

# CHAPTER I

## INTRODUCTION

### 1.1 BACKGROUND

Investment is an art of money making and wealth creation, which is essential for every individual human being. “Investment is a commitment of money that is expected to generate additional money”. Every investment entails some degree of risk: It requires a present certain sacrifice for a future uncertain benefit (Jack Clark Francis, 2010). India has grown as one of the significant economies in the world having immense potential for long-term growth. Indian economy is developing at a faster pace and overflowing with investment opportunities. “The average Indian’s income will triple by 2025” (McKinsey Global Institute, 2016). Nevertheless, only proper investment decision can boost the desired wealth creation. Hence a financial market plays a vital role in bringing the investment of desired people for productive purpose.

Financial market is a system that allows people to easily buy and sell financial securities, commodities and other substitute things of value at low transaction costs and at prices that reflect the efficient market hypothesis. They are used to match those who want capital to those who have it. A borrower issues a receipt to the lender promising to pay back the capital. These receipts are securities which may be freely bought or sold. In return for lending money to the borrower, the lender will expect some compensation in the form of interest or dividends. Indian financial market is divided into two categories namely capital market and money market. The capital market is further classified into primary market and secondary market. New securities are bought or sold in primary market, during Initial Public Offerings (IPO). Secondary market allows investors to buy and sell existing securities. The capital market plays a vital role in fostering economic growth of the country, as it augments the quantities of real savings; increases the net capital inflow from abroad; raises the productivity of investments by improving allocation of investible funds and reduces the cost of capital in the economy.

Secondary market offers marketability to the securities and indirectly contributes to the economic growth of the country. Thus the primary market provides a firsthand opportunity for the investors to invest their fund, those who lost the opportunities of investment in primary market. The secondary market is big platform for the productive investors. Hence, the secondary market offers wide investment opportunities. A good investment can become bad if not handled properly. The term good and bad for investments is relative to the investor and his expectation for returns. Modern investment theory states that - 'High risk, High returns; Low risk, Low returns'. This gives the possibility of high returns on high risk, not the guarantee of high returns as there are chances of high potential losses also. Hence before investing, a person have to be certain about his risk bearing capacity and various investment options to suit his financial condition, risk tolerance, life situation and financial goals. It is important to balance the risk and return while investing to achieve a tradeoff. If a person's investments are giving him too much anxiety, it cannot be termed as a balanced investment. Risks cannot be totally isolated from investments, but the amount of risk associated with a particular investment should be acceptable. Acceptable risk means managing and controlling risk and returns so that the returns are maximized and risk minimized. Each and every investor should analyze the securities, which are traded in the secondary market to know about the potential returns and possible risks.

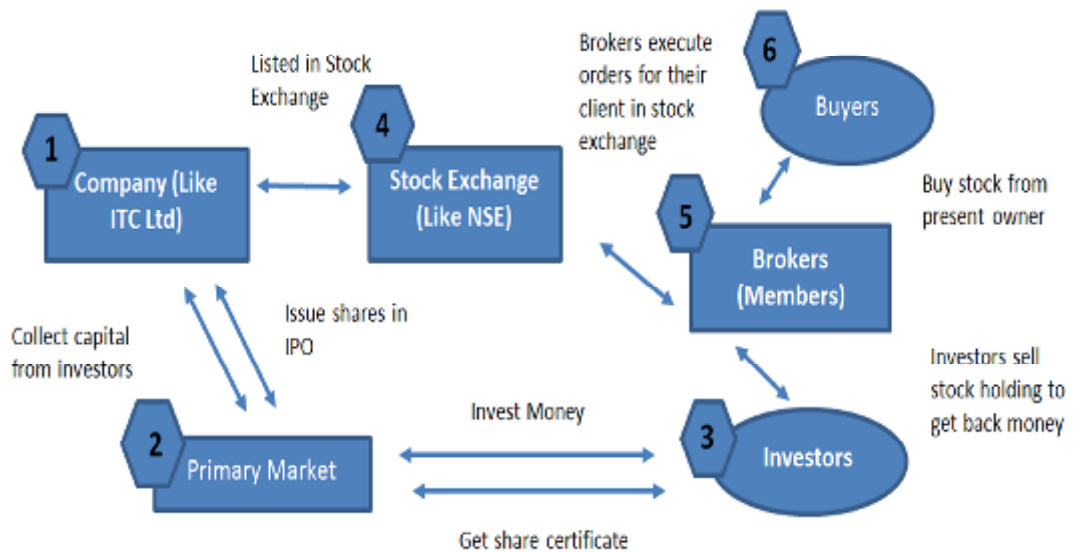
## **1.2 STOCKMARKET**

A stock market is a place where stocks or shares of companies are bought and sold at an agreed price, comprising a network of economic transaction. Many people want to acquire profitable gains, would wish to enter the Stock Market. It is an important source of company finance, which gives greater flexibility than borrowing from banks. This is the brilliant way to gain finance to more investment. But the difficulty in understanding the performance of various stocks is the main obstacle in the minds of common people. The stock market is at the most an important source for companies to raise funds. It is a key market which allows businesses to trade transparently, helps in increasing their capital for extension by selling shares of ownership of the concern. Further, it is a highly

liquid market, wherein it allows the investors to trade with the securities more promptly and easily.

The functioning of social environment is influenced by the price of shares movement, which is stated to be a significant constituent of the dynamics of economic movement. The stock market, in fact is frequently considered as the most relevant and important indicator of a country's economic power and growth. RBI intensely monitors and controls the behavior of the stock market for smooth operational functions of financial system.

**Figure 1 Stock Market – Working Structure**



**Source: [www.equitymarketbasic](http://www.equitymarketbasic.com)**

The stock market is one of the potential avenues to invest money for the investors. Despite its popularity and presence, investing in stock is often considered to be risky. An ideal investment portfolio may result in huge gains and offers various advantages to the investors. The following are the advantages to the investors.

### 1.2.1 Investment Gains

One of the primary benefits of investing in the stock market is to grow one's money. Over time, the stock market tends to raise in value, though the prices of individual stocks rise and fall every day. Investments in secure companies that are

able to grow tend to make profits for investors. Likewise, investing in several different stocks will lend a hand to build the wealth of investors by leveraging growth in diverse sectors of the economy, resulting in a good profit even if some of the individual stocks lose value.

### **1.2.2 Dividend Income**

It is a distribution of earnings to the shareholders that may be in the form of cash, stock or property. Some stocks offer income in the form of a dividend, while some other delivers annual payments to investors. These payments arrive even if the stock has lost value and represent income on top of any profits that come from eventually selling the stock. Dividend income can facilitate fund for retirement or pay for even more investment portfolio over time.

### **1.2.3 Diversification**

The stock market investment has the benefit of providing diversification of investment. The values of stocks change independently than other types of investments such as bonds and real estates. Holding stock can helps to ride out losses to other investment products. Stock investment possesses the potential for large, rapid gains, help investors to be risk-averse or overly conservative investment strategies.

### **1.2.4 Ownership**

Buying shares of stock provides benefits that are part of being one of a business's owners. Shareholders vote for corporate board members and certain business decisions. They also receive annual reports to learn more about the company. Owning stock in the company helps its employees to express loyalty and tie their personal objectives, for the success of the company as a whole.

## **1.3 INDIAN STOCK MARKET**

The stock market is a place where stocks, shares and other long-term commitments or investment are bought and sold. SEBI, as the pinnacle regulator of the Indian stock market, takes range of steps to maintain investor's confidence in the market.

### 1.3.1 History of Indian Stock Market

The journey of the BSE is as eventful and interesting as the history of India's securities markets. Its current status as the country's biggest bourse in terms of corporate listings and market capitalisation has roots in more than a century of landmarks and milestones in Indian financial markets.

The American Civil War (1860-61) led to the sudden surge in demand for cotton from India, which resulted in a number of joint stock companies coming into being with issuance of securities. Suddenly there was a share mania that gripped the city of Bombay with the market functioning from three different places; between 9 a.m. to 7 p.m. at the junction of Medows Street and Rampart Row; from day break till 9 a.m. and from 7 p.m. to the early hours of next morning at Bazargate.

Sugar Market at Mandvi was another place. Between March 1864 and July 1865, speculation was so rife and rampant that the market consisted of more than 1,000 brokers. Share price rose sharply. Bombay was a major financial centre even as early as in 1865; it had 31 banks, eight land reclamation companies, 16 cotton-pressing companies, 20 insurance companies and 62 joint stock companies. Banks, on whose building steps, brokers used to hover around for tips and trades found it a big nuisance in the aftermath of the crash and drove them away out of their premises, which forced them to find a place of their own, which later turned out to be Dalal Street. Beginning with doing business under a banyan tree, a group of 318 persons, formed the stock exchange in July 1875, which led to the formation of a trust in 1887 known as "Native Share and Stock Brokers Association".

In 1895, it acquired premises on the same street and the new Native Brokers Hall was inaugurated in 1899. The burst of 1865 share mania did not deter India finance to explore new opportunities. Following the collapse of 1865, there were several booms led by surge in the growth prospects of several key industries such as jute (1870), tea (1880 and 1890s) and coal (1904 and 1908). The mid-1970s once again witnessed sudden interest in the stock markets following the introduction of FERA which forced multinationals to dilute or divest their equity. The growth of equity cult and a new optimism was generated during the first phase of economic liberalisation in the early 1990s latter to be followed by

yet another big boom on the back of technology and internet companies. The establishment of stock exchange in Bombay was quickly followed by other major centers; Ahmadabad in 1894, Calcutta Stock Exchange in 1908, Madras Stock Exchange in 1937, Uttar Pradesh and Nagpur Stock Exchanges in 1940 and Hyderabad Stock Exchange in 1944.

As chequered and exciting, it is more than a century of existence has been, equally swift and smooth was the transformation of the BSE into one of the most modern stock exchanges in the Asian region. It has several firsts to its credit even in the intensely competitive environment. First to introduce concepts such as free float indexing, obtain ISO certification for surveillance, establish huge infrastructure to enhance knowledge and know-how, put in place a trading platform that works on a sub-second response time and capacity of four million trades a day, export of trading platform technology to other stock exchanges in Middle East, report highest delivery ratio among the major exchanges, lowest transaction costs, a record of lowest defaults, offer highest compensation for investors in cases of valid and approved claims. The most important change of BSE has been on the governance side which now consists of a rich and balanced mix of professionals and industry experts and the entire administration steered by professionals.

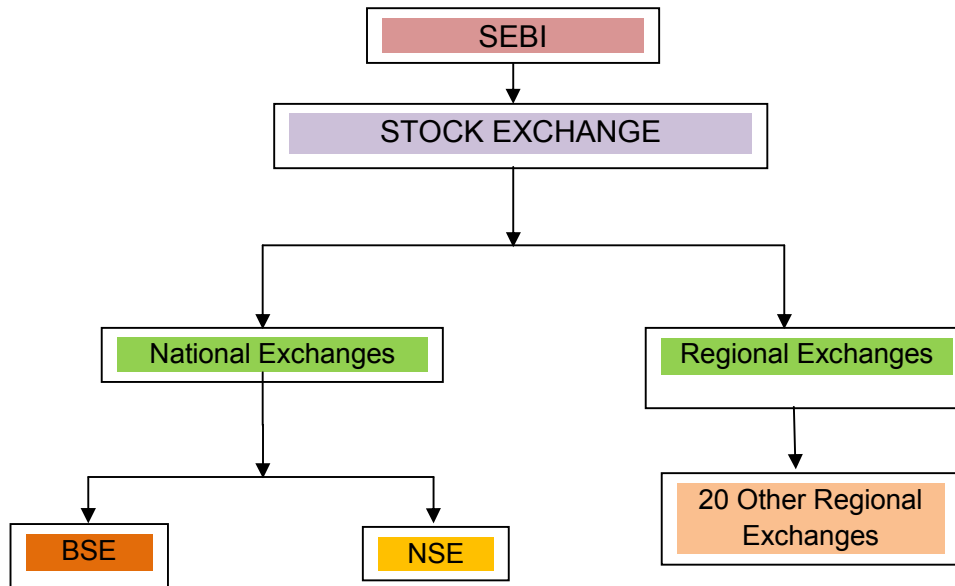
### **1.3.2 Indian Stock Exchanges**

In 1943, after experiencing Second World War in 1939, India was fully mobilized as a supply based country. On account of the limiting pedals on seeds, bullion, cotton and other commodities, those trade with them found in the stock market as the only channel for their business operations. They were anxious to join the trade and their number was swelled by numerous others. Several new associations were formed for the purpose and Stock Exchanges in all parts of the country. The Nagpur Stock Exchange Limited (1940), Uttar Pradesh Stock Exchange Limited (1940) and Hyderabad Stock Exchange Limited (1944) were incorporated. In Delhi two stock exchanges - Delhi Stock and Share Brokers' Association Limited and the Delhi Stocks and Shares Exchange Limited - were floated and later in June 1947, they got amalgamated into the Delhi Stock Exchange Association Limited.

### 1.3.3 Structure of Indian Stock Market

The structure of Indian Stock Market is given in the following figure:

**Figure 2 The Structure of Indian Stock Market**



Source: [www.stockmarketstructure.in](http://www.stockmarketstructure.in)

### 1.3.4 Establishment of SEBI

The Securities and Exchange Board of India (SEBI) was established in 1988. It got a legal status in 1992. SEBI was predominantly set up to regulate the activities of the merchant banks, to control the operations of mutual funds, to work as a promoter of the stock exchange activities and to act as a regulatory authority of new issue activities of companies. The stock exchange is a functional body of SEBI and it provides an opportunity to buy or sell shares. Moreover, the exchange strictly follows the regulations and may decide to list or delist the companies that are registered under the same. In the money market, securities are (stocks) tradable financial assets and it is classified into three groups namely, equity stocks, debt stocks and derivatives stocks. The stock exchange is offering various insights to the public which helps to know about the company and make a better decision before

doing a transaction. Further, it alleviates the understanding of the present market condition and able to compare the selected stocks.

### **1.3.5 Bombay Stock Exchange**

Bombay Stock Exchange (BSE), at presently identified as 'BSE Limited', is the oldest stock exchange in the entire Asia, which has the largest number of companies of the world, listed on it. As based on the Securities Contracts Regulation Act, BSE marks the first stock exchange to be recognized by the Government of India in 1956. BSE Sensex, developed in 1986 is a measure to analyze the overall performance of the Bombay Stock Exchange. BSE Sensex is calculated out of 30 stocks on daily basis which represent about 45 per cent of the index's free-float market capitalization.

Using the BSE index, a number of equity derivative markets were open and many future trading contracts were made in 2000, which also led to the expansion of its trading platform. BSE started e-trading system in 1995 and took fifty days for this transition. 'BOLT' or the 'BSE on Line Trading' is the automated version of the trading platform. It is screen based and currently has a capacity of 8 million orders per day. Along with that, BSE is the first stock exchange in the world to initiate centralized internet trading system allowing investors from all over the world to trade on the BSE platform.

### **1.3.6 National Stock Exchange**

The idea of setting up a National Stock Exchange was first mooted by the committee set up under the then chairman of the Unit Trust of India, Mr M. J. Pherwani. The Finance Ministry was then forced to think of a stock exchange that would truly reflect the national investment scene, protect the interests of the investors and not be subject to manipulation. In August 1992, at a meeting held in the Ministry, the idea of setting up a national stock exchange was considered seriously. Then a committee was formed under the leadership of Dr.Patil. They wanted a fully order-driven system they had seen in Vancouver, Canada, and thought it suited Indian conditions best. Dr.Patil was determined that the new exchange should be accessible from any part of the country and its working should be transparent. He also felt the outcry system on the trading floor

for buying and selling shares was out-dated, and that there was no point in having a large number of shares to be listed just to impress outsiders though a number of them may not be traded for months, and, some others, for long. This meant the system had to be screen-based and order-driven and the demand and supply position for trades should be apparent at any point of time. Besides, not every share will be listed on the exchange and yet it could be traded if the need be.

Another innovation that Dr.Patil and his team introduced was instead of the exchange being owned by brokers, they incorporated it as a company under the Companies Act, 1956, promoted by such premier financial institutions as the IDBI, UTI, LIC, GIC, and so on.

The NSE executed its first trade on November 3, 1994. The NSE made a radical departure from the prevailing system by throwing open its exchange to whosoever fulfils the norms set by it. Thus, instead of having card-holding members, as in the BSE, the main criterion for its members is their net worth and their past record. This immediately dispensed with the concept of a close club. The second innovation is that the NSE does not recognise badla, the age-old carry-over system in the BSE.

In keeping with the original idea of making the exchange national, the NSE today has 6,200 terminals in 370 cities/towns. It has followed a rigid system of settlement and auction of shares in case of default. It limited listing of equity shares on the basis of the company's net worth and capital, but that has not prevented shares of large companies from being traded. The NSE's index is based on 50 shares unlike the BSE Sensex (30 shares). The system of giving weightage to various scrip was also modified and the index namely S&P CNX Nifty was carefully constructed with the help of the international credit-rating agency, Standard and Poor's, to reflect the stock market better than the index the broking community was used to.

Stock market activity falls into three parts: Trading, clearing and settlement. Soon after the NSE started its operations, clearing and settlement were entrusted to its fully-owned subsidiary. These operations still continue under one umbrella in the BSE.

The NSE has made another significant departure from the other exchanges. Right from the first year of its operation, besides showing profits, it has been paying corporate taxes to the government and dividend to shareholders.

After trading in the debt and the capital market, the NSE made a foray into futures and options. It began trading in index futures from June 12, 2000 and is all set to trade in other derivative products such as options. The NSE started with getting its software developed in the US. Now, it develops its own software and has floated a software company NSEIT to provide support to the securities industry.

### **1.3.7 Trading Hours and Settlement Cycle**

All trading on stock exchanges takes place between 9:55 am to 3.30 pm, Monday through Friday. Delivery of shares is made in dematerialized form and each exchange has its own clearing house, which serves as a counterparty to assume all settlement risk.

### **1.3.8 Index and Non-Index Stocks**

Top performing stocks will be used to determine the sectoral or overall stock performance in the market. Therefore, such stocks are known as index stocks and the remaining stocks are non-index stocks. It is a common belief that only Index stocks are good for investment. In this context, unsophisticated (naive) investors are very much confused to take a right decision and as of now, none of the convincing solution is available to the problem. The research work will provide some useful information regarding index and non-index stocks of banking and IT sectors which comes under Nifty Bank Index and Nifty IT Index.

### **1.3.9 Nifty Bank Index**

Nifty bank Index is the bank Index traded in the Future and Option segment of NSE. It represents the twelve (public and private) most liquid and large capitalized stocks in banking stocks listed in NSE. The representing 12 banks capitalize approximately to 91.3 percent of the free float market of the banking sectors in India as on March, 2016.

### **1.3.10 Nifty IT Index**

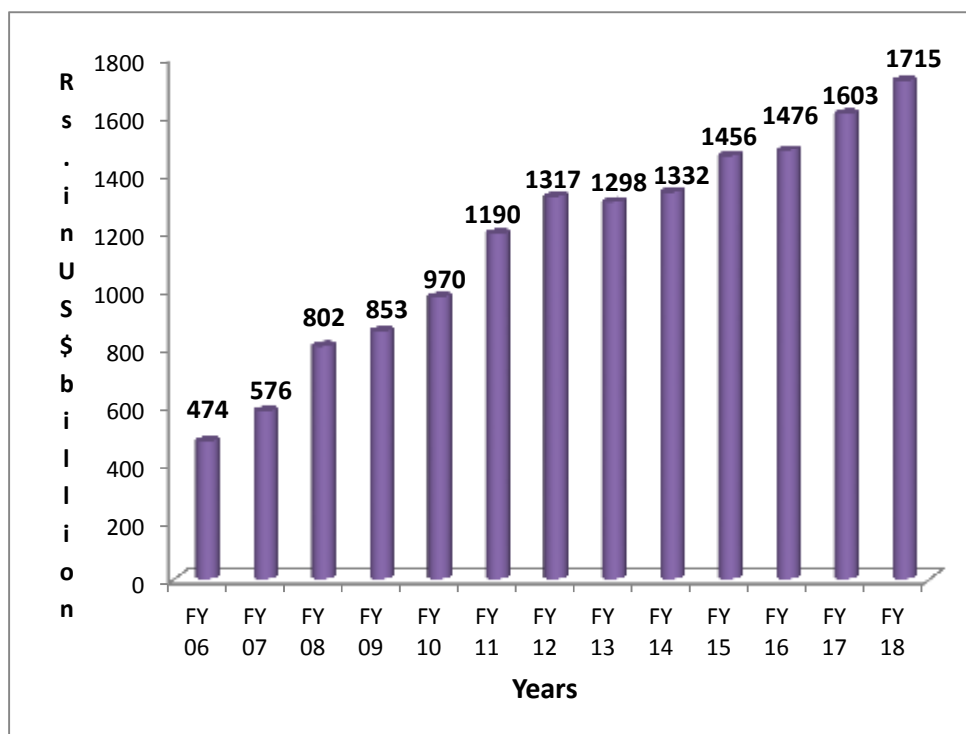
The Nifty IT Index represents top ten companies in Information technology. It also indicating about 12.15 percentage of the free float market capitalization of

the stocks listed in NSE. It capitalizes 91.9 percentage of the free float market of the stocks forming a part of IT sectors as on March 31, 2016.

#### 1.4 BANKING AND IT SECTORS

The banking sector is a division of the financial sector and its role in the development process of an economy is highly important. It plays a dominant role in the financial intermediation process of most developing and developed countries, thus connecting the financial sector of most countries is bank-based. The banking sector is an essential segment in many countries; hence the need for continuous implementation of adequate policy measures and reforms in order to ensure that the banking sector performs its function efficiently. Identifying what makes the banking sector to develop is essential because better developed banking sectors have greater ability to alleviate poverty, reduce household and firm financing constraints, increase competition among firms, and promote economic growth compared to less developed banking sectors. The growth deposits during the year 2006 – 2018 is given below,

**Figure 3 Growth Deposits in Banking Sector**



Source: [ibei.org.in](http://ibei.org.in)

Information Technology based internet industry in India is likely to double to reach US\$ 250 billion by 2020, growing to 7.5 per cent of gross domestic product (GDP). The number of internet users in India is expected to reach 730 million by 2020, supported by fast adoption of digital technology, according to a report by National Association of Software and Services Companies (NASSCOM). Indian IT exports increased to US\$ 126 billion in financial year 2018 while domestic revenues also including hardware advanced to US\$ 41 billion.

Total spending on IT by banking and security firms in India is expected to grow 8.6 per cent year-on-year to US\$ 7.8 billion by 2017.

Some of the major developments in the Indian IT sector are as follows:

- Nasscom has launched an online platform which is aimed at up-skilling over US\$2 million technology professionals and skilling another US\$2 million potential employees and students.
- Revenue growth in the BFSI vertical reached nearly 9 per cent year-over-year in the fourth quarter of 2017-18.
- As of March 2018, there were over 1,140 GICs (Guaranteed Investment Contracts) operating out of India.
- Private Equity (PE)/Venture Capital (VC) investments in India's IT & ITeS sector reached US\$ 7.6 billion during April-December 2017.

Banking business has become highly competitive to survive and grow in the changing market environment; banks are going for latest technologies. IT enabled resources significantly influencing delivery channels of the banks. Internet has emerged as an important medium for delivery of banking product and services.

## **1.5 STATEMENT OF THE PROBLEM**

The Stock market plays a significant role in the economy of a country. It occupies a dominant position in the growth of the commerce and industry that eventually affects the economy of the country to a great extent. That is the reason that industry, government and even the central banks of the country carry on a

close watch on the happening of the stock market because, the stock market is imperative from both the investor's point of view as well as the industries point of view. Whenever a company needs to raise funds for expansion or settling up a new business venture, they have to either take a loan from financial institutions or they have to issue shares through the stock market. Borrowing debt from others, the company has to pay back the money after some time along with interest. Hence the company prefers to raise funds through stock market.

The stock market has lots of dynamics, which easily confuse the trader. Indexing is one of the mechanisms in share market used to estimate the stock value in the market. The Index price is calculated from the prices of select stocks. This means that a stock index is basically a benchmark for the economy. It is a common belief that only index stocks are good for investment. Sometimes the overall Index value of the economy can be negative, but select sectors can perform well. So the investor's monitor both stock indices as well as individual stock when comes to actual trading to have a fruitful portfolio. In this context, naive (unsophisticated) investors are very much confused to take a right decision. Today's banking environment has become highly competitive with the improvements in technology and automation. To survive and grow in the changing market environment banks are going for the latest technologies, for developing and flexible transaction. An information technology plays an important role for delivery of banking products and services. The request of IT in the banking sector has increased beyond one's mind's eye with features like online loan application, online uploads of documents, net banking, online bill payments etc. There is strong inter-relationship between banking and IT sectors. The investors are eager to invest in the stock of Banking and IT sectors and before making the investment decision, they duly analyze the performance of stock based on various criteria. In this circumstances stock index plays a vital role to study the performance of securities in the market.

Hence the present study on **Performance Analysis of Select Index and Non-Index Stocks in Banking and IT Sectors** will provide concrete information regarding Index and Non-Index stocks to have a calculative investment decision.

## 1.6 RESEARCH QUESTIONS

Based on the research problem, the following research questions are arise and put forth to analyze the study

1. How the Index and Non-Index stocks are performing in the market?
2. What are the delivery positions of select stocks?
3. What are the financial indicators affecting market price of the select Index and Non-Index of Banking and IT sectors?
4. How the Economic Value Added influence the Market Value Added on select Index and Non-Index stocks of Banking and IT sectors?
5. How the financial and valuation ratios Influence on Market Valued Added and also the Market Value Added influences on the values of Share prices of select Index and Non-Index stocks in Banking and IT sectors?

## 1.7 OBJECTIVES OF THE STUDY

To answer the research questions, the following objectives are framed. The objectives of the research study, **Performance Analysis of Select Index and Non-Index Stocks in Banking and IT Sectors** are

1. To analyze the pattern of Index and Non-Index stock performance of Banking and IT sectors.
2. To examine the stock delivery position of Banking and IT sectors.
3. To identify the financial indicators of select Index and Non-index stocks for suitable investment.
4. To understand the Inter- relationship between Economic Value Added and Market Value Added of both Index and Non-Index stocks of Banking and IT sectors and
5. To know the impact of financial and valuation ratios on market value added and also share price of both Index and Non-Index stocks of Banking and IT sectors.

## 1.8 HYPOTHESES

To prove the research statement the following hypotheses were framed to validate the arguments and discussion of the study and also to draw the logical conclusion.

- There is no significant difference between Index and Non-Index stocks on delivery position.
- There is no significant difference in fifty-two weeks high and low values of Index and Non-Index stocks of select sectors.
- There is no significant relationship among the select financial variables (EPS, DPS, ROPS, and NPPS) of select Index and Non-Index stocks in Banking and IT sectors.
- There is no significant difference on the mean value of Index and Non-Index stocks in Banking and IT sectors.
- There is no significant relationship exists between selected financial variables (EPS, DPS, ROPS, and NPPS) and the share prices of select Index and Non-Index of Banking and IT sector with the market index.
- There is significant relationship between financial and valuation ratio and Market Value Added.

## 1.9 SCOPE OF THE STUDY

The stock market field is extensively studied by many researchers in different perspectives. Sector-wise Indexing is the recent innovation in the stock exchange market, which provides useful insight regarding the sector. The index value is estimated from the top performing companies in different sectors. This method is fine to leverage the stock market in a balanced approach. But, concerning the investment point of view, one has to put enormous effort to understand the original state of the particular stock and the standard index data cannot be associated with sector performance. Due to the technological advancement, the stock exchanges offer various insights to customers or investors. Sector-wise indexing is very useful when a recession happened in a

particular sector. Further, an individual company performance can be directly associated with its sector index. Banking industry in India rapidly progressing with increased customer base and due to newly improved and innovative facilities offered by the technology. The banks are expected to play a very critical role in the economic development in future. At present Indian public sector banks that hold around 75 per cent of market share have taken initiative to make optimum use of technology to meet customer expectations and provide them quality service. After digitalization, the growth of banking sector currently based on IT sector.

Hence, the researcher is intended to investigate the performance of the index and non-index stocks of banking and IT sectors. It makes an effort to analyze the relationship among the NIFTY movement, index stock price movement and the non-index stock price movement. The study also reveals the essential information regarding index and non-index stocks. Hence the study focuses on the strategy to select best stock among list.

#### **1.10 OPERATIONAL DEFINITIONS**

The various operational definitions used in this study are as follows;

➤ **Open price and Close price**

The open price refers the opening stock price of a day and close price indicate the closing stock price of a day.

➤ **High and Low stock price**

The change in Close and Open price indicates the stock price movement, whereas the High and Low stock price value denotes the intensity of buying and selling activity during the trading hours.

➤ **Index and Non-Index companies**

Among the list of companies available in the sector, only top or persistent performance companies are considered for index computation. These companies

named as Index companies and rests of the companies are called Non-Index companies.

➤ **Stock Delivery Position**

Stock delivery position means number of shares marked for delivery from the total traded quantity.

➤ **Earnings per Share (EPS)**

Earnings per share are the portion of a company's profit allocated to each outstanding share of common stock.

➤ **Dividend per Share (DPS)**

DPS is the amount of dividend received by the shareholders on each share held by them.

➤ **Revenue from Operations per Share (ROPS)**

ROPS refers the volume of revenue earned by the company on each share basis.

➤ **Net Profit Per Share (NPPS)**

NPPS indicates the potential profit making status of the company. The difference from NPPS to EPS is also one of the important measures for investment.

The following framework of the study is being applied to observe and understand the risk-return, stock delivery position, financial indicators and valuation of the shares of selected sector.

➤ **Economic Value Added (EVA)**

EVA is used for evaluating management performance, also being used by external analysis to evaluate management. The superior internal performance should be reflected in a company's stock performance.

➤ **Market Value Added (MVA)**

MVA is a measure of external performance, how the market has evaluated the firm's performance in terms of the market value of debt and market value of equity compared to the capital invested in the firm.

➤ **Financial Ratios**

Financial ratio includes all ratios which express financial position of the concern. The term financial position generally refers to short-term and long-term solvency of the business concern, indicating safety of different interested parties.

➤ **Valuation Ratios**

Valuation ratios will help the investor realize what kind of potential deal they are getting when they are ready to purchase an individual stock.

## **1.11 LIMITATIONS OF THE STUDY**

- The study confines only to select index and non-index stock prices of National Stock Exchange (NSE), thus the other stock exchange prices are limited.
- The research study is based on secondary data and it may have its own limitation.
- The preliminary evaluation of data is limited for 10 years only
- The study results may vary with other similar study with the same set of data by using different tools and interpretation.

## **1.12 CHAPTER SCHEME**

Chapter 1 This chapter deals with introduction to the study, statement of the problem, research questions, objectives of the study, hypotheses, scope of the study, operational definitions, limitations of the study and chapter scheme.

Chapter 2 This chapter presents review of various literatures related to studies on Indian stock market and Index stocks, risk-return assessment, share

trading volume and stock delivery position, economic value added and market value added, pooled regression model and confirmatory factor analysis.

Chapter 3 This chapter explains the research methodology followed in this thesis.

Chapter 4 This chapter portrays the analysis of data using statistical tools with respect to the objectives considered in this thesis.

Chapter 5 This chapter deals with summary of findings, suggestions and conclusion.