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A STUDY ON PERFORMANCE ANALYSIS OF STOCK MARKET TRENDS IN INDIA

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ABSTRACT

This study analyzes the performance trends of the Indian stock market, focusing on indices like Nifty 50 and Sensex over a five-year period. It examines the effect of macroeconomic factors, investor behavior, and global events on market performance. Using secondary data and basic analytical tools, the study identifies patterns in market movement and evaluates sector-wise performance to assist investors in making informed decisions. This research provides a comprehensive performance analysis of stock market trends in India, focusing on the period from 2019 to 2024. The study investigates how benchmark indices such as Nifty 50 and BSE Sensex have behaved in response to key economic events, including the COVID-19 pandemic, geopolitical tensions, monetary policy changes, and budget announcements. It also examines the sector-wise performance of industries like IT, pharmaceuticals, banking, FMCG, and automobiles, highlighting their individual growth trajectories and contribution to market trends. Using secondary data from NSE, BSE, and financial platforms, the study employs percentage change analysis, trend lines, and comparative sectoral charts to identify key movements and patterns. The analysis reveals that despite intermittent volatility, the Indian stock market showed strong recovery and growth, particularly led by defensive sectors during uncertain periods. It also notes a significant rise in retail investor participation post-2020, aided by digital trading platforms and simplified access to markets. The study contributes to investor awareness by identifying high-performing sectors, major influencers of market volatility, and the evolving nature of stock market dynamics. It offers useful insights for financial analysts, individual investors, and policymakers aiming to understand market behavior and enhance market efficiency through data-driven decisions.

KEYWORDS: Stock Market Trends, Investor Behaviour, Equity Performance

INTRODUCTION

The stock market plays a critical role in the economic development of a country. It reflects investor sentiment and the overall business environment. Analyzing stock market trends helps investors, policymakers, and businesses understand market behavior and make strategic decisions. With economic shifts, pandemics, and policy reforms, Indian stock markets have shown fluctuating trends in recent years. The stock market serves as a vital indicator of a country's economic health and investor sentiment. In India, the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) are the primary platforms that reflect the performance of listed companies across various sectors. Over the years, stock markets have evolved into a

complex system influenced by multiple factors, including domestic policies, global events, Interest rates, inflation, technological advancements, and investor behavior.

The period from 2019 to 2024 has been especially significant for the Indian stock market. It witnessed major disruptions and recoveries—from the COVID-19 pandemic's market crash and rapid rebound, to geopolitical tensions, interest rate fluctuations by central banks, and increased participation from retail investors. Benchmark indices like the Nifty 50 and Sensex have shown both volatility and resilience during this time. This study aims to analyze these stock market trends in detail, focusing on how different sectors have performed, how macroeconomic and global factors have affected investor confidence, and what patterns can be observed from historical data. By understanding these trends, investors and analysts can make better-informed decisions, while policymakers can frame strategies that promote long-term market stability.

PROBLEM STATEMENT

Stock markets are influenced by multiple dynamic factors. Investors often struggle to interpret patterns, especially during volatile periods. This study aims to analyze past trends to understand performance cycles and provide clarity on market movements.

SCOPE OF THE STUDY

- Time Frame: 2019 to 2024
- Focus: Nifty 50, BSE Sensex, Sectoral indices (e.g., IT, Pharma, Banking)
- Geography: Indian stock market only
- Data Type: Historical market data, secondary sources

OBJECTIVES OF THE STUDY

1. To study the historical performance trends of major Indian stock indices.
2. To examine the impact of macroeconomic events on market behavior.
3. To analyze sector-wise movements within the stock market.
4. To identify trends and provide insights for potential investors.

REVIEW OF LITERATURE

Sharma & Patel (2021) investigated the impact of macroeconomic variables such as inflation, interest rates, and GDP growth on Nifty 50. They concluded that GDP growth positively correlates with stock market performance, while inflation has a negative impact.

SEBI (2022) Report on "Retail Participation Post-COVID" highlighted a significant surge in retail investors in the Indian market. It noted that demat accounts more than tripled between 2020 and 2022, driven by digital access, mobile trading apps, and financial awareness.

Ramesh and Thomas (2020) analyzed the sector-wise performance during and after the COVID-19 lockdown. Their study showed that while travel and hospitality stocks declined sharply, the pharma and IT sectors performed exceptionally well due to increased global demand.

Bhalla (2023) emphasized the influence of global cues—such as oil prices, US Federal Reserve policies, and geopolitical events—on Indian stock markets. The research found that foreign institutional investment (FII) inflows/outflows significantly drive short-term volatility.

Jain & Agarwal (2019) explored investor sentiment and behavioral finance in Indian equity markets. They found that market momentum and herd behavior played a key role in driving trading decisions, especially among new investors.

RBI Bulletin (2023) discussed the role of monetary policy and interest rate decisions in shaping stock market expectations, particularly in the banking and real estate sectors.

RESEARCH DESIGN

- Type: Analytical research
- Data Source: NSE, BSE websites, Money control, Yahoo Finance
- Sampling: 5-year historical data of key indices

Tools Used:

- Microsoft Excel

- Moving average & percentage change analysis
- Charts (line & bar) for trend visualization

Tools Used

- Microsoft Excel (for graphing, percentage calculation, trend lines)
- NSE/BSE historical data
- Charting tools (for visual representation)

Investor Behavior Trends (Based on NSE Data)

- Retail investor participation rose 45% post-2020
- Demat accounts grew from 40 million in 2020 to 140+ million by 2024
- High interest in IPOs, especially tech and digital-based companies
- SIP (Systematic Investment Plan) inflow crossed ₹17,000 crore/month in 2024

Detailed Sectoral Trend Analysis

Top-Performing Sectors (2023–2024):

1. Pharmaceuticals:

- Growth due to export demand and R&D investments.
- Defensive sector during economic downturns.

2. Information Technology (IT):

- Strong performance due to global outsourcing and digital transformation.
- Favorable rupee-dollar exchange boosted margins.

3. Banking & Financial Services (BFSI):

- Stable interest income, credit growth revival post-COVID.
- Digital lending and fintech collaboration contributed to positive sentiment.

4. Automobile Sector:

- Growth due to rising rural demand and EV adoption.
- Positive budget incentives supported sales recovery.

Risk Factors in Market Trends

- Geopolitical tensions (e.g., Middle East, Ukraine)
- Crude oil price volatility
- Global recession threats
- Currency fluctuations impacting export-led stocks
- Overvalued IPOs creating speculative bubbles

Possible Future Research Areas

- Post-2025 outlook: impact of AI/ML in algorithmic trading
- Crypto assets and their influence on investor interest in equity
- ESG (Environmental, Social, Governance) investments in Indian markets
- Psychological behavior patterns of Gen Z retail investors.

Macroeconomic Indicators and Market Trends

- Inflation Rates: Lower inflation in 2023–24 supported market stability.
- Repo Rate Movements: RBI hikes affected banking & housing sectors.
- FII/DII Activity: Foreign Institutional Investors pulled out during global rate hikes, but Domestic Institutional Investors (DIIs) supported market.

FINDINGS

- The Nifty 50 and Sensex showed consistent growth, with dips only during major global disruptions.
- Pharma and IT sectors outperformed in post-pandemic recovery.
- Banking and Auto sectors showed cyclical growth patterns.
- Market is highly responsive to global cues and policy changes.

SUGGESTIONS

1. Investors should diversify across sectors to mitigate risks.
2. Regular analysis of market cycles helps in better timing of investments.
3. Retail investors should follow market news and use reliable tools for analysis.

4. SEBI and financial institutions should enhance investor education.

CONCLUSION

Stock market performance is shaped by a complex mix of economic, political, and social factors. Trend analysis helps decode patterns and enables better investment strategies. With proper data tracking and sectoral understanding, both new and seasoned investors can benefit from market movements.

LIMITATIONS OF THE STUDY

- Based only on secondary data, no primary investor survey included
- Focused on Indian markets; global comparatives not studied in-depth
- Past trends may not predict future due to market unpredictability

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