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WORKING ON NATIONAL STOCK EXCHANGE (NSE) AT SMC GLOBAL SECURITIES

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Abstract: The Indian Equity Market is also known as Indian share market or Indian stock market. The Indian market of equities is transacted on the basis of two major stock indices, National Stock Exchange of India Ltd. (NSE) and The Bombay Stock Exchange (BSE). Indian Equity Market at present is a compensating field for the cash-related partners and setting assets into Indian stocks are useful for the long and medium-term cash-related help, yet correspondingly the position sellers, transient swing center individuals, and for intra-nice financial promoters. To the degree of market capitalization, there are more than 5000 relationships in the BSE design list. Generally, the more obvious affiliations are recorded with the NSE and the BSE, regardless there is the OTCEI or the Over the Counter Exchange of India, which records the medium and unimportant evaluated affiliations. There is the SEBI or the Securities and Exchange Board of India which facilitates the working of the cash related trades in India. The making financial capital business spaces of India being secured by neighborhood and new pursuits is changing into an accommodating business more with dependably. In case the aggregate of beyond what many would consider possible are unaltered Indian Equity Market will be important for the movement of private qualities and this will impel an overall improvement in the Indian economy.

INTRODUCTION

INDIAN EQUITY MARKET

The Indian Equity Market is also known as Indian share market or Indian stock market. The Indian market of equities is transacted on the basis of two major stock indices, National Stock Exchange of India Ltd. (NSE) and The Bombay Stock Exchange (BSE). Indian Equity Market at present is a lucrative field for the investors and investing in Indian stocks are profitable for not only the long and medium-term investors, but also the position traders, short-term swing traders and for intra-day traders. In terms of market capitalization, there are over 5000 companies in the BSE chart list. Generally the bigger companies are listed with the NSE and the BSE, but there is the OTCEI or the Over the Counter Exchange of India, which lists the medium and small sized companies. There is the SEBI or the Securities and Exchange Board of India which supervises the functioning of the stock markets in India.

REVIEW OF LITERATURE

Grewal S.S and Navjot Grewall (1984) revealed some basic investment rules and rules for selling shares. They warned the investors not to buy unlisted shares, as Stock Exchanges do not permit trading in unlisted shares. Another rule that they specify is not to buy inactive shares, i.e., shares in which transactions take place rarely. The main reason why shares are inactive is because there are no buyers for them. They are mostly shares of companies, which are not doing well. A third rule according to them is not to buy shares in

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closely-held companies because these shares tend to be less active than those of widely held ones since they have a fewer number of shareholders.

Jack Clark Francis (1986) revealed the importance of the rate of return in investments and reviewed the possibility of default and bankruptcy risk. He opined that in an uncertain world, investors cannot predict exactly what rate of return an investment will yield. However he suggested that the investors can formulate a probability distribution of the possible rates of return. He also opined that an investor who purchases corporate securities must face the possibility of default and bankruptcy by the issuer. Financial analysts can foresee bankruptcy.

Preethi Singh(1986) disclosed the basic rules for selecting the company to invest in. She opined that understanding and measuring return md risk is fundamental to the investment process. According to her, most investors are 'risk averse'. To have a higher return the investor has to face greater risks. She concludes that risk is fundamental to the process of investment. Every investor should have an understanding of the various pitfalls of investments. The investor should carefully analyse the financial statements with special reference to solvency, profitability, EPS, and efficiency of the company.

David.L.Scott and William Edward (1990) reviewed the important risks of owning common stocks and the ways to minimise these risks. They commented that the severity of financial risk depends on how heavily a business relies on debt. Financial risk is relatively easy to minimise if an investor sticks to the common stocks of companies that employ small amounts of debt. They suggested that a relatively easy way to ensure some degree of liquidity is to restrict investment in stocks having a history of adequate trading volume. Investors concerned about business risk can reduce it by selecting common stocks of firms that are diversified in several unrelated industries.

NEED FOR THE STUDY

1. Raising capital for businesses
2. Common forms of capital rising
3. Mobilizing savings for investment
4. Facilitating company growth
5. Profit sharing
6. Corporate governance
7. Creating investment opportunities for small investors
8. Government capital-raising for development projects
9. Barometer of the economy

OBJECTIVES OF THE STUDY

The objectives of the project can be mentioned as below:

1. To study volatility in Indian stock market while taking **SENSEX** of Bombay stock exchange as a source of secondary data which broadly represent Indian stock market along with **NIFTY** of National Stock Exchange also the study of **SMC Global Securities** .
2. To study the factors which are making Indian stock market volatile
3. Build understanding of central ideas of stock market.

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4. Develop familiarity with the analysis of stock market.
5. Furnish institutional material relevant for understanding the environment in which trading decisions are taken.
6. Understanding of **Bull Market** and **Bear Market**.

This project will be helpful to know volatility in Indian Stock Market and reasons for such high volatility and would be able to take decisions for investment in volatile stock market.

SCOPE OF THE STUDY

1. 'Investor can assess the company financial strength and factors that affect the company. Scope of the study is limited. We can say that 70% of the analysis is proved good for the investor, but the 30% depends upon market sentiment.
2. The topic is selected to analyses the factors that affect the future EPS of a company based on fundamentals of the company.
3. The market standing of the company studied in the order to give a better scope to the Analysis is helpful to the investors, share holders, creditors for the rating of the company.

IMPORTANCE OF THE STUDY:

Derivatives a product created from equities, and the product when applying short positions when an investor has long positions in equity segment, where to make break even. And the major need to choose this topic to have a brief idea about arbitrage trading system in two different market segments. One of the single best things you can do to further your education in trading commodities is to keep thorough records of your trades. Maintaining good records requires discipline, just like good trading. Unfortunately, many commodity traders don't take the time to track their trading history, which can offer a wealth of information to improve their odds of success most professional traders, and those who consistently make money from trading commodities, keep diligent records of their trading activity. The same cannot be said for the masses that consistently lose at trading.

LIMITATION OF THE STUDY

1. A period of 45 days was a very short period to understand the stock market.
2. The project is based on secondary data collected from other sources magazines, newspaper and websites etc.
3. Reliability of the sources could also be limitation for the project.
4. Possibility of error in analysis of data.
5. The analysis is based on the past performance and does not confirm the future performance.

RESEARCH METHODOLOGY

All the data are collected from secondary source, i.e., magazines, newspapers, websites etc. Data were collected from BSE Sensex and NSE Nifty. Sensex is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. Due to its wide acceptance amongst the Indian investors, Sensex is regarded the pulse of the Indian stock

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market. Nifty is a well diversified 50 stock index accounting for 24 sectors of the economy. Hence these two indices were taken for the study.

PERIOD OF THE STUDY

This evaluation has been driven from 4th March 2021 to 20th April 2021

TOOLS AND TECHNIQUES

There are two tools used in analyzing stock market of multi commodities exchange of India ltd.

1. Weighted averages
2. Total turnovers

DATA ANALYSIS & INTERPRETATION

Multi Commodities Exchange of India Ltd (MCX) Gold Price

Month	Price (Rs.)	Open (Rs.)	High (Rs.)	Low (Rs.)
Dec 2020	50,081	48,200	50,716	47,651
Nov 2020	47,898	50715	52530	47526
Oct 2020	50,614	50299	51398	49910
Sep 2020	50,232	51533	52199	49212
Aug 2020	51,099	49986	56499	50026
Jul 2020	53,582	48986	54000	47830
Jun 2020	48,861	46900	48999	45772
May 2020	46,858	44703	47965	44441
Apr 2020	44,647	42854	47290	42800
Mar 2020	43,225	43014	44881	38419
Feb 2020	41,763	41249	43585	39750
Jan 2020	41,012	38980	41270	38900

GRAPH-V.1

Multi Commodities Exchange of India Ltd (MCX) Gold Price

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The above table it can be observe that

	BUYER		SELLER
Dec 2020 (Buying)	47,651		50,081
Dec 2019 (Cl., period)	50,716		48,200
Profit	3,065	Loss	1,881

INTERPRETATION

Because buyer future price will increase so, he can get profit. Seller future price also increase so, profit decrease, Incase seller future will decrease, and he can get profit. The closing price of Gold Metal at the end of the contract period is 49,111.00 and this is considered as settlement price.

FINDINGS

Indian stocks are found to be highly volatile. Volatility is caused by a number of factors such as speculation, the trading and settlement system, the government, inflation, interest rates, announcement of corporate results, etc. All these factors directly or indirectly influence movement in share prices. Apart from these, the factors responsible for high volatility can be explained as follows:

1. Inclusion of the new economy stocks, most of which were over-valued in the BSE index.
2. Increased influence of international stock indices, espicially the NASDAQ.
3. Day trading increased which led to wild fluctuations in intra-day prices.
4. Foreign Institutional Investors (FIIs), exit the markets at the slightest whiff of trouble. This increases volatility in the stock markets. Domestic investors follow FIIs and emaluate their investment pattern. If, FIIs buy, everyone buys and if FIIs sell, everyone sells.
5. Indian markets have high volume but they lack depth as the volums are contributed by few institutional participants. Indian markets lack hedge funds and pension funds, whch can take a long-term view of the markets.
6. External factors such as world politics and disturbances, the IT revolution, the information boom by the business news

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channels, rising oil prices and apprehensions of rise in international rates contributed to high volatiliy.

7. The announcement in the Union Budget 2019-2020 regarding imposition of the Securities Transaction Tax (STT) affected the market sentiments adversely.
8. When index rises with equity buying, it indicates actual growth, and the growth stands for long time. Speculation growth is more than actual growth in Indian stock market.
9. IIP DATA also a factor for market volatility, increasing IIP numbers are positive impact and decreased negative impact.
10. Changes in interest rates also a cause to fluctuate Indian stock market. Inflation and interest rates have positive correlation.
11. Quarterly financial results of index weighted companies also a cause for index (market) fluctuations.
12. When FII'S net sales increases it means they are in profit booking stage and when net purchases increases, it means they are accumulating.
13. There are so many factors fluctuating Indian stock market, but it's not possible to measure the growth/fall with single factor. Because in intraday there are so many factors influencing the market.
14. Every day common factors are international markets, dollar fluctuations, speculation.

These factors, in turn, are responsible for the development of the stock market in our country and making it comparable with the global markets.

SUGGESTION

This kind of volatility and sudden crash of the market is not a good indicator of sound financial markets. The following measures are suggested to remove the structural deficiencies of the market and improve the market mechanism:

1. There is lack of depth in the market. The fear of FIIs pulling their money out of the market is always seen as a big threat. To avoid this, more institutional players such as pension funds are required to invest in the market and provide it the required depth.

2. There is a need for a robust securities lending and short selling infrastructure. It will help the long term investors to earn on their investments and provide heterogeneity in the market.

3. Securities and Exchange Board of India (SEBI) needs to keep a vigil on the sharp rise in any stock without a reasonable cause. It needs to keep track of the investors in such companies and trace the source of investment to avoid any type malpractices.

4. There is inability of the banking system to turn around the funds quickly. When the Sensex was falling, the banking could not divert the funds to rescue the investors quickly which led to margin calls and sudden crash of the market.

5. To control insider trading and manipulation of prices, strict regulatory and punitive measures should be adopted by the SEBI and stock exchanges.

6. To stop operations in the unofficial and unregulated grey market, the publication of unofficial quotation in newspaers and magazines should be declared illegal and sale of shares before acquisition by buyers should be banned.

7. To avoid confusion among the investors, there should be proper coordination among the stock exchanges in India. There should not be any overlapping in their areas of operations.

8. Investors should take into consideration various things before investing into scripts such as:

- Financial position of the company.
- Liquidity position.
- Past performance of company.

CONCLUSION

The behavior of Stock Market and the prices of stocks depend greatly on the speculation of the investors. So, over-reactions and wrong speculation can give rise to irrational behavior of the Stock Market. Excessive optimistic speculation of future prospects can raise the prices of stocks to an extreme high and excessive pessimism on the part of the investors can result in extremely low prices.

So, it is extremely difficult to make predictions about the Stock Market and the inexperienced investors who are not that much interested in financial analysis of stocks; rarely get the financial assistance from the Stock Market at the time of need.

The factors influencing the stock market affect the volatility of the market in which they are traded. These factors, in turn, are responsible for the development of the stock market in any country and making it comparable with the global markets. So, stock market development is a multi-dimensional concept.

Though many of the investors have lost life saving in the recent correction, there is life after the crash. The Indian growth story is intact with a forecast of over 9% growth for 2019-2020. The investment pipeline is estimated to be Rs.5, 00,000 crores. The government continues to spend heavily on the infrastructure projects. Domestic demand is still robust. Nevertheless, the Indian stocks will continue to be attractive. Moreover, the fear of recession in the US will force the global investors to look for alternative investment destinations and India will be the biggest beneficiary. The only thing to be kept in mind is that greed always leads to devastations. The investors should not aim for very high returns as the level of returns is always positively correlated to the level of risk.

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- **Lewis Mandells (1992)** reviewed the nature of market risk, which according to him is very much 'global'. He revealed that certain risks that are so global that they affect the entire investment market. Even the stocks and bonds of the well-managed companies face market risk.

- **L.C.Gupta (1992)** revealed the findings of his study that there is existence of wild speculation in the Indian stock market. The over speculative character of the Indian stock market is reflected in extremely high concentration of the market activity in a handful of shares to the neglect of the remaining shares and absolutely high trading velocities of the speculative counters.

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