Analysis of Selective Indices of BSE Stock Market in India - A Review

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ABSTRACT

Stock market plays vital role for financial sectors and this became a major vehicle for mobilizing of investment and saving in the capital market. The capital market operates through the National Stock Exchange (NSE) and Bombay Stock Exchange. The objectives of this paper is to evaluate the performance of selective indices in the BSE stock market India such are S&P BSE INDEX, S&P BSE 100, S&P BSE 200, S&P BSE 500 and S&P Dollex 100. Various result has been found by using benchmark Indexes, during the period Jan 2011 to December 2021. Performance measure used by Compound Average Growth Rate (CAGR), Average Return, Variance, Standard Deviation and co-efficient of correlation. five indices have selected to performed superior in the BSE market in terms of CAGR, Variance, Standard Deviation. Best performance has been found under co-efficient of correlation.

KEYWORDS: BSE Market, Indices, CAGR, Micro and Macro variable Factors, co-efficient of variation

1. INTRODUCTION

The primary gauge of a nation's progress and development is the stock market. In terms of the number of stock exchanges and other intermediaries, the number of listed stocks, market capitalization, trading volumes, exchange turnover, investor population, and price indices, the Indian stock market has advanced. The growth of the stock market, which supports business endeavors, finances the application of novel ideas, and makes it easier to handle financial risks, provides India's rising market economy with the required impetus for expansion and strength. The reform process has produced a rate of growth that is nearly unheard of in the history of any nation. The market's structure and shape have changed dramatically in recent years. The market has seen enormous institutional changes that have dramatically improved efficiency, openness, and safety.

The stock market functions as an economic barometer. The potential of the corporations listed on the markets, as well as the direction and health of the economy, are anticipated to be reflected in the indices that serve as their indicators. The stock prices on every nation's stock market are influenced by a wide range of macroeconomic factors. Developing nations like India depend on the quality of the information because economic growth and finance sector growth are intertwined. Stock market movements would have major negative effects on the economy if there was asymmetric information present. It might be difficult for investment brokers to persuade clients that the portfolios they suggest to the general public would generate higher returns than anticipated given the facts at their disposal. The market is typically expected to reflect a nation's strong economic performance and predicted rapid growth. Investors have high expectations for the stock markets of developing nations like India. On one of its stock exchanges, the Bombay Stock Exchange (BSE), trading in the Indian stock market takes place. Since 1875, there has been an outbreak of the BSE. More than 5000 companies are listed on this market exchange, which uses the same trading system, trading times, and settlement procedure.

Investors can diversify their portfolios and choose a country for investment to maximize their return while employing the same risk by knowing the impact that systematic and unsystematic variables may have on growing stock market indices. It implies that diversification across borders can lower risk. The stock market indexes, however, have an impact on investors including international institutional investors, portfolio managers, business executives, and policy officials. Different participants might contain information. The development of the world's economy is significantly influenced by stock markets. India's stock market is well-known throughout Asia and the rest of the world. The expansion and effectiveness of the Indian stock market have been steadily boosted by deregulation, market liberalization, and foreign domestic investment. The Indian stock market has the third-largest investor base, with around 20 million investors, behind the Bombay Stock Exchange (BSE), one of the oldest stock exchanges in the world (Siddiqui, 2009).

2. Research Methodology:
The objective of this paper is to investigate, analyzing and exploring the performance and evaluation of selective indices of Bobay Stock Exchange in India (BSE). The present study was in descriptive nature and this was been based on the conceptual survey in the way of exploring information in descriptive nature with follows an analytical research methodology.

3. Objectives of Study:
The important objectives are presented below:
➢ To study the BSE Stock Market in India.
➢ To evaluate factors, impact on Indices in the BSE stock market.
➢ To analyze the performance of selective indices of BSE Stock market in India.

4. Sources of study:
The requires and relevant data collected from BSE website and also articles, journals, research papers, and other publications were used to collect data from the preceding 11 years for the literature review and secondary data. includes information drawn from a variety of online government and non-government websites. Daily prices of selected BSE indices' opening, high, low, and closing prices were gathered as the data for this empirical study.

5. Tool and techniques of study:
The tools were used and in the study was follows descriptive statistical information in terms of Average. Percentage, Compound annual Growth Rate (CAGR), Variance, Standard Deviation and co-efficient of variation. Above tools and technique used for the purpose of analyzing and identifying

performance of selective indices of BSE stock market in India.

6. Review of literature:
Naik and Padhi (2012), were their analysis shows that there is cointegration between macroeconomic variables and the stock market index, which has an impact on the stock market and is either directly or indirectly driven by market indices. Between 1994 and 2011, associations between the Indian stock market index (BSE Sensex) and different macroeconomic factors were researched, including the wholesale price index, money supply, interest rates on treasury bills, and currency rates.

Samsa (2021), was analyzing financial asset values now reflect information that is readily available on the market, but they also fluctuate quickly without being influenced by newly available public information. The operational effect is that the investor cannot divide the stock in semi-strong form to generate profitability that is much higher than what they can obtain in a randomized asset portfolio.

Ray (2013), he has investigated the association between macroeconomic factors and stock prices. An indicator of a nation's overall economic activity, industrial production affects stock values by influencing anticipated future cash flows. It follows that an increase in the industrial production index is anticipated to have a beneficial impact on stock price.

Sireesha (2013), he was examined Through the use of linear regression, it was determined how macroeconomic factors affected the movements of the Nifty index of the Indian stock market, as well as the prices of gold and silver. Silver and gold returns are chosen for the research because they are significant right now and are examined alongside stock returns. The performance of internal variables demonstrates how these variables are interdependent with stock, gold, and silver return trends. While GDP and inflation have a large impact on stock returns, the money supply has a significant impact on gold returns. Dependent variables are significantly impacted by external variables.

Luthra and Mahajan (2014), they were examined how macroeconomic issues affected the BSE Bankex.The GDP growth rate, inflation, gold prices, and the exchange rate were macroeconomic variables. "BSE BANKEX Index" was launched by Bombay Stock Exchange Limited. Listed on the BSE are both significant public and private sector banks. On all BOLT trading terminals across the country, the BSE BANKEX Index is shown online. According to the findings, the Bankex is positively impacted by inflation, currency rates, and GDP growth rates.

Although none of these factors significantly affect the stock prices of banks, Gold Prices have a negative impact on BSE Bankex.

Mishra and Gupta (2014), they said that the primary causes of the Indian stock market's up and down movement. The correlation between the Sensex and the macroeconomic indicators IIP, WPI, Interest Rate, and the India-specific Morgan Stanley Capital International Index from 2006 to 2012.

7. Background of Bombay Stock Exchange (BSE) and it's Indices in India:

BSE (Bombay Stock Exchange), one of India's top exchange groups, was founded in 1875 and is Asia's first and fastest stock exchange with a speed of 6 microseconds. BSE has helped the Indian corporate sector flourish over the past 143 years by giving it a productive platform for capital raising. The bourse, today more often known as BSE, was founded in 1875 as "The Native Share & Stock Brokers' Association." The BSE became India's first listed stock exchange in 2017. Today, the BSE offers a reliable and open market for trading in stocks, foreign exchange, debt instruments, derivatives, and mutual funds. The largest SME platform in India, BSE SME, has listed more than 250 companies and is expanding steadily. The largest online mutual fund platform in India, BSE StAR MF, processes over 27 lakh transactions each month and adds about 2 lakh new SIPs. BSE Bond is the market leader with more than Rs 2.09 lakh crore in funding raised through 530 issuances, making it an efficient and transparent electronic book mechanism procedure for private placement of debt instruments. (F.Y. 2017-2018).

In keeping with the goals of Shri Narendra Modi, Indian Prime Minister, BSE has opened India INX, the country's first international exchange, in Ahmedabad's GIFT CITY IFSC. India's most widely followed benchmark equity index for the stock market is BSE's famous equity index, the S&P BSE SENSEX. It is traded on the EUREX and the major exchanges of the BRCS countries (Brazil, Russia, China, and South Africa) as well as globally.

This paper focused majorly selected five indices such are S&P BSE INDEX, S&P BSE 100, S&P BSE 200, S&P BSE 500 and S&P Dollex 100.

7.1. Factors impact on indices in BSE Stock market In India:

The various factors impact on Indices to directly or indirectly of micro and macro explanatory variables such following are:

➢ Index of Industrial Production (IIP)

➢ Wholesale Price Index (WPI)

➢ Money Supply (M3)

➢ Interest Rates (IR)

➢ Trade Deficit (TD)

➢ Foreign Institutional Investment (FII)

➢ Exchange rate (ER)

➢ Crude Oil Price (CP)

➢ Gold Price (GP)

➢ Inflation

➢ Fiscal policy

➢ Employment level

➢ National Income and International Trade

These are the factors influence to share market and the market could have to be get variation on various indices of shares in the market.

8. Performance Of Indices:

Table: 1

| Years	S&P BSE INDEX	S&P BSE 100	S&P BSE 200	S&P BSE 500	S&P BSE DOLLEX - 100
2011	0%	0%	0%	0%	0%
2012	26%	30%	31%	31%	27%
2013	9%	6%	4%	3%	-6%
2014	30%	32%	35%	37%	29%
2015	-5%	-3%	-1%	-1%	-8%
2016	2%	4%	4%	4%	1%
2017	28%	32%	33%	36%	40%
2018	6%	1%	-1%	-3%	-7%
2019	14%	10%	9%	8%	7%
2020	16%	15%	16%	17%	12%
2021	22%	25%	28%	30%	23%

Chart: 1
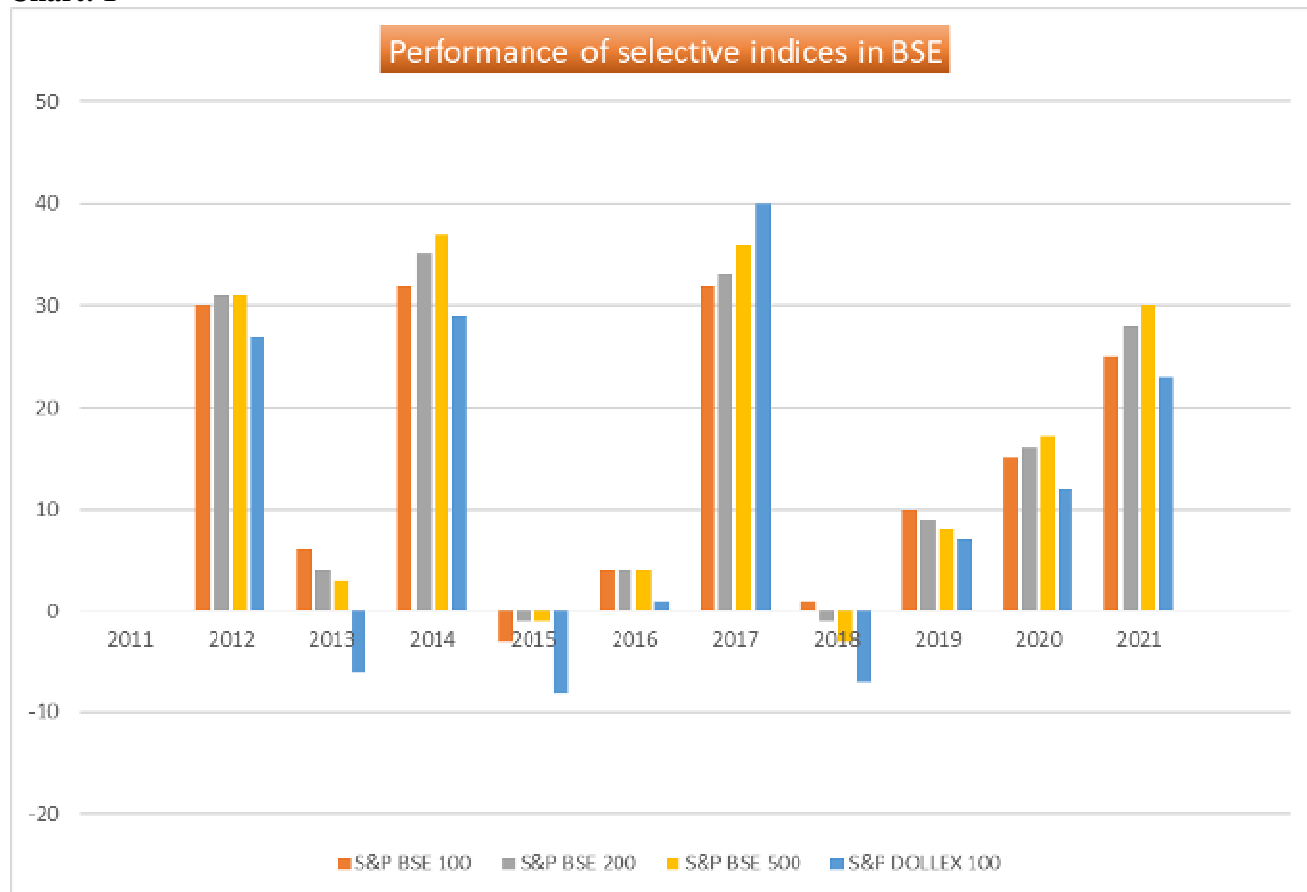
In the Table: 1, have contain the data of 10 years from 2011 to 2021 which the information examined as the selective Indices of BSE market. Whereas considered performance of selected each index such are S&P BSE Index, S&P BSE 100, S&P BSE 200, S&P BSE 500 and S&P Dollex. Hence, the years of 2013, 2015 and 2018 were result got the negative growth of S&P Dollex Index, to following year appears positive growth in the BSE. Although, in the years of 2015 and 2018 growth has become negative as the indexes of S&P BSE Index, S&P BSE 100, S&P BSE 200, S&P BSE 500. Remaining the years as the performance of selected indices are going to be play well and give the good result in the Bombay stock Exchange in India.

9. Data analysis and Interpretation:
In this section gives the performance and efficiency of selective indices in the Bombay stock Exchange in India.

Table: 2

INDICE	CAGR	VARAIANC	STDEV	CV
S&P BSE INDEX	14%	1%	12%	0.84
S&P BSE 100	14%	2%	13%	0.94
S&P BSE 200	15%	2%	14%	0.97
S&P BSE 500	15%	2%	16%	1.04
S&P BSE DOLLEX 100	10%	3%	17%	1.68

Chart: 2
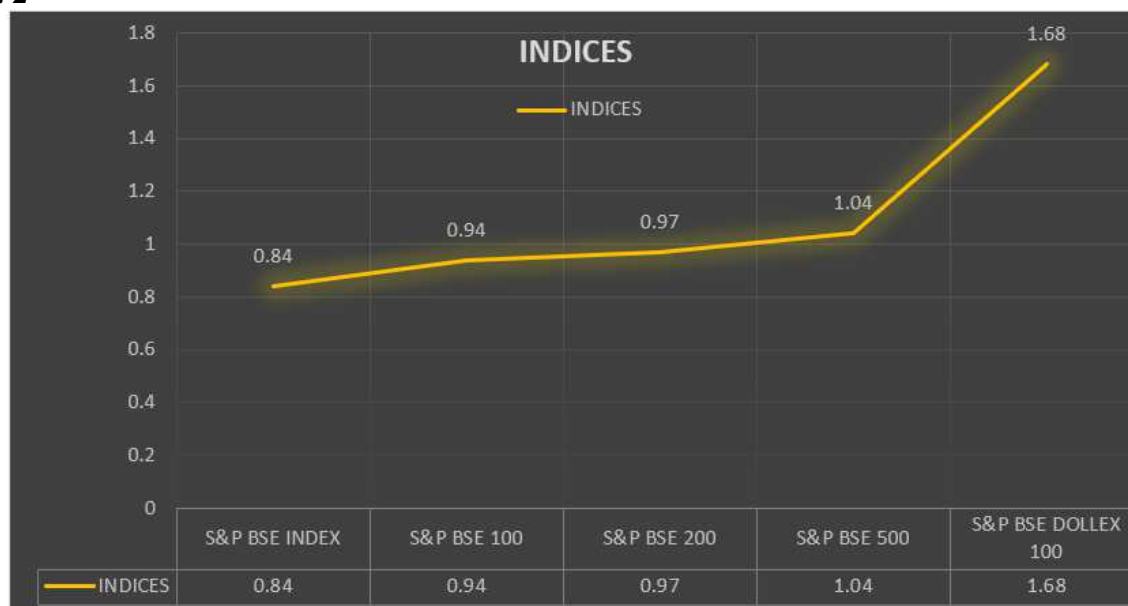
In the Table: 2, contain the compound annual growth rate (CAGR), variance, standard deviation and co-efficient of variation. Those values calculated in the MS EXCEL, and also chart: 2 examined and analysis the performance co-efficient of variation of selected indices in the BSE. The Index of S&P BSE INDEX is batter performance compare to others indexes in the BSE

10. Conclusion:

The indices are performance indicators that show how well a particular market segment or the market as a whole is performing. Equities from similar companies or those that meet a preset set of criteria are chosen to create a stock market index. The study is analysis and examined an overview strengthen of indices of BSE market in India also which are the domestic factors are impact on indices specially to the BSE. Hence, can be conclude the study has important implication for policy makers, regulators, portfolio mangers and foreign institutional investors (FII). The co-efficient of correlation result and the graphical chart: 2, shows a high degree of correlation among the five induces of BSE used in this study.

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