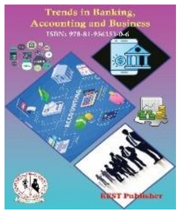
Trends in Banking, Accounting and Business

Vol: 2(2), 2023

REST Publisher; ISBN: 978-81-956353-0-6

Website: https://restpublisher.com/book-series/tbab/



A Study on Stock Market Risk Return analysis

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ABSTRACT: *Risk and Return analysis plays a key role in most individual decision-making process. every investor wants to avoid risk and maximize return, in general, risk and return go hand. If an investor wishes to earn higher returns than the investor must appreciate that this will only be achieved by accepting a commensurate increase in risk. Based on risk and return analysis, high risk gives high returns with low risk gives to low return, based on this concept in banking and automobile sector high risk gives low return. and in information technology, fast moving consumer goods, pharmaceutical sector low risk gives high return. Alpha stock is positive, and the companies are independent to market return and have a profitable return. Banking is a backbone for economic progress of any country, India is not an exception. After Nationalisation till liberalisation the progress of banking industry mainly focused on public sector banks. After liberalisation private sector banks has played an important role for the progress of Indian economy. Government of India initiated diverse structural reforms in line with global banking industry such as implementation of Basel norms, listing in stock exchanges, automation of operational activities, consolidation of selected public sector banks, as a part of financial inclusion Pradhan Mantri Jan Dhan Yojana (PMJDY), National Investment and Infrastructure (NIIF), allowing to operate small and payments banks and others. The project gave team members valuable stock market and regression experience, which in term has a built a strong foundation for potential investment in the future.*

1. INTRODUCTION

The stock market refers to the collection of markets and exchanges where regular activities of buying, selling, and issuance of shares of publicly held companies take place. Such financial activities are conducted through institutionalized formal exchanges or over-the- counter (OTC) marketplaces which operate under a defined set of regulations. There can be multiple stock trading venues in a country or a region which allow transactions in stocks and other forms of securities. The stock market or equity market and is primarily known for trading stocks/equities, other financial securities - like exchange traded funds (ETF), corporate bonds and derivatives based on stocks, commodities, currencies, and bonds - are also traded in the stock markets. While both terms stock market and stock exchange - are used interchangeably, the latter term is generally a subset of the former. If one says that she trades in the stock market, it means that she buys and sells shares/equities on one (or more) of the stock exchange(s) that are part of the overall stock market. The leading stock exchanges in the U.S. include the New York Stock Exchange (NYSE), Nasdaq, and the Chicago Board Options Exchange (CBOE). These leading national exchanges, along with several other exchanges operating in the country, form the stock market of the U.S.

Stock market is a place where people buy/sell shares of publicly listed companies. It offers a platform to facilitate seamless exchange of shares. In simple terms, if A wants to sell shares of Reliance Industries, the stock market will help him to meet the seller who is willing to buy Reliance Industries. However, it is important to note that a person can trade in the stock market only through a registered intermediary known as a stockbroker. The buying and selling of the shares take place through electronic medium. We will discuss more about the stockbrokers at a later point.

There are two main stock exchanges in India where majority of the trades take place - Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Apart from these two exchanges, there are some other regional stock exchanges like Bangalore Stock Exchange, Madras Stock Exchange etc but these exchanges do not play a meaningful role anymore.

Objectives of the study:

- To study about the emerging stock markets in India such as NSE and BSE.
- To study about the year effect of the Indian stock market (BSE and NSE) from 2000 to 2020.
- To examine the market capitalisation of Indian stock market (NSE and BSE) from 2000 to 2020.
- To examine the trend of risk and return of Indian stock market (NSE and BSE) from 2000 to 2020.
- To study about the type of trading preferred by the investors in stock market.
- Understand about the different methodologies of interests in value stocks and measure the hazard and returns.
- Analyse the value vacillations in chose areas embraced for the examination that are, Automobile, Banking and Information Technology.

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- watch the instability amongst Returns and Risk in the month-to-month variances in costs.
- Find out which organization is best for financial specialists.
- Evaluate the value developments of the chose stacks in view of Standard Deviation, Variance, Beta, Alpha Analysis and Correlation relationship.

Scope of the study:

- The study covers analysis of selected scripts in diversified areas to study average return. Standard deviation, correlation among scripts, weights, portfolio risk and portfolio return.
- Present examination has been attempted to watch the hazard and returns related with few chose stocks.
- Scope of the examination covers 2 organization's stock from Automobile Sector: 2 organization's stock from IT Sector, 2 organization's stock from Banking Sector. The extent of the examination is limited to just 6 Companies.
- The contemplate covers a period beginning from Jan 2015 to Dec 2017. It considers thinking about just of chose apparatuses like hazard, return, beta, alpha and standard deviation.

2. REVIEW OF LITERATURE

Kian –Pinhg Lim & Robert Brooks (2011) provides a systematic review of the weak-form market efficiency literature that examines return predictability from past price changes, with an exclusive focus on the stock markets. Our survey shows that the bulk of the empirical studies examine whether the stock market under study is or is not weak-form efficient in the absolute sense, if the level of market efficiency remains unchanged throughout the estimation period. However, the possibility of time-varying week-form market efficiency has received increasing attention in recent years. We categorize these emerging studies based on the research framework adopted, namely non- overlapping sub-period analysis, time-varying parameter model and rolling estimation window.

Anju Bala (2013) evaluated that stock market is one of the most vibrant sectors in the financial system, marketing an important contribution to economic development. Stock market is a place where buyers and sellers of securities can enter into transaction to purchase and sell shares, bonds, debentures etc. In other words, stock market is a platform for trading various securities and derivatives. Further, it preforms an important role of enabling corporate, entrepreneurs to raise resource for their companies and business venture through public issues. Today long-term investors are interested to invest in the stock market rather than invest anywhere.

Charles K.D, Adjasi, Nicholas B. Biekpe (2006) studies the effect of stock market development on economic growth in 14 African countries in a dynamic panel data modelling setting. Results largely show a positive relationship between stock market development and economic growth. Further analyses, based on the level of economic development and stock market capitalization, are also conducted. The results reveal that the positive influence of stock market development on economic growth is significant for countries classified as upper middle-income economies. On the basis of market capitalization groupings, stock market developments play a significant role in growth only for moderately capitalized markets. The general trend in results shows that low-income African countries and less developed stock markets need to grow more and develop their markets to elicit economic gains from stock markets.

L.M.C.S. (2006) study investigates the effects of macroeconomic variables on stock prices in emerging Sri Lankan stock market using monthly data for the period from September 1991 to December 2002. The multivariate regression was run using eight macroeconomic variables for each individual stock. The null hypothesis which states that money supply, exchange rate, inflation rate and interest rate variables collectively do not accord any impact on equity prices is rejected at 0.05 level of significance in all stocks. The results indicate that most of the companies report a higher R2 which justifies higher explanatory power of macroeconomic variables in explaining stock prices.

3. RESEARCH METHODOLOGY

Research methodology is a way of explaining how a researcher intends to carry out their research. It's a logical, systematic plan to resolve a research problem. A methodology details a researcher's approach to the research to ensure reliable, valid results that address their aims and objectives. It encompasses what data they're going to collect and where from, as well as how it's being collected and analysed.

Sources of Data Collection:

Primary Data: Primary data are those which are collected fresh and for the first time and thus happen to be original in nature. It is data which is obtained directly from respondents for the very first time by the researcher. It is original in nature.

Secondary Data: The secondary data on the other hand, are that which already been collected by someone, and which already has been passed through the statistical process. These are the source where data have been collected and complied for another purpose. I got company profile and industrial profile as secondary data.

Sampling Method:

Sample Size: Sample Size is number of respondents or people selected from a population to collect data/samples for computing in the research. The sample size for this study is 80.

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Sampling-Technique: Sampling-Techniques is the process by which the sample for the research or study is selected. This helps in selecting a group for the survey, as it is difficult to do the survey for the entire world's population. The Sampling-Technique used in the study currently is Simple Random Sampling- Technique

Sample Random Sampling: It gives each element in the population an equal chance being in the desired numbers of cases equally likely and makes possible each choice independent in the sample, making the selection of sample based on piece of paper. These the chits will be properly pit in a container and reshuffled before each drew.

Sampling Design: The research includes 80 respondents and corrections data through sample random sampling.

4. DATA ANALYSIS & INTREPRETATION

Data analysis of HR policies involves collecting and analysing data related to human resource management policies and procedures within an organization. The purpose of this analysis is to evaluate the effectiveness of HR policies in achieving their intended objectives, identify areas of improvement, and make data-driven decisions to optimize HR practices. HR policies include a wide range of areas such as recruitment and selection, employee training and development, performance management, compensation and benefits, employee relations, and compliance with employment laws and regulations.

Percentage analysis: Percentage analysis is a method of analysing data in which the figures are expressed as a percentage of a particular base or total. This type of analysis is commonly used in various fields, including finance, economics, and statistics, to better understand the relative proportions of different variables. A percentage analysis is used to give a particular representation at the respondents viewpoint column diagram are used in this tool.

TABLE 1. Protecting my portfolio is more important to me than high returns.

PARTICULAR	RESPONDENTS	PERCENTAGE
Strongly agree	31	38.75
Agree	20	25
Neutral	11	13.75
Disagree	12	15
Strongly disagree	06	7.5
Total	80	100

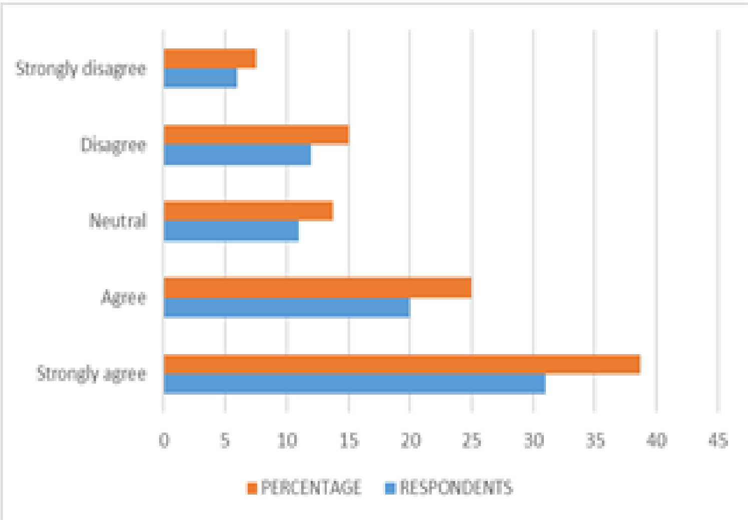

FIGURE 1. Protecting my portfolio is more important to me than high returns.

The above bar chart depicts that 38.75 % of the respondents are Strongly agree and 25% of respondents are agree and 13.75% of the respondents are Neutral and 15% of the respondents are Disagree and 7.5% of the respondents are Strongly disagree. Thus, most of the respondents Strongly agree.

T-Test Paired Two-Sample for means: A paired samples t-test is used to compare the means of two samples when each observation in one sample can be paired with an observation in the other sample. Null hypothesis (H0) implies that there is no significant difference between the averages/means of the two sets of samples. Alternative hypothesis (H∞) implies that there is a significant difference between the averages/means two populations, and that this variation is improbable to have been contributed due to sampling error.

$$t = \frac{\overline{x}_1 - \overline{x}_2}{\sqrt{(s^2(\frac{1}{n_1} + \frac{1}{n_2}))}}$$

TABLE 2. T-Test Paired Two-Sample for means.

	Gender	*Suggestion/feedback*	.	*30.Suggestion or Feedback*
Mean	1.437	1.7375		
Variance	0.249209	0.626424		
Observations	80	80		
Pearson Correlation	-0.9011			
Hypothesized	0			
Df	79			
t Stat	-2.757			
P(T<=t) one-tail	0.00361			
t Critical one-tail	1.664371			
P(T<=t) two-tail	0.007231			
t Critical two-tail	1.99045			

There was a statistically significant difference between gender and suggestion/feedback organizations demonstrated by T-test C value (1.99) P value (0.007).

Findings: Findings of the study, Due to covid-19 pandemic, Sensex lost 3,934.72 points (13.15%) to 25, 981.24 and Nifty lost 1,135 points (12.98%) to 7610.25. The biggest stock market crashes in India were caused mainly due to covid19 pandemic, 2008 financial crisis, Harshad Mehta scam.

Suggestions:

1. 1.Advertisement on television is the main source of attraction so the company must advertise its products heavily.
2. 2.Product must be improved.
3. 3.There should be provision of complain suggestion boxes at each branch.
4. Investment made by the investors needs to be prioritized in respect to their objectives.
5. 5.Depending upon their age the investors should go for equity exposure.
6. 6.Investors should look for long term capital appreciation and invest in diverse asset class

5. CONCLUSION

The results obtained from this study might not be accurate, because of the limited time to conduct the study, the analysis was done using very few tools and techniques. It is important for the companies to always be prepared for the unforeseen events which might occur at any time. If a company is well prepared for such events, it might be helpful to reduce the severity of the loss that might occur for the company. So, the risk and return analysis is an important assessment which must be done by an investor before making an investment. The companies should also take necessary advice from the experts in the field to make investment in the required segment and proper precautions to improve their performance/returns and reduce the risks associated with it.

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