

A STUDY ON FLUCTUATION OF STOCK MARKET PRICES: CASE OF TATA MOTORS LIMITED

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Abstract:

TATA MOTORS LIMITED, formerly Tata Engineering and Locomotive Company (TELCO), is an Indian multinational automotive manufacturing company head quartered in Mumbai, Maharashtra, India. It is a part of Tata Group, an Indian conglomerate. Its products include passenger cars, trucks, vans, coaches, buses, sports cars, construction equipment and military vehicles.

Tata Motors prices have been fluctuating continuously since it had been founded. But if we observe it only hike in prices and not decrease. It won't be wrong if we say that Tata Motors is one of the leading companies in India as well as in the world.

I. INTRODUCTION

- a) **SHARES:** A share is a unit of ownership that represents an equal proportion of a company's capital. It entitles its holder (the shareholder) to an equal claim on the company's profits and an equal obligation for the company's debts and losses. A share is an indivisible unit of capital, expressing the ownership relationship between the company and the shareholder. The denominated value of a share is its face value, and the total of the face value of issued shares represent the capital of a company. The income received from the ownership of shares is a dividend. The process of purchasing and selling shares often involves a stockbroker as a middle man.

Two major types of shares are:

1. Ordinary shares (common stock): This share entitles the shareholder to share in the earnings of the company as and when they occur, and to vote at the company's annual general meetings and other official meetings.
 2. Preference shares (preferred stock): This share entitles the shareholder to a fixed periodic income (interest) but generally do not give him or her voting rights.
- b) **FINANCIAL PERFORMANCE:** Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

- c) **TATA MOTORS LIMITED:** TATA MOTORS LIMITED, formerly Tata Engineering and Locomotive Company (TELCO), is an Indian multinational automotive manufacturing company headquartered in Mumbai, Maharashtra, India. It is a part of Tata Group, an Indian conglomerate. Its products include passenger cars, trucks, vans, coaches, buses, sports cars, construction equipment and military vehicles.

It was incorporated on September 1, 1945 as a public limited company under the Indian Companies Act VII of 1913 as Tata Locomotive and Engineering Company Limited and we received a certificate of commencement of business on November 20, 1945. It was renamed as Tata Engineering and Locomotive Company Limited on September 24, 1960, and finally to Tata Motors Limited on July 29, 2003.

TATA MOTORS LIMITED is incorporated and domiciled in India. The automotive vehicle business commenced with the manufacture of commercial vehicles under financial and technical collaboration with Daimler-Benz AG (now Daimler AG) of Germany. This agreement ended in 1969. It produced only commercial vehicles until 1991 and started producing passenger vehicles as well. Together with its consolidated subsidiaries it formed the Tata Motors Group.

It acquired Jaguar Land Rover business from Ford Motor Company in the month of June 2008. Jaguar Land Rover is a global automotive business, which designs, manufactures and sells Jaguar luxury sedans and sports cars and Land Rover premium all-terrain vehicles as well as related parts, accessories and merchandise. The Jaguar Land Rover business has internationally recognized brands. During September 2004 it became the first company from India's automotive sector to be listed on the New York Stock Exchange.

TATA MOTORS LIMITED is listed on the (BSE) Bombay Stock Exchange, where it is a constituent of the BSE_SENSEX index, the National Stock Exchange of India, and the New York Stock Exchange. The company is ranked 226th on the 'Fortune Global 500' list of the world's biggest corporations as of 2016.

CHAIRMAN: NATARAJAN CHANDRASEKARAN.

CEO: GUENTER BUTSCEK.

REVENUE: ₹301,938 crore (US\$44 BILLION) (2019)

II. NEED FOR THE STUDY

The study is essential to analyze the pros and cons responsible for the fluctuation of the share price of Tata Motors limited. It also helps in analyzing the growth of stock prices and the reasons for its boom. Stock prices are highly fluctuate in nature due the variations in supply and demand. If more people want to buy a stock, its market price will increase. Analyzing a company's stock price, investors and analysts can determine whether a company is financially viable. A company's stock price reflects investor perception of its ability to earn and grow its profits in the future.

III. OBJECTIVE OF THE STUDY

The main objective of this study was to identify the reasons for the fluctuation in the stock price of TATA MOTORS LIMITED from past ten years. In other words, the objective of study emphasizes on the performance of stock price of TATA MOTORS LIMITED within the span of 10 years.

IV. HYPOTHESIS

In context of the background, this study seeks to examine the following hypotheses:

H1: There exists a fluctuation in share prices.

H0: There exists no fluctuation in share prices.

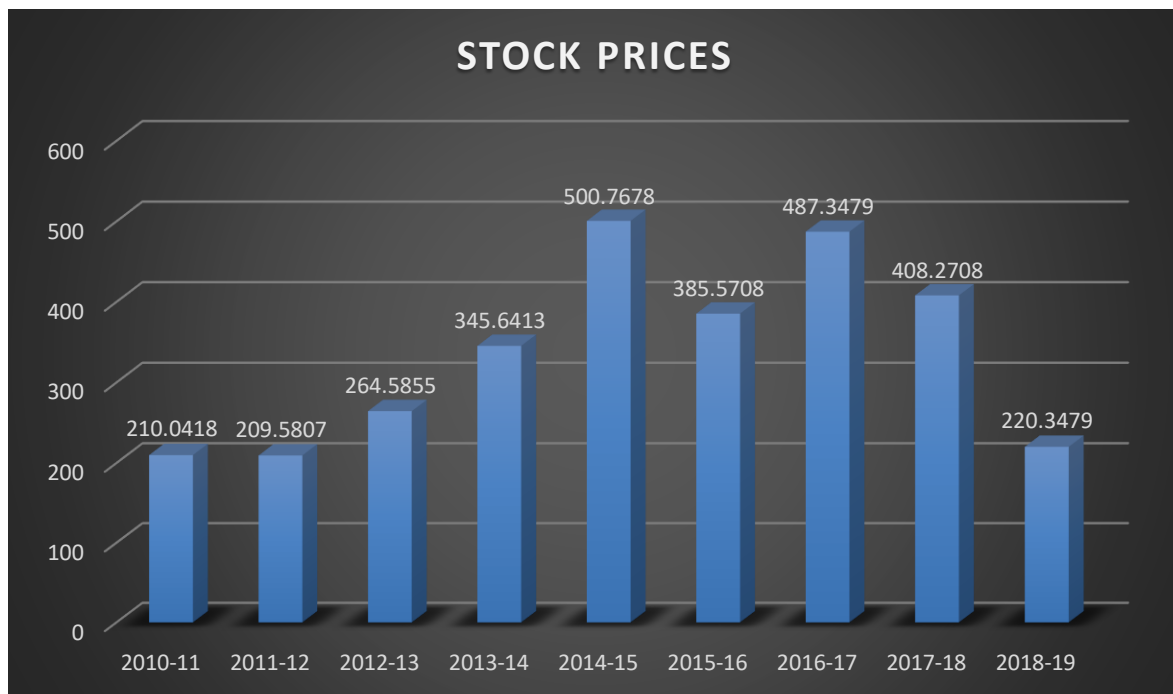
V. METHODOLOGY

In this article, investigators used the ten years stock market data of TATA MOTORS LIMITED. Investigators have also analyzed those reasons responsible for the constant increase or decrease in the stock price of TATA MOTORS LIMITED, which in turn has impact on the performance of the company.

VI. FINDINGS

TABLE – 1

YEAR	STOCK PRICES
2010-11	₹ 210.04
2011-12	₹ 209.58
2012-13	₹ 264.59
2013-14	₹ 345.64
2014-15	₹ 500.77
2015-16	₹ 385.57
2016-17	₹ 487.35
2017-18	₹ 408.27
2018-19	₹ 220.35

FIGURE – 1

COMPARISON

NANO'S SUCCESS PAVING A WAY FOR TATA'S RISE IN SHARE PRICE:

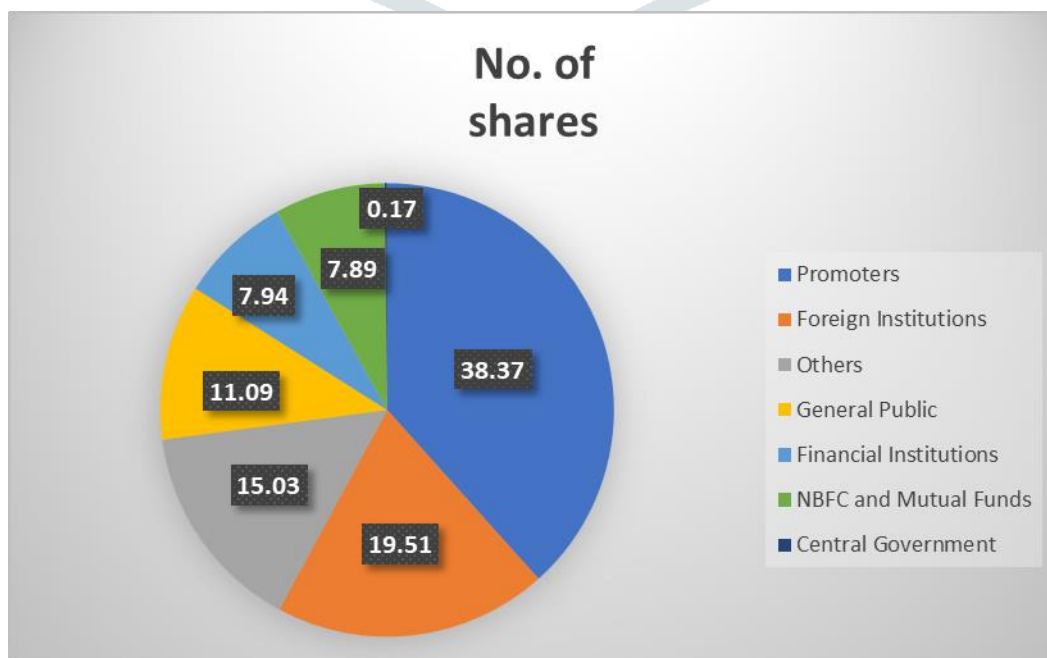
- 1) The launch of Nano, the world's cheapest car from Tata Motors, enhances India's position as a small car manufacturing hub and can potentially expand the domestic car market.
- 2) Nano - with an on-road price that was estimated at Rs 120,000 (\$2,400) - has 'further highlighted the capabilities of a low-cost automotive manufacturing ecosystem in India'.
- 3) Alternative low – cost car models launched worldwide have been priced at least 50 per cent higher than Nano.
- 4) "The new price point had reduced the cost of ownership of an entry level car in India by 30 percent, and to below three times the cost of owning a motorcycle. This will make the car affordable to an additional 14 million families, including a section of the 58 million two-wheeler owners".
- 5) Small car exports had grown at a compounded annual growth rate of 21 percent during the initial years and were expected to more than double by 2013-14.
- 6) The Indian market became the first testing ground for the manufacturing as well as marketing success for an ultra-low-cost car.

TATA MOTORS'S PRESENT SITUATION IN STOCK MARKET:

1. So far in Calendar 2019, the stock is up 34 per cent on BSE and a 7 per cent rise benchmark at Sensex.
2. The stock hit its 52-week high of Rs 352 on May 2, 2018, and then went into a prolonged slump for many months to eventually stop at its 52-week low of Rs 141.90 on February 8, 2019.
3. Another positive for Tata Motors is that a large part of the Brexit worries on the pound have played out favorably this quarter and trade tariffs have been reversed early May

**TABLE – 2**

Category	No. of shares	%
Promoters	1,10,79,27,731	38.37
Foreign Institutions	56,32,56,824	19.51
Others	43,39,06,886	15.03
General Public	32,02,21,671	11.09
Financial Institutions	22,91,45,415	7.94
NBFC and Mutual Funds	22,79,46,023	7.89
Central Government	49,44,144	0.17

FIGURE – 2

VII. CONCLUSION

You can make a lot of money investing in stocks or trading in the stock market, but it is not something for the new investors. Care must be taken when it comes to stock investments. The investor must have a solid understanding of stocks and how they trade in the market or risk losing money in a volatile type of investment.

TATA MOTORS LIMITED have had a tremendous journey in past 10 years, wherein their stock has had a lot of fluctuation as we have seen above. So, we would like to conclude by saying that TATA MOTORS LIMITED have been a great part of Indian economy upraise and absolute at bringing in investors in the stock market.

VIII. REFERENCES

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IX. ABOUT THE AUTHOR(S)

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