
ABSTRACT

Movement of the indices of stock market is sensitive to the changes for the fundamentals of an economy, firm's competitiveness, profitability & potential of industry. An investment decision is a trade off between risk and return. Investments in securities are revocable, investment ends are transient & investment environment is fluid, the reliable bases for reasoned expectations become more and more vague as one conceives of the distant future. Therefore, investors re-appraise and re-evaluate their various investment commitments regularly due to the new information. Investment choices are made at some point of time in accordance with the personal investment ends and in contemplation of an uncertain future. This study analyses the behaviour of selected Sensex stocks by considering fundamental and technical analyses to find out the real worth of a security by considering changes.

In this direction, impact of various macroeconomic indicators on stock price and nature of volatility in Indian stock market are investigated to forecast the risk and return available in stock market. This research work compares financial strength and market trends of price to find out the best or least performing industry/company among all selected options and suggests different strategies for improving investment. Investors' perspectives related to the analysis of the decision of investment is analysed to extract the most significant factor which influence the decision of investment. Study also aims to differentiate various groups of investors with respect to investment decision. Opinion about the problems and suggestions regarding the investment in stock market are taken into consideration to develop the improved picture of investment. Various tools like descriptive statistics, vector error correction model, GARCH models, unit root tests, correlation analysis, fixed effect model,

annual growth rate, compound annual growth rate, oscillators, ANOVA, t-test, exploratory factor analysis and cluster analysis are used for the analysis.

Results of the study reveal that index of industrial production, money supply and exchange rate have positive, while inflation has negative impact on Sensex. The speed of adjustment of Sensex for equilibrium is approximately 21% per month. There is an evidence of volatility clustering and time varying nature of volatility of Indian stock market. It is also found that bad news have more impact on returns' volatility than positive surprises. On the basis of results, it can be concluded that Information Technology industry is in the better condition. It is obtained that export earning to sales, liquidity and profitability affect industrial stock returns positively, whereas leverage affects negatively. It is observed that liquidity affects 55.30% and proved as the most important factor. Overall, financial performance of Infosys Ltd., Dr. Reddy's Laboratories Ltd., Mahindra & Mahindra Ltd. and GAIL (India) Ltd. is found satisfactory and shows bullish trend for stock price. Earning per share and price to earning ratio are observed as most influencing factors. According to investors, fundamental and technical analyses are proved valuable appraisal techniques while assessing the stocks of the company. Capital gain is found to be most important factor to affect the investors' decision for investment. The largest chunk of the respondents of this study is of well-informed investors regarding various issues of stock market and has almost every source of information related to stock market for taking rational decisions; hence, this cluster is a cluster of prudent investors.

Keywords: Price behaviour, Sensex, Fundamental analysis, Technical analysis, Investment.