

A Comparative Study on Stock Market Performance of Five Prominent Public Sector Bank in India

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ABSTRACT-

*The indispensable part of financial system is stock market. Stock market create buzz about every major happening in the world whether micro or macro. In this way the stock market is one of the major indicator of financial health of the country. Below study evaluates the performance of five leading public sector banks in terms of return and risk, performance of the stock and trades. . Analysis is done to compare variation in return and risk of considered five banks : State Bank of India, Punjab National Bank, Bank of India, Bank of Baroda and Canara Bank . The financial **performance** of banks is analyzed by taking 11 years data from the financial year 2011-12 to 2021-22. The descriptive statistics indicates that there is significance difference between overall **performance** of selected banks in **India** by analyzing key **performance** parameters from 2011- 12 to 2021-22. From the **study** it is also cleared that SBI turnover goes down in the considered period of study. While In 2012 this bank was performing far better as compare to other banks.*

KEYWORDS- Public Sector Bank, Return, Risk, Stock Market, Stock Market Performance

INTRODUCTION

“Banks are considered as the backbone of the economy of any country.”

Performance of stock market is the barometer of measuring whole stock market or specific stock .it gives an idea to the investors about their future move. The variation in the stock price and stock indexes gives the idea about future trend of stock, sector or the economy of the country. stock market performance is the indicator of overall performance of the economy. Stock market index shows overall performance of the market or a specific sector.

Banking sector act as lubricant for the movement of the economy .Banking sector which is regulated by government agencies hold financial asset of people and invest this asset to create more fund. For the study ,public sector bank is selected. Public sector banks are those banks in which more than 51 percent of stake is held by government.

The increasing level of education, awareness, paying capacity and mindset can also increases the investing pattern of the Indians. To achieve real success and to get huge investment banks have establish the environment of trust among the investors fraternity. Indian banking stock market had witness land mark period like after liberalization,

World level slow down has been witnessed in the last two financial years 2019-20 and 2020-21 due to pandemic. Lots of new practices has been introduced and flourish during the period. Digital transactions increases tremendously. A common man started to use digital transactions for their routine operations. It may be stated that now all are

becoming use to with them. This fact can also bring changes in the stock performance of the financial organizations. Change in psychological state of the potential investors, adoption of new areas for investment and increase in per capita income are considered as most inspire\ing facts to perform research. Modernisation, pandemic and post liberalization period, government stability, fluctuations in the rate of inflation, crude oil price in Indian economy encourages to select this specific duration for the research.

REVIEW OF LITERATURE

Kothari & Sharma (2009) presented certain evidence that suggest how does the volatility of stock market affect the performance of the banking sector during the period of 2007-08. Performance slow down of the Indian banking sector is subject to inflation, role f Govt. Towards inflation control, US crises having their bearing over the banking performance.

Jeyanthi and William (2010) presented the bank stock performance during the period of 08 years that is from 2000 to2008. The prime focuses has been given to the study of the impact of banking reforms on the performance of the bank stock. To perform this study banks listed in National Stock Exchange has been considered. The results suggest that Maximum of the bank securities yield good return except in the financial year 2000-2001.

William and Vimala (2015) examined volatility of stock by taking various banks and applying tools on it and the conclusion is drawn that closing price were similar for all banks taken for study.

Shanavas (2018) stated that high risk is the characteristic of stock market but it offers maximum return. Fluctuation in the stock price is key element to decide risk and return attributable to investor. Investor can make better stock decision after knowing information about stock market.

Aparna & Sanjeev(2018), analyse the influence of the governing body over performance of the public sector banks in India. It is realized that number of meeting along with the number of people attended meeting having bearing over the performance of the public sector banks. There exist a strong association between frequency and size of meeting with performance of bank

Jeyanthi and Divya in (2019) research suggest that the risk and return in capital market investment is always high. That is why it is imperative for every investor to make strategies to take advantage of investment opportunity in the market and thus take profit out of it.

STATEMENT OF THE PROBLEM

Every investor wants to invest in those stocks which are profitable and less risky. Banking sector is the backbone of the country. This research is an attempt to present the performance of five leading public sector banks of India. It is also intended to provide a clarity over the fluctuations/ deviation in the performance and associated risk with the stocks.

OBJECTIVES OF STUDY

1. To get the overview of the performance of the stock.
2. To identify the return and level of risk associated with the stock.

HYPOTHESIS OF THE STUDY

- 1 There is no significant difference among stock market return of considered public sector banks.
- 2 There is no significant difference among stock market risk of considered public sector banks.

RESEARCH METHODOLOGY

- **Population :** Public sector banks of India.
- **Sample :** Based on market capitalization top five public sector banks were selected to make a sample. The banks taken for the study are STATE BANK OF INDIA, PUNJAB NATIONAL BANK ,BANK OF BARODA, BANK OF INDIA, CANARA BANK.
- **Data Type:** Secondary data was the basis of this study.
- **Source for Data Collection:** Bseindia.com is the official website from which data for the study collected. The period of analysis is of 11 financial years starting from 2011 to 2022.
- **Tool Used for Data Analysis :** Data collected through online sources and analysed using ANOVA .
- **Software Used :** SPSS.

DATA ANALYSIS & THEIR INTERPRETATION

Chart 1 (Refer Annexure 1)

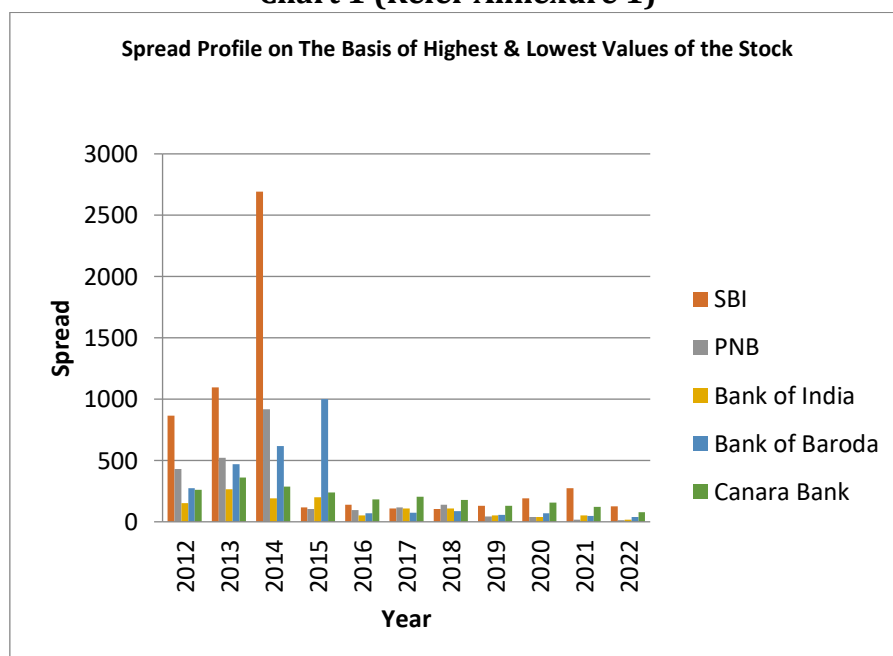
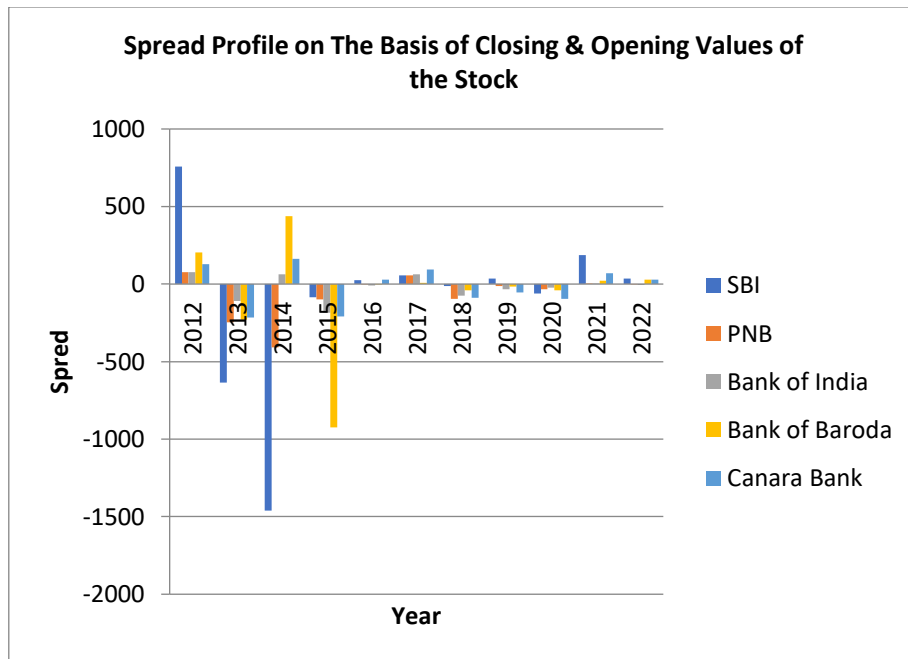


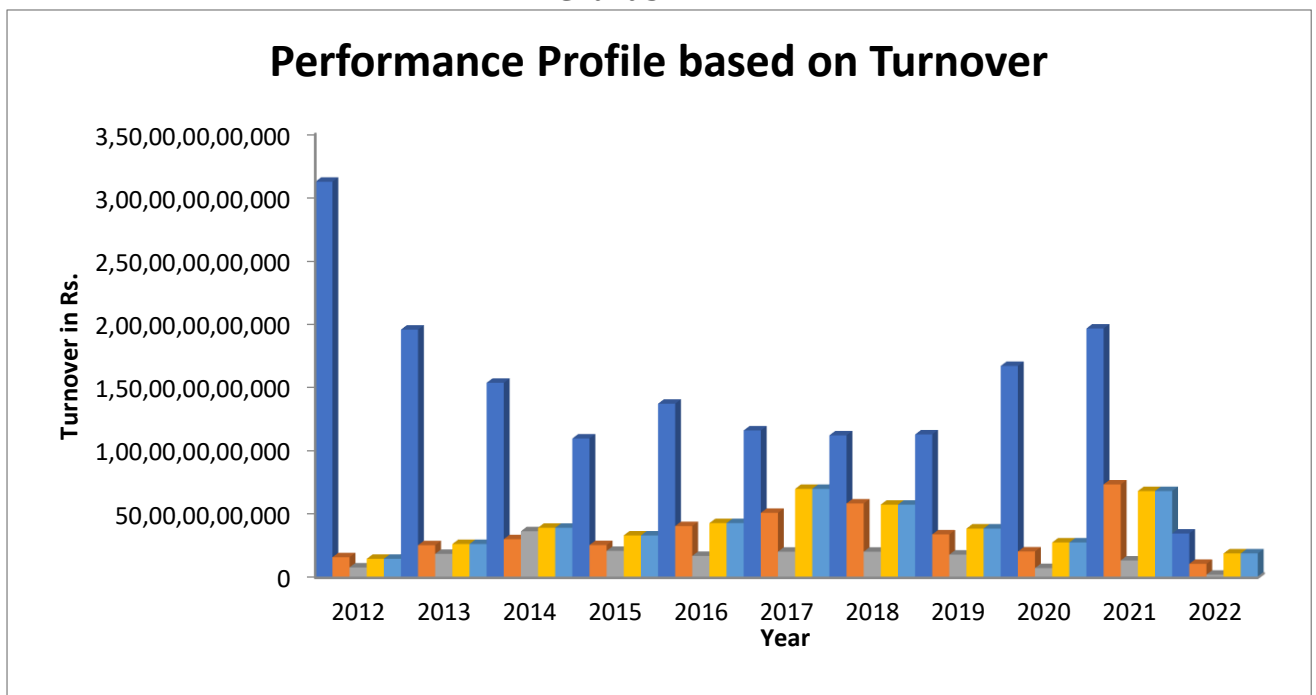
Chart 2 (Refer Annexure 2)



Interpretation 1: From Chart 1 it is clearly said that SBI is performing best among all the 5 considered banks in the said duration except year 2015 and 201 . It is also concluded that in 2014 performance of all the considered banks were excellent specially in the period chosen for the study.

Interpretation 2: From Chart 2 Negative fluctuation are witnessed which is alarming situation for the public sector banks. With this graph it is easily interpreted that it is risky to invest in the stock of these public sector banks.

Chart 3



Interpretation 3: From Chart 3 witness that SBI having highest turnover but in 2022 a major drop in the turnover has been recorded.

Interpretation 4:

Table 1
Descriptive Statistics

Closing Value of the Stock

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
State Bank of India	11	466.5572	439.02787	132.37188	171.6143	761.5001	228.65	1765.50
Punjab National Bank	11	215.6500	275.60134	83.09693	30.4985	400.8015	33.05	871.35
Bank of India	11	145.1364	104.99395	31.65687	74.6005	215.6723	45.45	342.85
Bank of Baroda	11	322.2455	363.88750	109.71621	77.7825	566.7084	61.50	1084.50
Canara Bank	11	285.8591	108.77073	32.79561	212.7859	358.9323	128.95	495.50
Total	55	287.0896	300.78321	40.55760	205.7765	368.4027	33.05	1765.50

Above table 1 enable to answer two questions:

1. Stock of which bank perform better on the basis of average:

From the above table it is clearly observed that the average closing value of the stock of State Bank of India in last 11 years is highest among all the considered five banks . Thus it is concluded that State Bank of India is doing well. Even from the above two charts it is concluded that SBI is performing for better then rest of the five banks. If we can go through the mean statistics of the closing values of the stock it is also clear that Bank of India's stock performance ranked last.

2. What is the level of risk associated with the stock investments:

On the basis of coefficient of standard deviation it can be infer that among the 5 selected bank i.e. State bank of India, Punjab national bank ,Bank of India ,bank of Baroda and Canara Bank ,Canara Bank have very low volatility ratio amongst all . As the value of Coefficient of Standard Deviation stand only at 38.05%. so we can infer that due to low volatility rate ,risk factor is minimum with Canara Bank and highest with Punjab national bank (127.8%). Thus the Risk factor is much lower with the Canara Bank.

Table 2
Coefficient of Standard Deviation on the Basis of Closing Values of the Stocks

Name of the Bank	State Bank of India	Punjab National Bank	Bank of India	Bank of Baroda	Canara Bank
Coefficient of Standard Deviation	94.09947	127.8003	72.34157	112.9224	38.05047

From table one we came to know that value of the coefficient of correlation for the Punjab National Bank is highest whereas Canara Bank having least value if coefficient of correlation. The values indicates that Stock of PNB possess higher order volatility as compared to the stock of other bank. On the contrast to it stock of Canara has shown least volatility in their performance PNB.

Interpretation 5:

Table 3
Descriptive Statistics
Turnover of the Stocks

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Between-Component Variance
					Lower Bound	Upper Bound	
SBI	1	14980323	70593395	21284709	10237794	19722852	
	1	4780.7273	262.47209	523.89749	6537.2890	3024.1655	
PNB	1	35228180	19155542	57756134	22359311	48097048	
	1	317.6364	616.77459	10.50036	683.6476	951.6252	
Bankk of India	1	35228180	19155542	57756134	22359311	48097048	
	1	317.6364	616.77459	10.50036	683.6476	951.6252	
Bank of Baroda	1	39896440	18630966	56174478	27379987	52412894	
	1	905.0909	696.37816	19.40851	169.6612	640.5206	
Canara Bank	1	21819297	10756991	32433548	14592651	29045942	
	1	010.1818	221.18690	86.71126	976.3209	044.0427	
Total	5	56395066	58337866	78662763	40624132	72166001	
	5	666.2546	869.02850	63.89959	109.1118	223.3973	
Mo Fixe del d Effe cts			35157141	47405879	46873315	65916817	
			125.93343	42.34102	557.9521	774.5570	

Ran			23546601	-	12177091	26598462611068
dom			161.53600	89807788	2205.2459	96000000.00000
Effe				72.7368		
cts						

Table 4
ANOVA
Turnover

Turnover

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	121977333777298630000000.00	4	30494333444324657000000.00	24.671	.000
Within Groups	61801228607439960000000.00	50	1236024572148799200000.00		
Total	183778562384738570000000.00	54			

1 **Hypothesis 1** : There is no significant difference among stock market return of considered public sector banks.

Table 5
ANOVA

Return on Investment

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2894.017	4	723.504	.470	.757
Within Groups	76927.247	50	1538.545		
Total	79821.264	54			

The above table shows that the calculated value of F is 0.470 which is less than table value of 0.757 at 5% level of significance with degree of freedom being 4 and 50 and hence the difference in the Return on Investment is significantly not considerable. This analysis support the null analysis *There is no significant difference among stock market returns of considered public sector banks.* Hence, **Alternative Hypothesis two is not accepted**

Hypothesis 2 :

There is no significant difference among stock market risk of considered public sector banks.

ANOVA

Closing Value of the Stock

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	645704.435	4	161426.109	1.904	.124
Within Groups	4239704.826	50	84794.097		
Total	4885409.261	54			

The above table shows that the calculated value of F is 1.904 which is greater than table value of 0.124 at 5% level of significance with degree of freedom being 4 and 50 and hence the difference in the volatility level is significantly considerable. This analysis support the alternative analysis *There is significant difference among stock market risk of considered public sector banks*. Here we also conclude that difference in the average closing values are not by chance. Hence, **Alternative Hypothesis two is accepted**

Conclusion

Economic wealth of a nation is largely depends upon the growth of the banking sectors. By the research we are able to conclude about the financial health of the stock of considered five public sector banks in India.

From the research analysis it is concluded that the banks taken in to consideration are not having any significant difference in the Return on Investment whereas there is significant difference in the turnover of the banks. Also we are able to state that risk associated with investment different and in Canara bank it is least and in Punjab National Bank it is most.

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Annexure

Results from ANOVA (Applied on the closing Values of the Stock during the period of 11 Years)

Table 1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std.	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Deviation	Statistic	Statistic	Std.	Std.
					Statistic	Statistic	Error	Statistic	Error
State Bank of India	11	228.65	1765.50	466.5572	439.02787	3.099	.661	9.927	1.279
Punjab National Bank	11	33.05	871.35	215.6500	275.60134	1.901	.661	2.749	1.279
Bank of India	11	45.45	342.85	145.1364	104.99395	.960	.661	-.394	1.279
Bank of Baroda	11	61.50	1084.50	322.2455	363.88750	1.433	.661	.568	1.279
Canara Bank	11	128.95	495.50	285.8591	108.77073	.845	.661	.236	1.279
Valid N (listwise)	11								