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A Comparative Analysis of Sensex Movement & Selected Nifty Index with Special Reference to Investment Prospects

*¹Prashanth Kumar A, ²Sumathi and ³Ayush GK

*^{1,2}Assistant Professor, SDM PG Centre, Mangalore, Karnataka, India.

³St. Aloysius College, Mangalore, Karnataka, India.

Abstract

Global economy is witnessing a new direction in post covid-19 recovery. Global real GDP is forecasted to grow by 2.6 percent in 2023, down from 3.3 percent in 2022. We expect further slowing to 2.4 percent in 2024. Economic growth is moderating under the weight of still high inflation and monetary policy tightening. Rather than a global recession, we expect a relatively subdued economic outlook. Growth is generally strongest in emerging Asian economies, and weakest in Europe and the US.

India expecting no major upside in commodity prices and stable growth in domestic economy, Morgan Stanley has predicted that 30-stock BSE Sensex may touch 68,500 levels by end of December 2023. The premium over the historical average, reflects greater confidence in medium-term growth. RBI exits at 6.5% repo and government policy remains supportive via strong infrastructure spending. All these factors has helped the Sensex to Rally in the recent months.

This Paper makes an attempt to identify the Correlation between Sensex and Selected Indices of Nifty such as Nifty Auto, Nifty IT, Nifty Bank, Nifty Oil & Gas. It tries to identify the relationship and reasons for the same. There by helping the investors to finding out contribution of specific sectors in SENSEX Movement and also analyse the sector wise performance of Indices, which help the investors to make more rational investment decisions.

Keywords: Sensex, nifty, movement, investment, performance

Introduction

The Indian equity market has seen a decent rally with the benchmark indices Sensex and Nifty scaling record levels supported by positive global as well as domestic cues. The Nifty50 index touched its all-time high level of 19,780 on 3rd week of July 2023, and has seen a sharp rally of over 15% since its March 2023. Sensex also hit a record level of 66,799 during the same period. The Nifty rallied 10.5% during the April-June quarter and was the fourth best performing index after Brazil, Japan and Russia. The index's stellar performance took its 12-month forward PE from 17.4x at the start of the quarter to 18.6x, which implies a 17.7% premium to its average. The rally was fuelled by upbeat sentiment in the global markets on hopes of a peak in the monetary policy tightening cycle by major central banks, especially the Federal Reserve.

Moreover, a strong combination of healthy macro and micro, complemented by a sharp recovery in FII flows also supported the upward momentum. Indian equity markets are regaining their bullish momentum after a brief period of consolidation. This upswing can be attributed to the recent release of lower-than-anticipated US CPI numbers, resulting

in a significant drop in the US dollar index and a moderation in US bond yields.

Additionally, the market has disregarded weak IT earnings as it believes the worst is behind us, and the possibility of near-peak interest rates in the USA is seen as a positive factor for stock markets. The market rally in the last three months was broad based as the Nifty Midcap and Small cap indices jumped over 17% and 20%, respectively, during the period, outperforming the front liners. The upward trajectory in the market has helped lift market capitalisation of all stocks on BSE by nearly ₹43 lakh crore since April to more than ₹301 lakh till date.

Key Reasons behind the Market Rally Inflation

- The inflation in the US economy is cooling off lately. As per the latest data, the US producer price index in the US climbed 0.1% in June, its smallest year-on-year gain since August 2020. This followed the earlier CPI reading of 3%, lowest in over two years. Fall in inflation boosted optimism that the US Federal Reserve will not need to hike interest rates after an expected 25 basis points rate increase later this month.

- Following the smaller-than-expected trend in consumer price index, the US producer price index also showed a smaller-than-expected trend with a marginal increase of only 0.1% YoY. This declining trend in inflation in the mother market of the US and the resilience of the US economy are the two pillars of support for global equity markets.
- On the domestic front, India's consumer price index (CPI) inflation rose for the first time in five months to 4.81% in June from 4.31% in May and 7.01% in June last year. However, the retail inflation still remains within the Reserve Bank of India's tolerance band for the fourth consecutive month.
- The RBI had opted to keep the repo rate unchanged in the last two policies after raising it by 250 bps in the last financial year. However, analysts do not expect an interest rate cut from the RBI this calendar year. Meanwhile, the Wholesale Price Index (WPI) inflation in June declined to -4.12% from -3.48% in May.
- Analysts across the globe have made bold predictions about the Indian economy, with the latest being Goldman Sachs projecting the Indian economy to rise to \$6.6 trillion in 2030.
- Meanwhile, recent data shows India's industrial growth strengthened to 5.2% YoY in May, with manufacturing accelerating to 5.7% YoY and mining to 6.4% YoY growth.
- The rebound is underpinned by the strength of infrastructure or construction goods and capital goods output which affirm the continued strength of an investment-led economic recovery.
- As the consumption recovery gathers momentum, manufacturing is expected to grow 7% in FY24E, feeding into 7.2% real GDP growth driven primarily by the 8%+ growth in services.

FPI Buying

- The foreign investors have been attracted towards the Indian markets given the strong outlook for the domestic economy. The Foreign Portfolio Investors (FPIs) have pumped in more than ₹1.27 lakh crore, or \$15.53 billion, since April 2023 in the Indian markets, as per data from National Securities Depository Ltd. (NSDL).
- FPIs have been steadily buying in financial services, automobiles, capital goods and construction. Recently they have stepped up buying in FMCG and power. The selling trend in IT continues.
- This robust FPI buying, which has been the primary driver of strong rally, follows their negative stance during the first two months of 2023.
- FPI strategy is focussed more on country-specific factors rather than sectorial prospects within a country. That's why they adopted the 'Sell India, Buy China' strategy in January and February. During these two months FPIs sold in the financial services sector for ₹15,744 crore. Now, pursuing the 'Sell China, Buy India' strategy, the same FPIs have bought stocks in financial services for ₹19,229 crore in June alone and this buying trend continues.

Weak US Dollar

- The US dollar plunged to a 15-month low in July 2023 and was set for its worst week since November 22 amid hopes that the Federal Reserve was nearing the end of its policy tightening as inflation eases. The dollar index, which measures the US currency against six major rivals, fell 0.114% to 99.649, having touched a fresh 15-month low of 99.574 earlier in the Month.
- This declining dollar is favourable for emerging markets and India being the most-favoured emerging market, the FPI flows are likely to sustain
- However, selling by domestic institutional investors (DII) is emerging as a countervailing force putting brakes on the rally.

Macroeconomic Indicators

- India's economic fundamentals have remained strong and resilient amid a weak global growth outlook. India's GDP growth stood at 6.1% in the January-March 2023 quarter, as per official figures. For FY23, the real GDP growth rate stood at 7.2%, in a time when developed economies were reeling under recessionary pressures.

Q1FY24 Earnings

- The India Inc. is expected to post resilient earnings growth for the first quarter of fiscal 2024 despite global headwinds. Analysts believe Nifty earnings are likely to grow 25% YoY in Q1FY24.
- Earnings growth would be fuelled by BFSI and Auto sectors while Oil & Gas sector would report a 3x surge in profit YoY underpinned by the improvement in marketing margins of the OMCs, analysts at Motilal Oswal Financial Services said.
- Auto sector's earnings to surge 11x YoY during the quarter on a low base, while BFSI earnings are anticipated to remain buoyant with 47% YoY growth for the quarter.
- The EBITDA margin for Nifty companies, excluding OMC and Financials, is likely to expand 110 bps YoY to 20.8% during the quarter.
- The brokerage house forecasts the Nifty EPS to grow 20% and 15% in FY24 and FY25. Financials and O&G are likely to account for 63% of the incremental FY24 earnings growth for Nifty.

What is Sensex?

Sensex, aka Sensitive Index, is the Index for the Bombay Stock Exchange. As discussed earlier, an index is a sample of listed companies that act as the representative. Over 6000 companies are listed under the Bombay Stock Exchange, and practically it would be impossible to analyze the performance individually. To solve this issue, BSE uses Sensex. Sensex picks up 30 companies that are luring, performing, and best for the market. If these companies are performing poorly, then the market trends are down. However, if only these 30 companies are outperforming, then the market trends are bullish. Now, the question is, how does a company qualify to fall under Sensex?

There is a certain criterion that the Bombay Stock Exchange use to pick companies under Sensex. A few of these criteria are-

- Market Capitalization.
- Trading Frequency.
- High Liquidity.
- Industry Representation.
- Average daily turnover.

How Sensex is Calculated?

Sensex or sensitive Index is calculated based on the free-float capitalization of all the 30 companies and the base value of Sensex. Here is a step-by-step process on how to calculate the Sensex-

- The market capitalization of 30 companies is calculated.
- The free Float capitalization of all the companies is estimated and added together to get the total free-float capitalization value.
- Apply the Sensex formula,
Sensex formula = (Free float market capitalization of 30 companies/Base market capitalization) * Base value of the Index.
- The Sensex value is calculated.

What is Nifty?

The Nifty meaning is a derivation from the mix of two words, i.e. “National Stock Exchange” and “fifty”. It is an abbreviation of the National Stock Exchange Fifty. It is a collection of top performing 50 equity stocks that are actively trading in the index. However, 51 stocks are currently trading on Nifty. Hence, Nifty is also known as Nifty50 or CNX Nifty.

Nifty is a popular stock index. The National Stock Exchange of India introduced it. This index was founded in 1992 and started trading in 1994. It is owned and managed by India Index Service & Products Limited (IISL). IISL is an Indian specialized company which focuses on an index as its focus product. It has a variety of financial products like index funds, index futures and options, stock futures and options, etc.

How is Nifty Calculated?

Nifty 50 indices calculation uses the float-adjusted and market capitalization method. Here, the level index demonstrates the aggregate market value of the stocks present in it for a specific duration. This particular base duration for the Nifty index is 3rd November 1995. The base value of stocks is 1000, and the base capital is Rs.2.06 trillion

The formula for calculating the index value is as follows-

Market capitalization = Price * Equity Capital

Free Float Market Capitalization = Price * Equity Capital * Investable Weight Factor

Index value = Current market value/(1000 * Base market capital)

Investable Weight Factor (IWF) is a factor to determine the number of shares available for trading. The index calculation is on a real-time basis as the value of stock also changes daily. The formula calculates not only the value but also the changes in the corporate procedures. For instance, changes in corporate can be stock splits, rights issues, and many more. Nifty share market is a benchmark for measurement against all equity shares markets in India. It regularly conducts index maintenance checks. Therefore, this ensures that it is stable and working effectively. This can persist as a benchmark index of the Indian stock market.

Nifty V/S Sensex

Nifty and Sensex both are Indian stock market indices which depict the strength of the securities markets. Despite their similarity to the broad-based index, there is a difference between Sensex and Nifty.

Now that we have basic knowledge of Sensex and Nifty, you may still have a lot of confusion between these indexes. Though they might look similar, there are a few differences that a stock marketer should know.

Table 1: Table shows the difference between Sensex and Nifty

Point of Difference	Sensex	Nifty
Incorporated	1986	1996
Former Names	S&P BSE Sensex	CNX FIFTY
Number of Companies	30 Companies	50 Companies
Number of Sectors	Sensex covers 13 industrial sectors	Nifty covers a total of 24 industrial sectors.
Index Calculation	Free-Float Calculation	Free-Float Calculation
Operated by	Bombay Stock Exchange	India Index Services and Products (Subsidiary of National Stock Exchange)
Volume and Liquidity	Low	High

Need for the Study

The study under taken with a need to identify the Correlation between Selected sectors of Nifty & SENSEX in the financial market. In the July 2023 Nifty50 has touched 19900 Mark indicating a predominant rally with a rise of more than 15% from March 2023.

Objectives of Study

The objective of this study is to find out the relationship between SENSEX and the Major Nifty Indices such as Nifty auto, Nifty IT, Nifty Oil & Gas, Nifty Bank.

Scope of Study

This study will help us to know the importance of Sector indicators like Nifty 50, Nifty Bank, Nifty Auto, Nifty Oil & Gas, Nifty IT etc. & Its relationship with SENSEX which help in making more rational investment decisions Indian Financial market. The study has made an attempt to give valuable recommendations to frame suitable strategies of Investment

Research Methodology

The data has been collected for the past 12 months from the NSE relating to July 2022 to June 2023 and the following test has been performed to find out the Relationship between Nifty Bank, Nifty Auto, Nifty Oil & Gas, Nifty IT & SENSEX

Study has used statistical tools such as and Karl Pearson correlation, Standard Deviation & Monthly Return, Monthly Return in %, & Average, for data of the past 12 months, to find out the relationship between SENSEX & Nifty movement. The sources used for secondary Data collection are NSE, BSE, NSDL reports, Business Line, Economic Times, Money control, The Hindu newspaper articles and few books on Statistics.

Limitations of Study

- The study is undertaken by analysing data relating to a particular time only (For period of 12 months).
- The analysis is done by using some statistical techniques such as Karl Pearson Correlation, which have few limitations

Data Analysis and Interpretation

Table 2: Table showing Nifty Oil & Gas V/S Sensex

Date	Nifty Oil & Gas	NIFTY OIL & GAS Monthly Return	NIFTY OIL & GAS Return %	SENSEX	SENSEX Monthly Return	SENSEX Return %
30-Jul-22	7841.7			57,570.25		
30-Aug-22	8357.75	516.05	6.17450869	59,537.07	1,966.82	3.303522
30-Sep-22	7643.9	-713.85	-9.338819189	57,426.92	-2,110.15	-3.6745
31-Oct-22	8076.4	432.5	5.355108712	60,746.59	3,319.67	5.464784
30-Nov-22	8609.6	533.2	6.193086787	63,099.65	2,353.06	3.729117
30-Dec-22	8438.25	-171.35	-2.030634314	60,840.74	-2,258.91	-3.71282
31-Jan-23	7586.3	-851.95	-11.23011218	59,549.90	-1,290.84	-2.16766
28-Feb-23	6941.65	-644.65	-9.286696967	58,962.12	-587.78	-0.99688
31-Mar-23	7148.85	207.2	2.898368269	58,991.52	29.4	0.049838
30-Apr-23	7381.2	232.35	3.147862136	61,112.44	2,120.92	3.470521
30-May-23	7394.3	13.1	0.177163491	62,622.24	1,509.80	2.410965
30-Jun-23	7500.65	106.35	1.417877117	64,718.56	2,096.32	3.239133
	Correlation	0.177598181		Average Return on SENSEX	649.8463636	1.010547237
	S.D	506.1255944	-0.592935222			
	Avg. Return Nifty Oil & Gas	-31.00454545				

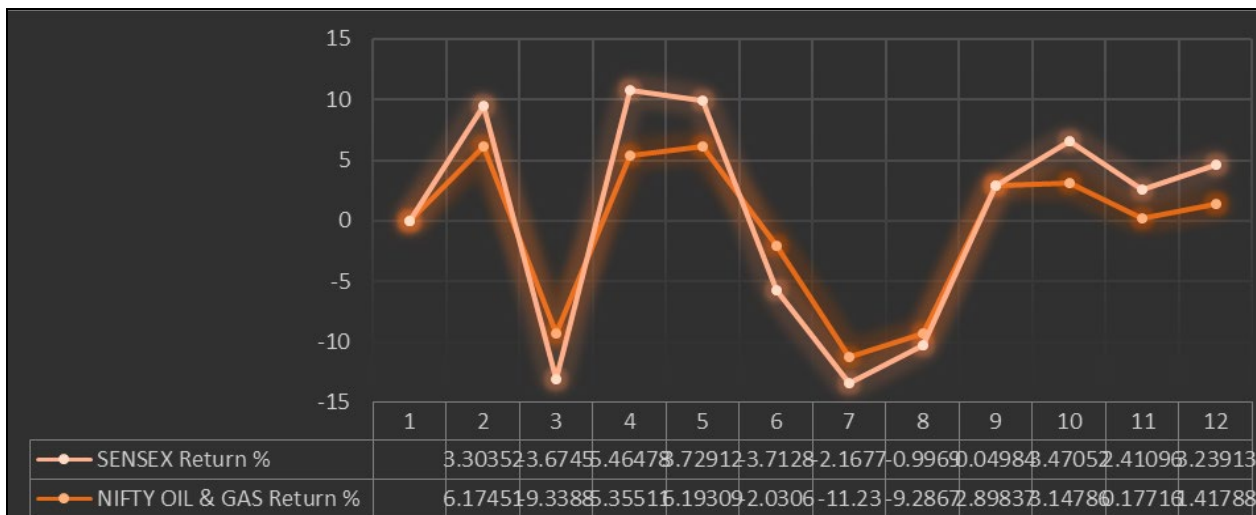


Chart 1: Sensex V/S Nifty Oil & Gas

Interpretation

From the above table we can find that there is minor Positive correlation between Nifty Oil & Gas and SENSEX to the extent of 0.17. But when we observe, SENSEX has increased to 64,718.56 points by end of July 2023, showing an average growth of 649.84 on monthly basis. We can observe a fall in the SENSEX in the month of September & December 2022 it fell around 3.8% and showed a complete recovery after March 2023.

Nifty oil and Gas on the other hand has ended up at 7500 points by June 2023 which is 341 lower when compared with July 2022, it was at 7841 Points. We can observe a steep fall

in the month of September 22, December 22, January 23 and February 23 witnessing a fall between 9% to 11%.

It is observed from the analysis that overall performance of the Nifty oil & gas is negative at -0.5% on average monthly basis, where as SENSEX has given a +1% return on average monthly basis. The Main reason for the same is Under Performance of companies under Nifty Oil & Gas, Adani Total Gas which was at a price of 3127 in the month of July 2022, fell to Rs. 634 in June 2023 which is more than 378% lower than the Initial Price.

Similarly companies like Reliance industries has also underperformed in the past one year with a return of 3.64% as on June 2023.

Table 2: Table showing Nifty Auto V/S Sensex

Date	Nifty Auto	Nifty Auto Monthly Return	Nifty Auto Return %	Sensex	Sensex Monthly Return	Sensex Return %
30-Jul-22	12543.2			57,570.25		
30-Aug-22	13217.35	674.15	5.100492913	59,537.07	1,966.82	3.3035217
30-Sep-22	12699.3	-518.05	-4.079358705	57,426.92	-2,110.15	-3.674496
31-Oct-22	13381.65	682.35	5.099146966	60,746.59	3,319.67	5.4647841
30-Nov-22	13231.85	-149.8	-1.132116824	63,099.65	2,353.06	3.7291174
30-Dec-22	12611.7	-620.15	-4.91725937	60,840.74	-2,258.91	-3.712825
31-Jan-23	13323.9	712.2	5.345281787	59,549.90	-1,290.84	-2.167661
28-Feb-23	12731.8	-592.1	-4.650560015	58,962.12	-587.78	-0.996877
31-Mar-23	12243.8	-488	-3.985690717	58,991.52	29.4	0.0498377
30-Apr-23	13189.25	945.45	7.168337851	61,112.44	2,120.92	3.4705209
30-May-23	14199	1009.75	7.111416297	62,622.24	1,509.80	2.4109645
30-Jun-23	15147.65	948.65	6.262687612	64,718.56	2,096.32	3.2391326
	Correlation	0.809927576		Average Return on SENSEX	1.010547237	649.84636
	S.D	763.8512478				
	Avg. Return Nifty Auto	236.7681818	1.574761618			

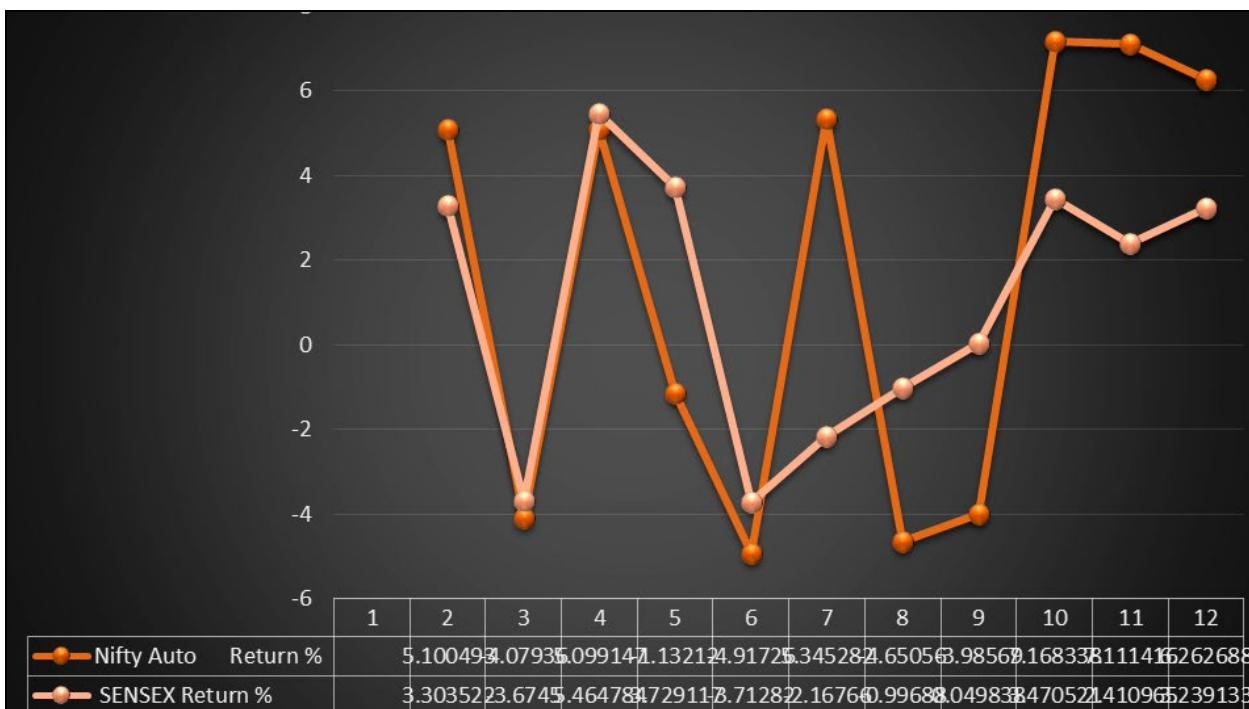


Chart 2: Nifty Auto V/S Sensex

Interpretation

From the above table we can find that there is Positive correlation between Nifty Auto and SENSEX to the extent of 0.80. But when we observe, SENSEX has increased to 64,718.56 points by end of July 2023, showing an average growth of 649.84 on monthly basis. We can observe a fall in the SENSEX in the month of September & December 2022 it fell around 3.8% and showed a complete recovery after March 2023.

Nifty auto on the other hand has ended up at 15147.65 points by June 2023 which is 2604 higher when compared with July 2022, it was at 12543.2 Points. We can observe a minor fall in

the month of September 22, December 22, and February 23 witnessing a fall between 4% to 5%.

It is observed from the analysis even though Nifty Auto and SENSEX is Moving in the same direction, overall performance of the Nifty auto is at +1.57% on average monthly basis, whereas SENSEX has given a +1% return on average monthly basis. The Main reason for the same is Better Performance of companies under Nifty Auto, MRF Reached to Rs.1,02,990 becoming most expensive stock of India. Majority of the companies like M& M, Tata Motors, TVS Motors, Motherson sumi, Tube Investments, has given positive returns between 25%-50%, which has helped the Nifty auto to March Higher level.

Table 3: Table showing Nifty Bank V/S Sensex

Date	Nifty Bank	Nifty Bank Monthly Return	Nifty Bank Return %	Sensex	Sensex Monthly Return	Sensex Return %
30-Jul-22	37491.4			57,570.25		
30-Aug-22	39536.75	2045.35	5.173288143	59,537.07	1,966.82	3.303521655
30-Sep-22	38631.95	-904.8	-2.342102845	57,426.92	-2,110.15	-3.674496212
31-Oct-22	41307.9	2675.95	6.478058676	60,746.59	3,319.67	5.464784114
30-Nov-22	43231	1923.1	4.448428211	63,099.65	2,353.06	3.729117356
30-Dec-22	42986.45	-244.55	-0.5689002	60,840.74	-2,258.91	-3.712824663
31-Jan-23	40655.05	-2331.4	-5.734588938	59,549.90	-1,290.84	-2.167661071
28-Feb-23	40269.05	-386	-0.958552536	58,962.12	-587.78	-0.996877317
31-Mar-23	40608.65	339.6	0.83627503	58,991.52	29.4	0.049837672
30-Apr-23	43233.9	2625.25	6.0722026	61,112.44	2,120.92	3.470520896
30-May-23	44128.15	894.25	2.026484228	62,622.24	1,509.80	2.410964539
30-Jun-23	44747.35	619.2	1.383769095	64,718.56	2,096.32	3.239132638
				Average Return on SENSEX	1.010547237	649.8463636
Correlation		0.9335078				
S.D		2174.85125				
Avg. Return Nifty Bank		659.631818		1.543059237		

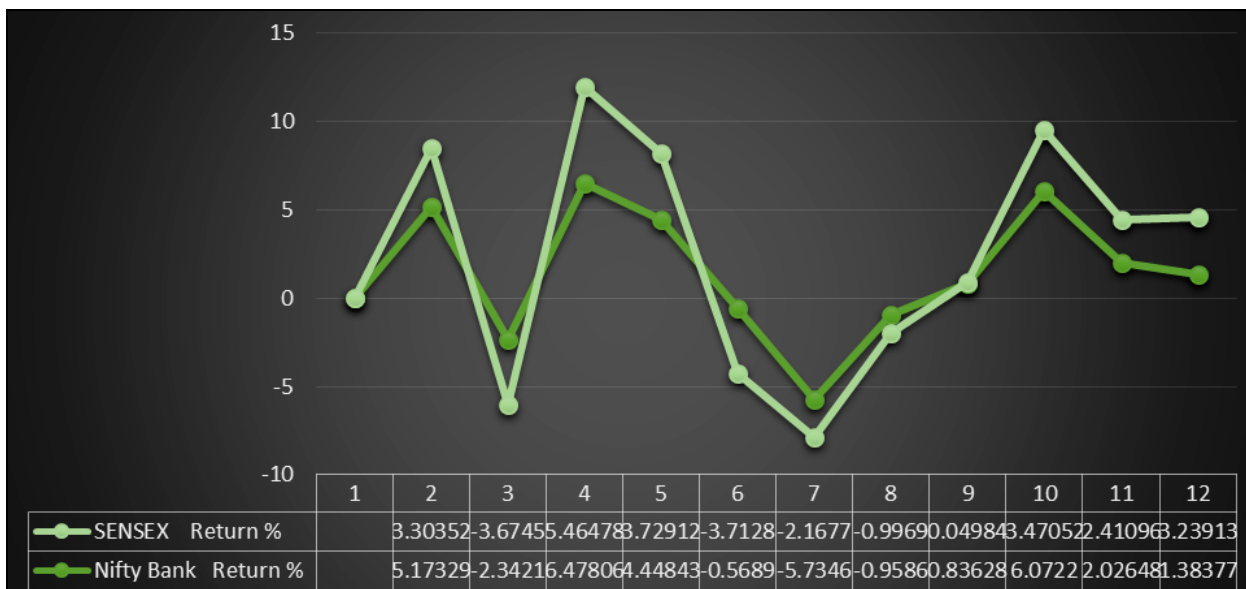


Chart 3: Nifty Bank V/S Sensex

Interpretation

From the above table we can find that there is Positive correlation between Nifty Bank and SENSEX to the extent of 0.93. But when we observe, SENSEX has increased to 64,718.56 points by end of July 2023, showing an average growth of 649.84 on monthly basis. We can observe a fall in the SENSEX in the month of September & December 2022 it fell around 3.8% and showed a complete recovery after March 2023.

Nifty Bank on the other hand has ended up at 44747.35points by June 2023 which is 7255.6 higher when compared with July 2022, it was at 37491.4 Points. We can observe a minor

fall in the month of January 23 witnessing a fall of 5%, during the period SBI witnessed its lowest Price at Rs.499

It is observed from the analysis even though Nifty Bank and SENSEX is Moving in the same direction, overall performance of the Nifty Bank is at +1.54% on average monthly basis, whereas SENSEX has given a +1% return on average monthly basis. The Main reason for the same is Better Performance of banks. Majority of the Banks like IDFC First Bank, BOB, PNB, IndusInd Bank given a return between 50% to 138% in past 1 year. Except Bandhan Bank all the other banks have performed well with positive returns in the past 1 year which has helped the Nifty Bank to March Higher level.

Table 4: Table showing Nifty IT V/S Sensex

Date	Nifty IT	Nifty IT Monthly Return	Nifty IT Return %	Sensex	Sensex Monthly Return	Sensex Return %
30-Jul-22	29220			57,570.25		
30-Aug-22	28407.9	-812.1	-2.858711837	59,537.07	1,966.82	3.303521655
30-Sep-22	26981.15	-1426.75	-5.287951032	57,426.92	-2,110.15	-3.674496212
31-Oct-22	28727.6	1746.45	6.079345299	60,746.59	3,319.67	5.464784114
30-Nov-22	30391.7	1664.1	5.475508116	63,099.65	2,353.06	3.729117356
30-Dec-22	28621.7	-1770	-6.184119043	60,840.74	-2,258.91	-3.712824663
31-Jan-23	29740.35	1118.65	3.761388148	59,549.90	-1,290.84	-2.167661071
28-Feb-23	29663.95	-76.4	-0.257551675	58,962.12	-587.78	-0.996877317
31-Mar-23	28698.6	-965.35	-3.363752936	58,991.52	29.4	0.049837672
30-Apr-23	27708.2	-990.4	-3.57439314	61,112.44	2,120.92	3.470520896
30-May-23	29319.75	1611.55	5.496465693	62,622.24	1,509.80	2.410964539
30-Jun-23	29563	243.25	0.822819064	64,718.56	2,096.32	3.239132638
	Correlation	0.457151419		Average Return on Sensex	1.010547237	649.8463636
	S.D	900.0207402				
	Avg. Return Nifty IT	31.18181818	-0.071377241			

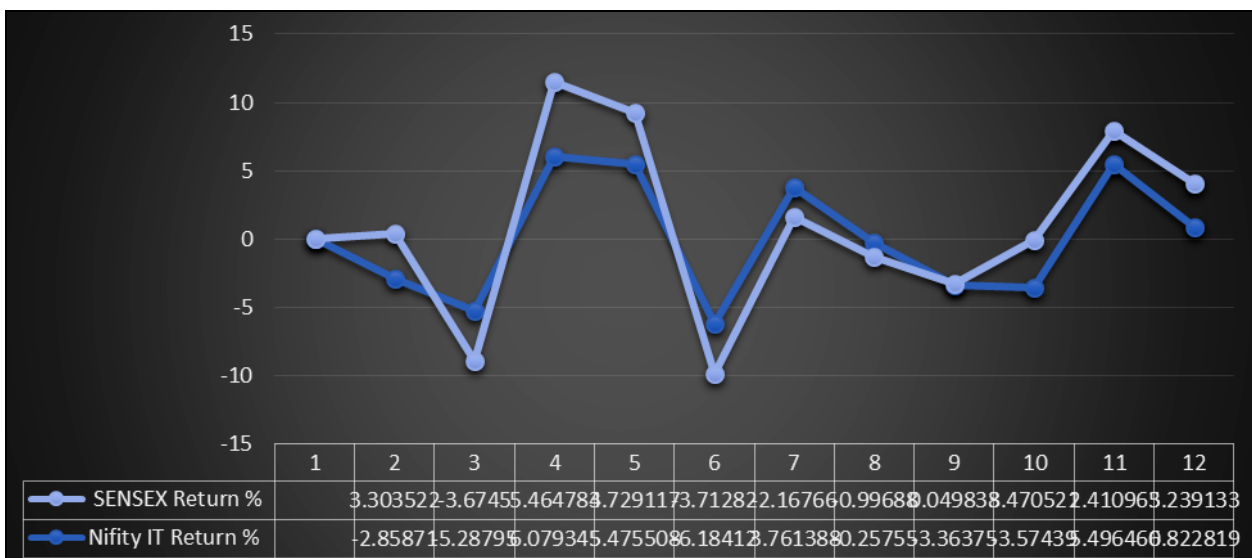


Chart 4: Nifty It V/S Sensex

Interpretation

From the above table we can find that there is Positive correlation between Nifty IT and SENSEX to the extent of 0.45. But when we observe, SENSEX has increased to 64,718.56 points by end of July 2023, showing an average growth of 649.84 on monthly basis. We can observe a fall in the SENSEX in the month of September & December 2022 it fell around 3.8% and showed a complete recovery after March 2023.

Nifty IT on the other hand has ended up at 29563 points by June 2023 which is 343 points higher when compared with July 2022, it was at 29220 Points. We can observe fall in the month of August, September, December 22, March & April 23 witnessing a fall between 2.5% to 6%.

It is observed from the analysis even though Nifty IT and SENSEX is Moving in the same direction, overall performance of the Nifty Bank is at -0.07% on average monthly basis, whereas SENSEX has given a +1% return on average monthly basis. The Main reason for the same is below average performance of IT stocks. Major stock like Infosys has given a negative return of 11.11% & even Wipro witnessed a fall of 1%. Persistent systems. HCL

Technologies, Coforge, L&T Tech, Tech Mahindra has given a return between 15% to 32% rest all companies have given below average returns.

Suggestion

From the analysis the following suggestions are given

1. From the study it is observed that there is minor Positive correlation between Nifty Oil & Gas and SENSEX to the extent of 0.17. Nifty oil and Gas has ended up at 7500 points by June 2023 which is 341 lower when compared with July 2022, it was at 7841 Points. We can observe a steep fall in the month of September 22, December 22, January 23 and February 23 witnessing a fall between 9% to 11%. It is observed from the analysis that Nifty Oil & Gas and Sensex, overall performance of the Nifty oil & gas is negative at -0.5% on average monthly basis, whereas SENSEX has given a +1% return on average monthly basis. The Main reason is Under Performance of companies under Nifty Oil & Gas, Adani Total Gas which was at a price of 3127 in the month of July 2022, fell to Rs. 634 in June 2023 which is more than 378% lower than the Initial Price. Similarly companies like

Reliance industries has also underperformed in the past one year with a return of 3.64% as on June 2023. It is suggested for the investors to make investment in Nifty Oil & gas as the sector is under performing in line with the SENSEX it has the potential for generating higher returns.

2. It is observed from the study that there is Positive correlation between Nifty Auto and SENSEX to the extent of 0.80. Nifty auto has ended up at 15147.65 points by June 2023 which is 2604 higher when compared with July 2022, it was at 12543.2 Points. We can observe a minor fall in the month of September 22, December 22, and February 23 witnessing a fall between 4% to 5%. It is observed from the analysis even though Nifty Auto and SENSEX is Moving in the same direction, overall performance of the Nifty auto is at +1.57% on average monthly basis, whereas SENSEX has given a +1% return on average monthly basis. The Main reason for the same is Better Performance of companies under Nifty Auto, MRF Reached to Rs.1 02,990 becoming most expensive stock of India. Majority of the companies like M& M, Tata Motors, TVS Motors, Motherson sumi, Tube Investments, has given positive returns between 25%-50%, which has helped the Nifty auto to March Higher level. It is suggested for the investors to make investment carefully in Nifty Auto stocks as the sector is out performing in line with the SENSEX it has the potential for generating higher returns. It is better for the investors to wait for the correction of the stock prices Under Nifty auto as the sector has already reached high levels.
3. It is observed from the study that there is Positive correlation between Nifty Bank and SENSEX to the extent of 0.93. Nifty Bank has ended up at 44747.35points by June 2023 which is 7255.6 higher when compared with July 2022, it was at 37491.4 Points. We can observe a minor fall in the month of January 23 witnessing a fall of 5%, during the period SBI witnessed its lowest Price at Rs.499. It is observed from the analysis even though Nifty Bank and SENSEX is Moving in the same direction, overall performance of the Nifty Bank is at +1.54% on average monthly basis, whereas SENSEX has given a +1% return on average monthly basis. The Main reason for the same is Better Performance of banks. Majority of the Banks like IDFC First Bank, BOB, PNB, IndusInd Bank given a return between 50% to 138% in past 1 year. It is suggested for the investors to make Investment in Nifty Bank stocks as the Sector has performed better than the SENSEX. It is better for the investors to wait for correction in the stock prices as Nifty Bank stocks are already trading at a higher prices.
4. It is observed from the study that there is Positive correlation between Nifty IT and SENSEX to the extent of 0.45. Nifty IT has ended up at 29563 points by June 2023 which is 343 points higher when compared with July 2022, it was at 29220 Points. We can observe fall in the month of august, September, December 22, March & April 23 witnessing a fall between 2.5% to 6%. It is observed from the analysis even though Nifty IT and SENSEX is Moving in the same direction, overall performance of the Nifty IT is at -0.07% on average monthly basis, whereas SENSEX has given a +1% return on average monthly basis. The Main reason for the same is below average performance of IT stocks. Major stock like Infosys has given a negative return of 11.11% &

even wipro witnessed a fall of 1%. Persistent systems. HCL Technologies, Coforge, L&T Tech, Tech Mahindra has given a return between 15% to 32% rest all companies have given below average returns. It is suggested for the investors to make investment carefully in Nifty IT stocks as the sector under performing in line with the SENSEX it has the potential for generating higher returns. It is better for the investors to make investments in Nifty IT stocks as Infosys & Wipro are under performing. Persistent systems & Coforge emerging companies with the potential of higher revenue generation in future.

Conclusion

We have observed a steady growth in the Indian Stock market from the past 2 years. Recently Sensex hit all-time high of 67619 points showing the potential of the Indian Market in spite of Global economic slowdown. It has attracted FII to make Investments with promising performance by the companies under different sectors of economy. Paper concludes that Indian economy & Stock market as provided abundant opportunities for different categories of Investors and helped the march of Sensex Index & Nifty to new high levels promising higher economic growth even in future years.

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