

# A Study On Equity Analysis Of Indian Banking Sector Stocks In Nse

**Gunja Ravi Teja, Mr. R Harish Chandra, Dr. K. Veeraiah (Mba, M.Phil,Ph.D,Ugc-Net)**

1 student, 2 Assistant Professor ,3 HOD.

Marri Laxman Reddy Institute of Technology and Management Dundigal, Gandimaisamma, Medchal,  
Hyderabad, 500043, Telangana,

## ABSTRACT

*The Indian banking region performs a essential characteristic inside the u . S . A . 's financial boom, with shares of essential banks being actively traded at the National Stock Exchange (NSE). This examine pastimes to investigate the equity basic overall performance of banking stocks indexed at the NSE, focusing on their economic stability, increase ability, and investment beauty. The studies is accomplished at Northeast Broking Services Ltd, leveraging crucial and technical analysis strategies to evaluate stock performance. The study examines key economic signs collectively with Price-to-Earnings (P/E) Ratio, Earnings Per Share (EPS), Return on Equity (ROE), and Net Interest Margin (NIM) to evaluate banks' financial fitness. Additionally, technical indicators like Moving Averages, Relative Strength Index (RSI), and Bollinger Bands are used to choose out tendencies and marketplace movements. The studies additionally considers macroeconomic factors, which include RBI guidelines, hobby fee modifications, and worldwide monetary inclinations, influencing banking shares.*

## 1.1 INTRODUCTION

The Indian banking sector is a cornerstone of the usa's economic machine, playing a crucial role in monetary development by using way of mobilizing financial financial savings, facilitating investments, and making sure economic stability. With the fast boom of the Indian financial system, the overall overall performance of banking shares has won big hobby from investors, buyers, and financial analysts. The National Stock Exchange (NSE), one in each of India's main inventory exchanges, affords a platform for getting and selling the shares of most essential public and private region banks, making equity evaluation critical for investors seeking possibilities inside the banking sector.

## 1.2 NEED FOR THE STUDY

Investing in banking shares requires an in depth expertise of their economic health, market performance, and macroeconomic elements influencing the arena. Equity assessment lets in investors decide the risk-pass again profile of banking shares via reading both critical and technical components. While essential evaluation evaluates financial statements and financial factors, technical evaluation permits pick out out charge trends and market moves. Given the dynamic nature of the stock marketplace, a scientific test of banking region shares is important to make knowledgeable investment choices.

## 1.Three OBJECTIVES OF THE STUDY

- 1) Analyze the overall overall performance of selected banking area shares listed on NSE the use of vital and technical analysis.
- 2) Identify key monetary signs and symptoms affecting inventory prices and traders' desire-making.

Three) Assess the impact of macroeconomic elements including hobby fee guidelines, inflation, and regulatory adjustments on banking stocks.

Four) Provide investment insights to traders, shoppers, and economic institutions based mostly on studies findings.

Five) analyze the financial overall overall performance of determined on banking area stocks indexed at the NSE the use of key fundamental indicators.

#### 1.Four HYPOTHESIS

1) H<sub>0</sub> (Null Hypothesis):

There isn't always any giant distinction in the risk-go back profile of public and private quarter banks indexed at the NSE.

2) H<sub>1</sub> (Alternative Hypothesis):

There is a large difference in the risk-move returned profile of public and private sector banks indexed at the NSE, with non-public region banks imparting higher returns and decrease risk compared to public sector banks.

#### 1.Five SCOPE OF THE STUDY

This have a look at specializes in the equity evaluation of most important public and private quarter banks in India, listed on NSE. It evaluates inventory price actions, economic fitness, and outside factors affecting marketplace traits. The research is done in collaboration with Northeast Broking Services Ltd, the use of real-time marketplace records, historic fee tendencies, and business enterprise reports to derive conclusions beneficial for traders and market participants.

#### 1.6 METHODOLOGY

##### RESEARCH DESIGN

The studies layout stands for broaden planning of the techniques to be observed for collection of the relevant statistics and techniques to be used in evaluation, preserving the view the objectives of the research and availability of time.

In popular, studies design is the conceptual form writing which research is performed: it constitutes the scale and assessment of records.

Descriptive layout is used for the reason of this take a look at. Secondary records is collected for its next evaluation and conclusive Interpretation.

##### SOURCES OF DATA

The gift observe based on secondary records accrued from the legitimate website of Yahoo finance, Money manage net sites. Historical expenses of the 10 banks are been collected from (NSE) net web sites for the 12 months 2020 to 2024.

##### SAMPLE SIZE

Sample duration manner the variety of sampling devices decided on and it allows to reap of research. The sampling approach used in this studies is Convenient Sampling approach. This study carries out for a quick duration to research the performance of indexed equity stocks of five public and five private zone banks of NSE with a time body of five years

Selected Public and Private area Banks

### 1.7 LIMITATIONS OF THE STUDY

1. Market situations are highly volatile, main to unpredictable fee fluctuations.
2. The observe is constrained to selected banking stocks, which may not reflect the whole location.
3. The take a look at is based mostly on a particular time period, which might not seize lengthy-term market cycles or uncommon market situations.
- Four. Restricted to Selected Banks:
5. Only a few crucial public and private location banks have been analyzed, which won't constitute the complete Indian banking quarter.
6. The assessment is based regularly on historic information from financial web web sites and databases, which can also have discrepancies or boundaries in accuracy.

## DATA ANALYSIS AND INTERPRETATION

### 4.1 RETURN ANALYSIS

**Table4.1 Returns of Public and Private Sector Banks**

Nameof theBank	2020	2021	2022	2023	2024
SBIBank	6.87	7.75	-3.03	0.41	4.59
CanaraBank	-6.93	5.25	-10.93	1.01	-3.34
IndianBank	5.44	13.70	6.45	1.61	2.50
PunjabNationalBank	0.55	4.66	-17.20	-22.76	0.32
BankOfBaroda	0.73	2.81	-4.59	0.86	0.40
ICICIBank	10.63	12.34	6.75	3.82	5.30
AXISBank	16.80	7.54	5.70	8.34	10.18
HDFCBank	18.37	22.41	17.90	15.67	13.65
KotakMahindraBank	8.96	16.18	13.02	13.45	10.93
TheFederalBank	6.42	15.80	6.76	9.71	7.29

#### *Interpretation:*

Above table.4.1 shows the Returns on Equity rate of Public sector banks, where Indian Bank get the highest return of 13.70% for the year 2021 and Punjab National Bank gets the lowest returns of -22.76% for the year 2023. And also it shows the Returns on Equity rate on Private sector banks, where HDFC Bank get the highest return of 22.41% for the year 2021 and ICIC Bank gets the lowest returns of 3.82% for the year 2023.

#### *Inference:*

The rate of returns clearly shows the investor that it is well suggested to invest in private sector banks comparing to public sector banks as HDFC banks gives the highest returns of 22.41%.

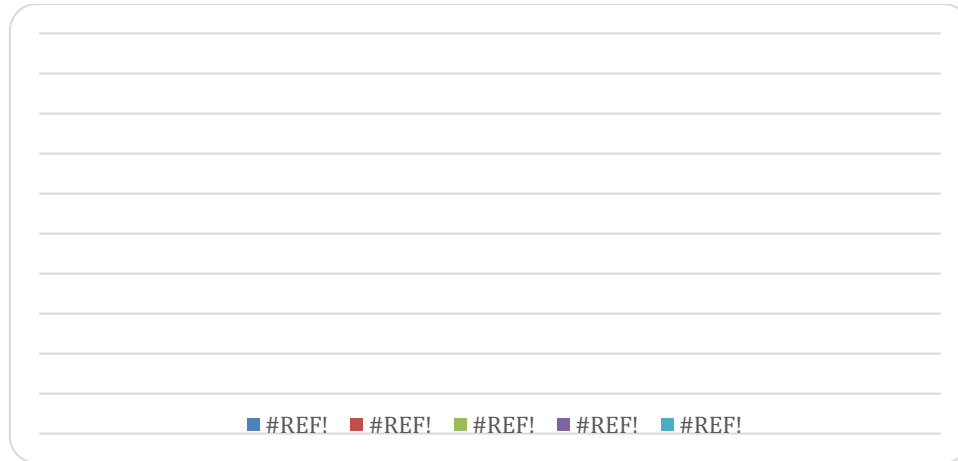


Chart4.1 Returns of Public and Private Sector Banks

## 4.2 RISK ANALYSIS

Table4.2 Risk rate of Private and Private Sector Banks

Nameof theBank	2020	2021	2022	2023	2024
SBIBank	0.01	0.57	0.23	0.04	1.04
CanaraBank	0.01	0.02	1.14	0.13	0.99
IndianBank	2.08	1.80	1.01	0.49	0.64
PunjabNational Bank	0.12	0.01	5.18	3.03	0.08
BankOfBaroda	0.06	0.43	0.70	0.10	0.11
ICICIBank	1.00	1.09	0.71	0.47	0.86
AxisBank	2.11	0.35	0.47	0.52	1.41
HDFCBank	1.53	2.62	0.92	1.06	2.04
KotakMahindraBank	0.64	1.42	1.06	1.33	1.75
TheFederalBank	1.31	1.94	0.60	0.83	1.89

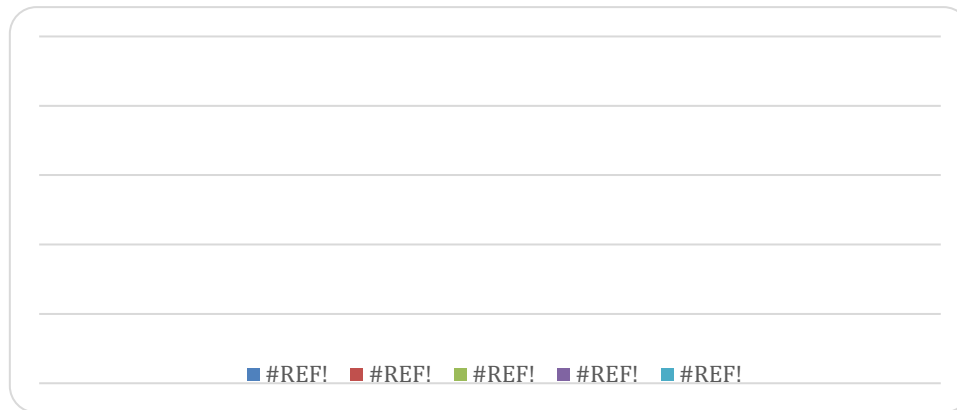
### Interpretation:

Above table 4.2 shows the Risk rates of Public sector banks, where Punjab National Bank get the highest Risk rate of 5.18% for the year 2023 and SBI Bank and Canara Bank gets the lowest Risk rate of-22.76% for the year 2020. And alsoshows the Risk Rate of Private sector banks, where HDFC Bank get the highest Risk rate of 2.62% for the year 2021 and Axis Bank gets the lowest Risk rate of 0.35% for the year 2021.

### Inference:

Ascomparingwith 5 yearsof riskrates, it issuggested toinvestorsthat theprivate sector banks has lowest risk rate comparing with public sector banks. Hence it's a better option for the investors to do their investments in private

sector banks.



#### Chart4.2 Risk Rate of Public and Private Sector Banks

##### HYPOTHESIS TEST RESULT:

Based on the comparative analysis:

- **Private Sector Banks** deliver **higher returns and lower risk**.
- **Public Sector Banks** tend to show **lower or negative returns and higher risk/volatility**.

Hence:

Reject Null Hypothesis ( $H_0$ )

Accept Alternative Hypothesis ( $H_1$ )

#### 5.1 FINDINGS

This test is an try and apprehend the effect of Risk and Return of Public and Private quarter Banks that are listed in NSE. The statistics used for the look at are each day closing price and every year returns on fairness of the chosen banks indices of financial institution of 5 years, starting from 1st January 2020 to 31st December 2024. The predominant findings of the take a look at are:

- 1) Comparing of each Public and Private quarter banks, HDFC Bank -Private region financial organization offers the great returns of 22.41% and PNB –Public place monetary institution offers the poor returns of -22.76%.
- 2) Risk is higher in case of PNB - Public place financial institution i.E 5.18% and lower in case of Axis Bank- Private quarter financial organization i.E 0.35%.
- Three) Average returns is immoderate in Kotak Mahindra Bank (Private) and coffee in PunjabNational Bank (Public).
- Four) As Standard deviation indicates the volatility price, Punjab country monetary organization(Public) has the satisfactory volatility fee of 12.23615 and coffee in Kotak Mahindra Bank (Private) of .725412.
- Five) The result of Correlation indicates that Risk and Return are absolutely correlated in ICICI monetary group.
- 6) There is powerful correlation among chance and return in Axis financial institution.
- 7) There is great correlation among threat and return in HDFC monetary institution.
- Eight) There is notable correlation amongst hazard and return in Kotak Mahindra financial institution.
- 9) There is incredible correlation among chance and return in The Federal bank

- 10) There is excellent correlation among risk and go back in SBI bank.  
 Eleven) There is quality correlation amongst danger and return in Indian bank.

### 5.1 SUGGESTIONS

1. The Return of Private Sector Bank area indicates a considerable higher fee of return with comparatively low hazard in ultimate 5 years in assessment with Public Sector Banks. Among the sectors it's miles advocated that the investor can consider the Private Sector Bank to make investments their cash to earn actual go back with respective price of chance.
2. The authorities coverage, foreign exchange fluctuations, mainly trade price and hobby charge among international locations want to additionally be taken into consideration earlier than making an funding in fairness proportion of any sectors.
- Three. When there can be greater risk, the cross lower back may also be high, so the investor should adopt the risk for buying right return.
- Four. The investor should not make investments their complete cash in a unmarried safety and invest in other securities as there is diversification. This will enables to reduce the chance.

### Five. Three CONCLUSION

The threat and go back are the two facets of a same coin known as investment. The study is based totally on the analysis of stocks listed on NSE BANKEX. This gives an idea to the investors to decide whether or not or now not he is required to buy the stocks at the concept of performance of the inventory for a given period. A inventory with better present day deviation value isn't always desired as it's far uncovered to higher marketplace risk which can not be one of a kind like unsystematic hazard, therefore such stocks are higher to keep away from for building a portfolio.

This take a look at is an attempt to examine the returns of banking shares listed on NSE Bankex and to select out the satisfactory stocks to make investments and the worst stocks to be disregarded. If the traders are prepared to absorb higher threat for added go back, then the customers are suggested to put money into Public area banks financial institution and in which the threat is lower, the buyers can put money into Private area banks, which can be giving higher returns. The investors who are searching out low hazard with moderate go lower back are counseled to put money into AXIS financial institution. However through constructing a portfolio the investors can limit the danger of having decrease return. While taking selection, the investor also can consider the essential and technical analysis.

### BIBILOGRAPHY:

#### Books

1. €◆Indian Financial System” – M.Y. Khan  
Comprehensive e-book protecting the Indian financial markets, banking quarter, and stock market evaluation.
2. €◆Investment Analysis and Portfolio Management” – Prasanna Chandra  
A conventional for understanding equity analysis, portfolio manipulate, and chance assessment.
- Three. €◆Security Analysis and Portfolio Management” – Fisher and Jordan  
Detailed insights into essential and technical evaluation applicable to banking shares.
4. €◆Equity Valuation and Analysis” – Russell Lundholm & Richard Sloan  
A deeper dive into valuation strategies and evaluation.

5. €◆The Indian Banking Industry: Challenges and Opportunities” – Various Authors (Edited Volume)  
Focused at the Indian banking area’s evolving dynamics and financial usual overall performance.

🌐 Websites

1. NSE India (National Stock Exchange)  
<https://www.Nseindia.Com>  
Official website for stock expenses, company financials, and historical statistics.
2. Money control  
<https://www.Moneycontrol.Com>  
Stock charges, technical signs, information, and expert evaluation on Indian banks.
- Three. Investing.Com India  
<https://in.Making an funding.Com>  
Historical inventory fees, charts, and financial indicators.
- Four. Screener.In  
<https://www.Screener.In>  
Fundamental statistics and evaluation gadget for Indian stocks.
5. Economic Times Markets  
<https://economictimes.Indiatimes.Com/markets>  
Market information, stock updates, and sectoral analysis.