

CONTENTS

INDEX

TITLE	Page(s)
“भारतीय राष्ट्रीय कांग्रेस में गान्धीवादी और तिलकवादी दो गुट: एक उद्देश्य की ओर, 1918–1921” - डा० नीलम कौशिक	01
ROLE OF TEACHERS AND STUDENTS FOR DEVELOPING LIFE SKILLS - Dr. Girdhar Lal Sharma	17
Security Pricing Movement: A Study of Selected Banks in India - Pramod Kumar Singhal	23
A Study of Occupational Adjustment in relation to Emotional Intelligence and Spiritual Intelligence and among Senior Secondary School’s Teachers Sonia Sharma	29
Women's Education: A study of Rural India - Dr Deependra Sharma	40

SECURITY PRICING MOVEMENT: A STUDY OF SELECTED BANKS IN INDIA

PARMOD KUMAR SINGHAL

Assistant Professor,
Kurukshetra Institute Of Technology And Management,
Kurukshetra

ABSTRACT:

The Indian economy is growing at a very fast pace. The banking industry is also growing at rapid rate. This paper aims at discovering the price movement of the top five selected public sector banks during the period of 6 years between 2012 and 2017. The securities decouple individual acts of saving and investment over time, space and entities and thus allow savings to occur without concomitant investment. Moreover, yield-bearing securities makes present consumption more expensive relative to future consumption, inducing people to save. The composition of savings changes with less of it being held in the form of idle money or unproductive assets, primarily because more divisible and liquid assets are available.

Keywords: Investment, Share capital, Securities, Banks, ROC, Close Price.

Introduction:

The stock market provides value to any company that chooses to list its shares because the company gains liquidity. The value of publicly traded shares is liquidity. Publicly traded companies are worth more than private ones simply because there is greater access to buyers and sellers, and market efficiency can better determine share price.

Indian economy have been assiduously promoting the capital market as an engine of growth to provide an alternative yet efficient means of resource mobilization and allocation. Further, the global financial environment is undergoing unremitting transformation. Geographical boundaries have disappeared. The days of insulated and isolated financial markets are history. The success of any capital market largely depends on its ability to align itself with the global order. The growth of capital market is not possible without opening for international investors. The closed economy can't sustain in the competitive market. To realize national aspirations and keep pace with the changing times, the capital markets in India have gone through various stages of liberalization, bringing about fundamental and structural changes in the

market design and operation, resulting in broader investment choices, drastic reduction in transaction costs, and efficiency, transparency and safety as also increased integration with the global markets. The wave of economic reforms initiated by the government has influenced the functioning and governance of the capital market. The Indian capital market is also undergoing structural transformation since liberalization. The main aim of the reforms exercise is to improve market efficiency, make stock market transactions more transparent, curb unfair trade practices and to bring our financial markets up to international standards. Further, the consistent reforms in Indian capital market, especially in the secondary market resulting in modern technology and online trading have revolutionized the stock exchanges

Literature Review:

Gupta (1972) in his book has studied the working of stock exchanges in India and has given a number of suggestions to improve its working conditions. **Rohatgi (1973)** states that basic function of stock market is to provide marketability and liquidity to securities. The ideal stock market is one that can provide instantaneous and unlimited liquidity. **Khan (1976)** examines the role, and the cost of raising funds from the market. The study goes on to suggest appropriate measures to enable the NIM to play a part in consonance with the requirements of the planned growth of industry. The core of the study deals with the new issues and company finance, the structure of underwriting, and the cost of capital. **Panda (1980)** has studied the role of stock exchanges in India before and after independence. **Gupta (1981)** in an extensive study titled 'Return on New Equity Issues' states that the investment performance of new issues of equity shares, especially those of new companies, deserves separate analysis. **Gujarathi(1981)** answers the question of the risk - adjusted return in the issue market. It is a significant work in the field of new issues in India. His conclusion is that investors in the new issue market in 1970s earned an extra normal return of nearly 2 per cent per month. **Chitale(1983)** in his work has evaluated the underlying causes of the growing shortage of equity finance for funding new industrial enterprises in the private sector during the period 1960-1980. The available evidence suggests the emerging scarcity of risk finance, despite bullish trend in the price of select shares and over - subscription to a few issues of good companies. The study also evaluates the quantum and the kind of returns that investors were able to earn from their investments in equity shares of new companies. **Cho (1986)** argues that financial market liberalization may remain, incomplete without an efficient market for equity capital as a means of spreading risk and reward. **NarayanaRao and Bhole (1990)** point out that over longer periods of time, positive rate of return was being provided by equities, but in the short-run, the real return was often negative. **Gupta (1991)**

made an extensive survey of Indian share-owners, around mid-1990. It throws light on many unknown aspects of the market for shares and other financial assets. The study covers a wide range of aspects and has generated much new data on investors, their investment habits and preferences. **Singh and Hamid (1992)** in a monograph on corporate financing patterns and structures in nine industrializing economies found that corporations in developing countries rely in general very heavily on external funds and on new issues of shares to finance their growth of Net assets.

Methodology:

Need and scope of the Present Study: Capital market has always been susceptible to the variety of variables pertaining the prices, trading, behavior, settlement, liquidity, economy and listed companies. Every time one kind of formula or principle does not work that's why we have planned to dwell upon research work on the current topic. The study has been conducted on price behavior of representative banks' securities. There are thousands of companies listed in Bombay Stock Exchange. It is very difficult to conduct the pricing behavior of all listed companies on BSE or all indices of BSE. So, in this paper five public sector banks selected for the purpose of study the pricing movement of securities.

Objectives of the Study: The present study is based on the following objectives.

- To identify the market trend in the selected scripts of selected top five public sector banks BSE- SENSEX INDEX on the basis of ROC.
- To be aware about the concept of performance of pricing behavior and its impact on stock market.

RESEARCH DESIGN

A research design is the arrangement of conditions for collection and analyze of data in a manner that aims to combine relevance of the research purpose with economy in procedure. The present study is empirical-cum-analytical in nature.

- **Research Type** : Empirical
- **Type of Sampling** : Convenient Sampling
- **Sampling Unit** : Indian Banks
- **Sampling Universe:** Banks listed in BSE.
- **Data Type** : Secondary Data
- **Data Source** : www.bseindia.com

Banks of the Study: State Bank of India, Punjab National Banks, Central Bank of India, Bank of Baroda and Union Bank of India.

Analysis of Data:

Share price trends are taken on monthly basis in between 2012 to 2017

Chart-1, Open Price, Close, High Price and Low Price of SBI

The chart-1 shows that initially, from January 2012 to October, 2014 there was a bullish trend and touches its highest point afterwards from October 2014 there is a bearish trend up to December, 2017. The share price slashed in October, 2014 drastically.

Chart-2, Open Price, Close, High Price and Low Price of PNB

In Chart-2 shows that there is bullish trend from January, 2012 to October, 2014 and after that from November, 2014 all opening price, Closing Price, low price and high price start decreasing till April, 2016 and from April, 2016 to December, 2017 share price increased at very low rate. There is also drastically decrease in the share price of PNB in October, 2014.

Chart-3, Open Price, Close, High Price and Low Price of Bank of Baroda

Chart-3 shows that there is bullish trend from January, 2012 to October, 2014 and after that from November, 2014 all opening price, Closing Price, low price and high price start decreasing till April, 2016 and from April, 2016 to December, 2017 share price increased at very low rate. There is also drastically decrease in the share price of Bank of Baroda in October, 2014.

Chart-4, Open Price, Close, High Price and Low Price of Union Bank of India

Chart-4 shows that there is high movement in the price of the share of Union Bank of India from January, 2012 to January, 2016. And after January, 2016 there was minor price movement up to December, 2017. And there was major decline in the price in September, 2013. But the share price shows some upward trends in 2017 in comparison to 2016.

Chart-5, Open Price, Close, High Price and Low Price of Central Bank of India.

From the chart-5 of Central Bank of India showed a mixed trend in the share price movement. In January, 2012 the highest price was Rs. 102 in the month of February. The share price was on its peak in July, 2015 and April, 2017. Overall there is a little movement in the share price of central Bank of India.

Chart-6, Average Return of selected Banks in between 2012-2017.

The chart-6, represent the average return from the price change in the shares of the selected banks. Out of five banks only two banks that is Central Bank of India and Union Bank of India show the profit due to increase in their share prices. But at same time there is loss to the investor due to negative change in the share prices of SBI, PNB and BOB.

Conclusion:

The performance of stocks prices was not linear during the years as shown by the movement of monthly indices. The overall non- linear trend of close price, Open price, Lowest price and Highest of SBI, PNB and Bank of Baroda shows downward trend and the overall trend of CBI and UBI shows also non-linear trend, but not much downward. The reason may be downward trend in the price is increase in the NPA of the major banks in India.

References:

Barua S K &Raghunathan V (1990b), "Convertible Securities & Implied Options", Vikalpa, Vol. 15, No. 4 (Oct-Dec), p. 23-28.

Dissertation, Indian Institute of Management, Ahmedabad.

Dixit, R.K. (1986). Behaviour of Share Prices and Investments in India, Deep and Deep Publication, New Delhi, p. 328.

Gupta Ramesh (1991a), "Revamping Stock Exchange Operations - Some Suggestions", Working Paper No. 922, (Jan-Mar), Indian Institute of Management, Ahmedabad.

Jain P.K. (1979), "UTI &The New Issue Market", ArthaVijnana, Vol. 21, No. 2 (June), p. 218.

RaoNarayana K V S S&Bhole L M (1990), "Inflation and Equity Returns", Economic & Political Weekly, Vol. 25, No. 21, May 26, p. M 91-96.

Gujarathi M. (1981), "Performance of New Equity Shares: An Indian Experience", Doctoral

<http://dspace.mit.edu/bitstream/handle/1721.1/48666/ontheoryofstockp00clar.pdf?sequence=1>

<http://finance.martinsewell.com/stylized-facts/dependence/Jegadeesh1990.pdf>

<http://www.iimb.ernet.in/~vaidya/model-indian-context.pdf>

http://www.qfrc.uts.edu.au/research/research_papers/rp95.pdf

http://www.sebi.gov.in/cms/sebi_data/commondocs/ar99002b_p.pdf

http://www.vikalpa.com/pdf/articles/1991/1991_oct_dec_17_21.pdf

www.bseindia.com