

A Study on Indices at NSE

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Abstract

Stock exchange is an organized market place where securities are traded. These securities are issued by the government, semi-government bodies, public sector undertakings and companies for borrowing funds and raising resources. Securities are defined as any monetary claims (promissory notes or I.O.U) and also include shares, debentures, bonds and etc., if these securities are marketable as in the case of the government stock, they are transferable by endorsement and alike movable property. They are tradable on the stock exchange. So are the case shares of companies.

Keywords

Index, Indices, NSE, VSAT, Online Trading

I. Introduction

Under the Securities Contract Regulation Act of 1956, securities' trading is regulated by the Central Government and such trading can take place only in stock exchanges recognized by the government under this Act. As referred to earlier, at present there are 23 such recognized stock exchanges in India. Of these, major stock exchanges, like Bombay Stock Exchange, National Stock Exchange, Inter-Connected Stock Exchange, OTCEL, Calcutta, Chennai, and Bangalore etc. are prominent stock exchange in India. The above act has also laid down that trading in approved contract should be done through registered members of the exchange. As per the rules made under the above act, trading in securities permitted to be traded would be in the normal trading hours (9:15 A.M to 3.30 P.M) on working days in the trading ring, as specified for trading purpose. Contracts approved to be traded are the following:

- A. Spot delivery deals are for deliveries of shares on the same day or the next day as the payment is made.
- B. Hand deliveries deals for delivering shares within a period of 7 to 14 days from the date of contract.
- C. Delivery through clearing for delivering shares with in a period of two months from the date of the contract, which is now reduce to 15 days.(Reduced to 2 days in demat trading)
- D. Special Delivery deals for delivering of shares for specified longer periods as may be approved by the governing board of the stock exchange.

Except in those deals meant for delivery on spot basis, all the rest are to be put through by the registered brokers of a stock exchange. The securities contracts (Regulation) rules of 1957 laid down the condition for such trading, the trading hours, rules of trading, settlement of disputes, etc. as between the members and of the members with reference to their clients.

II. Objectives for Study

1. To analyze the importance of sectoral analysis in the stock investment.
2. To calculate the performance of selected indices of NSE.
3. To find out two months fluctuations of indices.
4. To calculate the month wise percentage changes and

absolute change in each index.

III. Scope for the Study

The study confined to six NSE indices for the purpose of analysis of data.

1. S&P CNX Nifty.
2. Bank Nifty.
3. CNX Infrastructure.

IV. Research Methodology :

Research design is some statement or specification of procedures for collecting and analyzing the information required for the solution of some specific problem. Data obtained for the study has to be divided in to two groups. Primary data and Secondary data.

Primary data comprises information obtained by the Researcher from various respondents through a personal discussions with employees and officials of Angel broking company.

Secondary data comprises information obtained from reports, files. And some important documents maintained by NSE. In this study the total information has obtained from primary data and rest from secondary data.

V. Limitations Of The Study

1. There are many indices but only three indexes are considered from NSE.
2. There was a time limitation for carrying out analysis of various other indices.
3. The time period of the calculation is two months ie. February and March 2011.

VI. Conceptual Frame Work

About the National Stock Exchange of India: In the fast growing Indian financial market, there are 23 stock exchanges trading securities. The National Stock Exchange of India (NSE) situated in Mumbai - is the largest and most advanced exchange with 1016 companies listed and 726 trading members.

The NSE is owned by the group of leading financial institutions such as Indian Bank or Life Insurance Corporation of India. However, in the totally de-modularized Exchange, the ownership as well as the management does not have a right to trade on the Exchange. Only qualified traders can be involved in the securities trading.

ORIGINS: The National Stock Exchange of India was promoted by leading financial institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company. In April 1993, it was recognized as a stock exchange under the Securities Contracts (Regulation) Act, 1956.

The NSE is one of the few exchanges in the world trading all types of securities on a single platform, which is divided into three segments: Wholesale Debt Market (WDM), Capital Market (CM), and Futures & Options (F&O) Market. Each segment has experienced a significant growth throughout a few years of their launch. While the WDM segment has accumulated the annual growth of over 36% since its opening in 1994, the CM segment

has increased by even 61% during the same period. While operation in Derivatives segment commenced in June 2010. The National Stock Exchange (NSE) (Rashtriya Share Bāzār) is a stock exchange located at Mumbai, India. It is the 9th largest stock exchange in the world by market capitalization and largest in India by daily turnover and number of trades, for both equities and derivative trading. NSE has a market capitalization of around US\$1.59 trillion and over 1,552 listings as of December 2010. Though a number of other exchanges exist, NSE and the Bombay Stock Exchange are the two most significant stock exchanges in India and between them are responsible for the vast majority of share transactions.

The NSE's key index is the S&P CNX Nifty, known as the NSE NIFTY (National Stock Exchange Fifty), an index of fifty major stocks weighted by market capitalization.

NSE is mutually-owned by a set of leading financial institutions, banks, insurance companies and other financial intermediaries in India but its ownership and management operate as separate entities. There are at least 2 foreign investors NYSE Euro next and Goldman Sachs who have taken a stake in the NSE. As of 2006, the NSE VSAT terminals, 2799 in total, cover more than 1500 cities across India. NSE is the third largest Stock Exchange in the world in terms of the number of trades in equities. It is the second fastest growing stock exchange in the world with a recorded growth of 16.6%.

VII. Innovations

NSE pioneering efforts include:

1. Being the first national, anonymous, electronic limit order book (LOB) exchange to trade securities in India. Since the success of the NSE, existent market and new market structures have followed the "NSE" model.
2. Setting up the first clearing corporation "National Securities Clearing Corporation Ltd." in India. NSCCL was a landmark in providing innovation on all spot equity market (and later, derivatives market) trades in India.
3. Co-promoting and setting up of National Securities Depository Limited, first depository in India
4. Setting up of S&P CNX Nifty.
5. NSE pioneered commencement of Internet Trading in February 2000, which led to the wide popularization of the NSE in the broker community.
6. Being the first exchange that, in 1996, proposed exchange traded derivatives, particularly on an equity index, in India. After four years of policy and regulatory debate and formulation, the NSE was permitted to start trading equity derivatives
7. Being the first and the only exchange to trade GOLD ETFs (exchange traded funds) in India.
8. NSE has also launched the NSE-CNBC-TV18 media centre in association with CNBC-TV18.
9. NSE.IT Limited, setup in 1999, is a 100% subsidiary of the National Stock Exchange of India. A Vertical Specialist Enterprise, NSE.IT offers end-to-end Information Technology (IT) products, solutions and services.
10. NSE (National Stock Exchange) was the first exchange in the world to use satellite communication technology for trading, using a client server based system called National Exchange for Automated Trading (NEAT). For all trades entered into NEAT system, there is uniform response time of less than one second.

The main objectives of NSE are as follows:

- 1) To establish a nationwide trading facility for equities, debt and hybrid instruments

- 2) To ensure equal access investors all over the country through appropriate communication network.
- 3) To provide a fair, efficient and transparent securities market to investors using an electronic communication network.
- 4) To enable shorter settlement cycle and book entry settlement system.
- 5) To meet current international standards of securities market. Promoters of NSE: IDBI, ICICI, IFCI, LIC, GIC, SBI, Bank of Baroda. Canara Bank, Corporation Bank, Indian Bank, Oriental Bank of Commerce. Union Bank of India, Punjab National Bank, Infrastructure Leasing and Financial Services, Stock Holding Corporation of India and SBE capital market are the promoters of NSE.

VSAT's are relatively smaller dishes similar to dish antenna for cable T.V and have the benefit of not being very expensive.

A satellite network makes it possible to connect almost all the parts of the nation quickly as it is easy to install, as against the ground lines.

Such as dial up modems leased lines which are prone to disruptions, satellite links on other hands ensure high speed, availability and quality of the connection. This mode of trading is known as "On-line Trading".

VIII. Trading at NSE

- Fully automated screen based trading mechanism.
- Strictly follow the principle of an order driven market.
- Trading member are linked through a communication network.
- This network allows them to execute trade from their offices.
- The prices at which the buyer and seller are willing to transact will appear on the screen.
- When the prices match, the transaction will be completed
- A confirmation slip will be printed at the office of the trading member.

A. Advantages of Trading at NSE

- Integrated network for trading in stock market of India.
- Fully automated screen based system that provides higher degree of transparency.
- Investors can transact from any part of the country at uniform prices.

B. About NSE closing price

NSE has the best surveillance procedures in India, so the extent of market manipulation is minimized to the most possible extent there. In NSE, the professional staff of the surveillance department has no positions on the market. This elimination of conflict of interest generates a more honest focus upon eliminating market manipulation. On a day to day basis millions of shares get traded on the NSE generating huge order flows. Due to the liquidity and order flow from numerous market players, manipulation of the closing price becomes very hard. NSE is the most liquid exchange in India. Hence, the prices observed there are the most reliable. NSE has the highest trading intensity (reducing stale prices) and their bid-ask spreads are the tightest (reducing bid-ask bounce). This is assisted by the fact that the NSE tick size is Re.0.05 for all stocks, which encourages tight bid-ask spreads.

IX. Index Mean

A statistical measure of change in an economy or a securities market. In the case of financial markets, an index is an imaginary portfolio of securities representing a particular market or a portion of it. Each index has its own calculation methodology and is usually expressed in terms of a change from a base value. Thus, the percentage change is more important than the actual numeric value.

In economics and finance, an index is a statistical measure of changes in a representative group of individual data points. These data may be derived from any number of sources, including company performance, prices, productivity, and employment. Economic indices (index, plural) track economic health from different perspectives.

A. Importance of Indices

Traditionally, indices have been used as information sources. By looking at an index we know how the market is faring. This information aspect also figures in myriad applications of stock market indices in economic research. This is particularly valuable when an index reflects highly up to date information (a central issue which is discussed in detail ahead) and the portfolio of an investor contains illiquid securities, in this case, the index is a lead indicator of how the overall portfolio will fare. In recent years, indices have come to the fore owing to direct applications in finance, in the form of index funds and index derivatives. Index funds are funds which passively 'invest in the index'. Index derivatives allow people to cheaply alter their risk exposure to an index (this is called hedging) and to implement forecasts about index movements (this is called speculation). Hedging using index derivatives has become a central part of risk management in the modern economy. These applications are now a multi-trillion dollar industry worldwide, and they are critically linked up to market indices. Finally, indices serve as a benchmark for measuring the performance of fund managers. An all-equity fund should obtain returns like the over all stock market index. A 50:50 debt: equity fund should obtain returns close to those obtained by an investment of 50% in the index and 50% in fixed income. A well-specified relationship between an investor and a fund manager should explicitly define the benchmark against which the fund manager will be compared, and in what fashion.

B. Stock Market Index

A stock market index is a method of measuring a section of the stock market. Many indices are cited by news or financial services firms and are used as benchmarks, to measure the performance of portfolios such as mutual funds. Types of indices

Stock market indices may be classed in many ways. A 'world' or 'global' stock market index includes (typically large) companies without regard for where they are domiciled or traded. Two examples are MSCI World and S&P Global 100.

A 'national' index represents the performance of the stock market of a given nation and by proxy, reflects investor sentiment on the state of its economy. The most regularly quoted market indices are national indices composed of the stocks of large companies listed on a nation's largest stock exchanges, such as the American S&P 500, the Japanese Nikkei 225, and the British FTSE 100.

X. Introduction to S&P CNX NIFTY

Equities trading at NSE began in November 1994. By late 1995,

NSE became India's largest equity market and was looking for a market index to utilize this unique information source. NSE also wanted to have a vehicle for the futures and options market. NSE approached the economists Dr. Ajay Shah and Dr. Susan Thomas), to do research on methods in index construction. This work was funded by the USAID FIRE project and led to the S&P CNX Nifty. In 1998, NSE and CRISIL launched a joint venture named IISL to focus on index management. This pools the index development efforts of CRISIL and NSE into a coordinated whole, India's first specialized company focused upon the index as a core product. Today, the S&P CNX Nifty is owned and operated by IISL. It is a global phenomenon where an independent company calculates and maintains the index. Standard & Poor's S&P owns the most important index in the world, the S&P 500 index, which is the foundation of the largest index funds and most liquid index futures markets in the world. When S&P came to India to look at market insides, they focused upon the S&P CNX Nifty as opposed to alternative indices They now stand behind the S&P CNX Nifty, as is evidenced by the name "S&P CNX Nifty".

CNX stands for CRISIL NSE Indices.

S&P CNX Nifty is uniquely equipped as an index for the index futures market owing to (a) low market impact cost and (b) high hedging effectiveness. The good diversification of S&P CNX Nifty will generate low initial margin requirements.

All stocks can be dematerialized and traded for electronic settlement, except for BHEL. Of the 50 stocks in the S&P CNX Nifty, institutions are required (by SEBI) to settle through NSDL for 49 stocks. As of today, 82% of the NSE settlement volume for S&P CNX Nifty stocks is done through NSDL. The best quality data will come from the most liquid exchange. In India, that is NSE. The S&P CNX Nifty uses price data from NSE for calculations.

A. S&P CNX NIFTY

S&P CNX Nifty is a well diversified 50 stock index accounting for 23 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds.

S&P CNX Nifty is owned and managed by India Index Services and Products Ltd. (IISL), which is a joint venture between NSE and CRISIL. IISL is India's first specialized company focused upon the index as a core product. IISL has Marketing and licensing agreement with standard & poor's (S&P), who world leaders are in index services.

- The total traded value for the last six months of all Nifty stocks is approximately 48.16% of the traded value of all stocks on the NSE
- Nifty stocks represent about 64.38% of the Free Float Market Capitalization as on March 31, 2011.
- Impact cost of the S&P CNX Nifty for a portfolio size of Rs.50 lakhs is 0.06%.
- S&P CNX Nifty is professionally maintained and is ideal for derivatives trading.

B. S&P CNX Nifty work

S&P CNX Nifty is based upon solid economic research. A trillion calculations were expended to evolve the rules inside the S&P CNX Nifty index. The results of this work are remarkably simple:

- (a) The correct size to use is 50.
- (b) Stocks considered for the S&P CNX Nifty must be liquid by the 'impact cost' criterion.
- (c) The largest 50 stocks that meet the criterion go in to the

index.

S&P CNX Nifty is a contrast to the adhoc methods that have gone into index construction in the preceding years, where indices were made out of intuition and lacked a scientific basis. The research that led up to S&P CNX Nifty is well-respected internationally as a pioneering effort in better understanding how to make a stock market index. See Market microstructure considerations in index construction by Ajay Shah and Susan Thomas, CBOT Research Symposium Proceedings, summer 1998.

What is commonly reported as S&P CNX Nifty on TV and in the newspapers is actually the S&P CNX Nifty Price Index. It only reflects changes in prices. IISL also calculates something called the S&P CNX Nifty Total Returns (TR) index. This shows the returns on the index portfolio, inclusive of dividends. This is the appropriate benchmark for mutual funds, which do earn dividends. Both S&P CNX Nifty and S&P CNX Nifty TR use a base of 3 November 1995 as 1000. On December 30, 2005 i.e. nearly ten years later, S&P CNX Nifty was at 2836.55 while S&P CNX Nifty TR was at 3353.36. The difference in the two levels is the return obtained on reinvestment of dividends through the investing period.

C. S&P CNX Nifty calculation method

S&P CNX Nifty is computed using market capitalization weighted method, wherein the level of the index reflects the total market value of all the stocks in the index relative to a particular base period. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, etc without affecting the index value.

The S&P CNX Nifty closing prices are calculated by taking the last half an hour weighted average closing prices of the constituents of the index.

S&P CNX Nifty and S&P CNX Nifty-TR are available from 3 July 1990 and 6 November 1995 respectively. The historical data is calculated in an intelligent way, i.e. the index set steadily evolves even through the older years. The historical Nifty and Nifty - TR value are very useful for research purposes.

Returns - S&P CNX NIFTY

YTD: -10.05%	1 Week -5.20%	1
Month: -5.80%	3 Months: 0.70%	
6 Months: -9.70%	1 Year: 6.60%	2
Year: 52.30%	3 Year: 7.20%	

The long-run (10 year) return on S&P CNX Nifty is 21% per annum. The long-run daily standard deviation is 1.60% per day. In recent times, i.e. over the last calendar year, the daily standard deviation was 1.11% per day.

D. CNX Nifty Junior

S&P CNX Nifty is the first rung of the largest, highly liquid stocks in India. CNX Nifty Junior is an index built out of the next 50 large, liquid stocks in India. It is not as liquid as the S&P CNX Nifty. It may be useful to think of the S&P CNX Nifty and the CNX Nifty Junior as making up the 100 most liquid stocks in India. S&P CNX Nifty is the front line blue-chips, large and highly liquid stocks. The CNX Nifty Junior is the second rung of growth stocks, which are not as established as those in the S&P CNX Nifty. A stock like Satyam Computers, which recently graduated into the S&P CNX Nifty, was in the CNX Nifty Junior for a long time prior to this. CNX Nifty Junior can be viewed as an incubator where young growth stocks are found. As with the S&P CNX Nifty, stocks in the CNX Nifty Junior are filtered for liquidity, so they are the most liquid of the stocks excluded from the S&P CNX Nifty. Buying and selling the entire CNX Nifty

Junior as a portfolio is feasible. The maintenance of the S&P CNX Nifty and the CNX Nifty Junior are synchronized so that the two indices will always be disjoint sets; i.e. a stock will never appear in both indices at the same time. Hence it is always meaningful to pool the S&P CNX Nifty and the CNX Nifty Junior into a composite 100 stock indexes or portfolio.

The next rung of liquid securities after S&P CNX Nifty is the CNX Nifty Junior. It may be useful to think of the S&P CNX Nifty and the CNX Nifty Junior as making up the 100 most liquid stocks in India.

- CNX Nifty Junior represents about 11.99 % of the Free Float Market Capitalization as on Mar 31, 2011.
- The traded value for the last six months of all Junior Nifty stocks is approximately 14.37% of the traded value of all stocks on the NSE.
- Impact cost for CNX Nifty Junior for a portfolio size of Rs.25 lakhs is 0.09%.

E. BANK NIFTY

The Indian banking Industry has been undergoing major changes, reflecting a number of underlying developments. Advancement in communication and information technology has facilitated growth in internet-banking, ATM Network, Electronic transfer of funds and quick dissemination of information. Structural reforms in the banking sector have improved the health of the banking sector. The reforms recently introduced include the enactment of the Securitization Act to step up loan recoveries, establishment of asset reconstruction companies, initiatives on improving recoveries from Non-performing Assets (NPA s) and change in the basis of income recognition has raised transparency and efficiency in the banking system. Spurt in treasury income and improvement in loan recoveries has helped Indian Banks to record better profitability. In order to have a good benchmark of the Indian banking sector, India Index Service and Product Limited (IISL) has developed the CNX Bank Index.

CNX Bank Index is an index comprised of the most liquid and large capitalized Indian Banking stocks. It provides investors and market intermediaries with a benchmark that captures the capital market performance of Indian Banks .The index will have 12 stocks from the banking sector which trade on the National Stock Exchange.

The total traded value for the last six months of CNX Bank Index stocks is approximately 79% of the traded value of the banking sector. CNX Bank Index stocks represent about 84% of the free float market capitalization of the banking sector as on March 31, 2011.

The total traded value for the last six months of all the CNX Bank Index constituents is approximately 13.23% of the traded value of all stocks on the NSE. CNX Bank Index constituents represent about 14.79% of the free float market capitalization of the universe of the stocks traded on NSE as on March 31, 2011.

F. CNX Infrastructure Index

It is well recognized that quality infrastructure is one of the most important necessities for unleashing high and sustained growth.

Government outlay for infrastructure has increased significantly over the years. Clearly, infrastructure has been a focus area. Over the years, not only have the outlays for budgetary expenditure towards the infrastructure sector been increasing, but private investment is also being encouraged. Earlier, the

emphasis was on bringing in more and more projects, now the emphasis also includes encouraging financial products suited for infrastructure.

Table 1 : Historical Data for S&P CNX Nifty for the month of February 2011

Date	Open	High	Low	Close	Absolute change	% change
1-Feb-11	5537.3	5539.15	5402	5417.2	0	0
2-Feb-11	5469.55	5490.6	5415.65	5432	14.8	0.272459
3-Feb-11	5430.45	5532.65	5418	5526.75	94.75	1.714389
4-Feb-11	5519.9	5556.3	5369.05	5395.75	-131	-2.42784
7-Feb-11	5430.15	5440.35	5376.95	5396	0.25	0.004633
8-Feb-11	5432.35	5432.35	5303.4	5312.55	-83.45	-1.57081
9-Feb-11	5293.05	5339.45	5225.65	5253.55	-59	-1.12305
10-Feb-11	5246.05	5272.6	5196.8	5225.8	-27.75	-0.53102
11-Feb-11	5219.65	5319.45	5177.7	5310	84.2	1.585687
14-Feb-11	5340.25	5463.8	5340.25	5456	146	2.675953
15-Feb-11	5467.75	5506.5	5408.35	5481	25	0.456121
16-Feb-11	5467.6	5504.8	5460.35	5481.7	0.7	0.01277
17-Feb-11	5501.7	5553	5463.4	5546.45	64.75	1.167413
18-Feb-11	5557.55	5599.25	5441.95	5458.95	-87.5	-1.60287
21-Feb-11	5456.6	5526.25	5413.1	5518.6	59.65	1.08089
22-Feb-11	5504.4	5519.45	5437.3	5469.2	-49.4	-0.90324
23-Feb-11	5452.45	5495.2	5427.55	5437.35	-31.85	-0.58576
24-Feb-11	5408.75	5423.4	5242.5	5262.7	-174.65	-3.31864
25-Feb-11	5321.05	5338.2	5232.75	5303.55	40.85	0.770239
28-Feb-11	5330.15	5477	5308.6	5333.25	29.7	0.556884

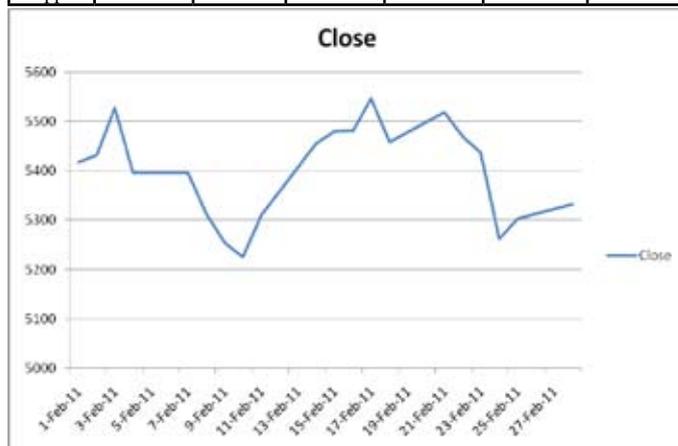


Fig. 1 : S&P CNX Nifty (February 2011)

Interpretation

The NSE Nifty has more or less moved on market expected line in the month of February. on 1st February nifty close 5417.2 because RIL stock runs with the risk of losing its status in the nifty. On 3rd Feb shares rose sharply due to short covering in heavy weight stock. on 8th Feb nifty shows negative change -83.45 because of the fluctuation in ONGC and power grid

shares. And fall in the next few days due to the tracking decline in Asian market & weighed by heavy selling by funds across sectors.

On 11th Feb nifty closes at +84.2 points due to bargain buying which helped Indian share, and break a three day losing streak & closes sharply higher. On 14th Feb stock market closed strongly +146 points as all categories of investors were net buyers. On 18th Feb shares closed lower as investors used gains in the past week and analysts warned that the stock market could fall further. And on 24th Feb nifty index fell over -174.65 points, After the European market opened weak & the term oil in Libya send the oil prices to their highest in two and half year threatening Global economy growth.

Table 2 : Historical data for S&P CNX Nifty for the month of March 2011

Date	Open	High	Low	Close	Absolute change	% change
1-Mar-11	5382	5533.05	5373.55	5522.3	189.05	3.423392
3-Mar-11	5478.45	5570.75	5468.25	5536.2	13.9	0.251075
4-Mar-11	5586.2	5608.2	5524.1	5538.75	2.55	0.046039
7-Mar-11	5490.05	5491.25	5408.45	5463.15	-75.6	-1.38382
8-Mar-11	5466.1	5530.55	5464.75	5520.8	57.65	1.044233
9-Mar-11	5542.4	5563.3	5477.45	5531	10.2	0.184415
10-Mar-11	5516.1	5516.3	5468.45	5494.4	-36.6	-0.66613
11-Mar-11	5456.15	5502.7	5411.55	5445.45	-48.95	-0.89892
14-Mar-11	5436.5	5537.3	5434.25	5531.5	86.05	1.555636
15-Mar-11	5420	5497.85	5373.65	5449.65	-81.85	-1.50193
16-Mar-11	5475.95	5535.1	5475.95	5511.15	61.5	1.11592
17-Mar-11	5455.4	5510.05	5435.3	5446.65	-64.5	-1.18421
18-Mar-11	5475.35	5483.05	5366.4	5373.7	-72.95	-1.35754
21-Mar-11	5408.75	5413.3	5348.2	5364.75	-8.95	-0.16683
22-Mar-11	5390.85	5428.15	5376.15	5413.85	49.1	0.906933
23-Mar-11	5411.4	5484.95	5401.95	5480.25	66.4	1.211624
24-Mar-11	5501.8	5529	5496.1	5522.4	42.15	0.763255
25-Mar-11	5588.65	5667.1	5560.95	5654.25	131.85	2.331874
28-Mar-11	5645.25	5709.1	5643.2	5687.25	33	0.580245

29-Mar-11	5686.5	5770.35	5680.7	5736.35	49.1	0.855945
30-Mar-11	5755.8	5803.15	5753.9	5787.65	51.3	0.88637
31-Mar-11	5803.05	5872	5778.65	5833.75	46.1	0.790229

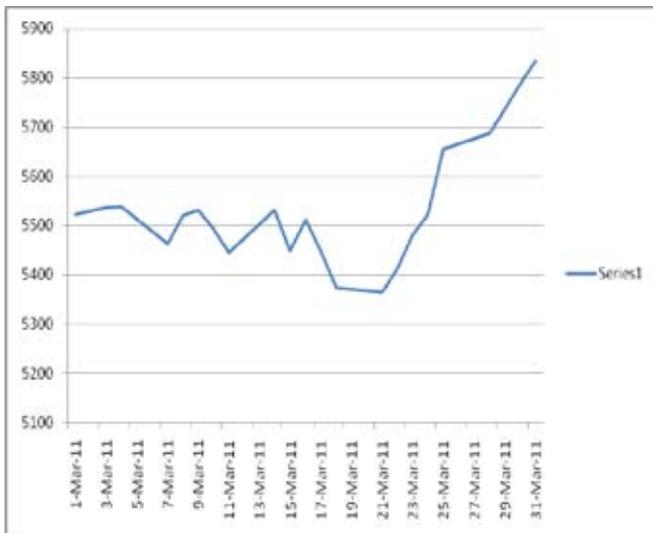


Fig. 2 : S&P CNX NIFTY (March-2011)

Interpretation

In the month of march the stock market responded dramatically as the budget was announced. The nifty index sky rocketed and move up by +189 points as on 1st march. And On Monday 7th march it closed in negative -75.6 points due to food inflation. On 8th march it shows positively by 57.65 points as reports of congress and DMK resuming talks eased concern over the stability of the ruling coalition.

On 11th march again nifty falls by -48.95 points as correction in stock after Japan earth quake. On 14th march market went up +86.05 as crude oil prices fall as the demand for petroleum product. On 18th march nifty shows -72.95 points as RBI raises reverse repo to fight inflations.

On 25th march nifty increases by +131.85 points as speculation that global economic recovery will be sustained spurred gain in equity across Asia. The market makes hat trick as nifty which closed positive for the third consecutive days as FII buying & good global cues.

Table 3 : Historical Data of Bank Nifty for the month of February 2011

Date	Open	High	Low	Close	Absolute change	% change
1-Feb-11	10683.45	10683.45	10457.8	10481.2	0	0
2-Feb-11	10599	10614.95	10418.2	10470.15	-11.05	-0.10554
3-Feb-11	10460.95	10704.3	10429.5	10670.6	200.45	1.878526
4-Feb-11	10632.9	10772.45	10385.9	10433.85	-236.75	-2.26906

7-Feb-11	10457.8	10509.8	10354.6	10384.05	-49.8	-0.47958
8-Feb-11	10431.05	10431.05	10119.45	10147.75	-236.3	-2.3286
9-Feb-11	10131.35	10294.8	10038.15	10116.65	-31.1	-0.30741
10-Feb-11	10106.25	10227.75	10017.85	10074.1	-42.55	-0.42237
11-Feb-11	10061.4	10473.45	10061.4	10447.75	373.65	3.576368
14-Feb-11	10477.85	10815.7	10477.85	10802.55	354.8	3.28441
15-Feb-11	10821.5	11035.15	10722.7	10959.7	157.15	1.43389
16-Feb-11	10929.25	11024.25	10908.65	10960.7	1	0.009124
17-Feb-11	10996.25	11190.2	10918.1	11134.7	174	1.562682
18-Feb-11	11153.8	11300.45	10915.35	10949.7	-185	-1.68954
21-Feb-11	10935.3	11070.35	10806.3	11050.1	100.4	0.908589
22-Feb-11	10957.5	10957.5	10777.65	10836.8	-213.3	-1.96829
23-Feb-11	10776.8	10857.85	10628.65	10646.45	-190.35	-1.78792
24-Feb-11	10603.25	10643.25	10169	10210.75	-435.7	-4.26707
25-Feb-11	10329.65	10510.5	10263.15	10435.85	225.1	2.156988
28-Feb-11	10512.2	10744.85	10364.35	10435.35	-0.5	-0.00479

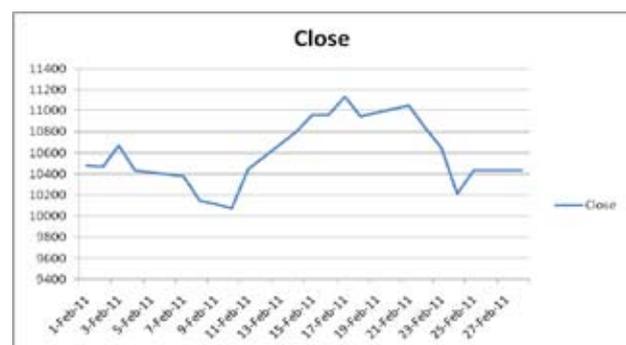


Fig. 3 : Bank nifty (February-2011)

Interpretation

The above table no.4.3 represents the upward and downward fluctuations in bank nifty in the month of February. On 3rd Feb it closed by +200.45 points, as the increase in FII's holding in the company over the last 18 months has failed to lift the stock. And on the following day bank nifty closed in negative -236.75 points as the news of 2G spectrum scam triggers a slide.

The bank nifty continued to fall as SEBI defers decision on takeover code which effected the market. But on 11th Feb bank nifty responded strongly by +373.65 points as SBI ups lending deposits rates, & SBI, BOI together raise \$1.1b through bond issue.

On 14th Feb also it continued its strong second day session because all categories of investors were net buyers and banking sector shares continued their good run. On 18th it shows negatives -185 points due to the inflation measures.

On 22nd it closed by -213.3 points before budget announcement and it continues in the next days. On 24th nifty falls to -435.7 as ICICI bank hikes FD, lending rates and also the global effect of Libya.

Table 4 : Historical Data of Bank Nifty for the month of March 2011

Date	Open	High	Low	Close	Absolute change	% change
1-Mar-11	10541.95	10906.15	10528.35	10885.4	450.05	4.134437
3-Mar-11	10805	11066.4	10759.7	10914.5	29.1	0.266618
4-Mar-11	11008.9	11134.1	10924.1	10963.4	48.9	0.44603
7-Mar-11	10886.1	10886.1	10658.3	10782.25	-181.15	-1.68008
8-Mar-11	10782.6	10962.7	10779.15	10931.55	149.3	1.365772
9-Mar-11	10987.4	11054	10904.6	10974.8	43.25	0.394085
10-Mar-11	10920.65	10920.65	10783.3	10850.25	-124.55	-1.1479
11-Mar-11	10772.9	10904.2	10697.1	10740.95	-109.3	-1.0176
14-Mar-11	10730.4	10916.65	10730.4	10893.25	152.3	1.398114
15-Mar-11	10673.9	10784.2	10591.3	10725.8	-167.45	-1.56119
16-Mar-11	10777.1	11001.25	10777.1	10957.6	231.8	2.115427
17-Mar-11	10881.85	11018.3	10824.4	10851.95	-105.65	-0.97356
18-Mar-11	10882	10927.25	10699.4	10715.9	-136.05	-1.26961
21-Mar-11	10795.65	10814.75	10661.15	10723.6	7.7	0.071804
22-Mar-11	10759.95	10822.25	10726.25	10771.3	47.7	0.442843
23-Mar-11	10755.85	10972.3	10744.7	10958.1	186.8	1.704675
24-Mar-11	11001.75	11112.6	11001.75	11070.35	112.25	1.01397
25-Mar-11	11179.2	11420.4	11136.45	11387.3	316.95	2.783364
28-Mar-11	11348.85	11599	11348.15	11523.4	136.1	1.181075
29-Mar-11	11522.75	11657.6	11507.45	11582.5	59.1	0.510253
30-Mar-11	11625.5	11801.65	11625.5	11765.2	182.7	1.552885
31-Mar-11	11804.95	11898.4	11569.25	11705.45	-59.75	-0.51045

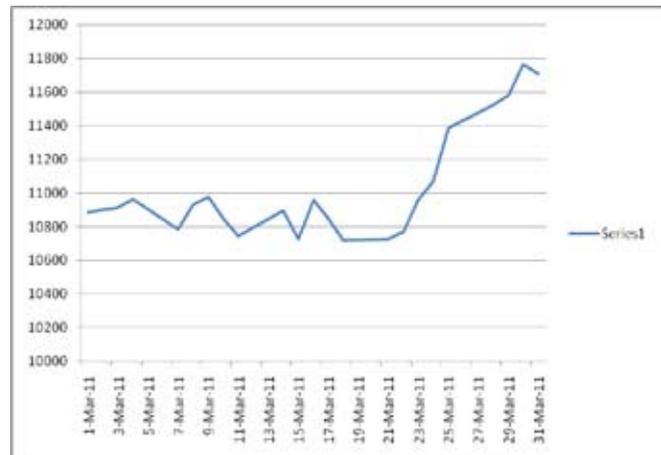


Fig. 4 :Bank Nifty (March-2011)

Interpretation

The stock market responded positively as disinvestment program which will provide some more avenues for investment bank credit growth up to 14.6% which effect the bank nifty to move up by + 450.05 points. After a dramatic post budget rally the banking sector perform positively, FIIS announcement help to keep stock price goes strong. On 7th March it shows to -181.15 points as the investment bank is not that, which the promoters is off loading the stake. On 8th March shares roses by +149.3 points as bank investment is more in mutual funds and as the returns goes up. On 10th March it went negatively by -124.55 points fall as direct tax mop up increases by 20.8%.

On 14th March it closed positively by +152.3 as crude oil prices fall. All points fall as the RBI Governor comments on rising deposits rates and trimming lending rates. Bank nifty shows positive again as RBI seeks rising rate 25% basic point in mid-quarter on 23rd March bank nifty shows +186.8 points as profit booking at every section result in positive on 25th March it continued its good run by reaching highest close +316.95 points as the global cues could impact market. Bank nifty continued its winning streak for 3 consecutive days.

Table 5 : Historical Data Of Cnx Infrastructure For The Month Of February 2011.

Date	Open	High	Low	Close	Absolute Change	% Change
1-Feb-11	3062.65	3063.9	2954.3	2972.05	0	0
2-Feb-11	2984.85	2996.95	2951.15	2962.05	-10	-0.3376
3-Feb-11	2957.25	3052.1	2955.65	3049	86.95	2.851755
4-Feb-11	3052.75	3061	2959.45	2972.35	-76.65	-2.57877
7-Feb-11	2985.15	2999.2	2954.7	2965.75	-6.6	-0.22254
8-Feb-11	2984.9	2984.9	2900.2	2906.25	-59.5	-2.04731
9-Feb-11	2895.85	2907.35	2781.75	2809	-97.25	-3.46209
10-Feb-11	2811	2838.75	2766.6	2817.45	8.45	0.299917

11-Feb-11	2819.3	2876.95	2784.25	2867.25	49.8	1.736856
14-Feb-11	2886.3	2983.9	2886.3	2976	108.75	3.654234
15-Feb-11	2983.05	2993.15	2940.25	2953.95	-22.05	-0.74646
16-Feb-11	2957.25	2984.95	2951.7	2975.25	21.3	0.715906
17-Feb-11	2984.55	3024.75	2956.65	3020.3	45.05	1.491574
18-Feb-11	3024.3	3043.15	2937.85	2946	-74.3	-2.52206
21-Feb-11	2948.5	2963.6	2910.45	2957.9	11.9	0.402312
22-Feb-11	2941.2	2941.2	2901.95	2914	-43.9	-1.50652
23-Feb-11	2907.25	2942.5	2899.3	2904.75	-9.25	-0.31844
24-Feb-11	2897.3	2907.95	2805.9	2815.85	-88.9	-3.15713
25-Feb-11	2842.3	2846.95	2771.3	2810.2	-5.65	-0.20105
28-Feb-11	2829.45	2884.1	2801.95	2810.55	0.35	0.012453



Fig. 5 : CNX Infrastructure (February-2011)

Interpretation

The above table No. 4.5 represents CNX infra performance. On 3rd Feb the index shows in positive 86.95 points comparing from the previous day fall -10 points as the effect of ISRO deal and on 4th Feb the stock closed falls by -76.65 points due to the fall in prices of the scripts and it continues in the next few days.

On 9th Feb property developers also saw heavy selling pressure on corporate governance concern, Unitech and other companies named by the CBI as having benefited from improper spectrum allocations. And on 14th Feb it moves up by 108.75 points as the Adhani Group promoted Mudra port, SEZ Ltd., registered a 40% growth and BHEL bags \$436 Million contract, R-Power net up 7.5%.

On 18th Feb NTPC plans to purchase of low ACH Raniganj coal from Coal India. On 24th Feb it falls by -88.9 points. Reliance infra rose due to bargain buying and after a leg of New Delhi Metro Rail Service that the company help building.

TABLE 6 : HISTORICAL DATA OF CNX INFRASTRUCTURE OF THE MONTH OF MARCH 2011.

Date	Open	High	Low	Close	Absolute Change	% Change
1-Mar-11	2829.1	2916.8	2824.2	2908.9	98.35	3.381003
3-Mar-11	2896.7	2953.85	2886.15	2939.3	30.4	1.03426
4-Mar-11	2955.1	2967.7	2905.85	2912.8	-26.5	-0.90978
7-Mar-11	2893.4	2893.4	2836.75	2872	-40.8	-1.42061
8-Mar-11	2871.45	2907.5	2871.45	2893.8	21.8	0.753335
9-Mar-11	2907.45	2919.8	2884.9	2908.85	15.05	0.517387
10-Mar-11	2903.35	2906.25	2881.15	2899.7	-9.15	-0.31555
11-Mar-11	2880.35	2907.15	2843.45	2853.5	-46.2	-1.61906
14-Mar-11	2850.8	2891.8	2848.6	2889.3	35.8	1.239054
15-Mar-11	2849.55	2854.25	2799.85	2825.05	-64.25	-2.2743
16-Mar-11	2837.25	2880.25	2837.25	2863.75	38.7	1.351375
17-Mar-11	2841.35	2885.65	2839.2	2858.05	-5.7	-0.19944
18-Mar-11	2875.25	2882.05	2830.65	2835.45	-22.6	-0.79705
21-Mar-11	2847.7	2852.3	2818.6	2823.15	-12.3	-0.43568
22-Mar-11	2840.6	2865.1	2836.75	2859.2	36.05	1.260842
23-Mar-11	2859.95	2893.1	2856.2	2889.75	30.55	1.057185
24-Mar-11	2901	2925.25	2901	2922.45	32.7	1.118924
25-Mar-11	2934.9	2994.25	2934.9	2987.9	65.45	2.190502
28-Mar-11	2987.9	3032.65	2987.9	3019.15	31.25	1.03506
29-Mar-11	3018.1	3080.7	3018.1	3052.9	33.75	1.105506
30-Mar-11	3058.2	3086.4	3057.5	3067.5	14.6	0.475958
31-Mar-11	3074.7	3095.5	3053.5	3076.65	9.15	0.297401

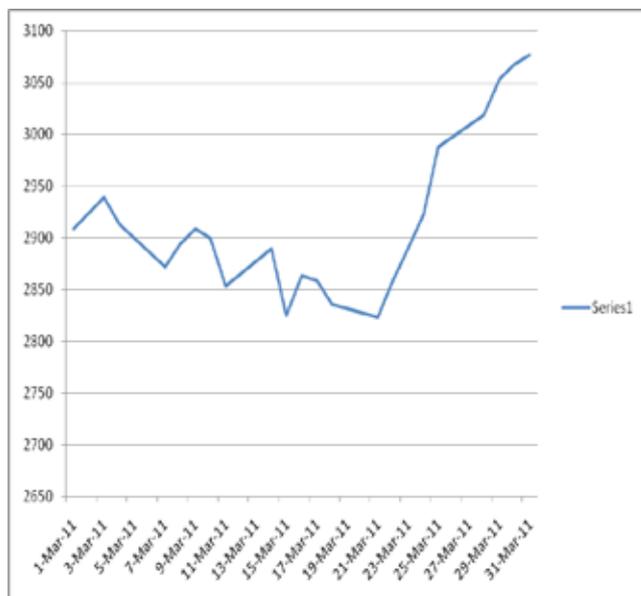


Fig. 6 : CNX Infrastructure (March-2011)

Interpretation

The CNX Infra on 1st March closed positively as a result of infra sector to receive large scale financing from FIIS, MSMEs & to get refinancing from SIDBI. On 7th March it falls by -40.8 due to not at path defining budget for infra stock market. On 15th March shares fall by -64.25 points after a powerful earthquake in Japan, Sparking a sale of in market across Asia and European countries. On 16th March it move up by 38.7 points as gains were led by Reliance Industry. Bharathi Airtel and Tata Motors gain in points, Ramky has announced that it has bagged construction work order. On 22nd March it shows +36.05 points as good buying scripts and the effect of global market. On 25th March shares rose by 65.45 points and continued its good winning streak as the overall results of the companies is better.

XI. Conclusions

A. S&P CNX NIFTY

- From the study S&P CNX Nifty for the month of February it is observed that it started well by reaching 5417.2 points but due to RIL runs the risk of losing which effect the market. But meanwhile in the middle of the month, it reaches to a highest close at 5546.45 points. And at the end it slowly went down by 5333.25 points due to oil prices hikes, Pre session of Budget announcement.
- S&P CNX Nifty for the month of March, it is observed that it started with high close 5522.3 points due to budget announcement and at the end, It sky rocketed and went up at a highest close 5833.75 due to good Global cues. So, the company and investors have gain during that period of time.

B. BANK NIFTY

- From the study it observed that the bank nifty shows a moderate performance. It started well as the increase in FIIS holding lift the stock, But in the second week it fall due to 2G spectrum scamp. And suddenly went up by a highest close 10447.75 points from 10074.1 points due to SBI up's lending deposits etc., And again by the end of the month. It goes downwards to 10210.75 points as a result of ICICI Bank hikes FD rates.
- It can be predicted that, the performance of Bank Nifty

is much better in the month of March. It started slow but raised to a highest close of the month due to the Global impact, and success of various banking sectors.

C. CNX INFRASTRUCTURE

- From the study we can observed that, the index infra has seen many up's and downs. It started good by reaching to a highest close 3049 points. But goes downwards due to heavy selling from funds. And at the end of the month it closed below 2812 points.
- From the study of March, It is understood that comparatively it had performed better than February. It started off low but at the end its performance was excellent with 3076.65 points which was the month highest close, due to the good performance by script like Godrej port, Tata Motor and Bharti Airtel.

XII. Suggestions

A. S&P CNX NIFTY:

- It is suggested that as the equities trading at S&P CNX Nifty as make the market to grow tremendously well. And the script like TCS, ONGC, and Power grid are earning good returns. It is suggested to invest in such script and get benefits.
- TCS is the highest earning script with 58.25% in the past one year and Reliance infra is lowest script with -47.14%.

B. BANK NIFTY

- It is suggest that as the banking sector is growing fastly and major changes are underlying, it can be suggested that investing in these sector could benefit the investors.
- Candara bank is the highest earning script with 31.22% in the past one year and SBI is the lowest script with -48.10%.

C. CNX INFRASTRUCTURE

- The infrastructure in India is developing rapidly and the companies like R Power, BHEL, Bharati Airtel and Tata power are registering much growth.
- Bharati Airtel is the highest earning script with 48.27% and Unitech is the lowest script with -49.86% in the past one year.

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