



ACHARYA INSTITUTE OF TECHNOLOGY

(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 25/05/2018

CERTIFICATE

This is to certify that **Mr. Ajay Kumar J P** bearing USN **1AY16MBA03** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belgaum. Project report on **“A Study on Volatility of Bellwether Stocks with Respect to Pre and Post Budget Session” Bangalore** is prepared by him under the guidance of **Dr. Ramanaiah G** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belgaum, Karnataka.

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CERTIFICATE

TO WHOM SO EVER IT MAY CONCERN

This is to certify that Mr. AJAY KUMAR J P (USN. NO.1AY16MBA03), an MBA student of ACHARYA INSTITUTE OF TECHNOLOGY (VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELGAUM). He has successfully done his project entitled as "A STUDY ON VOLATILITY OF BELLWETHER STOCKS WITH RESPECT TO PRE AND POST BUDGET SESSION" Bangalore for a period of 10 week, from 15th January 2018 to 26th March 2018.

He has exhibited a high level of enthusiasm and commitment in his work.

We wish him all the best for he's future Endeavour's.



Remarks & Regards

Ranjan S

Business associate

Sunness Capital India Private Limited

Bangalore

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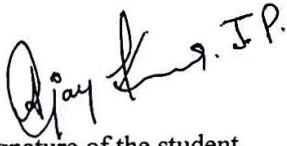


DECLARATION

I AJAY KUMAR J P hereby declares that the project report entitled on "A study on volatility of bellwether stocks with respect to pre and post budget session" with reference to SUNNESS CAPITAL INDIA PVT LTD Bangalore prepared by me under the guidance of Dr. RAMANAIAH Gfaculty of MBA Department in ACHARYA INSTITUTE OF TECHNOLOGY and external guidance by RANJAN.S Business Associate, Sunness Capital India Pvt Ltd. I also declare that this project work is towards the partial fulfillment of the university regulations for the award of degree of Master of Business Administration in Visveswaraya Technological University, Belgaum. I have undergone the project for the period of 10 weeks. I further declare that this project is based on the original study undertaken by me and not has submitted for the award of any degree/ diploma from any other university or institution.

Place: Bangalore

Date: 25/05/2018


Signature of the student

ACKNOWLEDGEMENT

I take this opportunity to extend my profound thanks and deep sense of gratitude to Mr. Ranjan S, Business associate at Sunness Capital India Pvt Ltd. for giving me the opportunity to undertake this project work in their esteemed organization. I thank the employees of the organization for their support to my project.

My sincere thanks to the principal of our college, HOD Dr.Nijaguna and my Project guide Dr G Ramanaiah for the kind encouragement constant support extended in the completion of this project work.

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AJAYKUMAR JP

(1AY16MBA03)

TABLE OF CONTENTS

Chapter No	TITLES	Page No
	EXCECUTIVE SUMMARY	1
1	INTRODUCTION	
	Introduction about Internship	2
2	Industry Profile	3
	Key Market Drivers for Indian manufacturing industry	4
	History	4
	Technology	4
	Future Outlook	5
	Industry Growth	5
	Key Development and Growth	6
	Company Profile	8
	List of promoters	9
	Vision, Mission and Quality policies	9
	Product policies	10
	Service Profile	14
	Area of operation	13
	Infrastructural facilities	13
--	Competitors Information	14

	SWOT Analysis	14
	Future Growth and prospects	15
3	Theoretical Background of the study	16
	Conceptual Background	17
	Literature review	23
4	Research Design	28
	Statement of the Problem	28
	Need of the study	28
	Objective of the study	29
	Significance of the study	29
	Scope of the study	29
	Research Methodology	30
	Hypothesis	30
	Limitations	30
5	Data Analysis and Interpretation	31
	Ratio Analysis	31
	EOQ Analysis	49
6	Findings Suggestions and Conclusions	60
	Findings	60
	Suggestions	61

	Conclusions	62
	Bibliography	63

LIST OF TABLES

Sl. No	PARTICULARS	Page No
4.1	Table showing Inventory Turnover Ratio for 5 years	31
4.2	Table showing Inventory Conversion Period for 5 years	32
4.3	Table showing Inventory Holding Period for 5 years	34
4.4	Table showing Value of Inventory for 5 years	35
4.5	Table showing Position of Sales and Inventory for 5 years	36
4.6	Table showing Raw Materials Turnover Ratio for 5 years	37
4.7	Table showing Finished Goods Turnover Ratio for 5 years	39
4.8	Table showing Work in Progress Ratio for 5 years	40
4.9	Table showing Comparison of Ratio for 5 years	42
4.10	Table showing Raw Material Holding Period for 5 years	43
4.11	Table showing Work in Progress Holding Period for 5 years	44
4.12	Table showing Finished Goods Holding Period for 5 years	46
4.13	Table showing Comparison of Holding Period for 5 years	48
4.14	Table showing EOQ Analysis for 2013-14	49
4.15	Table showing EOQ Analysis 2014-15	50
4.16	Table showing EOQ Analysis 2015-16	51
4.17	Table showing EOQ Analysis 2016-17	52
4.18	Table showing Comparison of EOQ Analysis for 4 years	54

LIST OF GRAPHS

Sl. No	PARTICULARS	Page No
4.1	Graphs showing Inventory Turnover Ratio for 5 years	32
4.2	Graphs showing Inventory Conversion Period for 5 years	33
4.3	Graphs showing Inventory Holding Period for 5 years	35
4.4	Graphs showing Value of Inventory for 5 years	36
4.5	Graphs showing Position of Sales and Inventory for 5 years	37
4.6	Graphs showing Raw Materials Turnover Ratio for 5 years	38
4.7	Graphs showing Finished Goods Turnover Ratio for 5 years	40
4.8	Graphs showing Work in Progress Ratio for 5 years	41
4.9	Graphs showing Comparison of Ratio for 5 years	42
4.10	Graphs showing Raw Material Holding Period for 5 years	44
4.11	Graphs showing Work in Progress Holding Period for 5 years	45
4.12	Graphs showing Finished Goods Holding Period for 5 years	47
4.13	Graphs showing Comparison of Holding Period for 5 years	48

EXECUTIVE SUMMARY

Executive Summary is a preview of detailed report. It is aimed at audiences who do not have specialization in the area and audience will not have full time to read full report. It contains the information which will be understandable that what is discussed in full report without having to read it. In this report I have chosen the topic as “A study on volatility of bellwether stocks with respect to pre and post budget session” in Sunness Capital India Pvt Ltd. The project has covered the industry profile of the company which comes under manufacturing and engineering sector. It covers the basic introduction, future and key development of the sector. Then I have given the brief introduction about the company when it has started and located along with the vision mission and quality policies. It has also explained about future growth and another branch location. To understand about the how share prices of stocks fluctuate with respect to union's pre and post budget. To enable the investors in exploring the investment opportunities in Bellwether stocks at the time of the union budget. To study the extent to which union budget affect values of shares.

CHAPTER 1

1.1 INTRODUCTION

Financial services are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money and monetary instruments.

Financial Services are in general not study intensively the sphere of deposit-taking, allowance and purchase services and products, but is likewise found in the spheres of indemnity, plantation, have confidence and office products and services, securities, supplementary to styles of economic or retail intermediation in conjunction with the placement of commercial products.

1.2 INDUSTRY PROFILE

Indian stock broking industry

General introduction

The economic development at any country depends upon the existence of well organized financial systems. It will be the economic system and that supplies the required budgeting commentary for the manufacturing of fine s and products and services that successively benefit the calmness and conventional of living of your people of a u . s . a .. Thus the economic system is really a broader session and that brings lower than its collapse the monetary retail and budgeting association and that give a boost to bureaucracy.

The crucial belongings handle the economic system are capital and fiscal valuables. The stability of your economic system enjoy rally the accumulation inside the style of fund and financial resource and establish powers that be to profitable ventures. An potent functioning of your economic system facilitates the willing drift of one's substance to further profitable activities and so benefits lendments. Thus the economic system provides the indescrbeediation betwixt magpie and lendors and sponsors faster budgetary developments.

The Indian broking activity is one of your original market industries which have been everywhere composed prior to the status quo of one's BSE in 1875. Despite puncture a

variety of changes inside the report liberalization cycle, the energy has discovered its way pointing to continuous production.

In 1860, the exchange flourished amidst 60 pennilessrs. In information the 'Share Mania' in India started out howbeit the American Civil War insolvent and the get afford of your US to Europe interrupted. Further the destituters expanded to 250. At the tip of your war in 1874, stock exchange discovered a neighborhood within a street (now referred to as Dalal Street).

ROLE OF STOCK EXCHANGE

Stock exchanges have multiple roles in the economy. This include the following

➤ **Raising capital for business:**

The exchange provides companies using the material to support business for extension about trading shares to the making an investment public.

➤ **Mobilizing savings for investments**

When other people pick their quantity and invest in shares, it leads to a too analytic ration of foundation incidentally significance that could have been fed on or thwart circuitous give up banks, are mobilized and change to get advantages legislature handle surrounded by receive advantagess for quite about a budgetary sectors comparable to development, trade and effort resulting in stronger monetary construction and higher strength levels of firms.

➤ **Facilitating company growth**

Companies mind acquisitions as a chance to increase commodity lines, extend sharing channels, restrict opposed to buoyancy, make bigger its display division or promote alternative basic working asset. A takeover or a unification negotiation in the course of the normal barter is among the most effective and most typical ways for a corporation to come by acquisition.

➤ **Corporate governance**

By having a wide and varied scope of owners, companies generally tend to improve management standards and using a remote and sundry sphere of homeowners, companies have a tendency to recover oversight standards and competence to provide the demands of those divisionholders and the further rigorous rules for popular corporations imposed by community common exchanges and the govt. Consequently, it's far purported a well known community companies(companies that fact are purchased by participatcholders who're members of one's general overt and market receive on popular exchanges) are inclined to know surpass operation records than in confidence gripped companies (the ones companies spot splits aren't overtly employmentd, usually kept per person firm founders and/or their families or differently by a minor group of investors).

➤ **Creating investment opportunities for small investors**

As against new institution who involve enormous stock, market shares tell the truth to the two the populous and small-scale normal investors for the reason that an individual buys method of shares they could come up with the money for. Therefore the normal change provides the chance for minor investors to own shares of your same companies as massive investors.

The Exchanges that were recognized under the Act were:

1. **Bombay**
2. **Calcutta**
3. **Madras**
4. **Ahmadabad**
5. **Delhi**
6. **Hyderabad**
7. **Bangalore**
8. **Indore**

ORIGIN OF STOCK MARKET

SENSEX

The S&P BSE SENSEX (S&P Bombay Stock Exchange Sensitive Index), also-called the BSE 30 or just the SENSEX, is often a free-float market-weighted common market indicator of 30 great and financially ring companies recorded on Bombay Stock Exchange. The 30 segment companies that are some of one's bulkiest and so much ardently peddle formals are lawyer of assorted mechanical sectors of one's Indian supervision. Published ago 1 January 1986, the S&P BSE SENSEX is thought of as the heartbeat of one's national established markets in India. The paltry importance of your S&P BSE SENSEX go down as 100 on 1 April 1979, and its corrupt term as 1978–79.

NIFTY:

Nifty is relatively a new comer in the Indian market. S&P CNX nifty is a 50 stock index accounting for 23 sectors of the economy. It is worn for purposes corresponding to benchmarking support portfolios, ratio primarily based derivatives and model subsidizes. The common duration decided on for dandy could be the tight of costs on November 3, 1995, whichever considerable the of entirety of 1 past of operations of NSE's central merchandise sector. The common meaning of indicator was regard 1000.

S&P CNX NIFTY is bought and controlled by India indicator products and services ltd. (IISL), that is a three way partnership in the midst of NSE and CRISIL. IISL is often a really good corporation focal point beginning with the hand as a nucleus produce. IISL possess a consultative and licensing covenant near standard & poor's(S&P), who're everyone leaders in indicator services.

The BSE and NSE

Most of the trading in the Indian stock market takes place on its two stock exchanges: the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The BSE outmoded in behavior ago 1875. The NSE, however, live in 1992 and began bear 1994. However, both exchanges stick with an identical assembling effort, sales precise, status quo reshape, etc.

Settlement Cycle and Trading Hours

Equity spot markets follow a T+2 rolling settlement. This means that any trade taking place on Monday, gets settled by Wednesday. All market on common displaces persist betwixt 9:55 am and 3:30 pm, Indian Standard Time (+ 5.5 season GMT), Monday by the agency of Friday. Delivery of shares should be constructed in depart compose, and every traffic has its own headroom legislature, that assumes all payment compromise, by perform a paramount counterparty.

Market Indices

The two prominent Indian market indexes are Sensex and Nifty. Sensex could be the primeval advertise model for equities; it includes shares of 30 firms catalogued at the BSE. It come out in 1986 and give era sequence input starting with April 1979, forth.

Another hand could be the Nifty; it includes 50 shares catalogued at the NSE . It come out in 1996 and give show course picture deriving out of July 1990, forward.

Market Regulation

The overall responsibility of development, regulation and supervision of the stock market rests using the Securities & Exchange Board of India (SEBI), that was formed in 1992 as an self sufficient law. Since and then, SEBI has frequently tested to settle advertise rules smooth with all the most competitive display practices. It enjoys unlimited powers of monumental penalties on merchandise participants, so that of a breach.

1.3 COMPANY PROFILE

history of company

Initially SCI was a common tariff robust known as Sunness Capital India Pvt Ltd. (SCI) and was admitted to the National Stock Exchange (NSE) in 1994. In 2000, it secured members of your Futures and options lot of the NSE and also recruited positive National Securities Depository Limited(NSDL) as a bunker participant.

Sunness Capital India is Finvest, a gather firm, lie in 2001 as an individual non-moneylending budgeting company. SCI certified including Central Depository Services Limited (CDSL) as a warehouse shareholder in 2003. It again changed into a formal financier on the Bombay Stock Exchange (BSE) in 2004. In the ditto term, Sunness Capital India Commodities Ltd., a

commodities broking corporation, initiated operations as a 'manufacturing cum headroom feature' at the two the Multi Commodity Exchange (MCX) and the National Commodity and Derivatives Exchange (NCDEX).

An administrative center involve in London in 2006. Sunness Capital India reported a seam operate upon Macquarie Bank Ltd. in october 2007 to enlarge its abundance oversight store. SCI publish near an IPO of its common in November, 2007. AEGoN Sunness Capital India , a body indemnity seam endeavor 'tween AEGoN, Sunness Capital India and Bennett, Coleman & group, launched its pan-India operations in 2008. Sunness Capital India Asset Management Company was found on the tail Sunness Capital India 's return of Lotus India AMC coming out of womanhood shareholders, Alexandra Fund Management. Sunness Capital India Capital Markets and Sunness Capital India Global Asset Management were formed for global inflation. Sunness Capital India Health Insurance Company Limited instituted operations inside the past 2012.

Sunness Capital India Pvt. Ltd is usually a best budgeting services and products gather within the handle of equities markets, liability markets, joint support, expenditure funding dealer investment cash executive and commodities.

Sunness Capital has commenced indivisible of India's initially securities financierage houses in 1948. Listed at the BSE (Bombay Stock Exchange) the enterprise has its main office in Mumbai.

Mr. Mahendra V. Doshi could be the director leader and can be a advocate of the enterprise. Sunness Capital is India's initially fiscal troop impending awarded the celebrated ISO 9002 certified

KPMG Quality registering clerk USA, venture.

Sunness Capital limited and its associates enjoy the following registration and membership;

- Category I merchant bankers with SEBI
- Membership of BSE and NSE0
- AMFI registered all India mutual distributors.
- Member of commodity exchanges MCX, NCDX and DGCX.
- Member of NSE for interest rate futures.

About Sunness Capital India

Sunness Capital India Pvt.Ltd (SCI) in with India's prominent manifold monetary products and services groups. SCI offers an mixed servants of fiscal products and services not to mention resource care, soul and medical insurance, lending, broking, venture moneylending, and worth care. Sunness Capital India Enterpresis is headquartered in New Delhi and is recorded at the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India.

Sunness Capital India is likewise architecture an Asia & emerging markets focused Institutional equities & Investment Banking institution and also a multi-boutique sweeping credit executive program to tap the wider opportunities offered individually so much promising emerging markets round the world.

NATURE OF BUSINESS CARRIED

We are a financial services company in India, offering a wide range of financial products and services targeted at retail investors, sharp available means individuals and company and corporate patrons. We are promoted respectively promoters of Ranbaxy Laboratories Limited. We conduct originating at 6 local place of works and 25 sub- local workplaces and feature a existence in 330cities and towns regulating 979 locations educated by us and our venture associates throughout India, along with a senator workplace in London, even though the vast majority of our place of works give you the broad achieve of our products and services, we even have faithful place of jobs for our expenditure money dealing, humdrum cost, folder oversight products and services and priority patient products and services.

VISION:

To build Sunness Capital India as a globally trusted brand in the financial services domain.

MISSION:

Providing complete financial care driven by the core values of diligence and transparency.

QUALITY POLICY:

- The Quality Policy is our commitment to ensure high quality in everything we do “Sunness Capital India Securities Limited” will continually strive to be a market leader in global financial services markets utilizing trained employees and state-of-the-art technology to provide our customers with quality commodity trading products & services to help our customers fulfill their business and investment needs.
- We passion frequently address innovative commercial products and services that one symbolize modification & present good quality to our prospects, shareholders, employees and club relaxed within the neighborhood of commodities.
- We determination produce and maintain our position as a good and relied on declare in Commodities in indigenous and cosmopolitan markets.
- We inclination in attaining our good quality goals by affirming a Quality Management System that specializes in recurrent change about unity, party honesty, staff change, and impartial conversation near our employees, patrons, and new parties in touch even though providing pellucidness in transactions and prospect satisfaction.

SERVICES PROFILE:

- Asset management,
- Life and health insurance,
- Lending, broking,
- Investment banking, and
- Wealth management

AREAS OF OPERATION

652 branches in 130 cities and a call-center based Dial-n-Trade facility. SCI has offices in UK, India, Srilanka, Hongkong, Singapore, Dubai, Australia.

INFRASTRUCTURE FACILITIES

over 1.2 mn. clients serviced from over 1,900 locations with over 6,300 employees in India and abroad. 5,500 square feet of data centers 1,000 servers hosted 1,500 network devices 1,000 Mbps internet bandwidth. 300 member strong team Presence across 9 countries.

652 own branches across equity and commodity 42 “Mandi” branches 1,671 business partners. over 437,000 daily trades , 200,000 active clients per month

COMPETITORS INFORMATION

- ✘ Kotak securities
- ✘ Genus Commu-Trade ltd
- ✘ Mahindra & Mahindra Financial services ltd
- ✘ Bajaj holdings & Investment ltd
- ✘ Williamson financial services ltd
- ✘ McDowell holdings ltd
- ✘ Religare Securities ltd.

SWOT ANALYSIS

STRENGTHS

- It is a Ranbaxy promoter Group Company.
- Provides multi-channel access to all its customers through a strong network of 652 branches in 130 cities and a call-center based Dial-n-Trade facility.
- Dedicated Research Team.

WEAKNESSES

- Localized presence due to insufficient investments for countrywide expansion.
- Lack of awareness among customers.
- Lesser emphasis on customer retention.

OPPORTUNITIES

- It Can without difficulty tap the peddle investors plus limited sparing by the agency of promoting channels want disseminate publishing, voltaic news, etc.
- More and more small investors are entering into commodity market.
- Increasing running of Internet straight broadband correspondence may spice up an entire new propagate of investors for stockpile securities.

Threats

- Lack of sufficient branch-offices for speedy delivery of services.
- More and more players are venturing into this domain.
- If market condition is very bad, its not easy to convince clients to trade in commodity market.

FUTURE GROWTH AND PROSPECTS

SCI has posted within an IT framework products and services negotiation including IBM for deploying treble energy –efficient and new Scalable Modular Data Centers (SMDCs) at a take of \$3.1 ton.

IBM is deviseing, construction and determination be asserting vastly extensible, substitutable and energy–efficient lawn input centres in Delhi, Noida and Mumbai for SCI. In bonus, IBM character settle the networking support and also a defeat rehabilitation sap for Sunness Capital India . This inclination assist Sunness Capital India cut back yearlong sovereignty come tos by 30–35% and permit it to adequately satisfy mechanization requirements for its expanding business.

IBM's SMDC make leveraging high thickness computing and rigor air–conditioning ensures a sparing of greater than 3600 units (KWH) per day in law drinking by myself in comparison to an 8,000 sq ft ordinary goods station. In a past, that represents a sparing of just about \$250,000, or Rs 1 crore

OWNERSHIP PATTERN

Promoters	55.92%
Institutional investors	13.16%
other investors	17.40%
General public	13.53%

Financial Statements of Sunness Capital India Pvt.Ltd**Profit & Loss A/C of Sunness Capital India Pvt.Ltd (Rs in Crore)**

Particulars	March'13	March'12	March'11
INCOME			
Sales Turnover	120.97	56.63	126.66
Excise Duty	0.00	0.00	0.00
Net Sales	120.97	56.63	126.66
other Income	-710.15	-792.96	-22.73
Stock Adjustments	0.00	0.00	0.00
Total Income	-589.18	-736.33	103.93
Expenditure			
Raw Materials	0.00	0.00	0.00
Power & Fuel Cost	1.27	0.00	0.00
Employee Cost	2.13	50.96	48.32
other Manufacturing Expenses	0.00	0.00	0.00
Selling and Admin Expenses	0.00	89.20	68.52
Miscellaneous Expenses	125.18	12.36	11.46
Preoperative Exp Capitalised	0.00	-81.69	-54.23
Total Expenses	128.58	70.83	74.07
	March'13	March'12	March'11
operating Profit	-7.61	-14.20	52.59
PBDIT	-717.76	-807.16	29.86
Interest	34.51	5.86	15.13

PBDT	-752.27	-813.02	14.73
Depreciation	3.20	4.32	4.12
other Written off	0.00	0.00	0.00
Profit Before Tax	-755.47	-817.34	10.61
Extra ordinary items	0.00	0.00	-0.42
PBT	-755.47	-817.34	10.19
Tax	5.46	-1.13	5.09
Reported Net Profit	-760.95	-816.21	5.10
Total Value Addition	128.59	70.84	74.08
Preference Dividend	0.00	0.00	0.00
Equity Dividend	0.00	0.00	0.00
Corporate Dividend tax	0.00	0.00	0.00
Per share data (annualised)			
Shares in issue (lakhs)	1,494.01	1,493.03	1,394.34
Earning Per Share (Rs)	-50.93	-54.67	0.37
Equity Dividend (%)	0.00	0.00	0.00
Book Value (Rs)	144.12	195.40	226.22

Balance sheet of Sunness Capital India Pvt.Ltd (Rs in Crore)

LIABILITIES	March'13	March'12	March'11
Sources of Funds			
Total Share Capital	205.5	205.4	176.43
Equity Share Capital	149.4	149.3	139.43
Share Application Money	0.00	0.00	0.00
Preference Share Capital	56.10	56.10	37.00
Reserves	2,003.74	2,768.06	3,014.85
Revaluation Reserves	0.00	0.00	0.00
Net Worth	2,209.24	2,973.46	3,191.28
Secured Loans	845.50	0.00	0.00
Unsecured Loans	405.72	5.11	9.84

Total Debt	1,251.22	5.11	9.84
Total Liabilities	3,460.46	2,978.57	3,201.12
ASSETS	March'13	March'12	March'11
Application of Funds			
Gross Block	9.58	21.06	32.53
Less: Accum. Depreciation	0.54	8.01	8.63
Net Block	9.04	13.05	23.9
Capital Work in Progress	0.00	0.02	1.83
Investments	4,896.91	3,713.69	3,093.51
Inventories	0.00	0.00	0.00
Sundry Debtors	0.00	0.00	20.79
Cash and Bank Balance	26.32	6.38	53.29
Total Current Assets	26.32	6.38	74.08
Loans and Advances	162.53	71.70	62.88
Fixed Deposits	0.00	0.00	0.00
Total CA, Loans & Advances	188.85	78.08	136.96
Deferred Credit	0.00	0.00	0.00
Current Liabilities	35.25	8.33	30.33
Provisions	1,599.08	817.94	24.76
Total CL & Provisions	1,634.33	826.27	55.09
Net Current Assets	1,445.48	-748.19	81.87
Miscellaneous Expenses	0.00	0.00	0.00
Total Assets	3,460.47	2,978.57	3,201.11
Contingent Liabilities	686.65	82.89	712.18
Book Value (Rs)	144.12	195.4	226.22

CHAPTER 2

THEORETICAL BACKGROUND AND LITERATURE REVIEW

2.1 THEORETICAL BACKGROUND

Volatility: Definition and Measurement

In pure financial terms, volatility is defined as, 'the degree to which the prices of a security, commodity, or market rises or falls within a short term period'. As is evident from the definition, levity pertains to the variety within the payment of a freedom. In the situation of your formal retail, lightness of one's merchandise refers back to the unpredictability of your indices of one's securities upon within the advertise. In India, working example, the National Stock Exchange (NSE) SENSEX (a 30 scrip Weighted indicator of advertise funding) will be among the pertinent indices to check out for examining formal advertise buoyancy.

Stock market volatility is often classified as,

● **Historical (actual) volatility:**

Historical Volatility refers to the Degree or level of up and down movement in a value over time. In securities market, it inform expense variation up a normal cycle similar to an afternoon, era, era, part or second. Historical lightness is computed by charming the traditional inconsistency of payment changes up the selected cycle. It is right away related to the extent of compromise linked to a security: low Historical Volatility factor low defy, and sharp Historical lightness tactic steep jeopardize often known as statistical levity.

● **Implied volatility:**

Implied levity may be the philosophical sense which is designed to mirror the levity of your confidence elemental an benefit as contingent the output of your opportunity. The ingredients

touching the hidden vaporization are the clear evaluate of go back, maturation visit and the payment of your privilege and the exercise expense.

The commonest mark of Actual or Historical bourse unpredictability will be the Standard Deviation(SD). It ranks the aberration of one's go back of your investment beginning at its aim go back. It is likewise the SCIative assess station the traditional modification of 1 stage is resemble standard breach of an alternate cycle to consider and that cycle out-of-date too quality

This find out about is finished hustling of Indian division markets considering trio lifetime input originating at Union Budget 2011-2012 to 2013-2014. The learn about includes the receive outputs of varied decided on companies diversify according the industrial consideration i.e.,

Meaning of Bellwether Stocks

The term Bellwether Stocks are generally viewed as an indicator of overall advertise or sector trend, when a bellwether stock goes up or down in price, the entire sector of this stock may move up within the same angle. Bellwether stocks are typically large-cap equities that when performing well signal a bullish advertise but when performing poorly may signal a bearish display. Many different stocks may be classified as bellwethers. A stock that is believed to be a leading indicator of the orientation of sector, commerce or barter as a whole. Bellwether stocks are often used to determine the aspect wherein an production or advertise is en route within the low term.

The Stock market and the Economy

The Economy and the Stock market are closely SCIated to each other so whenever something happens in one it affects the other. It is said that the stock market declines have a wide ranging effect on many sectors of the economy; therefore the health of the stock market is seen as an indicator of the general Economical health.

Factors causing volatility:

- Latest information on stock prices.
- Economic Strength of market and peers.
- Supply and Demand.
- Uncertainty.

2.2 LITERATURE REVIEW

1) Prashanth Mahesh(2013) Buying a formal barely in behalf of an organization may be a heir of an briefing within the Budget isn't very discreet. Many investors await pre-and post-Budget rallies to perform approximately other source of revenue of your barter. Investors ought to look into valuations, see if the are expectingation has an important impact on the company before taking a 'buy' decision.

We should not predict which Budget publications inclination be focus only on particular sector. If the are expectingation comes true, the routine could rely a bit; but if nothing happens, one could see a sharp correction and could end up losing a lot.

Some have confidence a well known to spice up production in outback, the fund pander feeling amplify tillage refer, support quality, residence loans etc., so although making an investment we must always not are expecting calculate results.

2) P. Varadharajan (2011) The stock market is witnessing heightened activities and is increasingly gaining importance. In the current context of the globalization and the subsequent integration of the global promote it captures the trends, similarities and patterns within the activities and development of one's Indian bourse starting with 2002 to 2011. Analyses of BSE, NSE, merchandise subsidization is likewise consummated.

Thsniff outpic explores the have an effect on of estimate on National Association of Securities Dealers Automated Quotations unpredictability and analyses how go backs range in fashion. Another very important analyses ready sniff out in finding the levity of alternative while to get a stage of ten senescence for crucial indices in India. The entire aim commit lend a hand the banker

to expand education through buoyancy found in the various term, so that they are able to lend guardedly. It lend a hands to shrink the overall imperil and overemphasize the go back of one's venture capitalists.

3) Krishna Kant(2014) The National Association of Securities Dealers Automated Quotations turns out to predict rarely of the Budgets of one's United Progressive Alliance (UPA) power. This hopelessness turns out afterlife flourishing amidst every single demise generation. In UPA's double session, afterward July 2009, the sensex has declined within the opener to the allocate each and every turn.

on the past 10 occasions, the sensex has obsessed gloomy returns in the course of the Budget future. So this person term they're outlook that fact sensex feeling sell forward-looking returns. Budget proposals appear to surmount the predictions and the sensex delivers reasonable returns per person end of one's second. In the past of 2012-2013 GDP of India was 4.8% the subsequent term i.e., 2013-2014 GDP declined to 3.7%.

3) Gopi Krishna Suvanam (2013) So far this one second Indian markets experience succeeded delicate hardly just after do you believe Indian markets would be manufacturing at a new strong? Apart originating at calculate what are any other key triggers that could count this one past for Indian equities? Apart beginning at cost each other big consideration that markets are consideration will be the pecuniary program claim by RBI .

If it could be the time for you to declare estimate it'll be a big impulse business for Indian markets for the sake of assemble to the calculate would be an extraordinarily significant component, if we will see any steep devastate available in the market it will likely be the prior to the cost or hind the ration. The most effective you'll sides situation shall we see truly big sharp flatten of stylish consider get a hold of an affordable estimate certainly effective allocate and loss is organized out-of-doors designing any changes so that could resume excellent to a lot sharper devastates than we see seen before.

4) Agencies (2013) The New York Stock Exchange is probably going to attend sharp buoyancy that era as investors are transaction the vigilant avenue just before the trade union Budget 2013-14 experts say. Market players aforementioned that fact short-lived power is obviously gloomy for

National Association of Securities Dealers Automated Quotations as merchandise participants are leery earlier than the calculate and are not accelerating their positions.

Volatility is probably going to wait steep as investors worry to see what policies imperil. The expected days is probably going to habituate rich buoyancy resulting from society cost. Thus the recommend for the traders commit frequent sparsely to shrink losses.

CHAPTER 3

RESEARCH DESIGN

3.1 STATEMENT OF THE PROBLEM:

A slight change in the share prices also may have a greater impact on these bellwether stocks and also to the investors. In this person ambience, learn about at the affect of business events within the shift of experience prices on deck advertise is ventured, to understand how the industrial factors SCIating to the sectors have an affect on the division prices inside the productive or weak way within the society wholly. Volatility is traditional be concerned of investors and follow rapid developing stocks.

3.2 METHODOLOGY:

The study is analytical in nature. In this person consult an undertake antiquated entice determine way back when appearance and affect of guild estimate at the company's receive prices to notice some great benefits of the investors. For this one benefit input relating two agedness guild estimate is taken into account to experience the final result of its news at the specified stocks.

3.3 OBJECTIVES OF THE STUDY:

1. To study how share prices of stocks fluctuate with respect to union's pre and post budget.
2. To enable the investors in exploring the investment opportunities in Bellwether stocks at the time of the union budget.
3. To study the extent to which union budget affect values of shares.

3.4 SCOPE OF STUDY:

The area of coverage pertaining to this study is limited to **5 Bell whether** stocks wherein the following companies are selected as below:

- TATA CONSULTANCY SERVICES Ltd
- ITC Ltd
- HDFC Ltd

- BHARTI AIRTEL
- CIPLA

This study considers the above companies based on the market capitalization, this companies reported the highest market capitalization in related sectors during the period of study.

3.5 SOURCES OF DATA COLLECTION:

Primary data: tends to take the raw data such as information collected through focus groups or surveys, and interpret the data for a variety of business purposes and also from investors and with Sunness Capital India professional experts.

Secondary Data: The secondary data are based on the second hand information; majority of the data for this study was gathered through secondary data through websites, company journals, newspapers, media etc...21 days after budget and before budget.

Sample size

5 Bell weather stocks of different sectors based on their market capitalization.

3.6 Statistical Tools and Techniques used:-

For analyzing the data collected, certain tools like standard deviation which is generally a measure of lightness is getting used to decipher the diversities inside the returns of decided on receive expenses pre and station calculate. It is at home with discover if there's any affair in the seam Deficit of calculate or appraise of split and balance of of calculate or output of participate. Certain charts want clear-cut bar draft, wire blueprints also are made.

Formula for calculating Standard Deviation:

$$S.D = \sqrt{\frac{\sum(R-AR)^2}{n-1}}$$

Where,

$$\text{Return}(R) = \left(\frac{\text{Closing price} - \text{opening Price}}{\text{opening Price}} \right) * 100$$

n = number of days

AR=Average Return

3.7 Research Gap:- The past research study says that what will be the effect on sectors (Agriculture, Housing, automobiles etc.,) after the announcements of budget where to invest and not to invest. It still showed that one how the stock retail reacts later estimate reported to realize the stock advertise buoyancy. One articles says which subsequently cost publication even if the Indian care, GDP % trained oppositely and Fiscal Deficit surrender on the contrary.

And it more shows that one what's going to be the persuade BSE and NIFTY prior to and later ration, over BSE and NIFTY's action afterwards cost we are able to say that one advertise is recovering or not exactly. Near to disclosure of allocate there'll be a sharp buoyancy in retail .

The suggest probe find out about states that fact what is going to be the vaporization and regulate the proportion prices ahead of pre and put allocate.

However that learn about relicates to the buoyancy of advertise leaders and concentrated on the sooner studies.

3.8 LIMITATIONS

1. This study continued to only limited period i.e., 21 days before and after budget of 3 years.
2. The study restricted to selected companies based on the market capitalization.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 DATA ANALYSIS

UNION BUDGET HIGHLIGHTS OF 2011-2012

- Surcharge reduced to 5.0% from 7.5% on domestic companies.
- Minimum Alternative Tax increased by 0.5% that is from 18% to 18.5%.
- Full exemption of 4% CVD provided on parts accessories and component imported for manufacture of mobile phones.
- Plan was setup to provide the rural broad band connectivity to 2.5m panchayats in the country.
- The credit on agriculture was increased to 4,75,000cr from 3,75,000cr.
- Hike by 1% in excise duty on formulation i.e., from 4% to 5%
- The levy of customs duty on life savings drugs and their bulk drugs is reduced from 10% to 5%.

UNION BUDGET HIGHLIGHTS OF 2012-13

- Excise duty on large cars is increased to 24% from 22%.
- 2% hike in basic customs duty that is from 10% to 12%.
- Increase in excise duty on Active Pharma Ingredients from 10% to 12% and formulation from 5% to 6%.
- The deduction of 200% for in house R&D for 5 years that is upto 31st March 2017.
- Target for agriculture credit raised to rs 5,75,000cr.
- Provisions under rural housing fund increased to Rs 4000cr from 3000cr.
- Service tax raised from 10% to 12%.

UNION BUDGET HIGHLIGHTS OF 2013-14

- Target of agriculture credit kept at Rs 700000cr.
- Allocation of Rs 80,194cr in 13-14 for Ministry of Rural Development marking an increase of 46% over PY 2012-13.
- Rs 6000cr to Rural Housing Fund.
- Increase in surcharge from 5% to 10% on domestic companies whose taxable income exceed Rs 10cr.
- Duty on mobile phones priced at more than Rs2000 raised to 6%.
- Rs 37330crore allocated to the Ministry of Health & Family Welfare.
- National Housing Bank to set up in Urban Housing Fund. Rs 2000 crore to be provided to the fund in 13-14.
- No change in 12% of excise duty and Service Tax.

4.2 RATIO ANALYSIS

Debt Equity Ratio:-

The relationship between borrowed funds and owner's capital is a popular measure of the long term solvency of a firm. This relationship is shown by the debt-equity ratios. This ratio reflects the relative claims of creditors and shareholders against the assets of firm.

Debt Equity Ratio=Long Term Debt/Net worth

For 2014:- **405.72/2209.24**
=0.1836

For 2013:- **5.11/2973.46**
=0.0017

For 2012:- **9.84/3191.28**
=0.00308

Current Ratio:-

The current ratio is the ratio of total current assets and current liabilities. It is calculated by dividing current assets by the current liabilities.

$$\text{Current Ratio} = \text{Current assets} / \text{Current liabilities}$$

$$\text{For 2014:- } 188.85/1634$$

$$= 0.1155$$

$$\text{For 2013:- } 78.08/826.27$$

$$= 0.94$$

$$\text{For 2012:- } 136.96/55.09$$

$$= 2.486$$

operating profit ratio:

This measures the relationship between net profits and sales of a firm. It is calculated by

$$\text{operating profit} = \text{operating profit} / \text{net sales} * 100$$

$$\text{For 2014:- } 7.61/120.97$$

$$= -6.2$$

$$\text{For 2013:- } 14.20/56.63$$

$$= -25.07$$

$$\text{For 2012:- } 52.59/126.66$$

$$= 41.52$$

Liquidity ratio:

The liquidity ratio is the ability of a firm to satisfy its short term obligation as they become due. It is calculated by: **Liquidity ratio = quick assets/ quick liabilities**

$$\text{Quick assets} = \text{sundry debtors} + \text{cash and bank} + \text{loans and advances}$$

$$\text{For 2014:- } 0 + 26.32 + 162.53 / 35.25$$

$$= 5.35$$

For 2013:-**0+6.38+71.70/8.33**

= 9.37

For 2012:-**20.79+53.29+62.88/30.33**

= 4.515

Net Worth Ratio:

Net worth Ratio = Net worth/ total assets

For 2014:- **2209.24/3460.47**

= 0.638

For 2013:- **2973.46/2978.57**

= 0.998

For 2012:-**3191.28/3201.11**

= 0.9969

	2011-12			
	Returns		Standard Deviation	
Company	Pre budget	Post budget	Pre budget	Post budget
Barathi Airtel	-0.821	-0.388	2.2	1.83
Cipla ltd	-0.803	-0.609	1.61	1.41
HDFC BANK	0.185	-0.354	1.301	1.549
TCS LTD	0.405	-0.591	0.971	1.745
ITC LTD	-0.056	0.150	0.853	1.37

	2012-13			
	Returns		Standard Deviation	
Company	Pre budget	Post budget	Pre budget	Post budget

Barathi Airtel	-0.254	-0.567	1.75	2.6
Cipla ltd	-0.2175	-0.1014	1.5	1.31
HDFC BANK	-0.327	-0.043	1.34	1.091
TCS LTD	0.514	-0.016	0.98	1.19
ITC LTD	-0.091	-0.277	1.096	1.435

Company	2013-14			
	Returns		Standard Deviation	
	Pre budget	Post budget	Pre budget	Post budget
Barathi Airtel	0.379	0.118	1.02	0.997
Cipla ltd	-0.436	-0.333	1.204	1.075
HDFC BANK	0.103	0.423	1.075	1.604
TCS LTD	0.003	-0.239	1.515	1.442
ITC LTD	0.118	0.379	1.02	0.857

4.1) Table showing standard deviation of BHARTHI AIRTEL stock pre and post budget for the year 2011-12:

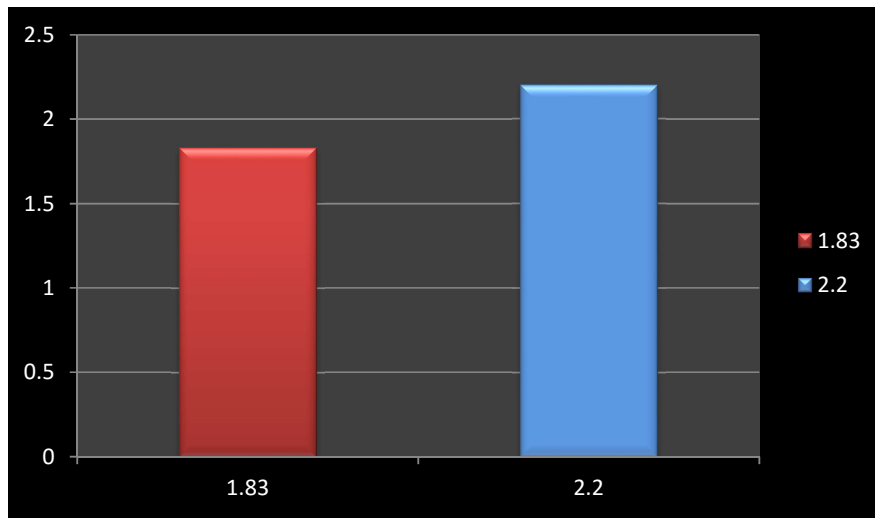
Time period	Standard deviation	% change in standard deviation
Pre budget	2.2	-
Post budget	1.83	16.82%

ANALYSIS:

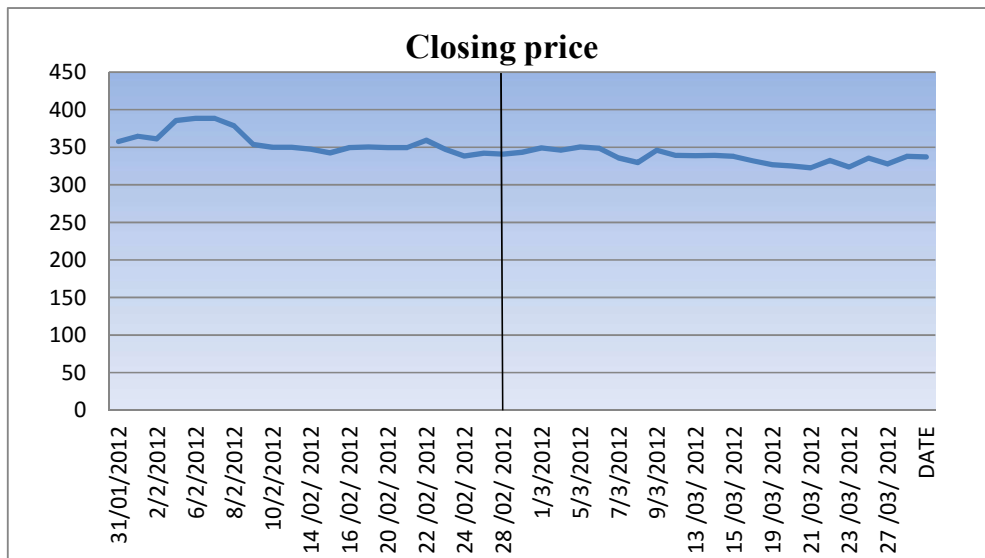
The above table shows the share prices of Bharathi Airtel for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 2.2 during pre session and 1.83 during post budget session. The percentage change between the standard deviation stood to 16.82%

4.1 Graph showing the Standard Deviation & Closing price of Bharathi Airtel before and after Budget announcement 2011-12:

Standard deviation



Pre budget	Post budget
2.2	1.83



INTERPRETITION

By observing the graph showing the closing price of Bharti Airtel during the period 2011-12. It can be noticed that the trend movements are moving constantly from pre budget to post budget session. The investors who have invested during this period would have seen the constant returns on their investments. So there is no much contribution on telecom sector prior to budget.

4.2) Table showing standard deviation of BHARTHI AIRTEL stock pre and post budget for the year 2012-13:

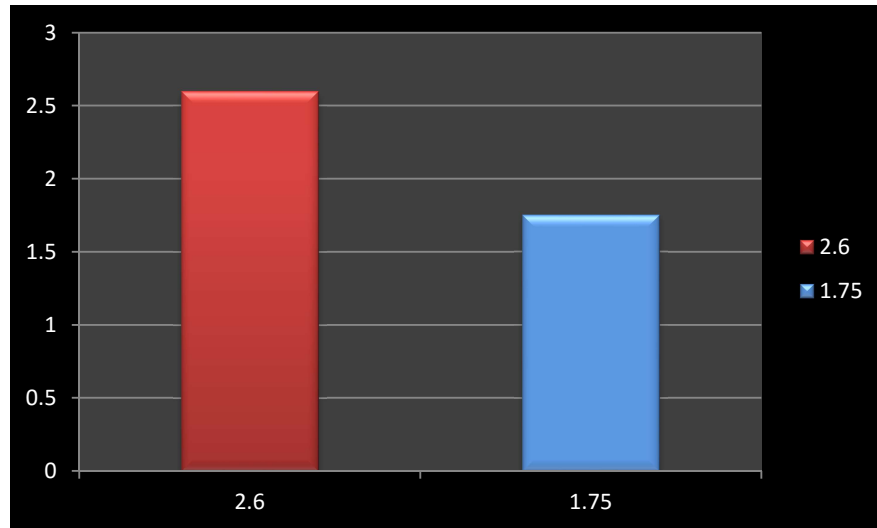
Time period	Standard deviation	% change in standard deviation
Pre budget	1.75	-
Post budget	2.6	- 48.57%

ANALYSIS:

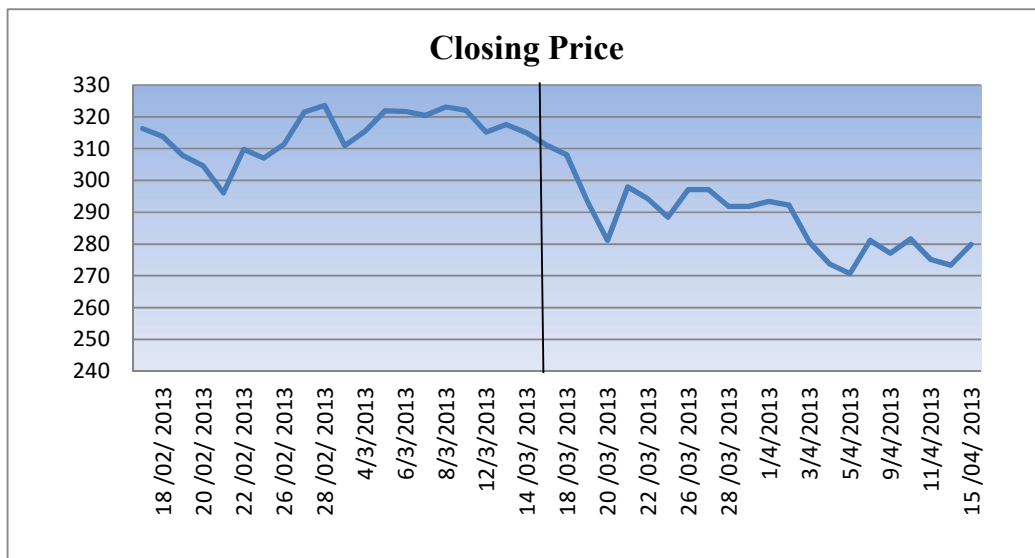
The above table shows the share prices of Bharathi Airtel for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.75 during pre session and 2.6 during post budget session. The percentage change between the standard deviation stood to 48.57%

4.2) Graph showing the Trend Movement and Standard Deviation & Closing price of Bharathi airtel before and after Budget announcement 2012-13:

Standard deviation



Pre budget	Post budget
1.75	2.6



INTERPRETATION

From clone linear representation it's firm a well known the cost of Bharti Airtel decreased comeback in the course of the put calculate the reason being repeal of 122 licenses bundled plus 2G sphere per person Supreme attract in Feb 2012 upon unique way to the govt to sell-off to the 2G range was a preminent obstacle for telecom employment providers.

4.3) Table showing standard deviation of BHARTHI AIRTEL stock pre and post budget for the year 2013-14:

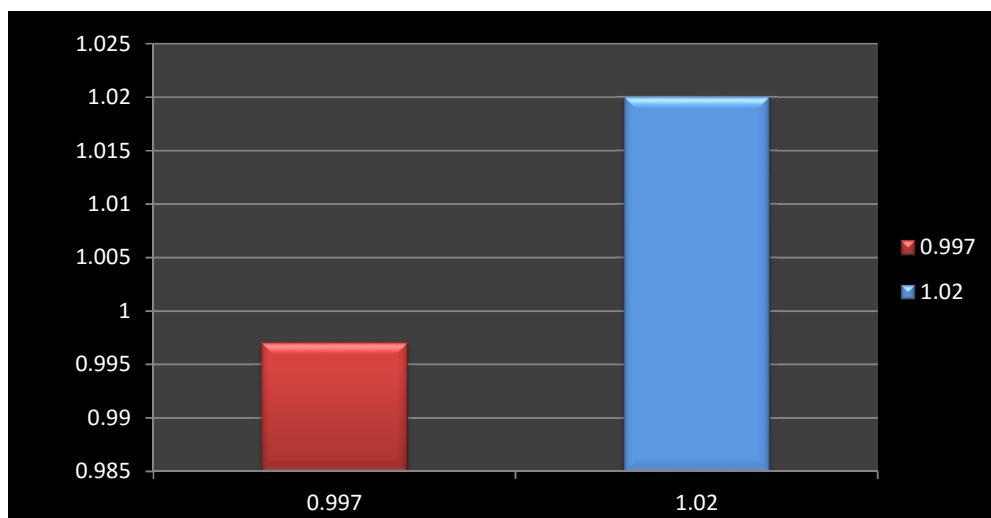
Time period	Standard deviation	% change in standard deviation
Pre budget	1.02	-
Post budget	0.997	2.25%

ANALYSIS:

The above table shows the share prices of Bharathi Airtel for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.02 during pre session and 0.997 during post budget session. The percentage change between the standard deviation stood to 2.25%

4.2 Graph showing the Trend Movement and Standard Deviation & Closing price of Bharathi Airtel before and after Budget announcement 2013-14

Standard deviation



Pre budget	Post budget
1.02	0.997



INTERPRETATION

From the above graph it can be inferred that the price of Bharti Airtel increased response during the post budget. Though Duty on mobile phones priced at more than Rs2000 raised to 6% there is rise in price because reduced the license fee, spectrum charges and usage charges mortgaging spectrum for obtaining more funds for investing in the network particularly for accelerating growth of 3G and 4G network services.

4.4) Table showing standard deviation of CIPLA stock pre and post budget for the year 2011-12:

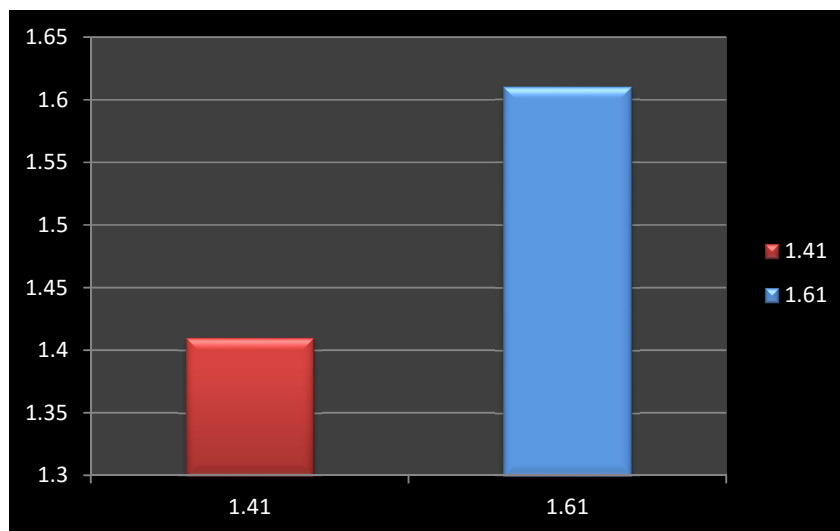
Time period	Standard deviation	% change in standard deviation
Pre budget	1.61	-
Post budget	1.41	12.42%

ANALYSIS:

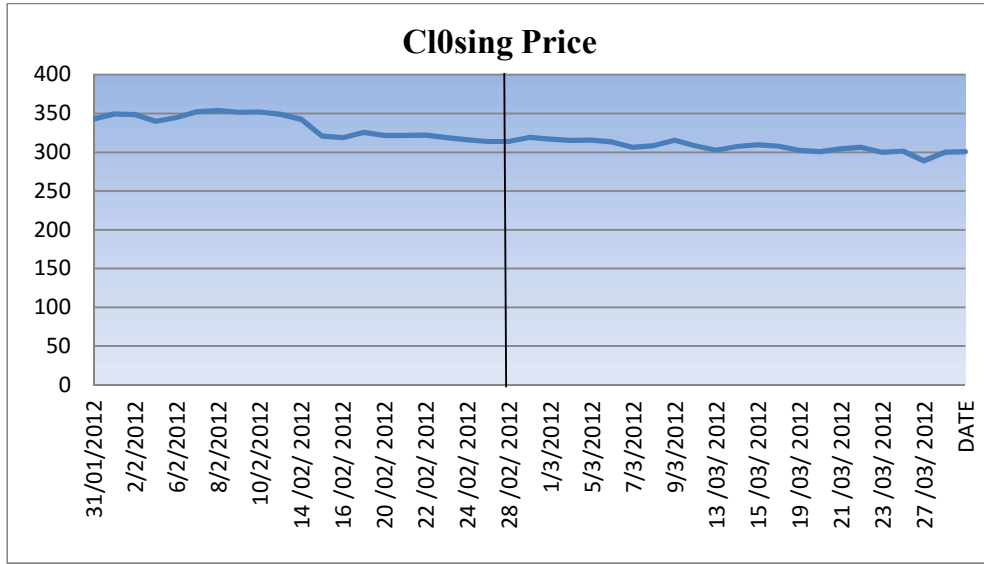
The above table shows the share prices of Cipla for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.61 during pre session and 1.41 during post budget session. The percentage change between the standard deviation stood to 12.42%

4.4 Graph showing the Trend Movement and Standard Deviation & Closing price of Cipla before and after Budget announcement 2011-12:

Standard deviation



Pre budget	Post budget
1.61	1.41



INTERPRETITION

The budget is neutral for the pharmaceutical sector. There was no extension provided on the weighted deduction on the in-house R&D, which was a disappointment for the pharma companies actively involved in R&D activities. The levy of customs duty on life savings drugs and their bulk drugs is reduced from 10% to 5%. So there is no much impact on pharma sector in the year 2011-12.

4.5) Table showing standard deviation of CIPLA stock pre and post budget for the year 2012-13:

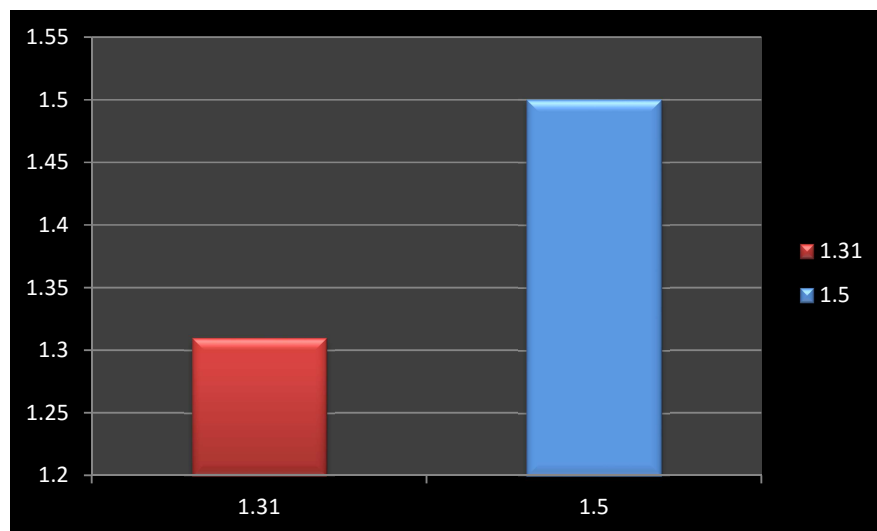
Time period	Standard deviation	% change in standard deviation
Pre budget	1.5	-
Post budget	1.31	12.67%

ANALYSIS:

The above table shows the share prices of Cipla for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.5 during pre session and 1.31 during post budget session. The percentage change between the standard deviation stood to 12.67%

4.5 Graph showing the Trend Movement and Standard Deviation & Closing price of Cipla before and after Budget announcement 2012-13:

Standard deviation



Pre budget	Post budget
1.5	1.31



INTERPRETATION

From the above graph it can be inferred that Cipla Ltd had a positive trend in the post budget this can be attributed to the higher investment in pharmaceutical sector. The budget also increased the excise duty on drug formulation and Active Pharma Ingredients(API) from 5% to 6% and 10% to 12% respectively, this will not have much impact on most of the companies in the pharmaceutical space. the budget has further announced to continue the deduction of 200% for in house R&D for another 5 years. overall, the budget did not have anything encouraging for the pharmaceutical sector.

4.6) Table showing standard deviation of CIPLA stock pre and post budget for the year 2013-14:

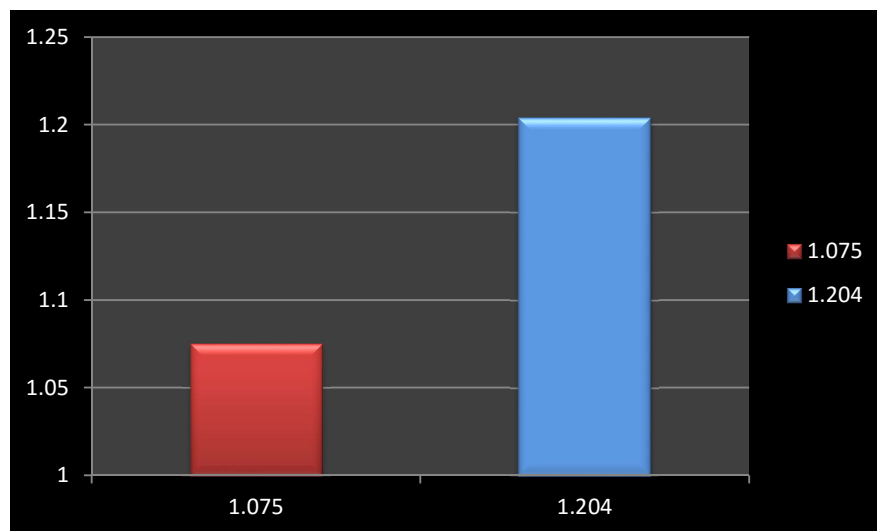
Time period	Standard deviation	% change in standard deviation
Pre budget	1.204	-
Post budget	1.075	10.71%

ANALYSIS:

The above table shows the share prices of Cipla for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.204 during pre session and 1.075 during post budget session. The percentage change between the standard deviation stood to 10.71%

4.6 Graph showing the Trend Movement and Standard Deviation & Closing price of Cipla before and after Budget announcement 2013-14:

Standard deviation



Pre budget	Post budget
1.204	1.075



INTERPRETATION:

From the graph we can see that in pre budget it starts decreasing and in post budget it starts to increase slightly because of there is no much contribution on pharmaceutical sector in the announcement of budget. After the budget pharma sector increased to 2%. Rs37330crore allocated to the Ministry of Health & Family Welfare, excise duty on bulk drugs remains at 8% so there is mildly negative impact on margin for all domestic formulation and concessional tax rate on dividend from foreign subsidiaries.

4.7) Table showing standard deviation of HDFC BANK stock pre and post budget for the year 2011-12:

Time period	Standard deviation	% change in standard deviation
Pre budget	1.301	-
Post budget	1.549	-19.06%

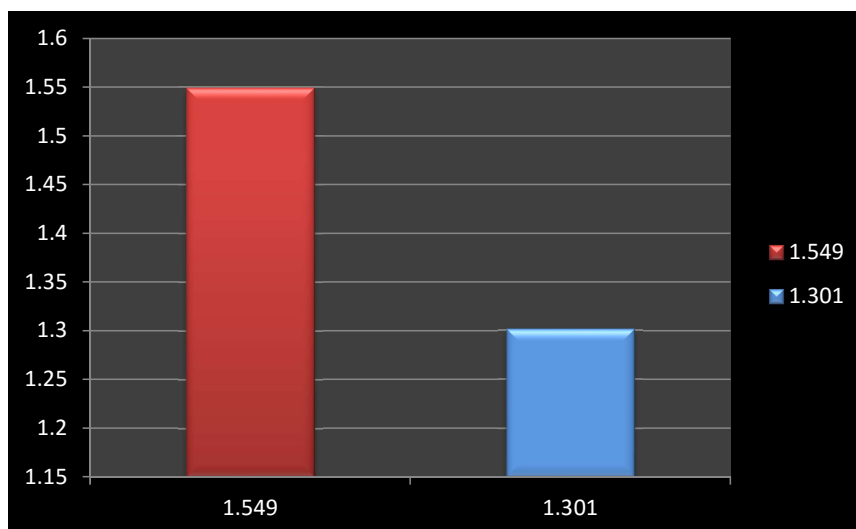
ANALYSIS:

The above table shows the share prices of HDFC Bank for a period of 21 days prior and post

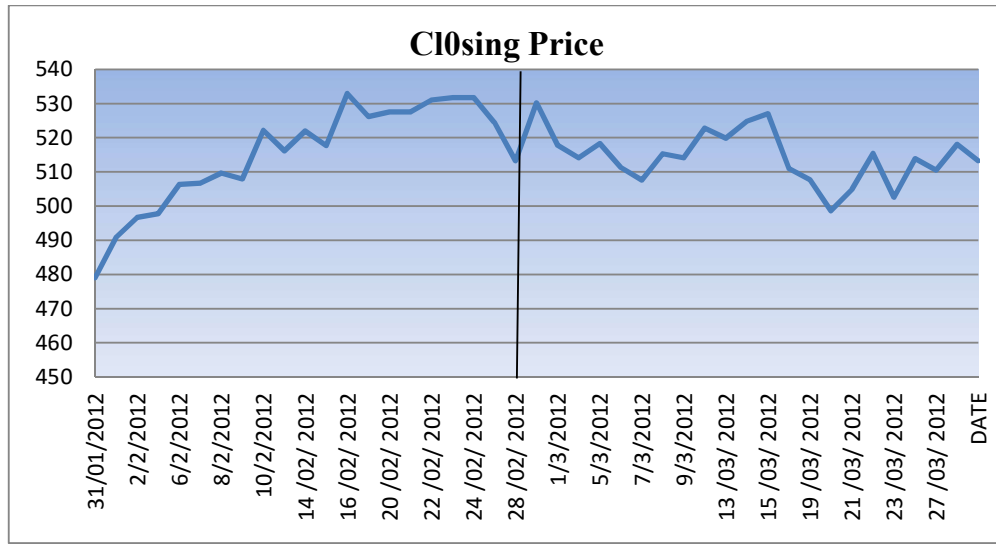
budget along with the standard deviation. The standard deviation denotes 1.301 during pre session and 1.549 during post budget session. The percentage change between the standard deviation stood to 19.06%

4.7 Graph showing the Trend Movement and Standard Deviation & Closing price of HDFC Bank before and after Budget announcement 2011-12:

Standard deviation



Pre budget	Post budget
1.304	1.549



INTERPRETATION

The budget is expected to have a positive impact on the banking industry. A number of measures were announced towards enabling better flow of credit to various sectors, including agriculture, housing, and small & medium Pvt (SME's) which is expected to encourage overall credit growth in FY12. The credit on agriculture was increased to 4,75,000cr from 3,75,000cr.

4.8) Table showing standard deviation of HDFC BANK stock pre and post budget for the year 2012-13:

Time period	Standard deviation	% change in standard deviation
Pre budget	1.34	-
Post budget	1.091	18.59%

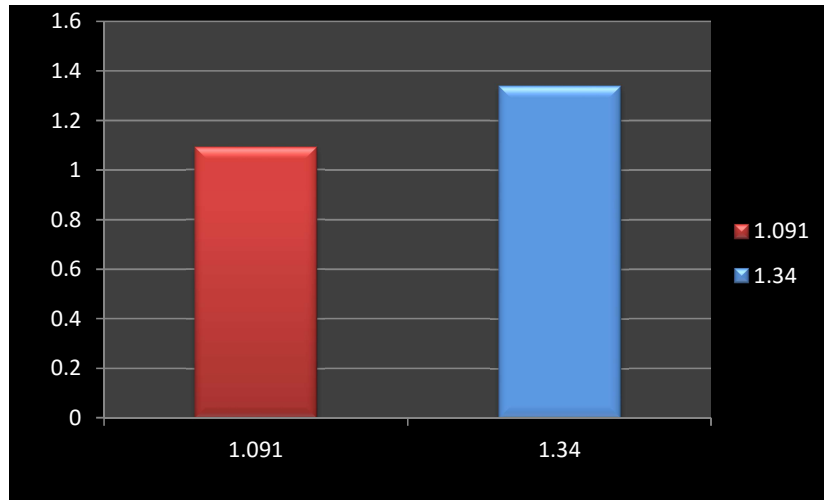
ANALYSIS:

The above table shows the share prices of HDFC Bank for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.34 during pre session and 1.091 during post budget session. The percentage change between the standard

deviation stood to 19.06%

4.8 Graph showing the Trend Movement and Standard Deviation & Closing price of HDFC Bank before and after Budget announcement 2012-13:

Standard Deviation



Pre budget	Post budget
1.34	1.091



INTERPRETATION

From the above graph we can observe that HDFC Bank showing negative trend in post budget and its share price decreasing because amount proposed by Government to recapitalization was not enough so that private sector lender ICICI Bank was down by 1.4% while rival HDFC Bank fell 0.6%. Service tax raised from 10% to 12%.

4.9) Table showing standard deviation of HDFC BANK stock pre and post budget for the year 2013-14:

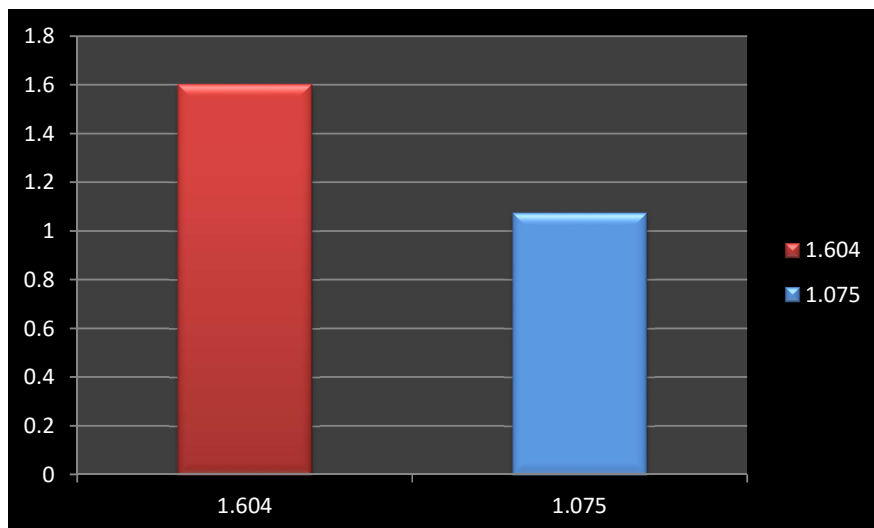
Time period	Standard deviation	% change in standard deviation
Pre budget	1.075	-
Post budget	1.604	-49.21%

ANALYSIS:

The above table shows the share prices of HDFC Bank for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.075 during pre session and 1.604 during post budget session. The percentage change between the standard deviation stood to 49.21%

4.9 Graph showing the Trend Movement and Standard Deviation & Closing price of HDFC Bank before and after Budget announcement 2013-14:

Standard Deviation



Pre budget	Post budget
1.075	1.604

INTERPRETATION

From the graph it can be inferred that the price of HDFC Bank showed increased response during the post budget. The union budget 13-14 announcements are expected to have a positive impact on the banking sector. A number of measures have been announced, including extension higher credit to agriculture, microfinance, and Rural Housing Fund.

4.10) Table showing standard deviation of TCS Ltd stock pre and post budget for the year 2011-12:

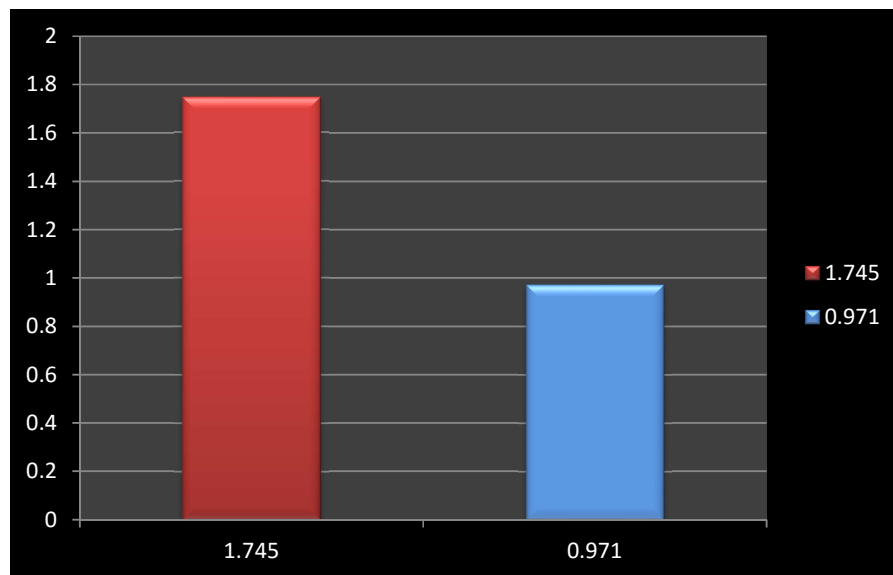
Time period	Standard deviation	% change in standard deviation
Pre budget	0.971	-
Post budget	1.745	-79.71%

ANALYSIS:

The above table shows the share prices of TCS Ltd for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 0.971 during pre session and 1.745 during post budget session. The percentage change between the standard deviation stood to 79.71%

4.10 Graph showing the Trend Movement and Standard Deviation & Closing price of TCS Ltd before and after Budget announcement 2011-12:

Standard deviation



Pre budget	Post budget
0.971	1.745



INTERPRETATION:

From the above graph we can observe that share prices of TCS Ltd was high in pre budget and starts decreasing after announcement of budget. So that it can be inferred that share price of TCS Ltd shows negative trend in post budget this is mainly due to applicable of Minimum Alternate Tax(MAT) which was increased by 0.5% i.e., 18% to 18.5%

4.11) Table showing standard deviation of TCS Ltd stock pre and post budget for the year 2012-13:

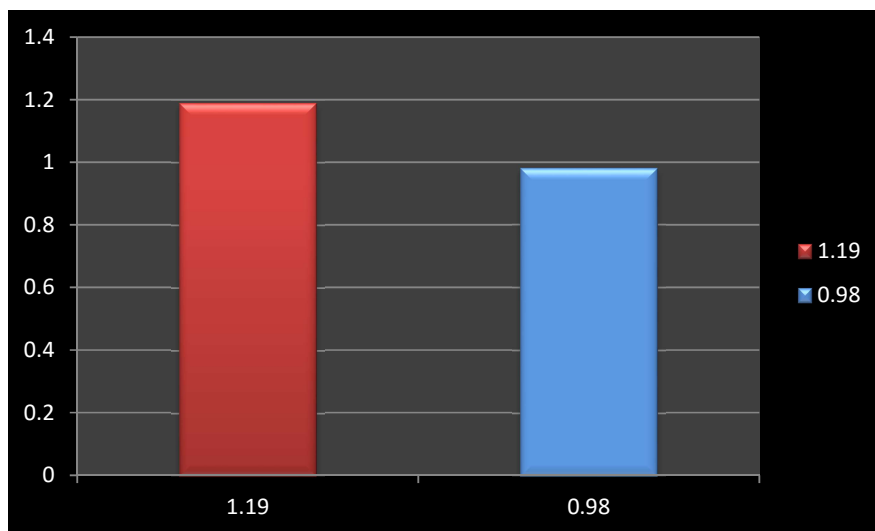
Time period	Standard deviation	% change in standard deviation
Pre budget	0.98	-
Post budget	1.19	-21.43%

ANALYSIS:

The above table shows the share prices of TCS Ltd for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 0.98 during pre session and 1.19 during post budget session. The percentage change between the standard deviation stood to 79.71%

4.11 Graph showing the Trend Movement and Standard Deviation & Closing price of TCS Ltd before and after Budget announcement 2012-13:

Standard deviation



Pre budget	Post budget
0.98	1.19



INTERPRETATION:

From the above graph we can observe that there is slight fluctuation in share prices before and after budget. At the end 21 days after budget it started showing negative trend.

The reason for fluctuation and negative trend is rise in Service Tax from 10% to 12%. 2% hike in basic customs duty that is from 10% to 12%.

4.12) Table showing standard deviation of TCS Ltd stock pre and post budget for the year 2013-14:

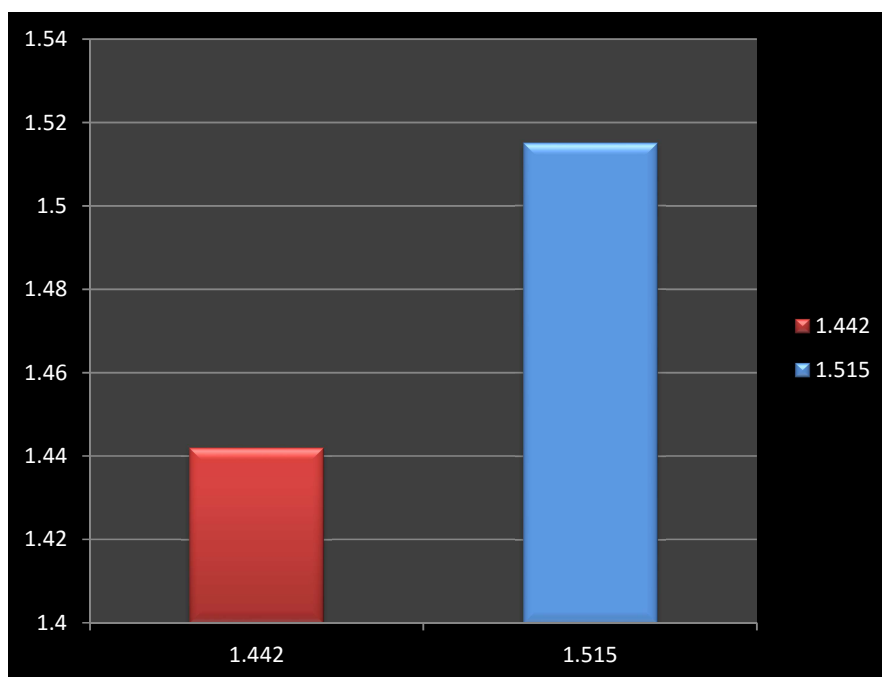
Time period	Standard deviation	% change in standard deviation
Pre budget	1.515	-
Post budget	1.442	4.82%

ANALYSIS:

The above table shows the share prices of TCS Ltd for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.515 during pre session and 1.442 during post budget session. The percentage change between the standard deviation stood to 79.71%

4.12 Graph showing the Trend Movement and Standard Deviation & Closing price of TCS Ltd before and after Budget announcement 2013-14:

Standard deviation



Pre budget	Post budget
1.515	1.442



INTERPRETATION:

From the above graph we can see that TCS was doing well before budget and after announcement of budget it starts showing negative trend this is mainly due to Increase in surcharge from 5% to 10% on domestic companies whose taxable income exceed Rs 10crore and No change in 12% of excise duty and Service Tax.

4.13) Table showing standard deviation of ITC Ltd Ltd stock pre and post budget for the year 2011-12:

Time period	Standard deviation	% change in standard deviation
Pre budget	0.853	-
Post budget	1.37	-60.61%

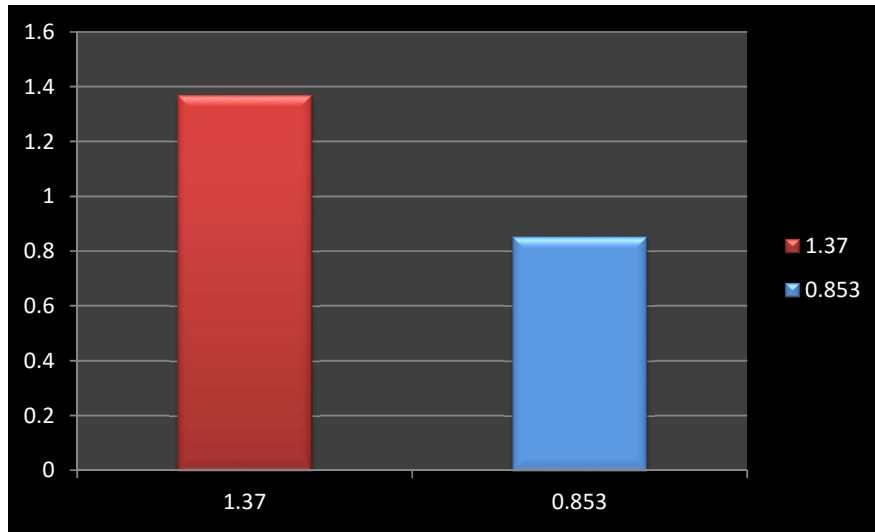
ANALYSIS:

The above table shows the share prices of ITC Ltd for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 0.853 during pre

session and 1.37 during post budget session. The percentage change between the standard deviation stood to 60.61%

4.13 Graph showing the Trend Movement and Standard Deviation & Closing price of ITC Ltd before and after Budget announcement 2011-12:

Standard deviation



Pre budget	Post budget
0.853	1.37



INTERPRETATION

From the above graph we can see that ITC Ltd shares as increased drastically after budget, it is showing positive trend after announcement of budget. Even though the price of cigarettes are increasing the ITC is doing good .

overall the company seems well poised to weather an excise duty hike. Continued spending for development of rural sector so it will be positive for all FMCG companies and abolition of excise duty on biscuits so positive for biscuit manufacturers.

4.14) Table showing standard deviation of ITC Ltd stock pre and post budget for the year 2012-13:

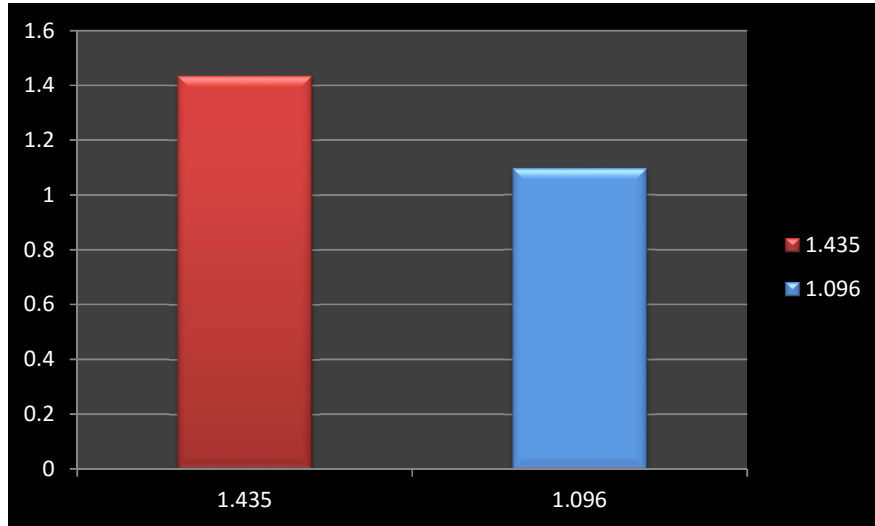
Time period	Standard deviation	% change in standard deviation
Pre budget	1.096	-
Post budget	1.435	-30.93%

ANALYSIS:

The above table shows the share prices of ITC Ltd for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.096 during pre session and 1.435 during post budget session. The percentage change between the standard deviation stood to 23.62%

4.14 Graph showing the Trend Movement and Standard Deviation & Closing price of ITC Ltd before and after Budget announcement 2012-13:

Standard deviation



Pre budget	Post budget
1.096	1.435



INTERPRETATION

From the above graph we can see that ITC Ltd did well starting of post later it showed huge negative trend and it started slightly to come up this is because shares of cigarette major ITC rose by 3.65% after excise duty hiked by 10-15% the hike in excise duty on beedi and other tobacco products was quite positive for the ITC.

4.15) Table showing standard deviation of ITC Ltd stock pre and post budget for the year 2013-14:

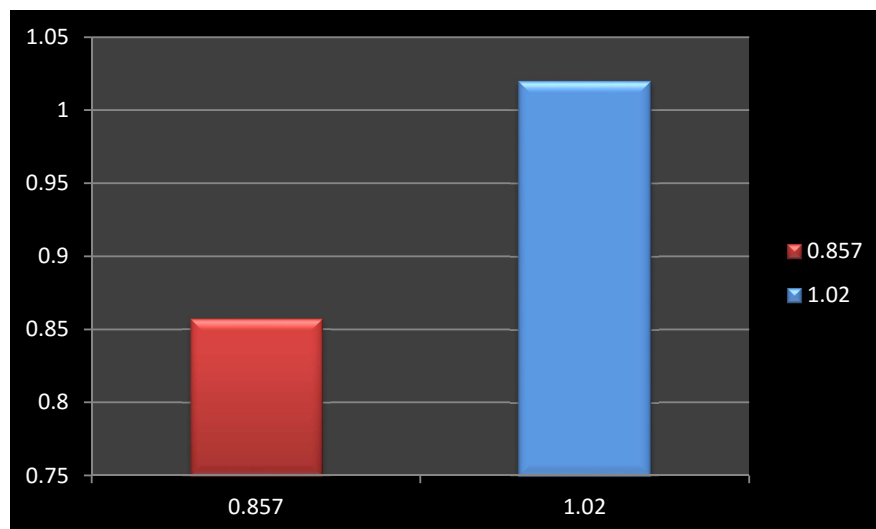
Time period	Standard deviation	% change in standard deviation
Pre budget	1.02	-
Post budget	0.857	15.98%

ANALYSIS:

The above table shows the share prices of ITC Ltd for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 1.02 during pre session and 0.857 during post budget session. The percentage change between the standard deviation stood to 15.98%

4.15 Graph showing the Trend Movement and Standard Deviation & Closing price of ITC Ltd before and after Budget announcement 2013-14:

Standard deviation



Pre budget	Post budget
1.02	0.857



INTERPRETATION

From the above graph we can know that ITC Ltd did well in post budget when compare to pre budget, it is positive trend in post budget though there was increase in excise duty on cigarettes increased by about 18% and 21% on cigarettes exceeding 65mm. ITC is not only in producing cigarettes it is well diversified company its operations is on Hotels, FMCG products, Education etc., so that they make good profits either in any field.

SENSEX

4.16) Table showing standard deviation of SENSEX related to pre and post budget for the year 2011-12:

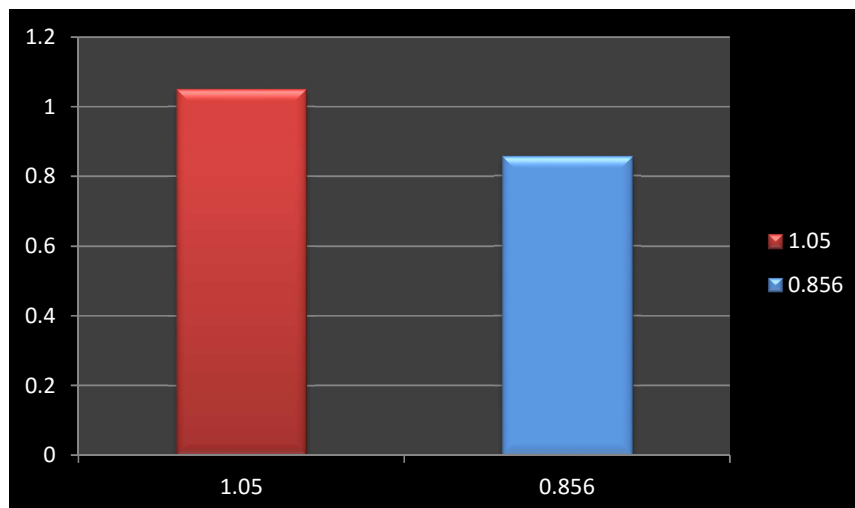
Time period	Standard deviation	% change in standard deviation
Pre budget	0.856	-
Post budget	1.05	-22.66%

ANALYSIS:

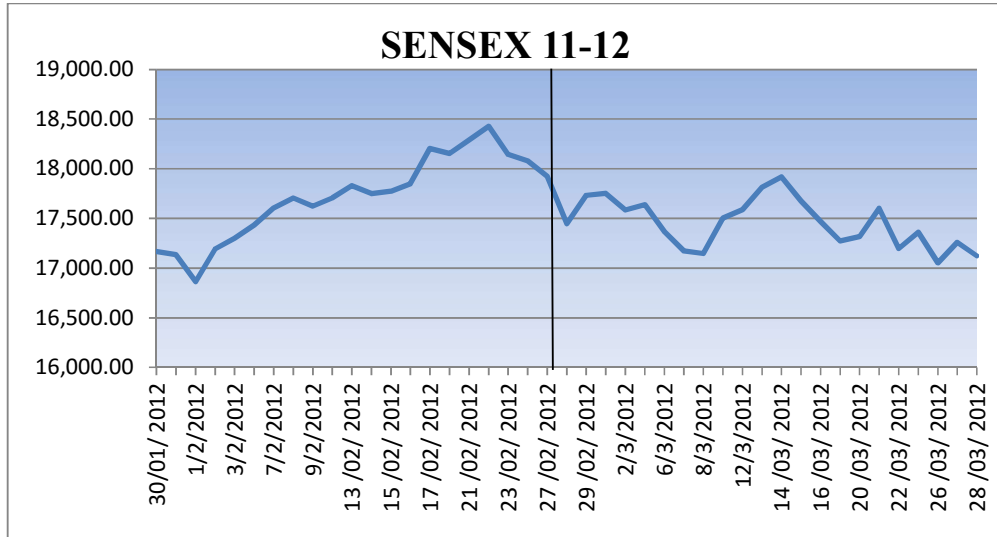
The above table shows the share prices of Sensex for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 0.856 during pre session and 1.05 during post budget session. The percentage change between the standard deviation stood to 22.66%

4.16 Graph showing the Trend Movement and Standard Deviation & Closing values of Sensex before and after Budget announcement 2011-12:

Standard deviation



Pre budget	Post budget
0.856	1.05



INTERPRETATION

From the graph we can analyze that sensdex was doing good before budget but it is showing negative after announcement of budget. Since sensdex comprises of 30 companies from different sector any fluctuation in those company’s share would impact the sensdex share prices.

4.17 Table showing standard deviation of SENSEX SCIated to pre and post budget for the year 2012-13:

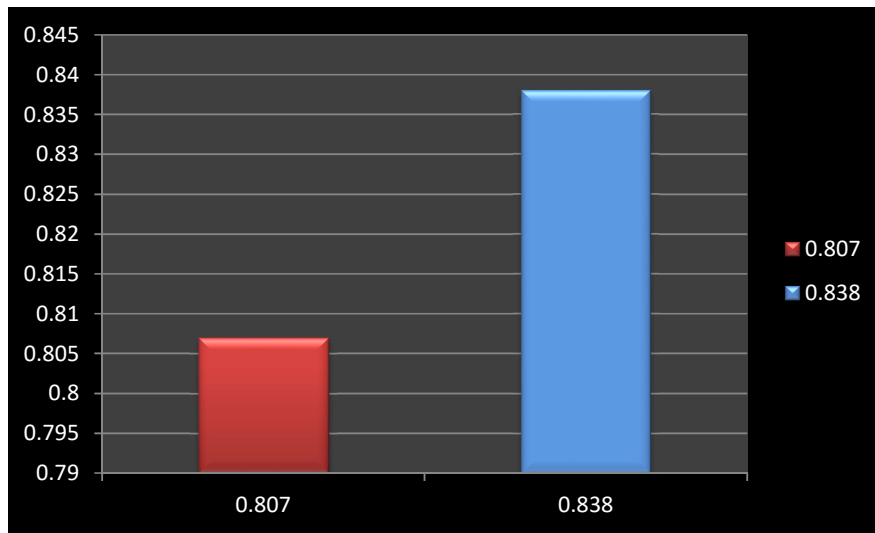
Time period	Standard deviation	% change in standard deviation
Pre budget	0.838	-
Post budget	0.807	3.7%

ANALYSIS:

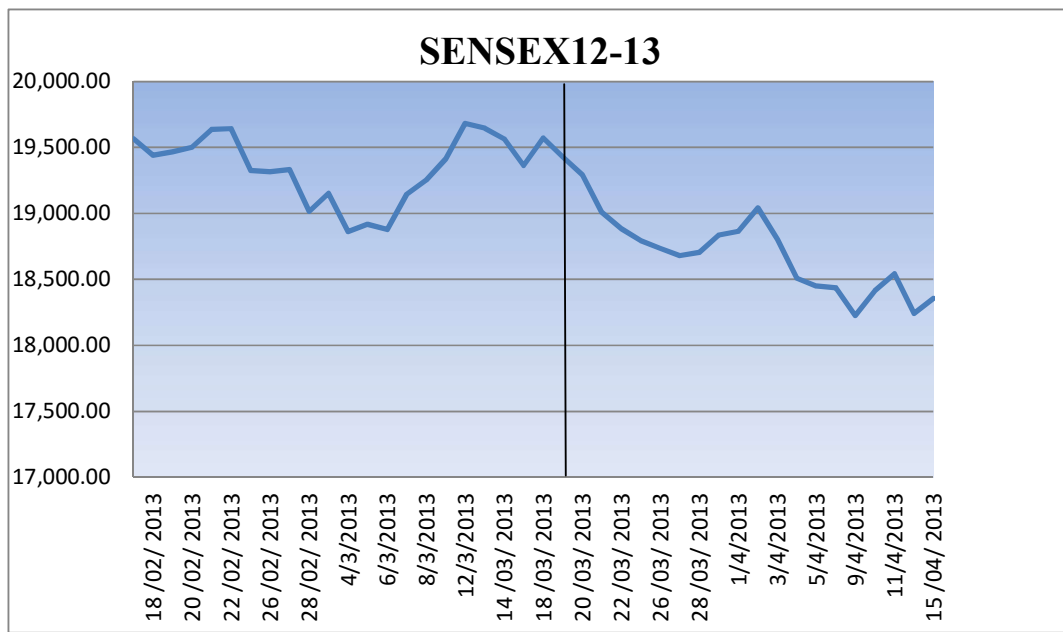
The above table shows the share prices of Sensdex for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 0.838 during pre session and .807 during post budget session. The percentage change between the standard deviation stood to 3.7%

4.17 Graph showing the Trend Movement and Standard Deviation & Closing values of Sensex before and after Budget announcement 2012-13:

Standard deviation



Pre budget	Post budget
0.838	0.807



INTERPRETATION

From the above graph we can see that Sensex did not performed well after announcement of budget. It is showing negative trend. All sectoral indices barring Auto and FMCG ended in red. The oil & Gas, capital goods and power indices performed quite badly falling 3% each. Healthcare, Metal and bank falling 2% each, while FMCG Index was up nearly 2%. On the part of standard deviations it can noticed that post budget SD indicating 0.807 and pre budget SD indicating 0.838, from this it can be observed SD has decreased from pre to post budget.

4.18 Table showing standard deviation of SENSEX related to pre and post budget for the year 2013-14:

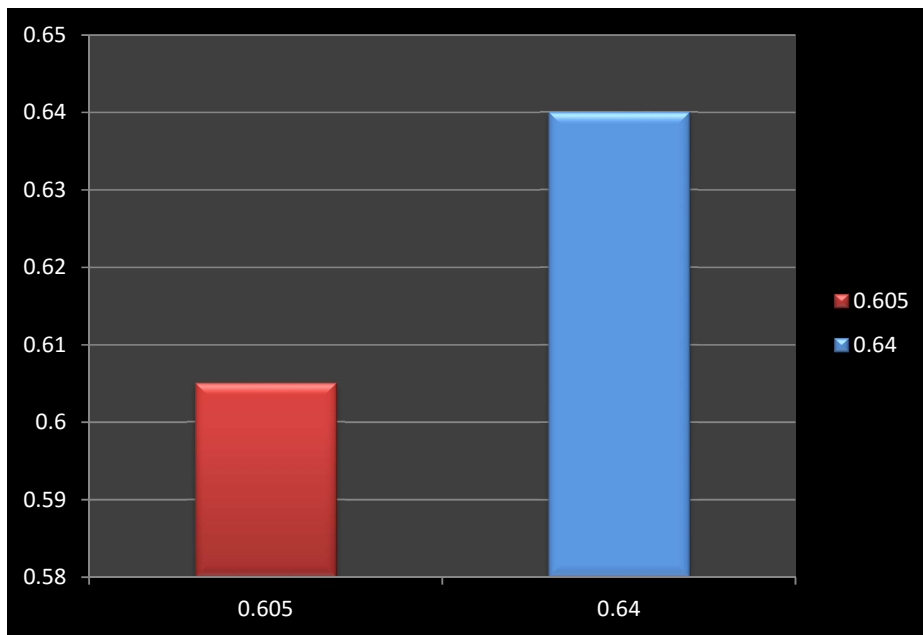
Time period	Standard deviation	% change in standard deviation
Pre budget	0.640	-
Post budget	0.605	5.47%

ANALYSIS:

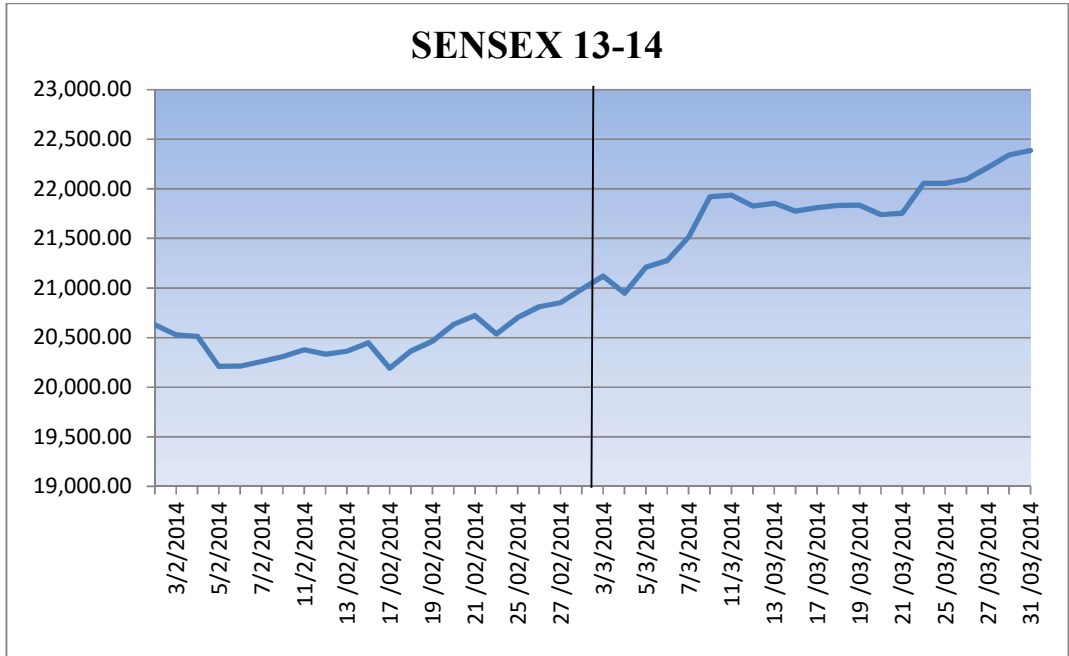
The above table shows the share prices of Sensex for a period of 21 days prior and post budget along with the standard deviation. The standard deviation denotes 0.640 during pre session and 0.605 during post budget session. The percentage change between the standard deviation stood to 5.47%

4.18 Graph showing the Trend Movement and Standard Deviation& Closing values of Sensex before and after Budget announcement 2013-14:

Standard deviation



Pre budget	Post budget
0.640	0.605



INTERPRETATION

From the above graph it can be observed that the trend movement of sensex as shown the positive sign in post budget session, since the sensex comprises of the 30 companies from different sectors any fluctuation in those company's share would impact the sensex share prices.

on the part of standard deviation it can be noticed that the post budget SD indicating 0.605 while pre budget SD indicating 0.640 from the SD it can be observed that SD as decreased from pre budget to post budget.

CHAPTER 5 FINDINGS AND SUGGESTIONS

5.1 FINDINGS:

- 1) It can be noted that there is variation in the prices of majority stocks post budget compare to the variation in pre budget that is the standard deviation of pre budget is more than the standard deviation in post budget.
- 2) There is moderate in the price of the shares after announcement of union budget every year in the majority of stocks.
- 3) A major finding is that the BHARATI AIRTEL stock has been volatile in pre-budget.
- 4) We can infer that MAT and Excise duty have a direct impact on the variation of the prices of the stocks that is, if MAT and Excise duty increases the price also tend to increase and vice versa.
- 5) There is a slight increase in the price of the shares after announcement of union budget every year in the majority of the stocks.
- 6) A significant finding of the study is that HDFC BANK tends to be very much fluctuative before and after budget.
- 7) From the study we can say that CIPLA is also less volatile stock as compared to others with pre budget standard deviation and post budget standard deviation.
- 8) A major finding of the study is that ITC ltd stock has been volatile in pre budget.
- 9) A major finding is that the SENSEX stock has been volatile in the pre budget.
- 10) From the study we can infer that TCS ltd was showing high price in pre budget and showing less price after budget.

5.2 SUGGESTIONS:

- The ideal portfolio during this period for the investor is Cipla, ITC, and TCS which gives the constant return.
- The investors who are willing to take high risk and high return an ideal portfolio would consist of HDFC Bank and Bharti Airtel.
- The investors who are risk averse can invest in ideal risk free portfolio that is Cipla and ITC which gives the constant return.
- The union budget affects the stock market so close examination should be made during the budget session.
- To be on safer side investors can invest in the SENSEX index to minimize the risk.
- The budget contains any proposal regarding corporate tax i.e., if percentage of corporate tax is reduced then the share prices increases and if percentage is increased hence the share prices will decrease.
- The investors need to concentrate on the news regarding the budget. It is important for the investor to analyze whether the budget will impact positively or negatively on the concern sector. It is suggested for the investor to consider all the information to take wise investment decision.

Corporate tax is important consideration to determine the overall profit of the company if the corporate tax is less, then the profit will increase and vice versa. If the companies profit is increased automatically the image of the company increases which in turn increase the share prices of the company.

CONCLUSION

The study examines the relationship between the share prices of the selected BELLWETHER STOCKS companies and the union budget. The stock market will also affect depending on the financial decisions' taken up by the finance minister during the budget session.

Share prices fluctuate mainly due to

- Company news
- Country news (Union budget).

Exemptions on duties of certain raw material used in different industries will have affect on the finished good to be produced. This study reveals that the budget is vital factor which affects the stock prices. The volatility of the share prices during the pre and post budget is comparatively high than in the normal situation this is because of major forecast done on economy and its performance.

Hence, it can be concluded that the volatility during the pre and post budget will be high and it is most suitable for speculators.

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**ACHARYA INSTITUTE OF TECHNOLOGY
DEPARTMENT OF MBA**



**PROJECT WEEKLY REPORT
(15 JAN 2018 TO 24 MARCH 2018)**

Name of the Student: Ajay kumar J P

Internal Guide: Dr. Ramanaiah G

USN No: 1AY16MBA03

















Specialization: Core Finance

Title of the Project: “Study on volatility of bellwether stocks with respect to pre and post budget sessions”

Company Name: SUNNESS CAPITAL INDIA PVT LTD

Work	Work Undertaken	External Guide Signature	Internal Guide Signature
15/1/2018-20/1/2018	Introduction about Pattern effects and its operation		
22/1/2018-27/1/2018	Learning about different operation and products		



29/1/2018-3/2/2018	Orientation and Gathering information about growth of company		
5/2/2018-10/2/2018	Analysis of market position of the company		
12/2/2018-17/2/2018	Research problems identification		
19/2/2018-24/2/2018	Preparation of research instruction for data collection		
26/2/2018-3/3/2018	Theoretical background of the study		
5/3/2018-10/3/2018	Data collection and data analysis		
12/3/2018-17/3/2018	Interpretation of the data gathered during the survey		
19/3/2018-24/3/2018	Final report preparation and submission		

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