

Study on Comparison of Risk-Return Analysis of Public and Private Sector Banks listed on Bank Nifty

Suresh A.S.

Assistant Professor, MBA Department, PES Institute of Technology – Bangalore South Campus, India, sureshas7007@gmail.com

Sai Prakash L.

Student, IV semester MBA, PES Institute of Technology– Bangalore South Campus, India, lsaiprakash1994@gmail.com

Abstract

Risk and Return analysis plays a very important role in individual decision making process. If the investor wishes to earn more return investor should be in the position to accept higher risk. Banking sector is the backbone of the county's economy and this sector has contributed good returns for the investor in the past. The paper concentrates on analysing the performance of twelve nationalised banks listed in NSE in terms of return, risk and beta for the period 1st January 2016 to 31st December 2016. Sector wise portfolio returns are also calculated for the same period, to compare the returns generated by public and private sector banks. This paper analyses the performance of banking sector taking Bank Nifty Index as benchmark. The study is based on secondary data collected from NSE. The data were collected based on the monthly prices of the banking stocks listed in Bank Nifty. The study shows that the shares of Yes bank and Federal bank have given positive returns during the study period. Whereas the return of Axis Bank, Bank of Baroda and Bank of India were negative during the same period. The beta of Bank of India, Canara Bank, Punjab National Bank, State Bank of India, Axis Bank, ICICI Bank and Yes Bank were more than one, indicating that these stocks carry a higher market risk. The reason for choosing monthly prices is to measure the short term fluctuations in the banking stocks due to changes in market factors.

Keywords: Beta, NIFTY, NSE, Return, Risk.



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