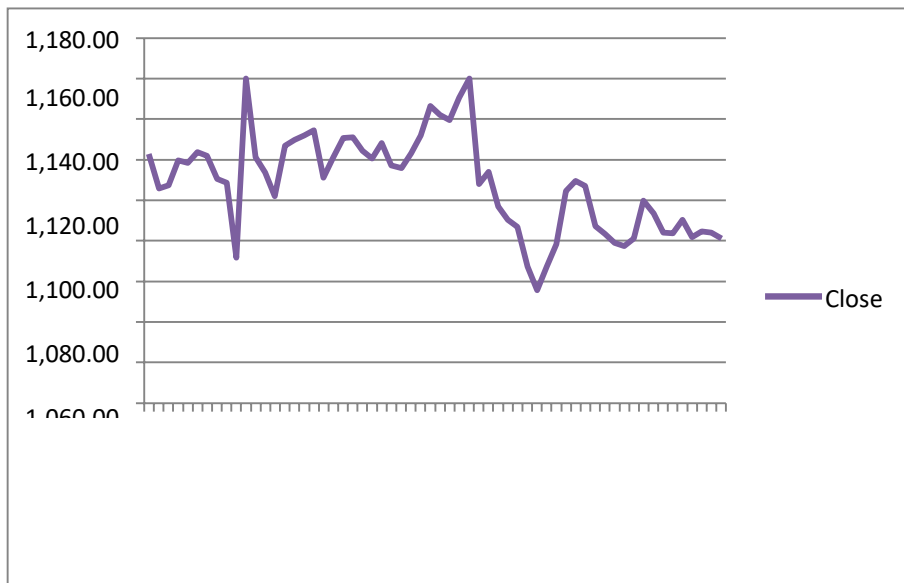
RESPONDENTS BY BANK OF INDIA LIMITED SHARE PRICES MOVEMENT



RESPONDENTS BY CANARA BANK SHARE PRICES MOVEMENT



RESPONDENTS BY ICICI BANK LIMITED SHARE PRICES MOVEMENT



FINDINGS

- During the period from March 18, 2024, to June 18, 2024, Axis Bank Limited's stock demonstrated significant volatility, with prices ranging from 995.70 to ₹1242.20. This volatility suggests a dynamic interplay of investor sentiment and market conditions. Fluctuating trading volumes further indicate varying levels of market participation and investor interest. The emergence of distinct support and resistance levels highlights key price points that influenced trading behaviours and investment decisions. These findings underscore the complex dynamics shaping Axis Bank's stock performance, influenced by market sentiment, investor actions, and broader economic factors during the specified timeframe.
- Bank of India Ltd.'s stock experienced notable volatility from March 18, 2024, to June 18, 2024, with prices ranging between ₹109.55 and ₹157.95. Trading volumes varied widely, peaking at

4,95,14,325 shares on June 4, 2024. The stock's performance reflected shifts in market sentiment and external influences during the period.

- Canara Bank had a previous close of 109.83 and opened at 110. During the trading period, its stock traded between 96.2 and 128.9. The volume traded was 3,39,45,927 shares, with an average volume of approximately 47,19,53,65.03 shares. The market capitalization stood at 1.065 trillion, with a PE ratio of 15.07 and an EPS of 16.84. Canara Bank's earnings date is scheduled from March 18, 2024, to June 18, 2024
- ICICI Bank Limited closed at 1080.35, opening at 1075.05, and traded within a range of 1048.1 to 1173 during the period. The trading volume was 1,83,06,176 shares, with an average volume of approximately 1,59,71,014.58 shares. The market capitalization was reported at 8.649 trillion. The bank's PE ratio was 19.82, with an EPS of 62.02. ICICI Bank's earnings date is scheduled from March 18, 2024, to June 18, 2024.
- Based on the provided information, HDFC Bank closed at 1,452.65 after opening at 1,447.00. Throughout the period, its stock traded between 1,421.25 and 1,610.50. The trading volume was 1,62,07,857 shares, with an average volume of approximately 1,93,07,175.37 shares. The market capitalization stood at 12.505 trillion, with a PE ratio of 18.55 and an EPS of 88.6. HDFC Bank's earnings date is scheduled from March 18, 2024, to June 18, 2024
- Based on the provided information, State Bank's stock closed at 731.90, with an opening price of 727.10. It traded between 719.8 and 912 during the period, with a total volume of 1,49,29,083 shares compared to an average volume of 21,563,774.74 shares. The bank's market capitalization is 7.673 trillion, with a PE ratio of 15.07 and EPS of 75.14. Earnings are expected between March 18, 2024, and June 18, 2024

SUGGESTION

Investors are advised to stay informed about market conditions and monitor stock performance closely, considering the observed volatility. Diversifying portfolios across different banking sector stocks can help mitigate risks associated with individual stock fluctuations. Furthermore, continued reliance on trusted brokerage firms and investment platforms can enhance investment decision-making and satisfaction.

Given the market volatility observed in major banking sector stocks like Axis Bank, Bank of India, Canara Bank, ICICI Bank, HDFC Bank, and State Bank during the period, investors are advised to stay informed, monitor stock performance closely, and consider diversifying their portfolios. This approach can help mitigate risks associated with market fluctuations and external factors, ensuring a more balanced and resilient investment strategy aligned with their financial goals

CONCLUSION

This study delves into the performance of banking sector equity shares listed on the National Stock Exchange (NSE) of India from March 18, 2024, to June 18, 2024. It analyzes the fluctuating stock prices and trading volumes of major banks such as Axis Bank, Bank of India, Canara Bank, ICICI Bank, HDFC Bank, and State Bank, highlighting their responsiveness to market conditions and investor sentiments during this period. Additionally, the research explores demographic insights and investor behaviours, emphasizing preferences for dividend income, reliance on investment websites for information, and satisfaction with brokerage services. These findings offer valuable insights for investors aiming to understand and navigate the complexities of equity investments in the dynamic banking sector on the NSE India. In conclusion, while the banking sector equity shares demonstrated significant performance

and investor engagement during the specified period, prudent investment strategies that align with individual risk profiles and financial goals remain crucial for sustainable investment outcomes in the NSE India market

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