PERFORMANCE ANALYSIS OF BANKING STOCKS IN NSE

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BACHELOR OF COMMERCE

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THRIKKAKARA, KERALA

(2021-2024)

DECLARATION

We **JERON BESTY, MUHAMMED ALTHAF C M AND NIKHIL TJ** do hereby declare that this project report entitled, **"……………………………"** is a bonafide record of work done by us under the guidance and supervision of **REENA FRANCIS**, Assistant Professor, Department of Commerce, Bharata Mata College, Thrikkakara and this work has not formed the basis for the award of any academic qualification, fellowship or any other similartitle of any other University or Board.

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CERTIFICATE

This is to certify that this Project entitled, **"..."** is a record of genuine work done by **JERON BESTY, MUHAMMED ALTHAF C M AND NIKHIL T J** semester **Bachelor of Commerce** programme of Bharata Mata College, Thrikkakara, under my guidance and supervision and it is hereby approved for submission.

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Date:

CERTIFICATE

This is to certify that the Project entitled, "**...**" submitted by **JERON BESTY, MUHAMMED ALTHAF CM AND NIKHIL TJ** of sixth semester Bachelor of Commerce programme of Bharata Mata College under the guidance of **REENA FRANCIS**, Assistant Professor, Department of Commerce, Bharata Mata College, Thrikkakara. They are permitted to submit this project report.

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JERON BESTY MUHAMMED ALTHAF CM NIKHIL TJ

CONTENTS

CHAPTER 1

INTRODUCTION

1.1 Introduction

The banking sector is regarded as the backbone of the economy as it plays an important role in economic development and provides financial resources to individuals, businesses, or a sector in need. As finance is the lifeblood of any business the banking sector has a vital part in the successful functioning of all the sectors. The financial stability of this sector is directly related to the health of the economy. The banking system facilitates commerce by pooling the savings of the individuals lending them to the needy sectors. The money borrowed by the business is used for the working capital requirement and other asset creation. This process creates a two-tier benefit in the economy by collecting the idle money in the economy and channelizing it towards useful activities. Thus, helping to create new capital assets in the country. Strong financial system is essential for economic development and steady GDP growth. Investment in the equity market is always considered risky. There is always no guarantee of a positive return from the stocks. The demand and supply of share in the market create fluctuations in the stock prices. During an unforeseen circumstance, negative sentiments may lead to unexpected fluctuation in the prices. Our analysis extends to two of the leading players in the Indian banking industry, ICICI BANK and State Bank of India. These financial Institutions, representing diverse ownership structures and operational strategies, encapsulate the essence of the Indian banking sector, and their performance is indicative of the broader economic context. The findings of this project hold significance not only for financial analysts, investors, and stakeholders but also for policymakers, economists, and financial institutions. By examining the dynamics of banking stocks on the NSE, we endeavour to contribute to the understanding of the financial health and prospects of this pivotal sector.

1.2 Statement of the Problem

The banking sector plays a vital role in the Indian economy, and investing in banking stocks is a common practice for both individual and institutional investors. However, the performance of banking stocks is influenced by a multitude of factors, including economic conditions, regulatory changes, and individual bank operations. Thus, there is a need for a comprehensive research study to analyse the performance of banking stocks listed on the NSE, identify the key determinants of their performance, and provide valuable insights for investors and stakeholders. This research aims to address what are the historical trends in the performance of banking stocks in the NSE, to assess the risk associated with investing in banking stock and to compare the performance of banking stock with the non-banking stock.

1.3 Objectives of the Study

The study's goal is to determine the performance analysis of banking stocks in NSE. The following aims are more specific:

• To identify the relationship between Nifty Bank and Banking stock returns

• Compare Bank Performances**:** Analyse ICICI BANK and State Bank of India, highlighting stock performance, financial metrics, and market positioning.

• Calculate Year-to-Date Returns

1.4 Scope and Significance of the Study

Scope of research on the performance analysis of banking stocks in the NSE (National Stock Exchange of India) can encompass a wide range of areas and dimensions. Here's an overview of the potential scope:

• Historical Performance Analysis:
- Analysing historical trends in banking stock prices, trading volumes, and key financial indicators.
-Assessing the impact of past economic cycles and events on banking stock performance.

• Comparative Analysis:
- Comparing the performance of individual banks or banking sectors within the NSE.
- Benchmarking against relevant indices like the Nifty Bank.

• Risk Assessment:
- Identifying and quantifying various risks associated with investing in banking stocks, including credit risk, market risk, and operational risk.
- Evaluating risk mitigation strategies and their effectiveness.

• Global and Comparative Analysis:
- Comparing the performance of Indian banking stocks to global counterparts or studying the impact of international events on Indian banking stocks.

1.5 Methodology

• The study adopts a descriptive research design, employing a longitudinal approach to analyze the performance of banking stocks in the NSE from 2020 to 2023. Primary data is sourced from official bank websites, ensuring accuracy, complemented by secondary data from platforms like moneycontrol.com.
• Selected banks, including ICICI Bank and State Bank of India undergo quantitative and qualitative analyses, incorporating financial indicators, economic factors and market sentiment.
• The methodology acknowledges data limitations and external influences, aiming to provide valuable insights for investors, stakeholders and policymakers based on a comprehensive examination of banking stocks in the NSE.

1.6 Limitations of the Study

Research on the performance analysis of banking stocks in the NSE can be valuable, but it also comes with certain limitations. Availability of accurate and timely data can be a challenge, especially for historical data. Data quality issues, such as errors or inconsistencies, can affect the validity of the analysis. The stock market, including banking stocks, can be highly volatile. Rapid price fluctuations and market sentiment can make it challenging to draw definitive conclusions from short-term data. Financial data, especially financial statements, is typically reported quarterly or annually. This lag in data availability may restrict the ability to conduct real-time analysis. Regulatory changes and government policies can have a significant impact on banking stocks. However, predicting the timing and nature of such changes can be uncertain. Research may focus on either short-term or long-term performance, but this choice can limit the breadth of analysis and the applicability of findings to different investment horizons. Human behaviour, including irrational exuberance and panic selling, can lead to market anomalies that may not be fully explained by traditional financial models. Unexpected events like economic crises, geopolitical events, or natural disasters can disrupt stock markets and influence stock performance in ways that are difficult to predict. Mitigating these limitations often involves careful data selection, robust methodologies, and acknowledging the uncertainties inherent in financial markets.

1.7 Chapterisation

Chapter 1: Introduction – The first chapter deals with the introduction to the topic "PERFORMNACE ANALYSIS OF BANKING STOCKS IN NSE", Statement of the problems, Scope of study, Objectives, Research Methodology, Limitations and Chapterisation.

Chapter 2: Literature Review - The second chapter deals with the review of the literature done by other researchers on Performance analysis of banking stocks.

Chapter 3: Theoretical Framework - The third chapter deals with the theoretical framework, which includes some general theories & company profile of SBI and ICICI.

Chapter 4: Data Analysis and Interpretation - The fourth chapter deals with the analysis and interpretation.

Chapter 5: Findings And Suggestions - The fifth chapter deals with findings and suggestions.

CHAPTER 2

REVIEW OF LITERATURE

John J K, Amudha R, & Muthukamu M (2019) conducted a study on November 8, 2016, the Indian government announced demonetisation, a technique intended to combat money obtained covertly. It was implemented after the Indian equity market had closed for the day. For the analysis, information on the price movements of the chosen equities six months before and six months after the demonetisation process was taken into account. It was discovered that the Indian banking sector was still able to generate profits after demonetisation.

Tiwari R, Tiwari R S & Kumar S (2022) conducted a study on economy's lifeblood is banking. India needs a strong and inclusive banking industry if it is to become a developed economy, as it is a developing country. Russia Global supply chains and currency exchange rates have been impacted by the Ukraine war. In this essay, the effect of the conflict between Ukraine and Russia on the performance of banking stocks is examined. A secondary source of information is the National Stock Exchange. Pairwise T-tests are used to assess the data. The banking industry, policymakers, and investors should consider the findings.

Singhi A., Jain R., & Mittal R (2022) conducted a study on both those who desire to earn from stock market trends. One of the world's developing economies is India. The stock markets have seen considerable changes. Stocks in the banking sector might be risky to invest in, though. Systematic risk and unsystematic risk are other categories for this risk. The banking industry is the foundation of the national economy. Investors have previously received solid profits from the banking sector as well. However, the Covid-19 pandemic has made it very evident that banking equities can vary just like other stocks.

Patel H. (2021) conducted a study on target price is the anticipated price level of a financial security that is provided by a financial advisor or investment analyst. It stands for the price of a securities that, if reached, enables a trader to realise the best possible return on his investment. For evaluating the efficacy of target price accuracy, the study considers finances, demand, and expectations. The two goals of the current study are to (a) build a model of target price achievement and (b) build a model of target price accuracy.

Rao M. K. (2022) conducted a study on the trading of shares, bonds, securities, stocks, insurance products, mutual funds of public corporations, or listed companies, takes place on platforms known as stock markets. In this market, existing securities are typically traded. The Indian economy is significantly expanding thanks in large part to the stock markets. The Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) are the two stock exchanges where most of the stock trading in the Indian stock market occurs.

Sekar S & Saranya B. (2020) conducted a study on an economy cannot function without its banking and financial systems. For an economy to expand, these sectors must operate smoothly. The introduction of digital technology has resulted in a significant change in the way that banking and financial services are operated. As consumers find new trends to be both easyand flexible, they are gaining traction quickly. Numerous technological innovations have been introduced into the sector because of the development of financial technology. Internet banking, mobile banking, and fintech firms are just a few instances of this trend.

Dogra V, Alharithi F. S, Alvarez R. M , Singh A & Qahtani A. M. (2022) conducted a study on aims to examine how the revelation of seven worst-case news events affected the stock prices of Indian public and private banks listed on the NSE and BSE. There is no data on how Indian bank stocks in the private and public sectors respond to significant news events separately, despite several recent studies analysing the association between stock prices and news announcements. By focusing on a selection of financial and government news items, we explore these traits. We categorise these newsworthy events to produce groups of announcements (sentiments) with a negative and a positive tone.

Munjal S, Singh G & Jearth P (2021) conducted a study on looked at the consistency of accounting metrics used to assess the quality of earnings for companies listed on the National Stock Exchange 500 from 2008 to 2020. One of the most important company financial data is earnings. Taxpayers typically consider any investment decisions when preparing financial accounts and benefit disclosures. Investors can genuinely ascertain the financial outcomes of the companies listed in the financial statements by using earnings measurements. Persistency, predictability, accrual quality, and smoothness are the four-revenue quality accounting indicators used in the study.

Khatwani R, Raghuram G Mishra M & Mistry, J. (2023) conducted a study on the effect of changing promoter holdings on small-cap value stocks is examined. For this study, NIFTY Small Cap 250 index stocks that fall inside the top 20th percentile of the same universe's book-to-market (B/M) ratio have been considered. Regression analysis is used in the study to analyse how independent factors affect returns. Stocks with an increase in promoter holdings, which is discovered to be negatively correlated with stock returns, are excluded from the analysis.

Venkatesh, P SUDHEER K & Paramasivan S (2021) conducted a study of the stock market that focuses on elements that influence the supply.
and demand of stocks. It also aids in understanding the fundamental value of shares and determining whether they are overvalued or undervalued. The investor would be able to spot significant market turning points with the aid of the stock market indicators. This important technical study of a few chosen companies explains the price behaviour of the shares, the signals they send, and the key market turning points.

Gupta, S., Bandyopadhyay, G., Biswas, S., & Mitra, A. (2023) conducted a study on investing extortion in the stock market as it is an important factor that investors take into consideration. As a result, investors used various tactics. The goal of this study was to create an investment portfolio (IP) of non-parametric stocks from among the NSE 100 listed companies, fulfilling the fundamental tenet of portfolio construction: lowering risks while providing investors with an alluring return that is higher than that of any other instrument. The intended sample of businesses with a non-normal distribution was obtained using the DP Omnibus test.

Mohan, R. (2005) conducted a study that examines the history of financial sector reforms in India from the perspectives of various market categories, including banking, debt markets, foreign exchange markets, and non-banking financial firms. Aside from that, discussions are held regarding modifications to monetary policy because of the financial sector reform. The article examines numerous performance metrics of major Indian financial sector segments in this context. Overall, it has been shown that all the Indian financial sector's segments have improved in terms of efficiency, competitiveness, and overall health. The research presents several concerns for the sector's future.

Hossain, M., & Reaz, M. (2007) conducted a study on the findings of an empirical investigation into the level of voluntary disclosure by 38 listed banking organizations in India are presented in this article. Additionally, it presents the findings of the correlation between corporate traits and the sample businesses' voluntary disclosure. According to the survey, Indian banks provide a sizable amount of voluntary information. The data also show that age, diversity, board composition, multiple exchange listing, business complexity, and size and assets-in-place are not relevant in determining the degree of transparency.

Al-Homaidi, E. A., Ahmad, A., Khaled, A. S., & Qaid, M. M. (2019) undertook a study with the goal of analyzing how external influences affect the performance of listed commercial banks in India. For the years 2008 to 2017, this study employed a panel data of 37 publicly traded commercial banks. Gross domestic product (GDP), inflation rate (IFR), interest rate (INTRT), and currency rate (EXCH) are used to measure external factors, whilst return on assets (ROA) and return on equity (ROE) are used to assess the performance of listed commercial banks. According to the study's findings, GDP and INTRT rate have only a minimal impact on the performance of listed commercial banks as assessed by ROA, although EXCH rate and IFR rate have a substantial impact on it.

Sharma, D. (2018) conducted a study on both established and emerging economies, several research on bank performance and efficiency have been carried out. Even while there is a wealth of data on the relationship between new stock performance metrics and bank efficiency for industrialized nations, there is little of it for developing nations. In light of this, a model is created and evaluated for the Indian economy using the stock market return as the primary variable, along with bank efficiency and bank-specific characteristics. Data envelopment analysis (DEA) was used to create the model for Indian banks. To investigate the empirical relationship between efficiency measurements and market performance measures, panel data regression analysis was performed.

Dogra, V., Alharithi, F. S., Álvarez, R. M., Singh, A., & Qahtani, A. M. (2022) conducted a study to examine how the revelation of seven worst-case news events affected the stock prices of Indian public and private banks listed on the NSE and BSE. There is no data on how Indian bank stocks in the private and public sectors respond to significant news events separately, despite several recent studies analyzing the association between stock prices and news announcements. By focusing on a selection of financial and government news items, we explore these traits. We categorize these newsworthy occurrences to produce groups of announcements (sentiments) with a negative and a positive tone.

Dash, M., Kantheti, S., & Teja, G. K. (2018) conducted a study on one of the stock return phenomena that has received the most research is the book-to-market impact. When stock returns are positively correlated with book-to-market ratios, it is defined by high book-to-market ratio equities producing higher returns than low book-to-market ratio stocks. The traditional Fama-French approach compares the rates of return of a portfolio made up of high book-to-market companies with a portfolio made up of low book-to-market equities to analyze the book-to-market impact. By suggesting a novel testing methodology for the book-to-market effect, namely fixed-effects panel regression analysis, the current work contributes to the literature. The National Stock Exchange (NSE) of India's banking stocks are the subject of this study's examination of the book-to-market effect.

Kamath, G. B. (2015) conducted a study on to objectively analyze how intellectual capital (IC) affects the financial success and market value of Indian businesses. 30 companies from the S&P BSE SENSEX index, which includes 30 companies from a range of manufacturing and service sectors. The analysis covered the years FY 2008-2009 through FY 2012-2013. To investigate how IC affects these enterprises' financial performance and market value, multiple linear regression analysis is employed. The article analyzes the data using the VAICTM approach and discovers that the organizations' internal controls indeed have an impact on their financial performance and market value.

Rajesh, R., Selvam, M., & Vinayagamoorthi, V. (2012, February) conducted a study on stock market. It is a location where investors can purchase and sell stocks. In terms of daily turnover and trading volume for both equities and derivative trading, the National Stock market is the biggest stock market in India. A market is said to be efficient if the market price of a security is a fair assessment of its intrinsic value. By considering the Bank index from the NSE, this study aims to evaluate the effectiveness and behaviour of bank stock return.

Jaspal Singh & Kiranpreet kaur (2015), has done an empirical analysis on Adding value to value stocks in Indian Stock market. The result of his study reveals that the mean market adjusted return of stocks, F score is significantly larger than the portfolio of value stocks which comprises that an investor could constitute a hybrid portfolio and generate positive return by selling expected losers' stocks and buying expected winner stocks.

P. Naveen & K. Neeraja (2018), found in their study of risk and return analysis of equity shares in banking sector, that among the 5 banks-Central Bank of India, ICICI Bank, HDFC Bank, Syndicate Bank, State Bank of India, HDFC bank has experienced the highest returns and lowest risk and syndicate bank has the higher risk when compared with all.

Patjoshi, P. (2016), done a research study for analyzing risk and return of Indian banks for duration 2001-15 and Correlation analysis reveals that Sensex returns have high positive correlation with Axis bank return. But on the other hand, a negative correlation with ICICI bank. This study reveals that for the period of 15 years the Banking stocks were moving in the same direction of the Sensex except the ICICI bank returns.

Patjoshi P.K (2019) conducted a study on The Indian stock markets have made significant contributions to the growth of the national economy. In the context of Indian stock trading, the banking industry accounts for a significant portion of all sectors. The study looks at the relationship between Sensex and BSE 30 banking stocks' risk and return. Bombay Stock Exchange (BSE) is one of India's top stock exchanges. In this study, various Sensex stock indices and banking stock indices were utilized to compare the risk-return trade-offs between the Sensex and HDFC Bank, ICICI Bank, Axis Bank, and SBI. On secondary data, the study is built. The analysis's data was obtained from the BSE website over a 15-year period, from January 1, 2001, to December

Mohammed Hossain & Masrur Reaz (2007) conducted a study on the findings of an empirical investigation into the level of voluntary disclosure by 38 listed banking organizations in India are presented in this article. Additionally, it presents the findings of the correlation between corporate traits and the sample businesses' voluntary disclosure. According to the survey, Indian banks provide a sizable amount of voluntary information.

Kumar & Murugan S. (2013) conducted a study on the active research areas in many fields, including finance, mathematics, physics, machine learning, etc., is forecasting based on time series data for stock prices, currency exchange rates, price indices, etc. Numerous statistical models first provide solutions to the problem of financial time sequence analysis and prediction. Many different neural network models have been put forth over the course of the last few decades to address the issue of financial data and produce accurate prediction results.

Kalsie& Shrivastav, (2016) conducted research on the purpose of this essay is to investigate the connection between board size and company performance. The existing body of literature on board size is based on various corporate governance ideas. The size of the board may have a favorable impact on performance, according to agency theory and resource dependency theory, however stewardship theory favors a smaller board size and contends that a bigger board size has a detrimental effect on the performance of the company.

Haralayya, B. (2022). Conducted a study on the shared store industry is one of the most lucrative business opportunities in the world and plays a key role in a country's economic development. Their predominate proximity in the Currency market and capital market can be used to determine the dynamic contribution of common assets. They are also well known in the stock market for their solid performance as a source of significant subsidies through regular consumption of coasting equities.

Trivedi, J. C. (2013) conducted a study on corporate expansion and growth are now essential. Using mergers and acquisitions (M& As) is a simple way to accomplish the twin goals. There are only two ways for businesses to grow their operations and make sizable profits in the corporate sector. One strategy is to expand internally by implementing new technology, changing the way things are done, improving employee performance, and launching new products or service lines.

Rani, N. Yadav, & Jain (2015) conducted a study on the purpose of this paper is to investigate the impact of mergers and acquisitions (M & A) on corporate performance. It addresses the major question related to the long-term performance of the acquiring firm.

CHAPTER 3

THEORETICAL FRAMEWORK

3.1 Introduction:

Banking stocks are integral components of financial markets, reflecting the performance and stability of the banking sector within the economy. Understanding the factors influencing the performance of banking stocks is crucial for investors, analysts, and policymakers. This project aims to analyze the performance of banking stocks listed on the National Stock Exchange (NSE) of India. By examining key metrics and theoretical concepts, we seek to provide insights into the dynamics shaping banking stock performance and their implications for market participants.

This includes some general theories about risk, return, capital asset pricing model, year to date analysis, company profile of SBI and ICIC, etc.

1. Efficient Market Hypothesis (EMH)

- **EMH Overview**: The Efficient Market Hypothesis (EMH) is a theory that suggests financial markets incorporate all available information into asset prices efficiently and quickly. In the context of banking stock analysis, understanding EMH helps us comprehend how stock prices reflect all known information about banking institutions and their performance.

- **Implications for Banking Stock Analysis**: This subheading explores how EMH influences the analysis of banking stocks. It discusses the challenges of outperforming the market, the role of information efficiency in stock pricing, and the implications for investors and analysts when evaluating banking stocks.

2. Financial Metrics and Performance Evaluation

- **Key Metrics: ROE, ROA, NIM, CAR**: Here, we delve into the essential financial metrics used to evaluate the performance of banking stocks. Return on Equity (ROE), Return on Assets (ROA), Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR) are discussed in detail, highlighting their significance in assessing profitability, efficiency, and risk management within banking institutions.

- **Evaluation Methodologies**: This subheading examines the methodologies and techniques employed in the evaluation of banking stock performance using financial metrics. It discusses how these metrics are calculated, interpreted, and applied in practice to analyze the financial health and operational efficiency of banking stocks.

3. Risk-Return Tradeoff

- **Conceptualizing Risk and Return**: This section explores the fundamental concept of the risk-return tradeoff and its relevance to banking stock analysis. It explains how investors weigh the potential returns of an investment against its associated risks, emphasizing the importance of understanding and managing risk in the context of banking stocks.

- **Application to Banking Stock Analysis**: Here, we apply the concept of the risk-return tradeoff to the analysis of banking stocks. We discuss how investors evaluate the riskiness of banking stocks relative to their expected returns, considering factors such as regulatory environment, market conditions, and macroeconomic dynamics.

4. Market Efficiency and Anomalies

- **Understanding Market Efficiency**: This subheading provides an overview of market efficiency and its implications for banking stock analysis. It explores the idea that markets incorporate all available information into stock prices efficiently, as well as the implications of market efficiency for investors and analysts.
- **Anomalies in Banking Stock Performance**: Here, we examine anomalies or deviations from market efficiency that may occur in the performance of banking stocks. We discuss anomalies such as momentum effect or value effect, which challenge the assumptions of market efficiency and influence the performance of banking stocks in unexpected ways.

5. Macroeconomic Dynamics and Industry Trends

- **Impact of Macroeconomic Factors**: This section explores how macroeconomic factors, such as interest rates, inflation, and regulatory policies, impact the performance of banking stocks. It discusses how changes in macroeconomic conditions influence the profitability, risk, and valuation of banking institutions.
- **Industry Trends and Stock Performance**: Here, we analyze industry trends and their implications for banking stock performance. We examine how trends such as technological advancements, regulatory changes, and shifts in consumer behavior shape the performance and competitive landscape of banking stocks within the market.

6. Year To Date (YTD) Analysis

- The term year to date (YTD) describes the time interval that starts on the first day of the current fiscal year or calendar year and ends on the present date. When examining business trends over time or contrasting performance statistics with rivals or peers in the same industry, year-over year data (YTD) is helpful. YTD is significant when assessing progress over a given period of time. It is useful for assessing prospects, performance, and advancement

7. Capital Asset Pricing Model (CAPM)

The Capital Asset Pricing Model (CAPM) estimates the expected return on an investment based on the perceived systematic risk. The cost of equity – the required rate of return for equity holders – is calculated using the CAPM.
The CAPM establishes a relationship between the risk and expected return by an investor based on three key variables:

Risk-Free Rate (rf)
Beta (β) of the Underlying Asset (or Security)
Equity Risk Premium (ERP)

CAPM Formula
Expected Return (Ke) = rf + β (rm – rf)
Where:
Ke → Cost of Equity (or Expected Return)
rf → Risk-Free Rate
β → Beta
(rm – rf) → Equity Risk Premium (ERP)

8. Company Profiles

8.1 SBI

State Bank of India (SBI) a Fortune 500 company, is an Indian Multinational, Public Sector Banking and Financial services statutory body headquartered in Mumbai. The rich heritage and legacy of over 200 years, accredits SBI as the most trusted Bank by Indians through generations.

SBI, the largest Indian Bank with 1/4th market share, serves over 48 crore customers through its vast network of over 22,405 branches, 65,627 ATMs/ADWMs, 76,089 BC outlets, with an undeterred focus on innovation, and customer centricity, which stems from the core values of the Bank - Service, Transparency, Ethics, Politeness and Sustainability.

The Bank has successfully diversified businesses through its various subsidiaries i.e. SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, SBI Card, etc. It has spread its presence globally and operates across time zones through 235 offices in 29 foreign countries. Growing with times, SBI continues to redefine banking in India, as it aims to offer responsible and sustainable Banking solutions.

8.2 ICICI

ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. Until the late 1980s, ICICI primarily focused its activities on project finance, providing long term funds to a variety of industrial projects.

With the liberalization of the financial sector in India in the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services provider that, along with its subsidiaries and other group companies, offered a wide variety of products and services.

As India's economy became more market-oriented and integrated with the world economy, ICICI capitalized on the new opportunities to provide a wider range of financial products and services to a broader spectrum of clients. ICICI Bank was incorporated in 1994 as a part of the ICICI group. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the New York Stock Exchange.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATIONS

4.1. General Profile

1. This chapter comprises an examination of the study's data employing charts and graphs.

4.1.1. SBI

Table 4.1.1(A)

SBI	
Mean	-0.000110499
Variance	9.52764E-05
Standard deviation	0.009760965

Table 4.1.1(B)

CAPM	
Risk Free Return	0.0625
Beta	1.123104158
Expected	-0.045933261

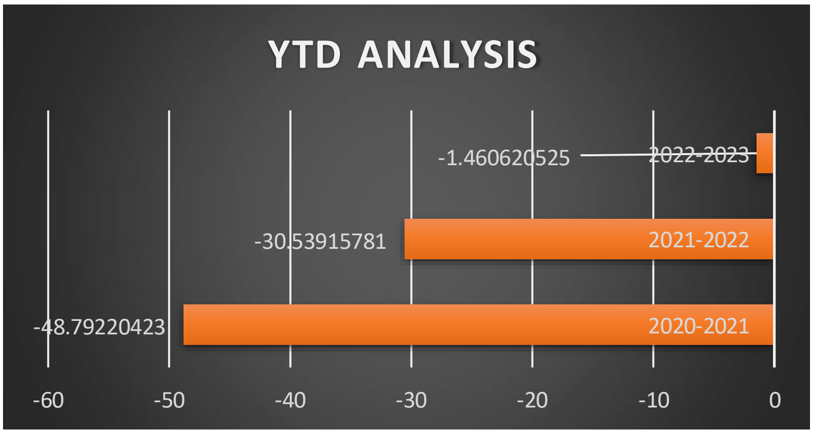
Interpretation:

From the above table (Table 4.1.1(A)) We can see that SBI's Beta (1.123104158) is greater than 1, indicating that its price would be more volatile.

Table 4.1.1(C)

YTD Analysis	
2020-2021	-48.79220423
2021-2022	-30.53915781
2022-2023	-1.460620525

Chart 4.1.1(a)



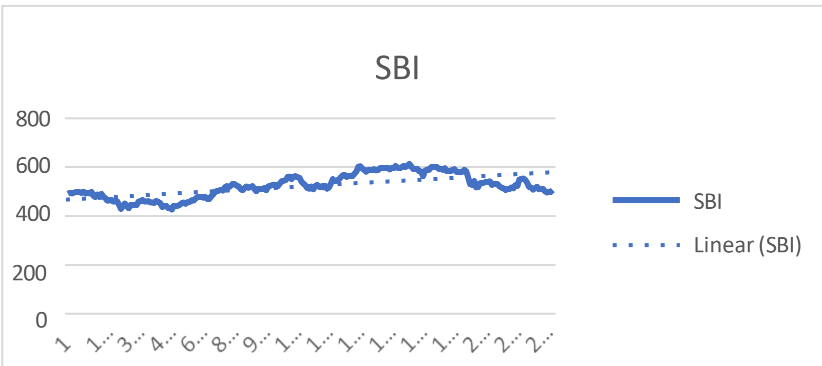
Interpretation:

From the provided data on year-to-date (YTD) analysis of market prices SBI over three consecutive years (2020-2021, 2021-2022, and 2022-2023), it's evident that bank has experienced negative returns in each period starting with a drop of approximately 48.79% in 2020-2021.This negative trend persisted with a decrease of about 30.54% in 2021-2022.However, in 2022-2023, the decrease was much smaller, around 1.46%, indicating a potential improvement or stabilization**.**

Chart 4.1.1(b) Return of SBI

Interpretation:

From the chart (Chart 4.1.1(b)) it is we can understand that the return of SBI shows an upward trend.



4.1.1. ICICI

Table 4.1.2(A)

ICICI	
Mean	-7.56664E-05
Variance	9.45627E-05
Standard deviation	0.009724333

Table 4.1.2(B)

CAPM	
Risk Free Return	0.0625
Beta	0.983868397
Expected	-0.032490351

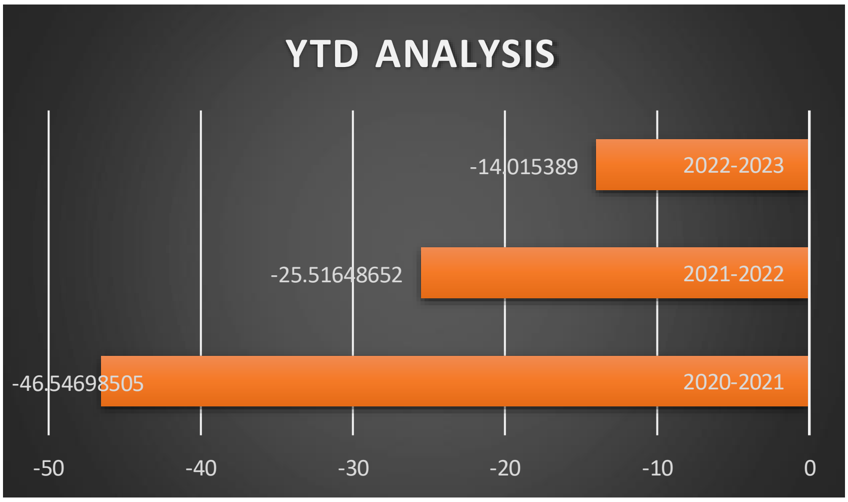
Interpretation:

From the above table (Table 4.1.2(A)) we can see that the Beta (0.983868397) of ICICI Bank is less than 1, indicating that its price would be less volatile.

Table 4.1.2(C)

YTD Analysis	
2020-2021	-46.54698505
2021-2022	-25.51648652
2022-2023	-14.015389

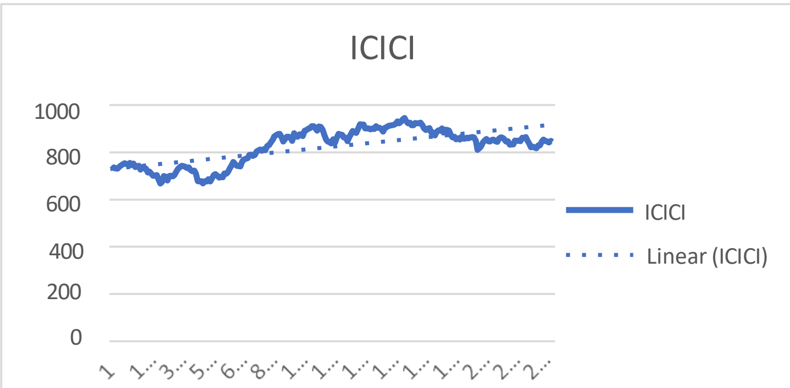
CHART 4.1.2(a)



Interpretation:

From the provided data on year-to-date (YTD) analysis of market prices for ICICI Bank over three consecutive years (2020-2021, 2021-2022, and 2022-2023), it's evident that bank has experienced negative returns in each period. Experienced a decrease in market price of approximately 46.55% in 2020-2021, followed by further declines in the subsequent years.The decrease moderated to around 25.52% in 2021-2022, but still remained negative. The trend continued with a decrease of about 14.02% in 2022-2023.

Chart 4.1.2(b) Return of ICICI



Interpretation:

From the chart (Chart 4.1.2(b)) we can see that the return of ICIC Bank is showing an upward trend

4.1.2. NIFTY

Table 4.1.3(A)

NIFTY	
MEAN	3.85468E-05
VARIANCE	8.96481E-05
STDEV	0.009468267

CHAPTER 5

FINDINGS, CONCLUSION & SUGGESTIONS

5.1 Findings

Considering the Capital Asset Pricing Model (CAPM) it is better for the shareholders to invest in SBI as the Beta (1.123104158) of SBI is greater than 1 which shows greater volatility of its price. And the Beta (0.983868397) of ICICI is less than 1. Since the price of SBI is more volatile the risk in investing the stocks of SBI will also be high. Greater levels of risk typically correspond to higher potential returns.

As per the Year to Date (YTD) analysis of market prices for ICICI Bank and SBI over three consecutive years (2020-2021, 2021-2022, and 2022-2023), it's evident that both banks have experienced negative returns in each period. ICICI Bank Experienced a decrease in market price of approximately 46.55% in 2020-2021, followed by further declines in the subsequent years. The decrease moderated to around 25.52% in 2021-2022, but still remained negative. The trend continued with a decrease of about 14.02% in 2022-2023.

Similarly, SBI also faced negative returns across all three periods, starting with a drop of approximately 48.79% in 2020-2021. This negative trend persisted with a decrease of about 30.54% in 2021-2022. However, in 2022-2023, the decrease was much smaller, around 1.46%, indicating a potential improvement or stabilization.

Overall, both ICICI Bank and SBI have seen declining market prices over the analysed years, with varying magnitudes of decreases.

5.2 Suggestions

Based on the CAPM analysis and the historical market price performance, investing in SBI may indeed offer higher potential returns due to its higher beta, indicating greater volatility. However, it's essential to consider the overall market conditions and the specific factors influencing each bank's performance. Given the consistent negative returns experienced by both ICICI Bank and SBI over the analyzed periods, it's crucial for shareholders to assess additional factors such as the banks' financial health, market positioning, regulatory environment, and potential for future growth or recovery.While SBI's smaller decrease in market price in the most recent period could signal improvement or stabilization, it's essential to monitor future developments closely to determine if this trend continues or reverses.

Ultimately, investors should conduct comprehensive research and consider diversification strategies to mitigate risks associated with individual stock investments. Consulting with a financial advisor can also provide valuable insights tailored to individual investment goals and risk tolerance levels.

5.1 Conclusion

In conclusion, while the CAPM framework suggests that higher beta may indicate higher potential returns due to increased volatility, the actual performance of ICICI Bank and SBI over the analyzed periods did not align with this expectation. Despite SBI having a higher beta, both banks experienced negative returns, reflecting the importance of considering a range of factors beyond beta when making investment decisions. Investors should focus on diversification, thorough analysis of company fundamentals, and broader market trends to make informed investment choices.

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