



Performance Of NSE Nifty Financial Services Index And Share Price Performance Of Its Selected Stocks

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Introduction:

The NSE Nifty Financial Services Index is intended to reflect the behaviour and performance of the Indian financial market, which comprises banks, financial institutions, housing finance, insurance businesses, and other financial services providers. The Nifty Finance Index consists of 20 stocks listed on the National Stock Exchange (NSE). The Nifty Financial Services Index can be used for a variety of reasons, including fund portfolio benchmarking, index fund and ETF launches, and structured product development. The companies (Excludes Banking Companies) in NSE Nifty Financial Services Index are Bajaj Finance Limited, Bajaj Finserv Limited, Cholamandalam Investment and Finance Company Limited, HDFC Limited, Muthoot Finance Limited, Power Finance Corporation Limited, REC Limited and Shriram Transport Finance Company Limited. The investors are preferred to invest in the best stocks those are giving high positive returns.

Review of Literature:

Dr. J. Francis Mary and K. Radha (2019) The research study entitled as "Performance Evaluation of Nifty Financial Services Companies". The objectives are to identify the total and systematic risk, to find out target price, based on CAPM of securities included in portfolio and to study the risk return relationship in Nifty Financial service companies. The study period is from 1st Jan 2014 to 31st March 2019. Purposive sampling technique was adopted for sampling selection. The selected companies are HDFC Bank, Housing Development Finance Corporation Ltd., ICICI Bank, Kotak Mahindra Bank and Axis Bank. The finding of

the study is Performance Evaluation of Nifty Financial Service companies revealed that the HDFC Bank dominated the market due to high returns, timely diversification of portfolio, superior stock selection and effective asset management skills, ranked number one.

Singh and Kumar (2020) analyzed the performance patterns of the Nifty 50 and sectoral indices, and found that the financial services sector outperformed the other major indexes in India.

Raval and Mehta (2020) investigated the relationship between the Nifty 50 and the banking and pharmaceutical industries from 2008 to 2018. Their research, which employed basic correlation and independent t-tests, discovered a strong positive relationship between the Nifty 50 and both the financial and pharmaceutical industries.

R. Pranchana and Dr.S. Sudhamathi (2023) This article presents an investigation of capital market efficiency in NSE (National Stock Exchange) sector indexes utilizing daily stock price returns. The purpose of this study was to assess the efficacy of the weak form of selected indicators listed on the NSE. This study proposes utilizing the series and autocorrelation tests to test selected NSE industry indexes and market efficiency. The study discovered that the returns on the NIFTY Banking Index, NIFTY PSU Bank Index, and NIFTY Financial Services Index were significant at 5% over the study period.

Research Methodology: The present study covered 10 years data from 1st April 2013 to 31st March 2023. The Purposive sampling technique is adopted to collect the data. Mean and Compound Annual growth rate (CAGR) tools were used to analyse the collected data. The selected companies from NSE Nifty Financial Services Index are Bajaj Finance Limited, Bajaj Finserv Limited, Cholamandalam Investment and Finance Company Limited, HDFC Limited, Muthoot Finance Limited, Power Finance Corporation Limited, REC Limited and Shriram Transport Finance Company Limited. The data regarding to the NSE Nifty Financial Services Index and its companies are collected from National stock exchange website.

Objectives: The objectives of present study are

1. To know the Performance of NSE Nifty Financial Services Index.
2. To analyze the Performance of selected company share prices of NSE Nifty Financial Services Index.

Data Analysis:**Table:1 Performance of NSE Nifty Financial Services Index from 2013-14 to 2022-23.**

NSE Nifty Financial Services Sectoral Indice				
SI. No	Year	Average -closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	4666.25	100	14.24%
2	2014-15	6743.57	44.52	
3	2015-16	7039.82	4.39	
4	2016-17	7649.79	8.66	
5	2017-18	10020.47	30.99	
6	2018-19	11181.29	11.58	
7	2019-20	13197.30	18.03	
8	2020-21	12516.12	-5.16	
9	2021-22	17285.53	38.11	
10	2022-23	17669.51	2.22	

Source:CompiledfromAuthor'sCalculations.

Inference:Table 1 denotes that the NSE Nifty Financial Services SectoralIndiceperformance has been analyzed from 2013-14 to 2022-23. The NSE Nifty Financial ServicesSectoralIndicerecords maximum growth rate in 2014-15 (I.e. 44.52%) and in the year 2020-21the NSE Nifty Financial ServicesSectoralIndice records minimum growth rate (i.e. -5.16%) during the study period. Out of 10 years 9 years has positive growth rate and 1 year (2020-21) records negative growth rate. The positive Compound Annual Growth Rate (CAGR) of NSE Nifty Financial ServicesSectoralIndice was 14.24%.

Table: 1.1 Performance of Bajaj Finance Limited from 2013-14 to 2022-23.

Bajaj Finance Limited				
SI. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	1380.09	100	16.78%
2	2014-15	2827.76	104.90	
3	2015-16	5341.59	88.90	
4	2016-17	4233.98	-20.74	
5	2017-18	1625.63	-61.61	
6	2018-19	2424.54	49.14	
7	2019-20	3714.36	53.20	
8	2020-21	3792.49	0.63	
9	2021-22	6677.54	76.07	
10	2022-23	6507.91	-2.54	

Source: Compiled from Author's Calculations.

Inference:Table 1.1 Explains that Bajaj Finance Limited performance has been analyzed from 2013-14 to 2022-23. Bajaj Finance Limited highest growth rate in 2014-15 was (I.e. 104.90) and in 2017-18 it was lowest (I.e. -61.61%). Among the selected study period 7 years out of 10 years has positive growth rate and 3 years (2016-17, 2017-18 and 2022-23) has negative growth rate. Compound Annual Growth Rate (CAGR) of Bajaj Finance Limited was 16.78%. Based on the analysis results it can be said that; the Bajaj Finance Limited has upward trend.

Table: 1.2 Performance of Bajaj Finserv Limited from 2013-14 to 2022-23.

Bajaj Finserv Limited				
Sl. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	674.35	100	26.54%
2	2014-15	1101.50	63.34	
3	2015-16	1736.81	57.68	
4	2016-17	2811.46	61.87	
5	2017-18	4896.83	74.17	
6	2018-19	6118.23	24.94	
7	2019-20	8186.47	33.80	
8	2020-21	7042.21	-14.55	
9	2021-22	15022.22	113.32	
10	2022-23	7099.99	-52.74	

Source: Compiled from Author's Calculations

Inference:Table 1.2 Interprets that from 2013-14 to 2022-23 Bajaj Finserv Limited performance has been analyzed. Bajaj Finserv Limited highest growth rate in 2021-22 was (I.e. 113.32%) and in 2022-23 it was lowest (I.e. -52.74%). During the selected study period 8 years out of 10 years has positive growth rate and 2 years (2020-21 and 2022-23) has negative growth rate. Bajaj Finserv Limited Compound Annual Growth Rate (CAGR) was 26.54%. Based on the analysis results it can be said that; the Bajaj Finserv Limited has raising trend.

Table: 1.3 Performance of Cholamandalam Investment and Finance Limited from 2013-14 to 2022-23.

Cholamandalam Investment and Finance Company Limited				
Sl. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	244.21	100	11.40%
2	2014-15	444.41	81.98	
3	2015-16	633.20	42.48	
4	2016-17	994.27	57.02	
5	2017-18	1200.61	20.75	
6	2018-19	1377.91	14.77	
7	2019-20	510.76	-62.93	
8	2020-21	294.86	-40.92	
9	2021-22	579.00	96.36	
10	2022-23	719.05	24.19	

Source: Compiled from Author's Calculations

Inference:Table 1.3 Depicted that CIFIC Limited performance has been analyzed from 2013-14 to 2022-23. Highest growth rate of CIFIC Limited in 2021-22 was (I.e. 96.36%) and in 2019-20 it was lowest (I.e. -62.93%). In the selected study period 8 years out of 10 years has positive growth rate and 2 years (2019-20 and 2020-21) has negative growth rate. Compound Annual Growth Rate (CAGR) of CIFIC Limited was 11.40%. Based on the analysis results it can be said that; the CIFIC Limited has raising trend.

Table:1.4 Performance of Housing Development Finance Corporation Limited from 2013-14 to 2022-23.

Housing Development Finance Corporation Limited				
SI. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	817.28	100	11.59%
2	2014-15	1083.29	32.55	
3	2015-16	1215.21	12.18	
4	2016-17	1303.89	7.30	
5	2017-18	1705.52	30.80	
6	2018-19	1890.38	10.84	
7	2019-20	2166.56	14.61	
8	2020-21	2078.80	-4.30	
9	2021-22	2599.93	25.07	
10	2022-23	2446.19	-5.91	

Source: Compiled from Author’s Calculations.

Inference:Table 1.4 Noted that from 2013-14 to 2022-23performance of HDFC Limited has been analyzed. HDFC Limited highest growth rate was in 2014-15 (I.e. 32.55%) and it was lowest in 2022-23 (I.e. -5.91%). Among the selected period of study 8 years out of 10 years has positive growth rate and 2 years (2020-21 and 2022-23) has negative growth rate. HDFC Limited Compound Annual Growth Rate (CAGR) was 11.59%. Based on the analysis results it can be said that; the HDFC Limited has upward trend.

Table: 1.5 Performance of Muthoot Finance Ltd from 2013-14 to 2022-23.

Muthoot Finance Limited				
SI. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	122.35	100	24.26%
2	2014-15	193.61	58.24	
3	2015-16	183.29	-5.33	
4	2016-17	302.23	64.89	
5	2017-18	441.25	46.00	
6	2018-19	451.98	2.43	
7	2019-20	673.08	48.92	
8	2020-21	1119.91	63.77	
9	2021-22	1439.89	28.57	
10	2022-23	1073.35	-25.46	

Source: Compiled from Author’s Calculations.

Inference:Table1.5 Specifies that performance of Muthoot Finance Limited has been analyzed from 2013-14 to 2022-23. In 2016-17 Muthoot Finance Limited has highest growth rate (I.e. 64.89%) and lowest in 2022-23 (I.e. -26.46%). In the selected study period 8 years out of 10 years has positive growth rate and 2 years (2015-16 and 2022-23) has negative growth rate. Compound Annual Growth Rate (CAGR) of Muthoot Finance Limited was 24.26%. As per the Analysis results it can be said that; the Muthoot Finance Limited has raising trend.

Table: 1.6 Performance of PFC Limited from 2013-14 to 2022-23.

Power Finance Corporation Limited				
Sl. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	152.96	100	-2.02%
2	2014-15	271.84	77.72	
3	2015-16	225.31	-17.12	
4	2016-17	151.72	-32.66	
5	2017-18	126.59	-16.56	
6	2018-19	90.57	-28.46	
7	2019-20	113.40	25.21	
8	2020-21	99.84	-12.29	
9	2021-22	123.84	24.04	
10	2022-23	124.78	0.76	

Source: Compiled from Author’s Calculations

Inference:Table 1.6 Noted that from 2013-14 to 2022-23performance of PFC Limited has been analyzed. PFC Limited has highest growth rate in 2014-15 was (I.e. 77.72%) and lowest in 2016-17 (I.e. -32.66%). During selected study period 5 years out of 10 years has positive growth rate and 5 years (2015-16, 2016-17, 2017-18, 2018-19 and 2020-21) has negative growth rate. PFC Limited Compound Annual Growth Rate (CAGR) was -2.02%. Based on the analysis results it can be said that; the PFC Limited has declining trend.

Table: 1.7 Performance of REC Limited from 2013-14 to 2022-23.

REC Limited				
Sl. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	201.39	100	-5.44%
2	2014-15	307.59	52.74	
3	2015-16	246.94	-19.72	
4	2016-17	165.38	-33.03	
5	2017-18	168.19	1.70	
6	2018-19	117.02	-30.42	
7	2019-20	138.08	17.93	
8	2020-21	115.09	-16.15	
9	2021-22	141.38	22.84	
10	2022-23	115.15	-18.55	

Source: Compiled from Author’s Calculations

Inference:Table1.7 Depicts that performance of REC Limited has been analyzed from 2013-14 to 2022-23. Highest growth rate of REC Limited in 2014-15 was (I.e. 52.74%) and lowest in 2016-17 (I.e. -33.03%). In selected study period 5 years out of 10 years has positive growth rate and 5 years (2015-16, 2016-17, 2018-19, 2020-21 and 2022-23) has negative growth rate. Compound Annual Growth Rate (CAGR) of REC Limited was -5.44%. Based on the analysis results it can be said that; the REC Limited has downward trend.

Table: 1.8 Performance of Shriram Transport Finance Company Limited from 2013-14 to 2022-23.

Shriram Transport Finance Company Limited				
SI. No	Year	Average -Closing Price	Annual Growth Rate in (%)	CAGR
1	2013-14	641.49	100	6.98%
2	2014-15	986.54	53.79	
3	2015-16	880.01	-10.80	
4	2016-17	1062.33	20.72	
5	2017-18	1170.43	10.18	
6	2018-19	1269.30	8.45	
7	2019-20	1075.36	-15.28	
8	2020-21	876.18	-19.14	
9	2021-22	1339.24	52.85	
10	2022-23	1259.26	-5.97	

Source: Compiled from Author's Calculations.

Inference: Table 1.8 Depicts that performance of STFC Limited has been analyzed from 2013-14 to 2022-23. Highest growth rate of STFC Limited in 2014-15 was (I.e. 53.79%) and lowest in 2020-21 (I.e. -19.14%). In selected study period 6 years out of 10 years has positive growth rate and 4 years (2015-16, 2019-20, 2020-21 and 2022-23) has negative growth rate. Compound Annual Growth Rate (CAGR) of STFC Limited was 6.98%. Based on the analysis results it can be said that; the STFC Limited has upward trend.

Findings: The findings of the present study are

1. The NSE Nifty Financial Services Index shown negative performance in 2020-21 due to covid-19 pandemic. In this period Income generation of the people was declined because there is no employment for people.
2. In 2014-15 NSE Nifty Financial Services Index showed highest positive returns.
3. All the selected companies recorded positive growth rate in 2014-15 and 2021-22 (Indian economy is recovered after covid-19).
4. In the study period Bajaj Finance Limited, Bajaj Finserv Limited, Muthoot Finance Limited are outperformed because it recorded high growth rate than the NSE Nifty Financial Services Index.
5. During the study period Cholamandalam Investment and Finance Company Limited, HDFC Limited, Power Finance Corporation Limited, REC Limited, Shriram Transport Finance Company Limited not performed well because these company's growth rate is less than the NSE Nifty Financial Services Index.

Suggestions:

1. The investors are strongly suggested to invest in the companies those (Bajaj Finance Limited, Bajaj Finserv Limited, Muthoot Finance Limited) who got the returns more than the NSE Nifty Financial Services Index.
2. The investors are suggested to invest in the companies those (Cholamandalam Investment and Finance Company Limited, HDFC Limited, Shriram Transport Finance Company Limited) who got the positive returns but less than the NSE Nifty Financial Services Index.
3. Two companies (PFC Limited and REC Limited) may not be good for investment because those recorded negative growth rate.

Conclusion:

The Present study Performance of NSE Nifty Financial Services Index and Share Price Performance of its selected Stocks concludes that NSE Nifty Financial Services Index recorded negative growth rate in index value in 2020-2021 and highest positive growth rate in 2014-15 in index value. The 3 Companies Bajaj Finance Limited, Bajaj Finserv Limited, Muthoot Finance Limited recorded high positive growth rate than the index, 3 companies CIBC Limited, HDFC Limited, Shriram Transport Finance Company Limited recorded less positive growth rate than index and 2 companies PFC Limited and REC Limited recorded less and negative growth rate than the index. The future researchers may focus on the other Indexes like NSE Nifty IT Index, NSE Nifty Bank Index, NSE Nifty FMCG Index, NSE Nifty Metal Index, NSE Nifty Media Index, NSE Nifty Pharma Index, NSE Nifty Auto Index.

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Weblinks:

1. <https://www.niftyindices.com>
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