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A Study on Stock Market Performances of Selected Stocks Listed Under Nse

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ABSTRACT
Many companies were set up as joint-stock enterprise with liability by shares. The trading had been started in the 19th century. Many businessmen in major cities purchased these shares. The corporate securities have come to have a market first. These securities are used to finance their investment and current expenditure. These are thus sources of funds to the issuers. Stock Exchange (also known as stock market or share market) is one of the main integral part of capital market in India. It plays a vital role in growing industries and commerce of a country which eventually affect the economy. Stock market is a place where shares of pubic listed companies are traded. A stock exchange facilitates stock brokers to trade company stocks and other securities. In India there are two main stock exchange namely National Stock Exchange and Bombay Stock Exchange. The term security is a negotiable financial instrument that holds some type of monetary value. It represents an ownership position in the firm. The main purpose of the study is to analyse the relationship between risk and reward of shares in the stock market. The study would facilitate the reader to know the risk and reward of four different companies in two different sectors and to find the correlation, coefficient of determination, adjusted R square and standard error for four companies of two different sectors along with NIFT 50 values.

KEYWORDS: Securities, NSE and BSE, Risk, Volatility, stock market, SEBI guidelines.

I. INTRODUCTION

As a neighbourhood of the method of economic liberalization, the stock market has been assigned a crucial place in financing the Indian corporate sector. Stock market is one among the foremost vibrant sectors within the financial system, marking a crucial contribution to economic development. stock market is a place where buyers and sellers of securities can enter into transactions to buy and sell shares, bonds, debentures etc. Stock market is a place where buyers and sellers of securities can enter into transactions to buy and sell shares, bonds, debentures etc. A regulatory authority named as SEBI (Security Exchange Board of India) was introduced to structure the security market and first electronic exchange National stock exchange was also started. The explanation behind this was to regularize investments, mobilization of resources and to offer credit.

The securities markets in India have made enormous progress in developing sophisticated instruments and modern market mechanisms. The key strengths of the Indian capital market include a totally automated trading system on all stock exchanges, a good range of products, an integrated platform for trading in both cash and derivatives. The concept of stock markets came to India in 1875, when Bombay stock exchange (BSE) was established as, 'The Native Share and Stockbrokers Association', a voluntary non-profit making association. Stocks of varied companies are listed on stock exchanges. The Bombay stock exchange (BSE), the National stock exchange (NSE) are the 2 important stock exchanges. There are many small regional exchanges located in state capitals and other major cities. The stock exchanges in India have the foremost advanced and scientific risk management systems. The growing number of market participants, the expansion in volume of securities transactions, the reduction in transaction costs, the numerous improvements in efficiency, transparency and safety, and also the level of compliance with international standards have earned for the Indian securities market a new respect within the world.

The stock market is where investors can trade different financial instruments, like shares, bonds and derivatives. There are two primary stock exchanges they're Bombay stock exchange (BSE) and National stock exchange (NSE).Bombay stock exchange Ltd (BSE), the primary ever stock market in Asia established in 1875 and therefore the first within the country to be granted permanent recognition under the Securities Contract Regulation Act, 1956.

The National stock exchange of India Ltd. (NSE) is that the leading stock exchange in India and therefore the second largest in the world by number of trades in equity shares from January to June 2018, according to World Federation of Exchanges (WFE)report.The Bombay stock exchange was founded by Premchand Roychand, an influential businessman within the 19th-century Bombay. He made a fortune within the stockbroking business and came to be known as the Cotton King, the Bullion King or simply the large Bull. He was also the founder of the Native Share and Stock Brokers Association, an establishment that's now referred to as the BSE. The Bombay stock exchange is that the oldest stock market in Asia. BSE's history dates back to 1855, when 22 stockbrokers would gather in front of Mumbai's government building. The situation of those meetings changed repeatedly to accommodate an increasing number of brokers. The group eventually moved to Dalal Street in 1874 and became a politician organization referred to as "The Native Share & Stock Brokers Association" in 1875. it had been the primary stock to be recognised by the govt of India.

II. REVIEW OF LITERATURE

Dr. Amalendu Bhunia (2012): Relationships between Commodity Market Indicators and Stock Market Index-an Evidence of India. - The present paper explores the relationships between two commodity market indicators and stock market in India. This research furthermore illustrates that there are bidirectional causal connection present between sensex and two commodity indicators in the study period. Indian gold price has been increased continuously between 1991 and 2012 owing to increase in the rate of world crude price, increase in import duty, interest rate, current account deficit, high rate of inflation, world economic situation, Indian political condition, increase in gold consumption in India, stock market collapse etc., as supported in, (World Gold Council, 2012). Though India is oil importing country, owing to increase in the import bill, current account deficit and crude oil price also continues to augment in India, as supported in, (Mohamed et al, 2008).

Ms. Anju bala (July 2013): INDIAN STOCK MARKET.: The main objective of present study is to present review of literature related to Indian Stock Market. The study would facilitate the reader to know the past, current and future trend or prospects of Indian Stock market. This study would provide guidelines to investor to maximise profit with minimize risks.

The main objective of this study is to capture the trends, activities and movements of the Indian Stock Market. Stock Market is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost.

Nisha (October 2014): Stock Returns and Volatility.: A Study of Indian Stock Market: To invest money in stock market is assumed to be risky because stock markets are volatile. There is volatility in stock market because macroeconomic variables influence it and affect stock prices. These factors can affect a single firm's price and can be specific to a firm. On the contrary, some factors commonly affect all the firms.

III. OBJECTIVES OF THE STUDY

The purpose of the study is to examine the shifts in stock price volatility. To be more precise, following objectives are conceptualized in the study:

1. To evaluate the risk within the securities market.
2. To analyse the volatility on market price of the securities and determine the return of selected stocks listed under NSE.

IV. RESEARCH METHODOLOGY

This research consists of 4 companies i.e., 2 IT sector and 2 Telecommunication sectors as samples for the studying and analysis purpose. This methodology considers the objectives and to accomplish the stated objectives, the study will utilise a descriptive research design. Date collection is the procedure of collecting and analysing insights for a specific research using standard and data tools techniques. A data can be based on primary or secondary. This research is based on secondary data. The data of 4 companies as been selected for analysis. The stock prices of the company and the index prices are collected from Money control, NSE & BSE. The prices are extracted for 4 years (12 months each) from 2016 to 2019. For the above study the following statistical tools of analysis is used for achieving the objective of the study. But these tools are subjected to limitations and the result may depend upon the accuracy of the information collected from the various sources of secondary data.The Statistical Tools used are:

1. Graphical Representation
2. Regression Analysis

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V. DATA ANALYSIS & INTERPRETATION OF DATA

Table No. 5.1

REGRESSION ANALYSIS

Company	Multiple R	R Square	Adjusted R Square	Standard Error	Observations
HCL	0.72	0.51	0.03	62.09	3.00
TECH MAHINDRA	0.19	0.04	-0.93	193.24	3.00
JIO	0.43	0.18	-0.64	22.76	3.00
VODAFONE	0.32	0.10	-0.79	40.87	3.00

In the above regression calculation, the two variables are NIFTY 50 stock prices and Stock prices of the companies.
X variable – Independent variables (NIFTY 50 stock price)
Y variable – Dependent variable (Stock price of companies)

From the above table we can conclude that the volatility in market can impact the company's stock prices. In the above table both the companies have a positive impact with moderate and low correlation respectively. Whereas, the Telecommunication sector as a negative impact with moderate correlation.
The correlation is 0.72, 0.19, 0.43, 0.32 respectively HCL as moderate correlation, whereas Tech Mahindra as low correlation. In telecommunication both the companies as moderate correlation.
The Co-efficient of determination is 0.51, 0.04, 0.18, 0.10. respectively for HCL, TECH MAHINDRA, JIO COMMUNICATION & VODAFONE GROUP.

RISK AND RETURN ANALYSIS BETWEEN HCL & TECH MAHINDRA:

Table No. 5.2

Table showing the stock price of HCL & TECH MAHINDRA for 2016 – 2019.

YEAR	HCL	TECH MAHINDRA
2016 - 2017	345.25	404.05
2017 - 2018	382.18	623.15
2018 – 2019	468.10	662.30

INFERENCES:
The above table gives us the stock return of HCL & TECH MAHINDRA for 4 years starting from 2016 to 2019. The impact is positive for both the companies as there is a positive return for all the 4 years.
For 2016 – 2017 there is a difference of 345.25 and 404.05
2017-2018 there is a difference of 382.18 and 623.15
2018-2019 there is a difference of 468.10 and 662.30
Conclusion: TECH MAHINDRA as higher return then HCL for all the 4 years.

RISK AND RETURN ANALYSIS BETWEEN JIO COMMUNICATION AND VODAFONE COMMUNICATION:

Table No.5.3

Table showing the stock price of JIO COMMUNICATION AND VODAFONE COMMUNICATION for 2016 – 2019.

YEAR	JIO	VODAFONE
2016 - 2017	-63.85	-34.68
2017 - 2018	-85.60	-77.20
2018 - 2019	-99.10	-93.85

INFERENCES: The above table gives us the stock return of JIO & VODAFONE for 4 years starting from 2016 to 2019. The impact is negative for both the companies as there is a negative return for all the 4 years.

For: 2016 – 2017 there is a difference of -63.85 and -34.68

2017-2018 there is a difference of -85.60 and -77.20

2018-2019 there is a difference of -99.10 and -93.85

Conclusion: JIO COMMUNICATION as a higher negative return than VODAFONE COMMUNICATIONS for all the 4 years.

VI. FINDINGS:

From the above analysis and interpretation of data we have the following findings of the study:

a) The analysis of reward between the stocks of HCL Technologies and Tech Mahindra for year 2016- 2017, 2017-2018, 2018-2019 are 345.25, 382.18, 468.10 and 404.05, 623.15, 662.30 respectively for HCL and Tech Mahindra. Table has shown that the stock return of both the companies have increased from 2016-2017 to 2018-2019 which is a good impact even when the market return had an increase decrease trend from 2016-2017 to 2018-2019. It can be found that the volatility in the stock market has a positive impact on the stocks. The stock return of Tech Mahindra is higher than the stocks of HCL Technologies.

b) The analysis of reward b/w the stocks of Jio Communication and Vodafone Communications for year 2016- 2017, 2017-2018, 2018-2019 are (63.85), (85.60), (99.10) and (34.68), (77.20), (93.85) respectively for Jio Communication and Vodafone Communications. Table has shown that the stock return of both the companies have decreased from 2016-2017 to 2018-2019 which has a negative impact even when the market return had an increase decrease trend from 2016-2017 to 2018-2019. It can be found that the volatility in the stock market has a negative impact on the stocks. The stock return of Jio Communication has a higher negative return than the Vodafone Communications.

VII. RECOMMENDATIONS:

The volatility in the market can affect the stocks either in a positive or negative way. Volatility in market is fluctuations in the prices.

❖ **Market volatility is inevitable:**

It's a key note that the market volatility is inevitable and it can't be determined how it will impact the impact the different company stocks.

❖ **Investing in different stocks and not in a particular stock:** Investors must make sure that they invest in different stocks and not in a particular stock. Its evident that when an investor invest in a particular stock the risk is more whereas, when a investor invest in various stocks he is dividing the risk and chances of loss is less.

❖ **Attention to long – term funds rather than short – term funds**:

Investors must avoid the volatility for short – term funds and concentrate on long – term funds. He or she must make sure they invest in long – term funds for reward because most of the short – term funds can be affected by volatility in the market. They should know about volatile markets and ways that can help the investor to tackle it.

❖ **Past performances do not guarantee future result:**

May be in the past the company which gave a positive return can fetch a negative return at the present. The investor must not depend on a particular company just because of its past performances, they must see the current position of the company in the market.

VII. CONCLUSION

There are many studies conducted to find out the relationship between stock market and index market and to check the volatility of stock market. These studies are conducted at various time frequencies of the data with different statistical tools. In most of the studies result indicates time – varying volatility of stock market. Hence, these studies producing conflicting result; some studies provide evidence that the volatility affects the stock market. Volatility of stock market is inevitable and it can't be determined if it will be reward or risk for the investor. The SEBI have a set of guidelines which has to be followed by the investor and the company.

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