

# RISK AND RETURN ANALYSIS OF SELECTED NIFTY BANKING STOCKS

Dr. Meda Srinivasa Rao, Dr. Venkateswararao.Podile, Dr.Durgaprasad Navvula  
Professor, KL Business School, Foundation, Vaddeswaram, Andhra Pradesh-522502,  
[msrinivasarao@kluniversity.in](mailto:msrinivasarao@kluniversity.in)

Professor, KL Business School, Foundation, Vaddeswaram, Andhra Pradesh-522502,  
[vraopodile@kluniversity.in](mailto:vraopodile@kluniversity.in)

Asst. Professor, KL Business School, Koneru Lakshmaiah Education Koneru Lakshmaiah Education  
Koneru Lakshmaiah Education, Foundation, Vaddeswaram, Andhra Pradesh-522502.  
[ndurgaprasad@kluniversity.in](mailto:ndurgaprasad@kluniversity.in)

## ABSTRACT

*Banking is a backbone for economic progress of any country, India is not an exception. After Nationalisation till liberalisation the progress of banking industry mainly focused on public sector banks. After liberalisation private sector banks has played an important role for the progress of Indian economy. Government of India initiated diverse structural reforms in line with global banking industry such as implementation of Basel norms, listing in stock exchanges, automation of operational activities, consolidation of selected public sector banks , as a part of financial inclusion Pradhan Mantri Jan Dhan Yojana (PMJDY), National Investment and Infrastructure (NIIF), allowing to operate small and payments banks and others. The current study highlights risk and return of banking stocks which are part of Nifty index between 2 periods which includes period1, the UPA government (2010 to 2014) and period2, the NDA government (2015 to 2019). It also examines the pattern of return and risk of banking stocks between two periods and relates different policy decisions. The study used different statistical techniques like Return, Average return, Standard deviation, Variance and Beta. Coefficient of variation analysis is to understanding the relationship between two periods risk and return of banking stocks.*

**KEYWORDS:** Return, Standard deviation, Variance, Beta, correlation, consolidation, Basel.

## 1. Introduction:

Banks play an important role in building the economy as well changes the lives of many individuals. In India banking sector reforms are lifeline of economic activity for both rural and urban areas. So, any changes in stock price of banks will be definitely affect the investment pattern of investor and also affects the economy. Indian banking industry, the backbone of the country's economy has always played a positive and key role in prevention of economic disaster in the country. Risk is a concept that denotes a potential negative impact to an asset or some characteristic of value that may arise from some present process or future event. It has achieved enormous appreciation for its strength, particularly in the wake of some of the worldwide economic disasters.

Government of India initiated diverse structural reforms in line with global banking industry such as implementation of Basel norms, listing in stock exchanges, automation of operational activities, consolidation of selected public sector banks , as a part of financial inclusion Pradhan Mantri Jan Dhan Yojana (PMJDY), National Investment and Infrastructure (NIIF), allowing to operate small and payments banks and others. It will not be an overemphasis to say that Banking Stocks are the lifeline of the Stock Market. There are 9 Banking Stocks in bench mark NIFTY 50 which contributes 18.56% weightage to NIFTY 50 index. Moreover, according to experts, the revival of Indian Economy is not possible without the participation of banking sector. As mentioned, that most of the analysts are extremely bullish on private sector banking stocks because competition among banks is one of the key reasons which will put pressure on the bottom line of the banking stocks. NPA's is another key concern. NPA is a serious threat to the performance of banking stocks. Base Rate Calculation is another one which has seriously impact on the NIM (Net Interest Margin) of banks. Social Banking Accounts are the account having zero Balance will be another

major burden on banks' balance sheet. It will in turn put pressure on the performance of banking stocks. It's a big challenge to make accounts opened under the scheme Pradhan Mantri Jan Dhan Yojana . Consolidation in Banking Sector is another initiative by then finance Minister Chidambaram, to merge non performing small banks or similar size banks with other banks may be significantly strained the balance sheets of big banks. A strong regulator ensures the growth of the sector, Currently, banking industry is facing the heat of excessive regulatory intervention. In the current scenario, survival of new banks looks bleak due to capital requirement. The new banks may not succeed but will impact existing banks. Recent technology driven adoptions like Electronic Payment Services, Real Time Cross Settlement (RTGS), Electronic Funds Transfer (EFT) Electronic Clearing Service (ECS), Point of Sale Terminal, Tele Banking, Electronic Data Interchange (EDI) are influence on paradigm shift of their operations. India is one of the emerging economies, which has witnessed significant developments in the stock markets during the liberalization period and policies initiated by the government. The current study highlights risk and return of banking stocks which are listed in NSE Nifty between 2 periods which includes period1, the UPA government (2010 to 2014) and period2, the NDA government (2015 to 2019). It also examines the pattern of return and risk of banking stocks between two periods and relates different policy decisions. The study used different statistical techniques like Return, Average return, Standard deviation, Variance and Beta for analysis with the following objectives

## 2. OBJECTIVES

- To analyse Risk and Return of selected banking stocks during the study period.
- Comparative risk and return analysis of selected banking stocks between United Progressive Alliance (UPA) and National Democratic Alliance (NDA) governments.
- Comparative study on Risk and Return of public vs. Private sector banks during the study period.

## NEED OF THE STUDY

- This study is to evaluate the performance of banking stocks with risk and return analysis. This helps to identify the fluctuations faced by the banks during these two study periods. To give a clear view to the investors how to invest in right companies for better returns with less risk.

## RESEARCH GAP

- This research shows the comparison between public and private sector banks of 2 periods i.e. UPA and NDA governments, whereas in other research papers only compare private vs. public sector banks and their performances in a particular period.

## RESEARCH METHODOLOGY

The study is based on secondary data and the data for the analysis has taken from different websites like NSE India, Money control, Yahoo finance and some other banking websites.

Methods used in the study:

The study used different statistical techniques like

### 1. Return:

The formula for the total stock return is the appreciation in the price plus any dividends paid, divided by the original price of the stock. The income sources from a stock are dividends and its increase in value.

$$\text{Total Stock Return} = \frac{(P_1 - P_0) + D}{P_0}$$

$P_0$  = Initial Stock Price

$P_1$  = Ending Stock Price(Period 1)

$D$  = Dividends

### 2. Average return:

The average return tells an investor what the returns for a stock have been in the past or what the returns of a portfolio of companies are.

Average return =  $\Sigma R/n$

### 3. VARIANCE:

Variance is the expectation of the squared deviation of a random variable from its mean.

$$\text{Variance} = \frac{\sum(x-X)^2}{N}$$

### 4. STANDARD DEVIATION:

Standard deviation is a number used to tell how measurements for a group are spread out from the average (mean), or expected value.

$$\text{SD} = \sqrt{\text{variance}}$$

### 5. Beta ( $\beta$ ):

It measures the market risk or systematic risk. Beta is commonly computed by the under given formula.

$$\beta = \frac{\text{Cov}(R_a, R_m)}{\text{Var}(R_m)}$$

Where,  $R_a$  is the return of a stock and

$R_m$  is benchmark index return.

### Sample size

Top twelve banks in National Stock Exchange (bank nifty) are selected to analysis the risk and return analysis:

|                |                      |            |
|----------------|----------------------|------------|
| Axis bank      | IDFC bank            | ICICI bank |
| Bank of Baroda | IndusInd bank        | Union bank |
| Federal bank   | Kotak Mahindra bank  | SBI bank   |
| HDFC bank      | Punjab national bank | YES bank   |

### Duration of study

The study covers 10 years with Two periods, Period 1 the UPA government from 2010 to 2014 and Period 2 the NDA government from 2015 to 2019.

### LIMITATIONS

- The study covers only 12 listed banking stocks in NSE.
- This study is limited to the analysis of risk and return using selected statistical tools.
- Five years data has been considered for the calculation of risk and return analysis for period 1 and 2.

### 3. LITERATURE REVIEW:

**Dr. S. Krishnappa and Mr.M. Vijayakumar (2015)** Researchers aim is to find the standard deviation and variance of the stocks. They took five selected banking stocks i.e. Axis bank, Canara bank, HDFC bank, ICICI bank and SBI bank over a period of 4 years for the analysis. They concluded that in canara bank stocks are more volatile than other selected stocks in the study, whereas in SBI bank stocks there is low volatility.

**Dr. Pramod Kumar Patjoshi (2016)** : The study aims to help the investors (current and potential) understand the risk return trade off of banking stocks at Bombay stock market. Researchers examines the risk and return for four banking stocks i.e. HDFC BANK, ICICI BANK, AXIS BANK and SBI. The study is based on secondary data for a period of 15 years from 2001 to 2015. Researchers have adopted different methods like correlation, regression, descriptive statistics and T test for testing hypothesis. The study indicates that there is no significant difference between returns of Sensex and banking stock returns. In the case of sensitivity of selective banking stocks in relation to market return measured with the help of Beta coefficient, except ICICI bank all are considered as defensive stocks, whereas ICICI Bank negative beta coefficient considered as contract with market return.

**Shobha C. V and Navaneethan K (2017)** the researchers make an attempt a comparative study of performance of selected public and private sector bank in Indian capital market. They took daily share price of five selected stocks both private sector and public sectors banks i.e. Axis bank, Canara bank, ICICI bank, PNB, SBI listed in NSE over a period of 3 years from 2010 to 2013. For the analysis of data, they took GARCH model which was developed by Tim Bollerslev. They concluded that overall, the performance of private sector banks is better than the public sector banks. In private sector Axis bank provides better returns

and in public sector Punjab national bank provides better returns when compared to other stocks in public and private sector.

**Suresh A.S and Sai Prakash.L (2018)** Researchers aim is to rank the stocks on the basis of returns and to identify the return and risk of public and private banks listed on Bank Nifty. They took 12 listed banking stocks over a period of 1 year. Identify the best stocks to invest and the poorest stocks to be ignored. They concluded that if the investors are ready to take in higher risk for extra return, then they are suggested to invest in stocks like Yes bank and IndusInd bank, but the investors should check the risk associated with the stocks that are giving higher returns. If the investors are looking for low risk and moderate return then they are suggested to invest in HDFC bank.

**P.Naveen and Mrs.K. Neeraja(2018)** The study aims to compare the risk and return and identify the best among the selected firms. Researchers analysed the data using straight forward techniques like Variance, mean, standard deviation. For the analysis the study chosen five banks i.e. Central bank of India, ICICI bank, HDFC bank, Syndicate bank and SBI bank over a period of 5 years. Among the 5 banks, HDFC bank has experienced the highest return whereas the syndicate bank has the highest risk when compared to all other banks. Finally, the study concluded that the investors should pick the right company for investing based on their risk appetite.

#### 4. RESULTS AND ANALYSIS

**Table.1** Return Analysis of selected Banking stocks in Period 1 and period 2

| Bank          | Period | Mean Return | Rank | Period | Mean Return | Rank |
|---------------|--------|-------------|------|--------|-------------|------|
| HDFC          | P1     | 26.12       | 7    | P2     | 23.39       | 1    |
| KMB           | P1     | 28.22       | 5    | P2     | 22.63       | 2    |
| IndusInd Bank | P1     | 50.6        | 1    | P2     | 15.45       | 3    |
| ICICI         | P1     | 24.15       | 8    | P2     | 15.17       | 4    |
| Axis bank     | P1     | 31.49       | 4    | P2     | 9.77        | 5    |
| Federal Bank  | P1     | 37.91       | 2    | P2     | 8.27        | 6    |
| SBI           | P1     | 16.66       | 10   | P2     | 3.31        | 7    |
| Yes Bank      | P1     | 35.66       | 3    | P2     | -4.41       | 8    |
| BOB           | P1     | 26.53       | 6    | P2     | -12.53      | 9    |
| PNB           | P1     | 13.27       | 12   | P2     | -14.53      | 10   |
| IDFC          | P1     | 13.57       | 11   | P2     | -14.85      | 11   |
| Union Bank    | P1     | 17.2        | 9    | P2     | -22.55      | 12   |

##### Return Analysis of Period 1:

All stocks under study are in positive rate of return and identified that every stock has positive and double-digit value. IndusInd bank considered best performer among selected banks treated as category 1 (>50%) with 50.6 percent return. Punjab National Bank considered as a least performer with 13.27 percent rate of return during this period under category 4. Among 12 selected banks in the study, all the three banks include Federal bank, yes Bank and Axis bank generating a rate of return (>30 and <50) of 37.91, 35.66 and 31.49 Percentages respectively and considered as next best performed stocks after IndusInd Bank during this period. All the Four banks include Kotak Mahindra Bank, Bank Of Baroda, HDFC, and ICICI Bank generating a rate of return (>20 and <30) of 28.22, 26.5, 26.12 and 24.15 Percentages respectively and considered as next best performed stocks after IndusInd Bank during this period. Among 12 selected banks in the study, all the four banks include Union bank, SBI, IDFC Bank and Punjab National Bank generating a rate of return (>10 and <20) of 17.2, 16.66, 13.57 and 13.27 Percentages respectively and considered as least performed stocks during this period. Interesting fact the study finds out that all the five best performing banks during this period are belongs to private sector only. As a whole the best performer of this study period was IndusInd Bank and the least performer of the same period was Punjab National bank. The first 5 ranks for private sector and 6<sup>th</sup> rank (BOB) to Public sector and following 7<sup>th</sup> and 8<sup>th</sup> ranks (HDFC, ICICI)

occupied by private sector banks. Where as 9<sup>th</sup> and 10<sup>th</sup> rank (UBI, SBI) occupied by public sector banks only. 11<sup>th</sup> Rank (IDFC) next to lowest rate of return among the banks during first period (UPA regime) of the study. PNB was the least performed stock during the same period.

**Return Analysis of Period II:** During this period stocks under study are in mixed trend relating to rate of return and identified that only seven stocks are in positive and the remaining stocks are in negative rate of return .out of seven stocks which are in positive rate of return only four stocks are double digit rate of returns are observed, remaining three stocks are in single digit rate of return. HDFC Bank with highest rate of return of 23.39 percentage and union bank with lowest rate of return with 22.55 negative value. No bank comes under category 1 (>50%) and category 2 (>30 and <50) during the study. HDFC and Kotak Mahindra Bank are ranked with first- and second-best performer with 23.39, 22.63 percentages and comes under category C, as per the classification in the study. IndusInd Bank and ICICI Bank with with 15.45 and 15.17 respectively with 3<sup>rd</sup> and 4<sup>th</sup> Ranks based on their performance in this period with category D. AXIS, Federal bank, SBI are the next best performers with 9.77, 8.27 and 3.31 with 5<sup>th</sup>,6<sup>th</sup> and 7<sup>th</sup> ranks on the basis of their rate of return in this period with category E . Very interestingly 5 banking stocks from the select stocks for study in this period generate *negative* rate of returns. Yes Bank (-4.4%), BOB (-12.53), Punjab National Bank (-14.53), IDFC (-14.85), Union Bank of India (-22.55) negative returns with 8 to 12<sup>th</sup> ranks in this period with F category.

**Table 2:** Risk Analysis of select stocks in period 1 and 2:

| Bank          | Period | S.D   | Rank | Beta | Rank | Period | S.D   | Rank | Beta | Rank |
|---------------|--------|-------|------|------|------|--------|-------|------|------|------|
| Axis bank     | P1     | 54.25 | 4    | 2.31 | 3    | P2     | 14.62 | 11   | 1.06 | 8    |
| BOB           | P1     | 49.78 | 7    | 1.69 | 9    | P2     | 14.55 | 12   | 0.83 | 11   |
| Federal Bank  | P1     | 48.98 | 6    | 1.82 | 8    | P2     | 34.5  | 4    | 2.34 | 2    |
| HDFC          | P1     | 29.89 | 12   | 1.18 | 12   | P2     | 18.32 | 9    | 1.33 | 6    |
| ICICI         | P1     | 45.16 | 10   | 1.95 | 7    | P2     | 29.12 | 5    | 1.82 | 4    |
| IDFC          | P1     | 56.92 | 3    | 2.17 | 4    | P2     | 34.7  | 3    | 2.04 | 3    |
| IndusInd Bank | P1     | 52.62 | 5    | 2.1  | 5    | P2     | 21.91 | 7    | 0.94 | 10   |
| KMB           | P1     | 32.34 | 11   | 1.22 | 11   | P2     | 16.12 | 10   | 0.98 | 9    |
| PNB           | P1     | 45.75 | 9    | 1.68 | 10   | P2     | 40.41 | 2    | 2.72 | 1    |
| Union Bank    | P1     | 63.32 | 1    | 2.48 | 1    | P2     | 23.6  | 6    | 1.45 | 5    |
| SBI           | P1     | 49.59 | 8    | 2.03 | 6    | P2     | 19.78 | 8    | 1.32 | 7    |
| Yes Bank      | P1     | 62.83 | 2    | 2.34 | 2    | P2     | 54.76 | 1    | 0.58 | 12   |

Variance and standard deviation are the key statistical source to measure the riskiness of an investment. Variance is measured dispersion in terms of absolute mean values, whereas standard deviation facilitate to measure relative value of dispersion from mean value , hence both are key indicators to measure riskiness.

**During the period I ,** Union Bank of India, Yes Bank, IDFC Bank, Axis Bank and IndusInd Bank having more variability of its return with 63.32,62.83,56.92 ,54.25 and 52.62 of Standard deviation values respectively. The lowest variability of return in the same period was HDFC, Kothak Mahindra Bank with 29.89 and 32.34 respectively.

Beta coefficient is another to understand volatility of the stock return in relation to market return , if Beta value is equivalent to one the stock return in line with market return , if the Beta value less than one, then the stock is less volatile than market return , if the beta value is more than one, then the stock is more volatile its return in relation to market return. Based on Beta coefficient values normally stocks are segregated as Defensive ( beta value <1), Aggressive ( beta value >1) Moderate ( Beta value is close to one ) . The study indicates that all Banking stocks beta coefficient values are more than one , it means all are aggressive in nature but union Bank, Yes Bank ,Axis Bank, IDFC bank, IndusInd Bank and SBI ( half of selected stocks) are in more aggressive with more 2 as a beta coefficient . if the market return increase by 10 percent and above listed stocks are change more than 20 percent in both directions, hence these are considered highly volatile stocks during this period. The study identified as HDFC, KMB, PNB BOBs are less volatile among the select banking stocks in the study period, since their Beta coefficient are 1.18,1.22,1.68,1.69 and 1.82 respectively but these also aggressive in nature.

**In period II**, Yes Bank, Punjab National Bank, IDFC Bank, Federal Bank, and ICICI Bank having more variability of its return with 54.76,40.41,34.7,34.5 and 29.12 of Standard deviation values respectively. The lowest variability of return in the same period was BOB, AXIS, Kotak Mahindra Bank with 14.55,14.62 and 16.12 respectively.

The study explains during the NDA regime (between 2014 and 2019) Banking stocks beta coefficient values are mixed in nature, it implies that some stocks are more aggressive sine their beta coefficient values are in between 1.82 and 2.72, these stocks includes PNB, Federal Bank, IDFC and ICICI banks with 2.72, 2.34, 2.04 and 1.82 respectively. Some other stocks with their beta coefficients are in between 1.06 and 1.42 are considered as aggressive stocks , these are Union Bank, HDFC, SBI and Axis Banks with 1.45,1.33,1.32 and 1.06 respectively. The other four banks in the study considered as defensive stocks because their beta coefficient values are less than one, these includes Kotak Mahindra Bank, IndusInd Bank, Bank of Baroda and Yes Bank with 0.98,0.94,0.83 and 0.58 respectively.

**Comparative Analysis of Risk and Return Analysis of select banking stocks in period 1 and period II using Coefficient of Variation**

**Table.3:** Risk & Return Analysis of selected Banking stocks in Period 1 and period 2

| Bank          | Mean Return in P1 | S.D -P 1 | CV - P1 | Ra nk | Mean Return in p 2 | S.D-P2 | CV P2  | Rank |
|---------------|-------------------|----------|---------|-------|--------------------|--------|--------|------|
| HDFC          | 26.12             | 54.25    | 1.14    | 2     | 23.39              | 14.6   | 0.78   | 3    |
| KMB           | 28.22             | 49.78    | 1.15    | 3     | 22.63              | 14.6   | 0.71   | 2    |
| IndusInd Bank | 50.6              | 48.98    | 1.04    | 1     | 15.45              | 34.5   | 1.42   | 4    |
| ICICI         | 24.15             | 29.89    | 1.87    | 7     | 15.17              | 18.3   | 0      | 1    |
| Axis bank     | 31.49             | 45.16    | 1.72    | 5     | 9.77               | 29.1   | 1.50   | 5    |
| Federal Bank  | 37.91             | 56.92    | 1.29    | 4     | 8.27               | 34.7   | 4.17   | 6    |
| SBI           | 16.66             | 52.62    | 2.98    | 9     | 3.31               | 21.9   | 5.98   | 7    |
| Yes Bank      | 35.66             | 32.34    | 1.76    | 6     | -4.41              | 16.1   | -12.42 | 12   |
| BOB           | 26.53             | 45.75    | 1.88    | 8     | -12.53             | 40.4   | -1.06  | 9    |
| PNB           | 13.27             | 63.32    | 3.45    | 10    | -14.53             | 23.6   | -2.78  | 11   |
| IDFC          | 13.57             | 49.59    | 4.19    | 12    | -14.85             | 19.8   | -2.34  | 10   |
| Union Bank    | 17.2              | 62.83    | 3.68    | 11    | -22.55             | 54.8   | -1.05  | 8    |

The data from table 3 clearly indicates that period 1 of selected Banking stocks are performed well than period 2 and highest rate of return in period 1 with 50.6 of IndusInd bank and lowest with 13.27 of Punjab

National Bank and all selected banks generate two digits of Rate of return during this period. The picture in period 2 represented differently, the maximum return with 23.39 of HDFC and lowest rate of return with negative value of 12.42 percent of yes bank. The study also identified that 5 out of 12 stocks rate of returns are in negative in period 2. This may due to structural reforms in the financial system by the NDA government especially demonetisation

**Coefficient of variation** explains how to compare selected banking stocks considering both risk and return and find out best performing stocks. Here stocks with low CV indicates less risky than stocks with high value, it implies every one unit of mean return what should be the risk involved, if it is less in value less in risk and vice versa. The study explains that period 1 is very attractive to invest in banking stocks because Coefficient of variation is less in value, where as in period 2 the value of CV is moderate in value and moreover values are in negative. One important observation was 7 out of 8 private sector banks are performed better than public sector banks during the UPA and NDA Government. NDA Government structural reforms like demonetisation and GST definitely influence on risk and return of banking industry. As per finance theory Risk and return have positive association, except IDFC bank all the private sector bank stocks having high risk and high rate return in the period 1. All the five best performed stocks are again in private sector only, it implies that private sector banks better performed than public sector banks.

### **FINDINGS:**

All stocks under study **in period I** having positive rate of return and identified that every stock has positive and double-digit value.

IndusInd bank considered best performer among selected banks with 50.6 percent return. Punjab National Bank considered as a least performer with 13.27 percent rate of return.

Among 12 selected banks in the study, all the three banks include Federal bank, yes Bank and Axis bank generating a rate of return of 37.91, 35.66 and 31.49 Percentages respectively

All the Four banks include Kotak Mahindra Bank, Bank Of Baroda, HDFC, and ICICI Bank generating a rate of return of 28.22, 26.5, 26.12 and 24.15 Percentages respectively and considered as next best performed stocks after IndusInd Bank during UPA regime.

Among 12 selected banks in the study, all the four banks include Union bank, SBI, IDFC Bank and Punjab National Bank generating a rate of return of 17.2, 16.66, 13.57 and 13.27 Percentages respectively and considered as least performed stocks during this period.

Interesting fact the study finds out that all the five best performing banks during this period are belongs to private sector only.

As a whole the best performer of this study period was IndusInd Bank and the least performer of the same period was Punjab National bank.

**During period II**, stocks under study are in mixed trend relating to rate of return and identified that only seven stocks are in positive and the remaining stocks are in negative rate of return.

Out of seven stocks which are in positive rate of return only four stocks are double digit rate of returns are observed, remaining three stocks are in single digit rate of return.

HDFC Bank with highest rate of return of 23.39 percentage and union bank with lowest rate of return with 22.55 negative value.

HDFC and Kotak Mahindra Bank are ranked with first- and second-best performer with 23.39, 22.63 percentages. IndusInd Bank and ICICI Bank with 15.45 and 15.17 respectively with 3<sup>rd</sup> and 4<sup>th</sup> Ranks based on their performance in period II. AXIS, Federal bank, SBI are the next best performers with 9.77, 8.27 and 3.31 with 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> ranks on the basis of their rate of return in period II.

Very interestingly 5 banking stocks from the select stocks for the study in period II generate negative rate of returns. Yes Bank (-4.4%), BOB (-12.53), Punjab National Bank (-14.53), IDFC (-14.85), Union Bank of India (-22.55) negative returns with 8 to 12<sup>th</sup> ranks

When comparing returns on both the periods, UPA government has highest returns and NDA government possess' negative values of returns. From the analysis IndusInd bank got higher returns and Union bank got lower returns during the study period.

When comparing risk, the period of UPA government possess more risk than the period of NDA government. From the analysis Yes bank has higher risk and HDFC bank has lower risk during the study period. In terms of maximum return and minimum risk Kotak and HDFC banks performed well during the study period. During the period of UPA government, the beta value of all the banks are more than 1 and 5 stocks value is more than 2, which means the stock prices are more volatile than the market. During NDA government, 8 out of 12 bank's beta values are more than 1, but not reaching any stock beta value was two, hence in UPA government the stocks are more volatile and sensible compared to NDA government. In terms of coefficient of variation, the IndusInd bank performed well during the period of UPA government and Yes bank performed well in NDA government.

By analysing coefficient of variation for public sector banks, Punjab national bank performed well during the study period.

By analysing coefficient of variation for private sector banks are performed well than public sector banks. In Period II, public sector stocks better perform than private sector banks.

### **5. Summary and Conclusion:**

The study concludes that period 1 all the stocks creates positive double-digit rate of return, where as in Period II only 8 stocks create positive rate of return, remaining 4 stocks create negative rate of return. Hence, the study conclude that UPA government policies facilitate to banking industry as a whole in turn, generate positive rate of returns to all banking stocks. Whatever it may be always the investor needs a combination with higher returns and low risk. Here the beta value is useful to judge the systematic risk, which is high in the period of UPA government when compared to NDA government.

Results obtained from the risk and return analysis for 12 banks over a period of 10 years between 2 periods shows that, in the period of UPA government (2010-2014) IndusInd bank bared higher returns (50.6) with higher risk (52.62) which means the investors gained profits by accepting high risk. Union bank bared lower returns (17.2) with higher risk (63.32) which means the investors who invested in union bank faced lot of risk than returns. During the NDA government (2015-2019) HDFC bank bared higher returns (23.39) with minimum risk (18.32) which means the desired situation to any investor to hold investment in this stock. Yes bank bared negative value returns (-4.41) with higher risk (54.76), it is not yet all expect to any investor to invest such stocks.

In terms of coefficient of variation IndusInd bank and Yes bank performed well in private sector banks during the study period. In public sector banks Bank of Baroda and Punjab national bank performed well in the same period. Based on this study, the investor can arrive to the conclusion that on continues basis they should analyse the market that helps to pick right banking while investing. If the investors are ready to take higher risk for more returns then the investors are suggested to invest in Yes bank. Whereas the maximum return and minimum risk are performed by Kotak Mahindra bank and HDFC banks during the study period. If the investors are looking for low risk are suggested to invest in HDFC bank and for moderate return are suggested to invest in Union bank. Risk and Return of stocks belongs to Banking industry always predominately influence macro policy variables and policy decisions of government, hence investor need to decide first whether to follow active or passive investment strategy, and also need to understand nature of risk appetite like aggressive, moderate or conservative in nature then revising portfolios of stocks then the results will never be surprise for them.

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