

“A STUDY ON SHARE PRICE MOVEMENT IN SELECTED IT INDUSTRY IN INDIA”

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ABSTRACT

The stock exchange provides a market place for the purchase and sale of securities. The origin of stock market goes back to the time when securities representing the property of promise to pay were first issued and may transferable from one person to another.

Stock prices change everyday by market forces. By this we mean that share prices change because of supply and demand. If more people want to buy a stock (demand) than sell it (supply), then the price moves up. Conversely, if more people wanted to sell a stock than buy it, there would be greater supply than demand, and the price would fall.

Understanding supply and demand is easy. What is difficult to comprehend is what makes people like a particular stock and dislike another stock. This comes down to figuring out what news is positive for a company and what news is negative. There are many answers to this problem and just about any investor you ask has their own ideas and strategies.

This study is focus on Share Price movements of TCS & WIPRO.

1.1 INTRODUCTION TO STOCK EXCHANGE

The stock exchange provides a market place for the purchase and sale of securities. The origin of stock market goes back to the time when securities representing the property of promise to pay were first issued and may transferable from one person to another.

The earliest records of security dealings in India are meager and obscure. The east India Company was the dominant institution in those days and business in its loan securities were started to be transacted near the close of eighteen century.

By 1830, it was perceptible increase in the volume of business in stocks and shores. The trading list was breaded in 1839 and quotations appeared in the newspapers for inviting the attention of persons engaged in the stock market.

In 1850 the Companies Act introducing limited liability was enacted commencing actual new era Modern Joint Stock Enterprise in India.

In 1887, the First Stock Brokers Organization “THE NATIVE SHARES AND STOCK BRODERS ASSOCIATION” was formally established. The organization later became the Bombay Stock Exchange.

1.2 HISTORY OF STOCK EXCHANGES

The only stock exchange operations in the 19th century were those of Bombay. Setup in 1875 and Ahemadabad setup in 1894. These were organizations as voluntary non-profit making association of brokers to regular and protect their investors.

Before the control of securities trading becomes a central subject under the constitution in 1950. It was a state subject and the Bombay securities contracts (contracts) Act of 1952 used to regulate trading in securities.

Under this Act, Bombay Stock Exchange was recognized in 1927, and Ahemadabad in 1937. During the war boom, a number of stock of stock exchange were organized even in Bombay, Ahemadabad and other centers but they were not organized.

Soon after it became a committee headed by A.D. Gorwala went into the bill for securities regulation. On the basis of committee’s recommendations and public discussion, the securities contracts (regulation) act became law in 1956.

1.3 STOCK EXCHANGES IN INDIA

The following stock exchange including National Stock Exchange Working in India

S.No	Stock Exchange	Year of formation
1	Ahemadabad stock exchange Ltd	1957
2	Bombay stock exchange Ltd	1957
3	Hyderabad stock exchange Ltd	1958
4	Mangalore stock exchange Ltd	1958
5	Madhya Pradesh stock exchange Ltd	1958
6	Calcutta stock exchange Ltd	1959
7	Delhi stock exchange Ltd	1959
8	Madras stock exchange Ltd	1959
9	Bangalore stock exchange Ltd	1963
10	Cochin stock exchange Ltd	1979
11	Pune stock exchange Ltd	1982
12	Uttar stock exchange Ltd	1982
13	Ludhiana stock exchange Ltd	1983
14	Guwahati stock exchange Ltd	1984
15	Magadh stock exchange Ltd	1986
16	Bhubaneshwar stock exchange Ltd	1989
17	Jaipur stock exchange Ltd	1989
18	Rajkot sawrashrta stock exchange Ltd	1989
19	Over the counter exchange of India (OTCI)	1989
20	Vadodara stock exchange Ltd	1991
21	Coimbatore stock exchange Ltd	1991
22	Meerut stock exchange Ltd	1991

23	National stock exchange Ltd	1993
24	Inter corrected stock exchange Ltd	1993

1.4 Investment decision making:

Investment decision is difficult to make it is based on the availability of money and information on the economy, Industry and company and the prices ruling and expectations of the market and of the companies in question.

1.5 Investment Management:

In the stock market parlance, investment decision refers to making a decision regarding the buy and sell orders. What to buy and sell will also depend on the fair value of share and the extend of over valuation and under valuation and more important expectation regarding them. For making such a decision the common investors may have to depend more upon a study of fundamental rather than technical, although technical are also important.

1.6 Criteria for Investment Decision:

1. Firstly, investment decision depends on the mood of the market. As per the empirical studies share prices depend on the fundamentals of the company only to the extent of 50% and the respondents is decided by the mood of the market and expectations of the company's performance and its share prices.
2. Secondly, decision to invest will be based on the past performance, present working and the future expectations of the company's performance, both operationally and financially. These items will influence the share prices.
3. Thirdly, the investment decision depends on the investor's perception on whether the present share prices is fair, over valued and under valued.
4. The investment decision may also depend on the investor's preferences, moods or franchise.
5. At present investors mostly depend on hear say advice of friends, relatives, sub brokers, etc., for investment decision making.

1.7. SCOPE

The only certain thing in the stock market is the uncertainty in share prices. The share prices are very much volatile. So, for an investor in order to earn from the market an analytical mind also necessary. Now a day's information technology is an important field for our countries development. Information collected through this project will be very much useful to the new investors coming in future period and to take in good decision to invest in shares, which have better opportunity.

1.8 OBJECTIVES OF THE STUDY

- ❖ To study the general profile of the information technology in India.
- ❖ To study the share price movement of selected Information Technology companies Listed in National stock Exchange.
- ❖ To study the trend of the selected Information Technology Company share price movement during the study period.
- ❖ Finding share price movement of Information technology companies.

1.9 RESEARCH METHODOLOGY

A) Research design

This is a descriptive study to analyze share price movement of five companies in Information Technology companies they are,

1. Infosys Technologies.
2. Tata consultancy services.
3. Wipro
4. Polaris

B) Nature of data

The data collected purely secondary in nature.

C) Sources of data

The sources of data is collected from

- ❖ Journals
- ❖ Magazines
- ❖ Daily business news papers
- ❖ Websites of companies
- ❖ Other books in stock exchanges.

1.10 LIMITATIONS OF THE STUDY

1. The data are collected from secondary sources. Hence there may be chances of windows dressing which may affect, the study.
2. Since the analysis done was based on the past study the result may not be applicable in future.

2.1 PRICE MOVEMENTS AND TREND ANALYSIS SHARE PRICE MOVEMENT

Formula:

$$\text{Mean} = \frac{\sum X}{N}$$

$$\text{Standard Deviation} = \sqrt{\frac{\sum (X - \bar{X})^2}{N}}$$

$$\text{Co-efficient of Variance} = \frac{S.D}{\bar{X}} \times 100$$

OPENING AVERAGE PRICE:**1.INFOSYS:**

The opening price of an Infosys share prices increases from Rs.1647 to Rs.1760 at the end of the study period. The highest opening value was Rs.1942 in the 1st week of the study period.

2.TCS:

The above table shows that the weekly average of opening price of TCS increase from Rs.862 to Rs.834 at the end of the study period. The highest opening value was Rs.983 in the 1st weekly average of the study period.

3.WIPRO:

The above tables further the reveals that the weekly value of WIPRO share price increase from Rs.442 to 432 during the study period the highest high average price occurred of 1st week Rs.504 of the study period and low price in 26th week in of the study period Rs.231.

4.POLARIS:

The above tables further the reveals that the weekly higher value Polaris share price increase from Rs.76 to Rs.101. During the study period the highest high average price occurred of Rs.105 in 12th week of the study period.

HIGH AVERAGE PRICE**I) INFOSYS:-**

The above table furthers the reveals that the weekly higher value of Infosys share price increases from Rs.1688 to Rs.1783 during the study period the highest high average price occurred of 14th weeks Rs.1783 of the study period and low price in 25th week of the study period Rs.1205.

II) TCS:-

The above table furthers the reveals that the weekly higher value of TCS share price increases from Rs.830 to Rs.869 during the study period the highest high average price occurred of 14th weeks Rs.869 of the study period and low price in 25th week of the study period Rs.510.

III) WIPRO:-

The above table furthers the reveals that the weekly higher value of Wipro share price increases from Rs.398 to Rs.455 during the study period the highest high average price occurred of 14th weeks Rs.455 of the study period and low price in 25th week of the study period Rs.240.

IV) POLARIS:-

The above table further reveals that the weekly higher value of POLARIS share price increases from Rs.84 to Rs.109 during the study period the highest high average price occurred of 14th weeks Rs.109 of the study period and low price in 26th week of the study period Rs.39.

LOW AVERAGE PRICE

1.INFOSYS:

It could be observed from the above table that the week lowest average price of Infosys share has increased from Rs.1905 to in the first week to Rs.1143 in the 26th week.

2. TCS:

It could be observed from the above table that the week lowest average price of TCS share has increased from Rs.954 in the first week to Rs.501 in the 26th week.

3. WIPRO:

It could be observed from the above table that the week lowest average of Wipro share has increased from Rs.490 in the first week to Rs.225 in the 26th week.

4.POLARIS:

It could be observed from the above table that the week lowest average of Polaris share has increased from Rs.96 in the first week to Rs.37 in the 26th week.

CLOSING AVERAGE PRICE

1.INFOSYS:

From the above table it could be seen that the closing average price movement of the Infosys the fluctuating and decreasing trend in most of the weekly average price. It ranged from the lowest closing price of Rs.1178 in 25th weekly and highest value of Rs.1943 in 1st week of closing average price.

2.WIPRO:

From the above table it could be seen that the closing average price movement of the Wipro the fluctuating and decreasing trend in most of the weekly average price. It ranged from the lowest closing price of Rs.231 in 25th weekly and highest value of Rs.507 in 1st week of closing average price.

3.TCS:

From the above table it could be seen that the closing average price movement of the TCS the fluctuating and decreasing trend in most of the weekly average price. It ranged from the lowest closing price of Rs.492 in 25th weekly and highest value of Rs.973 in 1st week of closing average price.

4.POLARIS:

From the above table it could be seen that the closing average price movement of the Polaris the fluctuating and decreasing trend in most of the weekly average price. It ranged from the lowest closing price of Rs.38 in 26th weekly and highest value of Rs.905 in 12th week of closing average price

CONCLUSION

From this study we conclude that there are many effective technical tools are available but due to the time constraint only a few simple tools were used. This study paves way to others to use other technical tools on these data and can compare the results with this study. Since it is a sensitive market, so I conclude that a single tool is not sufficient to study the market and make an investment decision.

