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Movement of Stock Market and Its Effect on Banking Sector Stock

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ABSTRACT

Banking sector is always important for the economic growth and development of a country. As per the Reserve Bank of India (RBI), India's managing account area, is adequately promoted and all around directed. The money related and monetary conditions in the nation are far better than some other nation on the planet. Credit, market and liquidity chance investigations propose that Indian banks are for the most part versatile and have withstood the worldwide downturn well.

The present study attempts to find out the impact of share market fluctuations on banking sector stock and vice versa. The research is based on secondary data. Past five years' data of stock market have been used. Correlation analysis is used as a statistical tool to find out the relation between Indian Stock Market and Stocks of Banking Sector.

Keywords: banking, economic growth, stock market

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INTRODUCTION

As we all know that banking sector is important for the development and economic growth of any country. It is considered as a life-blood in an economy. It plays a vital role in the Indian economy. This study will talk about the growth and development of India through banking sector.

Share and stock market is a significant source of effect in banking sector. Stock is the market place where the shares of public limited companies are bought and sold. In India stock market mainly functions on two important stocks exchange, i.e., Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). In terms of market capitalization, BSE and NSE is top stock exchanges of developing economic of the world out of total fourteen stock exchange of emerging economies [1].BSE stood at the fourth position with market capitalization of 1,01,87 as on June 2012. NSE at fifth position with market capitalization of 1079.39 as on June 2012. In 1986 BSE developed in index named as Sensex. Sensex is to measure the performance of the stock of exchange.

The banking sector and the stock market sector both are interdependent on each other, as both causes an equal effect on one another. So, the movement of stock sector Sensex effect on market of banking sector. We show the relationship and the effect occurs thoughts movements of stock exchange on banking sector [2].

OBJECTIVES

To Study the Indian Stock Market

First, we need to know that what is stock market. Stock market is the exchange is a market place where the share of publics limited companies is bought and sold. In India, the main stock exchange is NSE. The BSE had about 4,700 listed firms, whereas the rival NSE had about 1,200.

Out of all the listed firms on the BSE, only about 500 firms constitute more than 90% of its market capitalization; the rest of the crowd consists of highly illiquid shares [3].

To Study of Number of Bank Stock in BSE

BSE is of two types: (1) Public banks and (2) Private banks

Table 1. *Report of State Bank of India.*

Year	Open	Close
2017	252.75	269.25
2016	225.00	249.75
2015	312.00	224.40
2014	177.40	311.85
2013	240.10	176.65
2012	162.52	238.38

Table 2. *Report of Bank of Baroda.*

Year	Open	Close
2017	153.45	168.75
2016	157.00	152.85
2015	216.70	156.75
2014	129.20	216.15
2013	174.89	129.15
2012	132.91	173.39

Table 3. *Report of Central Bank of India.*

Year	Open	Close
2017	83.90	85.25
2016	70.95	83.20
2015	92.00	71.00
2014	51.50	91.75
2013	84.15	51.30
2012	66.45	83.75

Table 4. *Report of UCO Bank (United Commercial Bank).*

Year	Open	Close
2017	33.60	36.70
2016	45.90	33.35
2015	84.95	45.40
2014	76.25	84.45
2013	79.25	75.50
2012	46.00	78.75

Table 5. *Report of Punjab National Bank.*

Year	Open	Close
2017	116.50	142.75
2016	116.25	116.60
2015	219.00	115.65
2014	125.80	219.10
2013	175.00	125.33
2012	158.60	174.27

Table 6. *Report of HDFC Bank.*

Year	Open	Close
2017	1205.00	1407.20
2016	1084.90	1204.20
2015	952.00	1082.75
2014	666.75	952.00
2013	682.95	665.75
2012	431.80	678.80

Table 7. *Report of Axis Bank.*

Year	Open	Close
2017	451.00	480.60
2016	450.00	450.00
2015	502.00	449.50
2014	260.65	502.50
2013	274.00	259.93
2012	162.40	271.30

Table 8. *ICICI Bank.*

Year	Open	Close
2017	255.70	284.90
2016	261.00	255.30
2015	355.45	261.45
+-6++0 2014	220.40	353.00
2013	229.40	219.69
2012	138.00	227.46

Table 9. *Report of IndusInd Bank.*

Year	Open	Close
2017	1107.25	1330.00
2016	968.00	1107.45
2015	804.00	968.75
2014	424.00	802.55
2013	419.00	420.10
2012	227.00	416.25

Table 10. *Report of Federal Bank.*

Year	Open	Close
2017	66.90	86.15
2016	56.00	66.90
2015	76.00	56.00
2014	42.30	75.00
2013	54.00	42.05
2012	33.80	53.83

RESEARCH METHODOLOGY

Research Objective

Sampling Method: Non-probability (convenience)
Sample size: 9

Sample Frame: Bombay stock exchange
Statistical Tools

- Correlation analysis
- Regression Analysis

ANALYSIS

With the help of excel 2007 version we calculate the overall correlation and regression between the sensex data and bank's share performance in the selective years.

Correlation table

Sensex	HDFC Bank	Axis Bank	ICICI Bank	IndusInd Bank	State Bank of India	Bank of Baroda	Central Bank of India	UCO Bank	Punjab National Bank	y
8.977176	-16.1933	-14.1958	-10.7187	-16.5794	-25.9376	-25.5147	-38.7097	-4.12698	-28.0829	-20.0066
29.89389	-11.2168	-0.11111	2.408931	-12.5243	76.63551	67.94425	78.8499	11.8543	74.81848	32.07324
-5.02512	-13.7342	11.69077	35.01626	-17.1561	-28.0423	-27.7317	-22.6158	-46.2404	-47.2159	-17.3366
1.948576	-42.9966	-48.2263	-37.7649	-47.6544	11.29679	-2.48804	17.1831	-26.5419	-0.04323	-19.6928
8.406112	1.92251	4.374255	3.536802	-0.77363	8.828829	9.748119	2.163462	9.295352	22.88062	6.886258

CORRELATION 0.873076

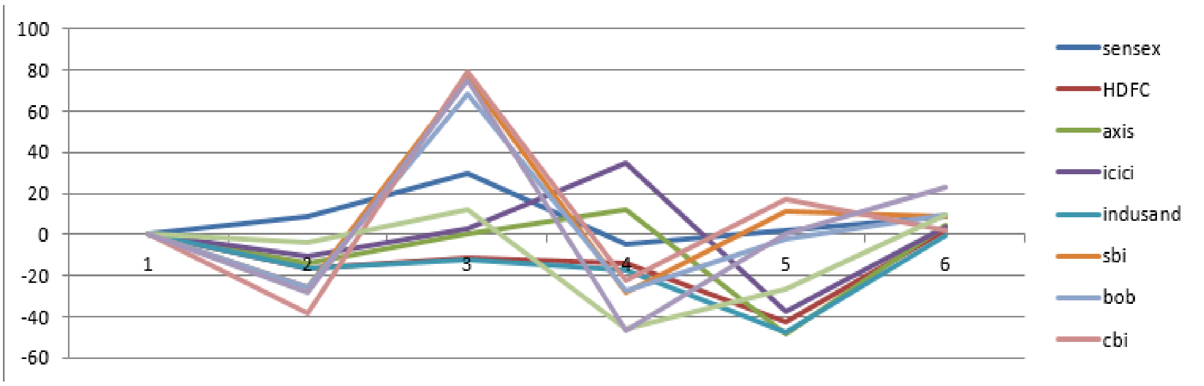

Fig. 1.

SUMMARY OUTPUT

Table 12.

Regression Statistics	
Multiple R	0.580969
R Square	0.337525
Adjusted R Square	0.087525
Standard Error	13.33662
Observations	5

Table 13.

ANOVA	df	SS	MS	F	Significance F
Regression	1	362.4838	362.4838	2.037965	0.248707
Residual	4	711.4621	177.8655		
Total	5	1073.946			

Table 14.

	Coefficients	Standard error	t stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
X Variable 1	0.409205	0.286644	1.427573	0.226592	-0.38665	1.205057	-0.38665	1.205057

Regression 0.337525171840932

Regression analysis, based on regression value it predicts the value of the dependent variable based on the known value of the independent variable, if average mathematical relationship between two or more variables.

LIMITATIONS OF THE STUDY

- This study is mainly carried out based on the secondary data taken from stock exchange so, there were a few variations in the data published by the major websites.
- The data was restricted to only five years from 2012 to 2017 of 1 year each year might be not sufficient to predict the future trend of market [4-5].

CONCLUSION

The paper based on the relationship between movement of stock exchange market with movement of selective stock of banking sector. As an author we find out that there is a positive relationship between two variables that is stock market and banks stock respectively which is .873 that means both variables are highly co-related with each other. During this research try out to find out the impact of share market ups & down a banking share and concluded that the value r^2 is .33 which means 33% at the end the result show that changes in stock market pricing have an impact of banking sector therefore the investor must pre-analyze the banking shares for investment.

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