A study on the performance of equity shares of automobile industry and information technology industry in BSE

[1] VK Arthi, [2] Dr. R Saravanan
[1] Ph.D. Research Scholar, Bharathiar University, Coimbatore, Tamil Nadu, India
[2] Principal, Sree Narayana Guru Institute of Management Studies, Coimbatore, Tamil Nadu, India

Abstract
In India most of the industries require huge amount of investments funds are raised mostly through the issue of share. The study aims at comparing the major blue chips shares in the Bombay stock exchange to suggest the investor to buy, sell or hold the share and also to suggest the best investment alternative using the RSI(Relative strength index). ROC(Rate of change),SMA(Simple moving average)technical indicators. For these analysis top 2 industry in automobile industry and information technology industry in 10 companies is taken.

Keywords: investments, blue chip shares, technical analysis

Introduction
Technical analysis is a trading tool employed to evaluate securities and attempt to forecast their future movement by analyzing statistics gathered from trading activity, such as price movement and volume. Unlike fundamental analysts who attempt to evaluate a security's intrinsic value, technical analysts focus on charts of price movement and various analytical tools to evaluate a security's strength or weakness and forecast future price changes. Technical analysis of stocks and trends is the academic study of historical chart patterns and trends of publicly traded stocks. Technical analysis of stocks and trends employs the use of tools such as bar or candlestick charts and trading volumes to determine the future behavior of a stock. Much of this practice involves discovering the overall trend line of a stock's movement.

Review of literature
Bhatia (1970) has made an evaluative study of the New Issue Market (NIM) for the period 1958- 1973. The role of the financial institutions in the NIM has been described and valuated. The study shows that a new class of middle - income individual investors has emerged as an important supplier of the risk capital. The growth of joint stock companies played an important role in the development of the new issue market. Besides, the government also passed various legislations to protect the interests of the investors. Of the various institutions involved in the organization of the NIM, stock exchanges are the most important, because they provide a continuous market for issued securities.

Gupta (1972) in his book has studied the working of stock exchanges in India and has given a number of suggestions to improve its working. The study highlights the' need to regulate the volume of speculation so as to serve the needs of liquidity and price continuity. It suggests the enlistment of corporate securities in more than one stock exchange at the same time to improve liquidity. The study also 22 wishes the cost of issues to be low, in order to protect small investors.

Rohatgi (1973) states that the basic function of the stock market is to provide ready

marketability or liquidity to holdings o: securities. The ideal stock market is one that can provide instantaneous and unlimited liqssuidity. But it is reasonable to assume that a prudent long-term investor in equities would provide for his immediate cash needs. This is in agreement with the three motives of liquidity preference. If so, one would expect not `instant' liquidity, but moderate liquidity. It will be unreasonable for any investor to suppose that his equity holdings are as good as cash.

Mick Tanaka Yamasakiet. Al., (2007) [6] 7 have conducted a study on the Adaptive use of Technical Indicators for predicting the Intra-Day price movements. The researcher has proposed a system to select the best combination of technical indicators and their parameter values adaptively by learning the patterns from the tick-wise financial data. In this paper, the researcher has shown that this system gives good predictions on the directors of motion with the hitting rate at 10 ticks ahead of the decision point as high as 70% for foreign exchange rates (FX) in five years from kl1996 to 2000 and 8 different stock prices in NYSE market in 1993 The study concludes that the tick-wise price time series carry a long memory of the order of at least a few minutes, which is equivalent to 10 ticks.

Objectives
1. To analyze the equity Share price behavior of the selected securities.
2. To analyze the trend of the selected securities.

Research Methodology
Research Design
Analytical research design is used for this study. Top 10 companies are chosen, in top 2 automobile industry and information industry.

Sources of data
Secondary data was used for the analysis print media and internet has been for data collection. The data also obtained by the Bombay Stock Exchange website. For the purpose of this study the daily closing prices of 10 companies listed in Bombay stock exchange were taken and their price movements are computed and studied.
The following listed companies have been used for this research:

1. Automobile Industry
   - Bajaj auto ltd
   - Tata motors ltd
   - Mahindra& Mahindra ltd
   - Ashok Leyland ltd
   - Hero motor corp. ltd
2. Information technology industry
   - Infosys ltd
   - Wipro ltd
   - HCL technologies ltd
   - Tech Mahindra ltd
   - TCS consultancy service ltd

Tools used for analysis
The following are the tools have been used in this research
- ROC(Rate of change)
- SMA(Simple moving average)
- RSI(Relative strength index)

Findings
1. **Bajaj**
   - The above data shows that the ROC level which in the buying opportunities August 2014 and August 2016 respectively.
   - The SMA line shows that the stock had bullish trend.
   - The shares are overbought during the period 2012 and 2015.
2. **Ashok Leyland**
   - The above data shows that the ROC level in which the buying opportunities June 2014 and December 2016 respectively.
   - The SMA Line shows that the stock had bearish trend.
   - The RSI shares are oversold during the period 2012 and 2016.
3. **Hero Motors**
   - The above data shows that the ROC level in which the buying opportunities August 2014 and December 2016 respectively.
   - The SMA Line shows that the stock had bearish trend.
   - The RSI shares price are overbought the price are not below 30 for the period of 2012 to 2016.
4. **Maruthi Suzuki**
   - The above data shows that the ROC level in which the buying opportunities June 2012 and April 2016 respectively.

- The SMA Line shows that the stock had bearish trend.
- The RSI shares price are oversold during the period May 2016, December 2014, September, October, November 2016.
5. **Tata Motors**
   - The above data shows that the ROC level in which the buying opportunities December 2012 to 2016 respectively.
   - The SMA Line shows that the stock had bearish trend.
   - The RSI shares price are overbought during the period December 2016 above the five years is shows that there is no sales to measures.
6. **HCL Technologies**
   - The above data shows that the ROC level in which the buying opportunities December 2013 and 2016 respectively.
   - The SMA Line shows that the stock had bullish trend.
   - The RSI shares price are oversold during the period September to December 2013 the sales went low in the year September 2015 and this shows result was not satisfactory.
7. **Infosys**
   - The above data shows that the ROC level in which the buying opportunities December 2012 and September 2016 respectively.
   - The SMA Line shows that the stock had bearish trend.
   - The RSI shares price are oversold during the period December 2014 to 2015 and suddenly when top in the year march 2016.
8. **TCS**
   - The above data shows that the ROC level in which the buying opportunities October 2013 and September 2010 respectively.
   - The SMA Line shows that the stock had bearish trend.
   - The RSI shares price are oversold during the period March 2013 to 2014 impact in the year sales it was huge decreasing.
9. **Tech Mahindra**
   - The above data shows that the ROC level in which the buying opportunities September 2013 and June 2016 respectively.
   - The SMA Line shows that the stock had bearish trend.
   - The RSI shares price up and down and it was suddenly decrease in the year December 2014 and September 2015.
10. **Wipro Technologies**
    - The above data shows that the ROC level in which the buying opportunities December 2013 and 2016 respectively.
    - The SMA Line shows that the stock had bearish trend.
    - The RSI shares price are oversold in the year of September 2013 and goes on decreasing trend this result shows that it will impact the price sale index.

Suggestions
Volatile markets are characterized by wide price fluctuations and heavy trading. They often result from an imbalance of trade orders is one direction, wide price fluctuations are a daily occurrence on the world's stock markets as investors react to economic business and political events. Market

watchers see high volatility as a sign of investor nervousness which, in the counter-initiative world of market, is of course bullish The present study on the simple moving average model applied on selected company's scripts would help the investors to take investment decision. It is suggested that the investors can invest in the shares that shows a definitive signal of buy or sell decisions. The investors can invest in the companies which are recovering out of either over brought or oversold condition since there might be a definite trend reversal in those stocks. It is also advised for the investors to hold the stock which keep fluctuating unless until the stock follows definite bearish or bullish trend. And also the investor can make investment not only following a particular indicator but by confirming the signal with several indicators for better returns.

Conclusion

In India most of the industries require huge amount of investments. Funds are raised mostly through the issue of share. An investor is satisfied from the reasonable return from investment in shares. Speculation involves higher risks to get return on the other hand investment involves no such risks and returns will be fair. An investor can succeed in his investment only when he is able to select the right shares. The investors should keenly watch the situations like market price, economy, company progress, returns, and the risk involved in a share before taking decision on a particular share. This study made will help the investors know the behavior of share prices and thus can succeed.

References

1. Avadhani VA. Investment management, 2nd Edition, New Delhi, Himalaya Publishing House. 1999.
2. Kothari CR. Research Methods and Techniques, (2nd Edition, New Delhi, Wishwa prakashan Publishing). 2001.
3. Uma Sekaran, Research Methods for Business, (New York: John wiley & sons inc.,). 2000.
4. Bennet James A, Sias Richard W. Financial Analysts Journal. 2001; 57(6):64-78.
5. Daigler, Robert T. Financial Analysts Journal. 1981; 4(3):169-183.
6. Mieko Tanaka, Yamasaki, Saiji Tokuoka. Knowledge Based information and Engineering Systems. 2007; 4693:597-603.