

A Quick Insight of - Stock Market

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Abstract - Efficiency of Financial Markets is One of the Key Elements Indicating the Performance of Financial Markets and the Economy. in Efficient Markets, All Transactions Are Done with the Help of New Information Available About the Economy, Industries, and Companies. Stock Price Movements Are Completely Random and Are Highly Based on Current Information. the Historical Sequence of the Prices Will Not Provide Any Platform/Base for the Future. There Might Be No Use of Studying Historical Data of Price Changes to Gain Abnormal Returns. Because A Weak form of Inefficient Market Exists Due to Information Asymmetries, Transaction Costs, Market Psychology and Human Emotion. Hence, the Main Aim of the Present Study Was to Investigate the Behaviour of the Daily Stock Returns in India.

Index Terms – Stock Price , Efficient Markets, Stock Returns , Nifty , Sensex , NSE , BSE.

INTRODUCTION

A Stock Market/Share Market is One of the Most Important Sources for Companies to Raise Money. This Allows Businesses to Be Publicly Traded or Raise Additional Capital for Expansion by Selling Shares of Ownership of the Company in A Public Market. A Stock Market or Equity Market is A Market for the Trading of Company Stock (Shares) and Derivatives at an Agreed Price. A Stock Exchange is an Exchange Where Stockbrokers and Traders Can Buy and Sell Shares, Bonds and Other Securities. Many Large Companies Have Their Stocks Listed on A Stock Exchange. Trade in Stock Markets Means the Transfer (in Exchange for Money) of A Stock or Security from A Seller to A Buyer. This Requires These Two Parties to Agree on A Price.

Stock Markets Play an Essential Role in Growing Industries That Ultimately Affect the Economy Through Transferring Available Funds from Units That Have Excess Funds (Savings) to Those Who Are Suffering from Funds Deficit (Borrowings) (Padhi and Naik, 2012). in Other Words, Capital Markets

Facilitate Funds Movement Between the Above-Mentioned Units. This Process Leads to the Enhancement of Available Financial Resources Which in Turn Affects the Economic Growth Positively. an Increase in Stock Prices Causes an Increase in Wealth, and Consequently an Increase in Consumer Spending. Investment is Also Affected by Higher Prices with A Higher Stock Price, A Firm Can Raise More Money Per Share to Finance Investment Projects.

OBJECTIVES OF THE STUDY:

- It Enables Investors to Identify the Intrinsic Worth of a Security Even Before Investing in It.
- Studying and Evaluating Past and Current Data Helps Investors and Traders to Gain an Edge in the Markets to Make Informed Decisions.
- It Studies Security and Transparency.
- It Observes Market Regulation.

REVIEW OF LITERATURE

- Dr Suresh G. Lalwani (1999) Emphasised the Need for Risk Management in the Securities Market with Particular Emphasis on the Price Risk. He Commented That the Securities Market is A 'Vicious Animal' and There is More Than a Fair Chance That Far from Improving, the Situation Could Deteriorate.
- Bhanu Pant and Dr. L.R.Bishnoi (2001) Analyzed the Behaviour of the Daily and Weekly Returns of Five Indian Stock Market Indices for Random Walk During April 1996 to June 2001. They Found That Indian Stock Market Indices Did Not Follow Random Walk
- According to “Srinivasan” (2014) the Study Tries to Investigate the Progression of Causality Between Economic Enhancement and Stock Market Movement in the Indian Scenario. Employing the Co-Wire and Causality Tests on the Time Period from June 1991 to June 2013,

This Inspection Provides a Long-Run Concordance Connection Amid the Economic Development and Stock Market Growth Indicators in India

HISTORY OF STOCK EXCHANGE IN INDIA

It All Started in 1875, When 318 Persons Came Together to form "Native Shares and Brokers Association" and the Membership Fee Was Re.1.00. This Association is Now Known As Bombay Stock Exchange (BSE) and In 1965 It Was Given Permanent Recognition by the Government of India. National Stock Exchange is the Second Most Popular Stock Market in India. Sensex Was First Compiled in 1986. Nifty is the Stock Sensitive Index for NSE.

TYPES OF STOCK MARKET

the Indian Stock Market is One of the Oldest Markets Among the Emerging Economies. with Rapid Improvement in the Exchange Infrastructure and Better Investor Protection by the Market Regulator (Sebi), the Trade Volume is on the Rise. the Technological Advancement Such as Trading Via Mobile Apps, the Traders and Trade Volume Has Shot Up Recently.

India Stock Exchanges Are Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Beyond This There Are Six Other Stock Exchanges in India. Most of the Trading in India Takes Place in BSE and NSE. in the Financial Year 2020, A Total of Over 7,400 Companies Were Listed in the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) Across India. This Was a Decrease Compared to the Previous Year. the Majority of These Companies Were Listed in the BSE with Over 5,400 Companies.

- NSE is the Leading Stock Exchange in India Which Has Over 2000 Companies Listed on It. the Index Used Here is Nifty Which Represents 50 Companies. It Will Generate Normal Returns, NSE Introduced the Advanced Electronic Trading System Which Removed the Paper-Based Settlement System Form Trading. It Offered an Easy Trading Facility and Emerged as A Competitor for BSE. The Companies Listed in Nifty50 Have Less Risk Factor and Are Safe. Apart from Nifty, Other Key Indices of NSE

Include Nifty Next50, Nifty500, Nifty Midcap150, Nifty Smallcap250 and Nifty Midsmallcap 400.

- BSE is the Oldest Stock Exchange in Asia, the BSE Which Has Around 5000 Companies Listed on It. the Index Used Here is Sensex. It Represents 30 Companies. Apart from Sensex, Other Important Indices of BSE Include BSE 100, BSE 200, BSE 500, BSE Midcap, BSE Small cap, BSE PSU, BSE Auto, BSE Pharma, BSE FMCG, and BSE Metal. BSE Also Offers Derivative Instruments Including Futures and Options Along with Trading in Equities. It Has Expanded Its Product Base and Offers Commodities Derivatives Too. Commodities Including Gold, Silver, Almond, Crude Oil, Steel and Cotton.

MARKETING CONDITIONS

Market Conditions in Stock Market Can Be Represented with the Help of Characteristics of Bulls & Bears

- Bullish Characteristics Are When the Market is Showing Confidence, Prices Increase and Market Indicators Rise.

Conditions:

- Unemployment is Low
- Stock Rising
- Prices Going Up
- Bears Characteristics Are When the Prices Lower at the Same Level and Then Go Down, Indices Fall

Conditions:

- Unemployment is High
- Stocks Decreasing
- Prices Going Down

Role of Sebi:

the Role of the Securities Exchange Board of India is to Regulate Indian Stock Markets in an Orderly Manner. Its Main Purpose is to Provide an Environment for the Financial Markets That Facilitate the Efficient and Smooth Working of the Securities Market. It is Made to Protect the Interests of Investors and Traders in the Indian Stock Market by Providing a Healthy Environment in Securities and to Promote

the Development of and Regulating the Equity Market.

DATA ANALYSIS & INTERPRETATION

Top 5 Stocks - Nifty50

Symbol	Value (in Lakhs)
Reliance	276634.71
Tata Motors	197499.05
Bharti Airtel	117561.70
ICICI Bank	114453.92
IndusInd Bank	108083.85

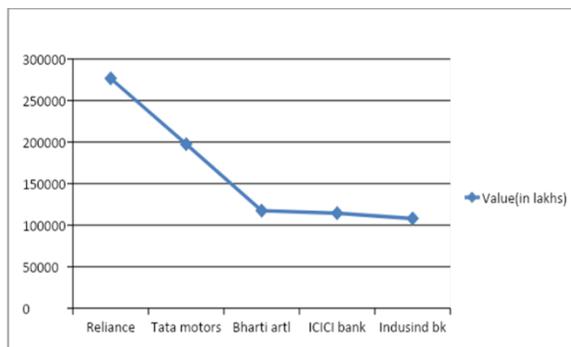


Figure-1

Interpretation:

Table Illustrates the Top Five Stocks Under Nifty50. It Allows Comparison Between the Number of Stocks Under Indian Stock Market I.E, Reliance, Tata Motors, Bhartiartl, ICICI Bank, INDUSIND Bk. Table Representing the Changes in Value of Different Stocks. Reliance Which is Placed with High Value and the INDUSIND Bk Which Has Low Value Compared to Others.

in Figure-1, the Stock Goes on the Horizontal X-Axis and the Measured Values (In laks) on the Vertical Y-Axis. the Graph Represents the Different Stocks Performances. in Which Reliance Has High Value Because, Reliance Industries Dispersion System is So Well-Arranged That It Has A Strong Grip Across the Country. INDUSIND Bank is Falling Because, INDUSIND Bank Shares Slumped Over 10 Per Cent in Trades Today Amid Reports of Lapses in Governance and Accounting Norms to Allegedly 'Evergreen' Loans Running into Thousands of Crore Since the Outbreak of Covid-19.

Top 5 Stocks - Sensex30

BSE Scrip Code	Company	Weightage in Sensex
500325	RELIANCE	11.99
500180	HDFCBANK	11.84
500209	INFY	9.06
500010	HDFC	8.30
532174	ICICIBANK	7.37

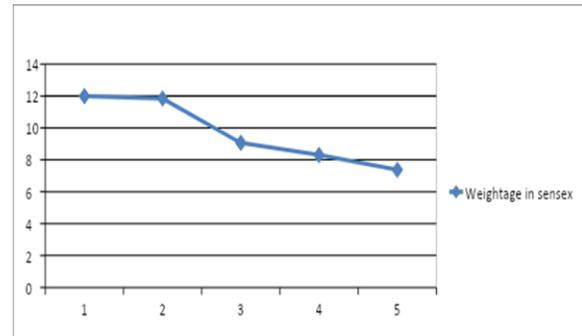


Figure-2

Interpretation:

Table Illustrates the Top Five Stocks Under Sensex30. It Allows Comparison Between the Number of Stocks Under the Indian Stock Market I.E, Reliance, Hdfc Bank, INFY, HDFC, ICICI Bank. Table Representing the Changes in Weightage in Sensex of Different Stocks. Reliance Company Which is Placed with High Weightage and the ICICI Bank Which Has Low Weightage Compared to Others.

in Figure-2, the Companies Go on the Horizontal X-Axis and the Measured Weightage in Sensex on the Vertical Y-Axis. the Graph Represents the Different Companies' Performances. in Which Reliance Has High Weightage Because, the Reasons Are Rise in Reliance Jio, Reliance Retail Valuations by Markets.

FINDINGS

- Reliance, Tata Motors, Bhartiartl, ICICI Bank, INDUSIND Bk Stocks Values Have Changed.
- Reliance Has the Highest Value and INDUSIND Bank Which Has Lowest Value Compared to Others Because Reliance Industries Dispersion System is So Well-Arranged That It Has a Strong Grip Across the Country.
- Allegedly 'Evergreen' Loans Running into Thousands of Crores Since the outbreak of Covid-19 Due to this the Value of IndusInd Bank is Low
- ICICI Bank Which Has Low Weightage Measured in Sensex

CONCLUSION

Stock Market Returns in 2020 eerily resembled the trend in 2009—That is, the strength of the first year emerging from a deep stock market recession. While past performance does not necessarily predict future results, being an active equity investor does require understanding historical moves. Last year, as the market recovered from its drop in March, many investors were way too bearish in retrospect, keeping too much cash on the sidelines. Once the rally began, volatility dropped, and the bull market climbed significantly before the bears eventually capitulated late in the year.

Now in 2021, amid hope and excitement that the pandemic might soon be behind us as vaccines are distributed, investors may actually find it tougher to generate the kind of stock market returns we saw last year in the midst of COVID-19. Strange I know, but as we saw last year, equity returns need not align with what is the current state of the economy. Instead, stocks this year may resemble their performance in 2010, i.e., year two of the bull market that started in 2009. After the S&P 500 index's stunning 68% return from the March 2020 low to the end of the year, stocks likely need to take a breather, much as they did in the second quarter of 2010. Importantly, however, overall returns of a second year of a bull market are historically positive, like in 2010.

We should therefore brace ourselves for a lot more stock market volatility in 2021. This will likely shake out the reluctant bulls, those who only recently put their cash to work in equities, at the exact wrong time. Based on history, investors should hold tight and keep eyes on the longer term. The second year of a new bull market historically performs quite well overall, though it tends to be more gut-wrenching along the way.

So, the first thing to know while investing in stock market is that you have to know three things about the company you are investing in

1. the company's annual turnover is growing every year?
2. Companies Profits
3. Companies Future Plans

- [1] Dr Suresh G. Lalwani Professor - Finance & Financial Controller at S.P. Jain Institute of Management & Research
- [2] Anand Srinivasan, Author of Investor, Has 15 Books on Goodreads with 1723 Ratings. His Most Popular Book is the Investor - Ordinary Stocks Extraordinary Profits.
- [3] <https://www.nseindia.com/>
- [4] <https://www.moneycontrol.com/India/stockpricequote/Miscellaneous/Bselimited/B08>

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