



To study the indicators of intrinsic value of share with its market value for selected banking stocks in NIFTY BANK index – with special reference to retail investors

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Abstract: Present paper studied the relationship in the retail investors stock investment into banking shares and the intrinsic value of share. The paper aims at understanding whether the retail stock investor invests as per basic valuation methods of share. The literature review highlighted that retail investors follow investment choices as per herding, heuristics, over-confidence and other biased methods. Paper further tried to understand relationship between the intrinsic value of the share and the market pricing of the share. Various methods to calculate intrinsic value are used to derive the valuation of the stocks. The statistical tools of correlation and multiple regression are used to identify valid relationship in predictor and dependent variables. The study could identify that intrinsic value is a useful value to compare the over / undervalued shares in the stock market. Also, it established that the retail investors are completely following the concept of intrinsic value for stock valuation. Study involved the banking shares as it is observed that banking share represent one of the major components of Indian stock market.

Keywords: Stock investment behaviour, retail investors, intrinsic value, market value, Nifty bank

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OPERATIONAL DEFINITIONS

Stock investment behaviour refers to investing into stocks for various purposes like wealth creation, profession or trading and so on. For purpose of present study, behaviour refers to the parameters and propositions that a retail investor considers while doing a decision of buy, sell and hold decision regarding the stocks.

Retail investors refer to individual stock investors that invest in stock market through their demat accounts. These people perform trading into stocks for their personal goals.

Nifty bank is the index of NSE (National stock index) that is comprised of 12 banking stocks. It is representative of the banking sector performance.

Intrinsic value is the inherent value of share that is calculated using the fundamental financial principles and hence is the indicator of the actual value of the share at which it should trade.

Market value refers to the value at which the stocks trade in market on an exact date. The market value can be higher than or lower value of the intrinsic value of the share. The share is called overpriced if the market

value is higher than the intrinsic value and vice versa.

LITERATURE REVIEW

Balasudarsun et al. (2020) conducted research to understand the impact of psychological factors and stock investment behaviour of investors. The study highlighted fourteen important determinants of individual's behaviour that affect the stock investment decisions. It was an extensive review that led the understanding that factors like heuristics and herd behaviour along with overconfidence affect the profitability of the retail investors.

Barber and Odean (2013) studied the role of retail investors stock choices and under performance of the portfolio. The emphasis was given to the fact of reinforced learning dimension to understand stock investment methods. The aims of stock investor are to outperform the given index but due to less learned behaviour and lack of sufficient knowledge about market behaviour, investors rely too much on the personal biases.

D Parambil et al. (2018) conducted research study on stock investment behaviour of 110 respondents through structured questionnaire. The rate of return is calculated through financial principles of internal rate of return and the net present value methods. The correlation and Friedman's test highlighted that most of the stock investors are not able to use the fundamental principles of finance to take informed decisions regarding stock investments.

Gutkevych and Jureniene (2020) published a research report in the investment journal on banking. The study highlighted that banking institutions are primary drivers of the financial system of the economy. The investments and savings form the root of the economy in terms of financial parameters. The stock investors are willing to participate when they observe growing role of banks in the systems.

Jeyanthi and Divya (2019) conducted research on selected banks in India to understand the relationship of risk and return in banking stocks. The methods of averaging, variance and standard deviation are used to establish a model for investments into banking stocks. The weighted average of the banks is considered as the comparative parameter. The banks are selected as per their weight in the leading banking index NIFTY bank of NSE.

Jyoti (2017) studied the behaviour of retail stock investors of Ranchi. A survey of 390 respondents was conducted. The study highlighted the risk appetite of the retail investors in stock markets. Stock investments are among most risky investments for investors. Retail investors are considered as a special category having limited access and skills to stock calculations.

Lin (2019) studied bank deposits and relation with stock markets. The research study includes studying the deposits and loans as the main roles of banks. Investors calculate the value of banks based on the deposits and loans of the bank. Deposits are considered as a source of banking cash while the bank incurs expenses in the form of paying interest to the deposit holders. While loans are considered as a source of banks income. Banks lends their cash on interest rates higher than their deposit interest rates. Stock markets are affected by the way the deposit and loans equation of a bank is managed and is changing. Investors tend to look at the valuation of the banks through these indicators. Hence stock price of the banking stock is

affected by the deposit and loans of the bank.

Majumdar et al. (2022) conducted a survey-based study of 923 respondents. The study indicated that the investment behaviour of retail investors is highly affected by the principles of behavioural finance. The behavioural finance states that individual investors have a set of personal biases to make stock and investment choices. The financial goals and wealth creation models vary as per behaviour model of the retail investors. A relationship is established among behavioural factors and profitability on stock investments.

Mistry (2015) studied behaviour of 150 stock market investors of Indian stock markets. the research was conducted in Bharuch district. The study established a positive relationship in market conditions of stock market and decision making of investors.

Okpoti Mensah et al. (2022) studied a relationship between the internal rate of return and net present value of stock and its intrinsic value. The intrinsic value of stock helps the investors take an informed and learned decision about the stock. The discounted cash flow method establishes the intrinsic value of the stock that can be compared with the current market price of the share.

Patjoshi (2016) conducted a comparative study among stocks. The study was done for banking stocks of the Bombay stock exchange of selected banking stocks. The risk return valuation of banking companies is conducted through ratio analysis and hence it was observed that investors can use valuation of risk to understand the return from a banking share.

Phan et al. (2021) conducted the study on investment behaviour of stock market investors in emerging economies. The study was conducted in Vietnam. The sentiment index of investors plays a crucial role in the profitability of the individual investor. The stock investors have different biases and hence the returns from the stock investments differ.

Pradhan and Kumar (2022) conducted research study through statistical analysis to establish relationship in country's GDP and growth of stock markets. The stock market growth is directly related to the country's GDP. It also highlighted that stock markets mirror the nations' overall economic growth.

Putra et al. (2019) studied the stocks of manufacturing companies. The PE indicator is highlighted as the main indicator to understand the intrinsic value of stock. Manufacturing companies of Indonesia are major participants of the Indonesian stock market. Retail investors try to maximise the valuation of their shares and can use PE ratio as the fair value indicator.

Raut et al. (2018) studied the stock investment behaviour of retail investors through structural equation modelling (SEM). Sample of 396 respondents was studied. The social and psychological factors of investors affect the trading behaviour of the investor.

Riyaz (2023) studied the companies through top-down approach so that stock investor can take an informed decision about company's valuation. The study involved understanding the growth in the economy than sector and then the company to get the true picture of company's growth. This approach states the future profitability of the stock to the retail investors.

Siddeeq Kakkattuchali et al. (2023) conducted research to understand the regional differences in the stock investment behaviour of retail investor. The study was conducted on 120 investors of Tiruangaadi municipality area of southern India. It revealed that emerging markets gives stock investors good scope to invest. But retail investors of emerging markets have much biased behaviours towards stocks investment and are not able to take more than average profits.

Tarigan et al. (2021) studied the evaluation of stocks and investment behaviour in coal mining stocks. The study was conducted through calculation of intrinsic value of stock through cash flow method. Here the future cash flows are projected, and discounting technique is used to get the intrinsic value of shares. It helps the investors to a comparison in market price of the share s and the valuation is thuds obtained. The concept of relative valuation also helps to identify the better stocks in the mining sector.

RESEARCH GAPS

The extensive literature review conducted highlighted that there is further ned for investigation into the process and understanding of the trades in banking stocks. The retail investors are confined to their personal wealth creation goals while taking the trade decisions. Hence the study is required to highlight the specific behaviour of retail investors related to banking stocks. Moreover, it has been observed that there is huge difference in the aims of institutional investor and the retail investors. Moreover, the literature review also highlighted that retail investors have limited financial knowledge and technical know-how of specific indicators. The retail investors are also unique since it includes few exceptional retail investors and few novices too! The retail investors number has hugely increased in the recent times in Indian markets.

The literature review has directed the study to be conducted understand the banking stocks investment by retail investors and to understand the ways in which fundamental analysis helps the investor the method to value the share.

OBJECTIVES

The study is focused on following objectives:

- To understand whether retail investors tend to invest more into banking stocks.
- To compare intrinsic value of market value of banking stocks.
- To formulate model for understanding actual valuation of share.

HYPOTHESIS

The objectives and literature review directed towards the following hypothesis proposed for present study:

H1N: Banking stocks are not favoured stocks of retail investors.

H1A: Banking stocks are favoured stocks of retail investors.

H2N: Stock investors cannot compare the intrinsic value of share with its actual value.

H2A: Stock investors can compare the intrinsic value of share with its actual value.

H3N: There is no relationship in financial ratios and current market price of shares.

H3A: There is a relationship in financial ratios and current market price of shares.

H4N: Retail investors do not invest as directed by financial ratios.

H4A: Retail investors do not invest as directed by financial ratios.

RESEARCH METHODOLOGY

Present study is conducted as a descriptive, quantitative, empirical and statistical analysis-based study. The study is conducted through structured questionnaire distributed to 127 participants. 112 responses are taken as valid for analysis purposes.

Sampling design chosen is judgement sampling. The universe is comprised of all the stock investors while the sample is chosen as retail stock investors investing into Indian stock market. The sampling technique used is judgemental and convenience sampling.

The statistical tools of categorisation, charting, correlation and multiple regression are used to calculate the relationships among the variables in the study. MS Excel and Softinery are used for calculations.

DATA ANALYSIS & INTERPRETATION

Literature review also highlighted that banking stocks are highly traded in all segments like stock and derivatives. Moreover, in recent times though the banking index has not performed too good as compared to another leading index still most of the investors prefer investing good amount of capital into banking and financial stocks.

For hypothesis 1 the data of sixteen sectors is collected through structured questionnaire. The questions directed the respondents to choose the sector in which investor has put in most of his investments. The respondents were asked to estimate and choose the sector in which they have highest weight of their stock investment. Hence the following compilation is done in pie chart that represent the most preferred stock investment sector of the respondents.

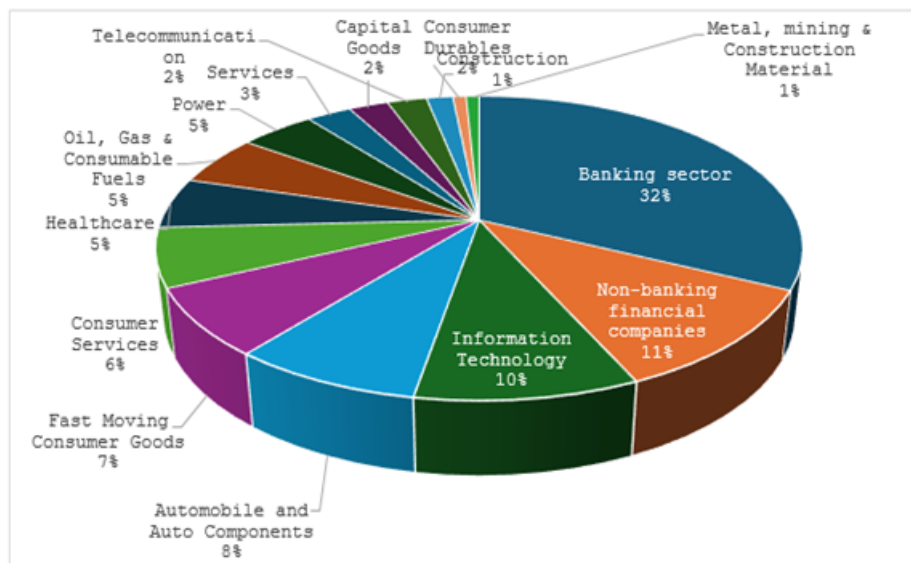


Figure 1: Retail shareholder's preferred sector for investment (%)

Source: Primary data collected by researcher

For hypothesis 2 the data is collected for the selected PSU bank and private bank shares. The stocks taken into consideration are the top four stocks as per market value of the banking company on the same day from NIFTY bank index of NSE. These includes Canara bank, Bank of Baroda, Punjab National Bank and State bank of India among PSU banks. The list of private sector banks considered for research are HDFC bank, ICICI bank, Kotak bank and Axis bank.

The data is collected from the leading public portal of NSE and Screener.in dated 05 December 2024.

The intrinsic value represents the inherent value of the stock. This is determined by the financial statements of the company. The financial statements are widely circulated on company's website and the stock exchange website on which the stock is listed. Intrinsic value is calculated by various methods like discounted cash flow of future returns, ratio analysis of financial statements or asset pricing methods. Any of the methods tries to establish a hint of probable actual value of the share as per previous performance, assets or valuation of the company. The intrinsic value gives calculated value of the stock at which the stock should be valued. If the share is traded above the intrinsic value, it is called as overpriced and vice versa. Hence it is assumed that shareholder should try not to buy overvalued shares as their inherent value is overpriced and can cause the bubble to burst when the market tries to burst itself. During bull phase the share price tries to be overpriced and in due courses it is witnessed that overpriced shares come back to fair value or even may fall beyond it. Therefore, it's better that the shareholder should try buy closer to fair value of the share.

For present study the intrinsic value is calculated through Screener.in. The formula is based on modified Graham number method that relates the values of earnings per share, current bond yield and the growth rate as the parameters to calculate the intrinsic value of the share.

EPS refers to the earnings per share of the stock. It is calculated for the given time-period and is stated as

per the financial reports of the company. It indicates how much each share has earned. It considers that various earnings of the company after reducing the mandatory and variable expenses of the firm.

Current bond yield is the value of bond circulated in the economy. Bond is debt instrument on which the lender of the bond pays a defined interest to the holder of the bond, the financial ratio s considers bonds as a metrics of valuation of the company. It is also an indicator to judge the goodwill of the firm.

Growth rate refers to growth rate of the firm. It is generally calculated as annualised growth rate. It indicates the top down and bottoms up approach of valuation of the firm.

CMP refers to the closing price of the company's stock at the end of the trading day. When the market is operational it keeps fluctuating as per the market trend.

Book Value represents the value at which the share is mentioned in the financial statements of the company.

Table 1: Intrinsic value as per modified Graham's number method

| Row no. | Variable | Canara bank | Bank of Baroda | PNB | SBI | HD FC | ICI CI | Kotak Bank | Axis bank |
|---------|-----------------------------------------------------------|-------------|----------------|------------|-----------|-----------|-----------|------------|-----------|
| 1 | INTRINSIC VALUE | 259 | 636 | 189 | 915 | 1321 | 889 | 1489 | 1173 |
| 2 | Book value | 114 | 270 | 114 | 546 | 677 | 438 | 792 | 601 |
| 3 | CMP | 97.2 | 249 | 99.4 | 790 | 1937 | 1429 | 2085 | 1028 |
| 4 | Under/over value | Under value | Undervalue | Undervalue | Overvalue | Overvalue | Overvalue | Overvalue | Overvalue |
| 5 | Difference in value | -161.8 | -387 | -89.6 | -125 | 616 | 540 | 596 | -145 |
| 6 | % difference | -62.5 | -60.8 | -47.4 | -13.7 | 46.6 | 60.7 | 40.0 | -12.4 |
| | <i>Data source: NSE and Screener.in dated 05 Dec 2024</i> | | | | | | | | |
| | <i>Calculations source: Researcher</i> | | | | | | | | |

For hypothesis 3 evaluation of stocks financial ratios is conducted to rank the stocks according to their actual valuation. It is hence compared with the retail investors participation in the stock. The change in valuation of stocks is compared with the retail investors participation. It helps to understand if the retail investors invest as per fundamental financial ratios analysis of stocks.

Financial statements analysis is done by ratio analysis. It helps to analyse the performance of the company in due time. P/B ratio is the price to book ratio of the company. It relates the current price of the share to the book value of the share. It helps to know whether the share is overvalued or undervalued. If P/B ratio is less than 1 the share is undervalued and vice versa.

Table 2: Intrinsic value as per PB ratio of banking stock

| | Canara bank | Bank of Baroda | PNB | SBI | HDF C | ICICI | Kotak Bank | Axis bank |
|----------------------------------------------------------------------|----------------------|----------------|-------------------|--------------------|------------|-----------------|------------|------------|
| P/B ratio | 0.93 | 1 | 1.04 | 1.48 | 3.1 | 3.3 | 2.1 | 2.2 |
| | Undervalue | exact value | Almost fair value | Slightly overvalue | Over value | Most overvalued | Overvalue | Over value |
| Rank as per PB value | 8 | 7 | 6 | 5 | 2 | 1 | 4 | 3 |
| Number of retail shareholders | | | | | | | | |
| 2025 | 14.7 | 8.8 | 9.5 | 7.5 | 15.8 | 9.1 | 12.3 | 7.0 |
| 2.24 | 12.1 | 7.3 | 9.7 | 7.4 | 18.6 | 9.8 | 13.1 | 7.8 |
| Diff in number in% | 2.57 | 1.51 | -0.13 | 0.17 | -2.8 | -0.72 | -0.77 | -0.82 |
| | increase | increase | decrease | increase | decrease | decrease | decrease | decrease |
| | 1 | 2 | 4 | 3 | 8 | 5 | 6 | 7 |
| Correlation | -0.8 | | | | | | | |
| | negative correlation | | | | | | | |
| <i>Data value source: nse.in & screener.in dated 05 Dec 2024</i> | | | | | | | | |
| <i>Calculations source: Researcher</i> | | | | | | | | |

The NPA (non-performing asset) represents the value of the loans / debt given by the banking company for which the recovery of debt is almost impossible. It is a kind of loss to the banking company. Hence higher or increasing value of the NPA represents a poor condition of the banking company. Hence it will be difficult for the bank to make profit and grow further.

Table 3: Intrinsic value as per NPA of banking stock

| | Canara bank | Bank of Baroda | PNB | SBI | HDF C | ICICI | Kotak Bank | Axis bank |
|----------------------------------------------------------------------|----------------------|----------------|----------|----------|----------|----------|------------|-----------|
| NPA | 3.34 | 2.3 | 4.09 | 1.82 | 1.33 | 1.67 | 1.28 | 1.27 |
| Rank as per NPA | 7 | 6 | 8 | 5 | 3 | 4 | 2 | 1 |
| retail shareholders | | | | | | | | |
| 2025 | 14.7 | 8.8 | 9.5 | 7.5 | 15.8 | 9.1 | 12.3 | 7.0 |
| 2.24 | 12.1 | 7.3 | 9.7 | 7.4 | 18.6 | 9.8 | 13.1 | 7.8 |
| Diff in number in% | 2.6 | 1.5 | -0.1 | 0.2 | -2.8 | -0.7 | -0.8 | -0.8 |
| | increase | increase | decrease | increase | decrease | decrease | decrease | decrease |
| | 1 | 2 | 4 | 3 | 8 | 5 | 6 | 7 |
| Correlation | -0.8 | | | | | | | |
| | negative correlation | | | | | | | |
| <i>Data value source: nse.in & screener.in dated 05 Dec 2024</i> | | | | | | | | |
| <i>Calculations source: Researcher</i> | | | | | | | | |

The NIM (net interest margin) represents the value of the interest rate margin between lending and borrowing rates for bank. The interest rate at which the bank lends its money and the interest rate at which the bank gives to its deposits reflects the financial position of the bank. A higher value of the NIM is considered as good for financial health of the bank.

Table 4: Intrinsic value as per NIM of banking stock

| | Canara bank | Bank of Baroda | PNB | SBI | HDFC | ICICI | Kotak Bank | Axis bank |
|----------------------------------------------------------------------|----------------------|----------------|----------|----------|----------|----------|------------|-----------|
| NIM | 2.8 | 3.1 | 2.97 | 3.15 | 3.46 | 4.32 | 4.97 | 3.97 |
| Rank as per NIM | 8 | 6 | 7 | 5 | 4 | 2 | 1 | 3 |
| retail shareholders | | | | | | | | |
| 2025 | 14.7 | 8.8 | 9.5 | 7.5 | 15.8 | 9.1 | 12.3 | 7.0 |
| 2.24 | 12.1 | 7.3 | 9.7 | 7.4 | 18.6 | 9.8 | 13.1 | 7.8 |
| Diff in number in% | 2.6 | 1.5 | -0.1 | 0.2 | -2.8 | -0.7 | -0.8 | -0.8 |
| | increase | increase | decrease | increase | decrease | decrease | decrease | decrease |
| | 1 | 2 | 4 | 3 | 8 | 5 | 6 | 7 |
| Correlation | -0.7 | | | | | | | |
| | negative correlation | | | | | | | |
| <i>Data value source: nse.in & screener.in dated 05 Dec 2024</i> | | | | | | | | |
| <i>Calculations source: Researcher</i> | | | | | | | | |

The CAR (cash adequacy ratio) represents the financial health and stability of the banking company. Banking companies need to have a continuous cash flow. Cash is uniquely the product, work in process and finished good of the banking company. Higher is the CAR better is the financial health of the bank.

Table 5: Intrinsic value as per CAR of banking stock

| | Canara bank | Bank of Baroda | PNB | SBI | HDF C | ICIC I | Kotak Bank | Axis bank |
|----------------------------------------------------------------------|----------------------|-----------------------|------------|------------|--------------|---------------|-------------------|------------------|
| CAR | 16.44 | 15.96 | 15.41 | 14.25 | 19.6 | 16.55 | 17.07 | 22.2 |
| Rank as per CAR | 5 | 6 | 7 | 8 | 2 | 4 | 3 | 1 |
| retail shareholders | | | | | | | | |
| 2025 | 14.7 | 8.8 | 9.5 | 7.5 | 15.8 | 9.1 | 12.3 | 7.0 |
| 2.24 | 12.1 | 7.3 | 9.7 | 7.4 | 18.6 | 9.8 | 13.1 | 7.8 |
| Diff in number in% | 2.6 | 1.5 | -0.1 | 0.2 | -2.8 | -0.7 | -0.8 | -0.8 |
| | increase | increase | decrease | increase | decrease | decrease | decrease | decrease |
| | 1 | 2 | 4 | 3 | 8 | 5 | 6 | 7 |
| Correlation | -0.8 | | | | | | | |
| | negative correlation | | | | | | | |
| <i>Data value source: nse.in & screener.in dated 05 Dec 2024</i> | | | | | | | | |
| <i>Calculations source: Researcher</i> | | | | | | | | |

For hypothesis 4 the multiple regression model is analysed. It relates the effect of more than one independent factors on one dependent variable. It is a statistical method to know the strength of such relationship.

The value of coefficients (b value), p-values and r-squares is observed to derive the interpretation. Coefficient value b represents the gives one value change in dependent value for one value change in the independent keep all other variables at one level. Value of 'p' reflects the probability of the no relationship among the dependent variable due to independent variables. Low p-value, less than 0.05 is considered a good relationship among the predictor values and dependent variables. The r-squared value predicts the amount of relationship in the predictor and dependent variables.

Table 6: Interpretation of variables & values of regression

| Dependent variable | Independent variable | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|
| Retail shareholders | NPA | NIM | CAR | P/B ratio |
| Intercept: 10.2025, p-value: 0.4693 | | | | |
| R ² : 0.4483 | | | | |
| | Coefficient for Feature 1: - 0.8481, p- value: 0.6143 | Coefficient for Feature 2: -2.1385, p-value: 0.3300 | Coefficient for Feature 3: -0.2424, p-value: 0.6304 | Coefficient for Feature 4: 1.7170, p-value: 0.3523 |
| An R-squared value of 0.44 (or 44%) means that 44% of the variance in the dependent variable can be explained by the independent variables in the model. In other words, the model accounts for 44% of the variation in the outcome. | | | | |
| Since $p > r$ square it means that we can generalise that retail investors do not pay much attention to the fundamental analysis through financial data analysis to understand the stock performance. | | | | |
| Data value source: nse.in & screener.in dated 05 Dec 2024 | | | | |
| Calculations source: Researcher | | | | |

The p-value of 0.47 means that the data is not statistically significant and corresponding value of 0.44 means that data represents the data has moderate level of significance. Hence null hypothesis can not be rejected. Therefore, the hypothesis that retail investors do not pay much attention to the fundamental analysis principles to understand the intrinsic value of the shares. There is a need of more awareness and financial learning for retail investors to align their investment strategies with basic stock investment principles.

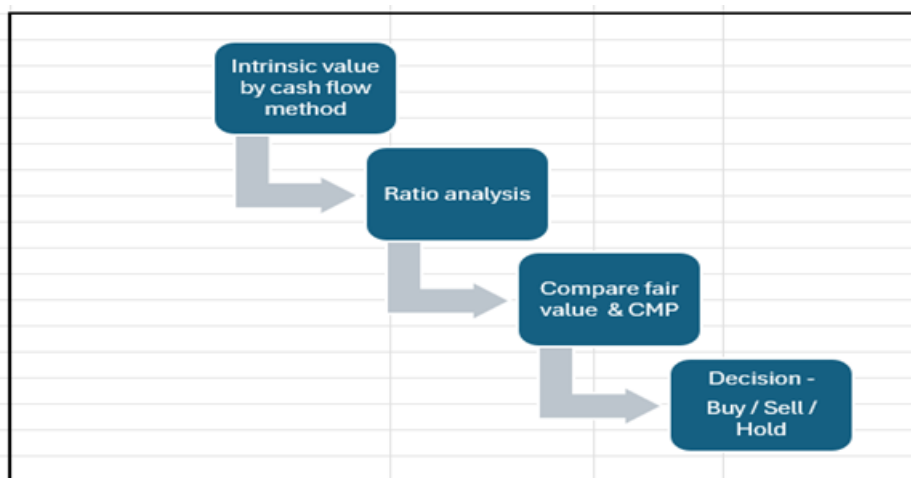


Figure 2: Valuation model for banking stocks:

Model source: Researcher

RESULTS & DISCUSSION

The objective 1 pertains to the choice of the banking sector as the most favoured stock of the retail investors. The study concludes that 32 % of the retail investors have put in their most of the stock investments into financial and banking sector. The next preferred sector for investment is NBFC's which is preferred by 11% only. Hence it clearly establishes that null hypothesis is rejected, and alternate is accepted. The retail investors have a striking like for banking sector for investment.

The objective 2 is studied through two hypotheses, 2 & 3. For hypothesis 2 the intrinsic value is calculated through the modified Graham number method. It identified that out of the eight banking stocks studied, Canara bank, Bank of Baroda and Punjab National bank's stocks are undervalued. The stocks are being traded at a lower value than the intrinsic value of the share. While the shares of other five banks that is State Bank of India, HDFC bank, ICICI bank, Kotak Mahindra bank and Axis bank are overpriced. Most overvalued share is ICICI bank and most undervalued share is Canara bank. The values also indicates that the banking shares current market price is not related to the intrinsic value of the shares. Hence the null hypothesis is accepted.

The current market price of the share is calculated by financial ratio analysis. P/B value of less than 1 is considered as undervalued and vice versa. As per P/B ratio it is found that Canara bank is undervalued, Bank of Baroda and PNB are fairly valued at CMP while SBI, HDFC, ICICI, Kotak and Axis bank are overpriced. The change in investors number in consecutive years of the month of 2024 and 2025 is found. The value of correlation for both the sets of P/B value and increase/decrease in the number of retail shareholders is calculated it found as negatively correlated. Theoretically the practice should be that better priced the share is more should be the participation. It is recommended that investors should invest into fair value shares. But here it is observed that retail investors are inconsiderate to the P/B value of the banking stock. Hence null hypothesis is accepted, and alternate hypothesis is rejected.

The NPA of the banks and participation of retail investors highlighted that retail investors have negative correlation. Retail investors don't pay attention to the value of NPA for the banking companies. Theoretically, higher the NPA of the bank, riskier is the investment.

According to the correlation between NIM value and change in number of retails investors it is found negative. Theoretically higher the NIM value better is the bank so more should be the inclination to buy quality banking stock. But the negative correlation here informs that stock investor are not following the direction positively.

Higher the CAR value better is the bank. But it is found that change in number of retail investors and CAR value shows negative correlation. Hence null hypothesis is accepted, and alternate hypothesis is rejected.

Multiple regression test indicated a 44% value of the r square. It confirmed that 44% of the data values resonates with the calculated ones. Hence the model confirms the 44% values in the selected responses.

RECOMMENDATIONS & LIMITATIONS

The detailed statistical study revealed that as per general principles of financial data analysis, a profitable

company should be selected for future wealth creations. the investors should practice studying the fundamental analysis of the stocks to make more informed decisions. Though financial principles states that higher is the risk higher is the return. But it also states that risk should be taken in calculated ways and on healthy stocks.

The study is limited to few respondents only. Increasing the number of respondents can further validate and extend the results better. Also, the study can further be conducted to elaborate relationship in more historical value to adjudge the relationship among financial parameters and stock price movements.

FUTURE SCOPE

Further studies can be conducted to elaborate relationship in more historical value to adjudge the relationship among financial parameters and stock price movements. Also, the respondents can be studied according to the duration of the investments in a banking stock.

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