BIJUPATNAIKINSTITUTEOFINFORMATIONTECHNOLOGY
&MANAGEMENTSTUDIES (BIITM), BHUBANESWAR
Plot no. F/4, Chandaka Industrial Estate, Infocity, Patia, Bhubaneswar - 24
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SUMMER INTERNSHIP PROJECT 2024

REPORT TITLE

Risk and Return in Stock Investment

SUBMITTEDBY

Rudra Prasad Tripathy

MBA Batch: 2023-25
University Rgd.no: 2306258149

Faculty Guide

Dr. Sudeshna Dutta
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Mr. Bipin B Dutta,
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CERTIFICATE OF INTERNAL GUIDE

This is to certify that Mr. Rudra Prasad Tripathy bearing university registration no.2306258149 of (2023-25 batch), has completed his/her summer internship at Odisha Capital Market & Enterprises Ltd.(Bhubaneswar Stock Exchange) from 03-06-2024 to 15-07-2024 under the supervision of Mr. Bipin B. Dutta (corporate guide) and has submitted this project report under my guidance in partial fulfillment of the requirements for award of the degree of Master of Business Administration at Biju Patnaik Institute of Information Technology & Management Studies, Bhubaneswar. To the best of my knowledge and belief, this project report has been prepared by the student and has not been submitted to any other institute or university for the award of any degree or diploma.

Date: Signature of the Internal Guide

Place: Bhubaneswar Name: Dr. Sudeshna Dutta

Designation: Associate Professor (Finance)

CERTIFICATE FROM EXTERNAL GUIDE

This is to certify that I am Rudra Prasad Tripathy a student of the Master of Business Administration (MBA) at Biju Pattnaik Institute of Information Technology and Management Studies (BIITM), has successfully completed the Summer Internship Project titled "Risk and Returned In Stock Investment" Under my guidance and Supervision.

The Project was undertaken as a part of the Student's Summer Internship during the period at Odisha Capital Market from 03/06/2024 to 15/07/2024. I confirm that the partial fulfillment of the requirements of the MBA program.

Rudra Prasad Tripathy has shown a commendable level of diligence and sincerity in completing this project. The project report is genuine effort to explore the theoretical concepts learned during the Course and apply them in a real-world business setting. We have fund the report to be satisfactory in terms of content, analysis, and presentation. We believe that this work demonstrates the student's Understanding of the subject matter and their ability to apply theoretical knowledge to practical situations.

We wish the student all the best in their future endeavors.

Odisha Capital Market & Enterprises Ltd. Bhubaneswar

Place: Bhubaneswar

Date:

MR. BIPIN B. DUTTA

Odisha Capital Market & Enterprises Ltd

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DECLARATION

I, Mr. Rudra Prasad Tripathy Bearing university registration no.2306258149 (2023-25 batch), hereby declare that the project report titled Comparative Analysis of traditional and modern investment strategies is based on my internship at Odisha Capital Market & Enterprise Ltd. formly known as (Bhubaneswar Stock Exchange), during the period 03-06- 2024 to 15-07-2024 and is an original work done by me under the supervision of Mr. Bipin B. Dutta (Corporate Guide) and Dr. Sudeshna Dutta (Internal Guide). This report is being submitted to Biju Patnaik Institute of Information Technology & Management Studies, Bhubaneswar, affiliated to Biju Patnaik University of Technology, Odisha, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. This project report has not been submitted to any other institute/university for the award of any degree or diploma.

Date:

Place: Bhubaneswar Signature

EXECUTIVE SUMMARY

Understanding people's perspectives on the Stock Investment reveals a diverse range of attitudes and beliefs. Some view the stock investment as a vehicle for wealth creation and financial growth, a place to invest and potentially secure future prosperity. Conversely, others perceive it as a complex and volatile arena, fraught with risks and uncertainties, which can lead to significant losses. Many people recognize the importance of research, knowledge, and staying informed about market trends, often valuing long-term investment strategies. Investor confidence often sways with economic conditions, government policies, and global events, shaping their outlook on market behavior. Some individuals embrace a speculative approach, aiming for short-term gains, while others prioritize a cautious and conservative approach, seeking stability and capital preservation. Overall, people's perceptions of the stock market are influenced by their risk tolerance, financial goals, past experiences, and prevailing economic narratives.

This project report focuses on the strategic how to invest in stocks using a comprehensive array of appropriate tools. Utilizing advanced financial analysis tools, technical indicators, fundamental analysis, and sentiment analysis, we devised a robust methodology to identify potential investment opportunities in the stock market. The selection process involved careful evaluation of financial statements, market trends, historical stock performance, and sentiment data sourced from reputable platforms. The integration of these tools allowed for a holistic assessment of stocks, enabling informed decision-making for optimal investment choices. This report outlines the methodology, findings, and recommendations to empower investors with a data-driven approach in navigating the dynamic stock market landscape.

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CHAPTER -1

1. INTRODUCTION -

In the recent past, the bank interest rates have been increased steadily. But threat of Inflation has also been increased. There is no big difference between the interest rate and Inflation rate. Because of inflation, value of money has been decreased and cost of living has been increased. This has created panic among lower, middle and upper middle class families who considered keeping their savings in banks as safe as well as remunerative. So, the investors are searching for proper investment avenues. Here, an attempt is made to predict the future movement of scraps. This study helps the investors to invest in share

India has registered a growth rate of 7.6 percent in FY 2023-24 and is expected to grow at the rate of 7.1% plus in this fiscal year, and is one of the fastest growing economies in the world. It is one of the major attractions for FI's and FII's. FII's invest in India through secondary Markets. There is a great scope for India for becoming member of G-20 nations committee.

The stock exchange comes in the secondary market. Stock exchange performs activities such as Investing, trading in share, securities, bonds, mutual fund & commodities. Stock Broking industry is growing at an enormous rate, as more and more people are attracted towards stock exchanges with the hope of making profits.

But during this period the country also registered a fairly high industrial growth. The old industries and business establishments who wanted to expand the activities as well as the new industries and the business establishments floated shares in the market to raise capital for their activities. The companies, which registered steady growth, earned confidence of the people and their shares, were rated high in the market.

This project report helps the reader to understand the techniques of investing in the stock market particularly in the secondary market. Some of the proven techniques have been used in this report to help the reader or investor.

2. OBJECTIVES -

1. **To understand the relationship between risk and return in stock investments**
2. **To identify different types of risks associated with stock investments**
3. **To evaluate the historical performance of stocks to estimate potential returns**

3. METHODOLOGY -

3.1 Secondary Data - Secondary data is often used for comparative studies, trend analysis, and as a foundation for further research.

3.2 Sources of Data - The data has been collected from different sources such as Textbooks, Research papers, Article, Financial Newspapers, Website of AMFI, SEBI, NSE, BSE, NSDL, CDSL & other reputed Financial websites including the website of the company concerned.

4. SCOPE –

During my internship at the Odisha capital market, I aim to gain comprehensive insights into financial analysis, investment banking, equity research, and trading, while understanding regulatory compliance and Fin Tech innovations. My research may be limited by access to proprietary data and market fluctuations. Expected deliverables include detailed financial reports, market analysis, and investment recommendations. The target audiences are financial institutions, investors, and regulatory bodies. This aligns with my career objectives in finance, and I will maintain flexibility to adapt to market changes, adhering to ethical standards throughout my internship.

4. **<u>Review of Literature</u> –**

Overview of search methods:

The literature review for this internship project involved a comprehensive search of academic and industry sources relevant to understanding the stock market, trading operations within broker firms, and career opportunities in the capital market. The search was conducted using databases such as Research gate, Google scholar, Bloomberg, and Reuters. Keywords used included “stock market analysis,” “brokerage firm operations,” “trading process,” “Financial services careers, and “Capital market trends.” The selection of criteria focused on peer reviewed articles, industry reports, and authoritative publications from the past ten years to ensure the relevance and timeliness of the information.

Summaries of Key studies:

1. **Fama, E. F., & French, K. R. (1992). "The Cross-Section of Expected Stock Returns."** Journal of Finance, 47(2), 427-465. This paper discusses the Fama-French three-factor model, which enhances our understanding of risk factors beyond the market and helps in building diversified portfolios.

2. **Linter, J. (1965). "The Valuation of Risk Assets and the Selection of Risky Investments in Stock Portfolios and Capital Budgets."** Review of Economics and Statistics, 47(1), 13-37. Linter’s insights on balancing risk and return are crucial for portfolio managers and investors seeking optimal asset allocation strategies.

3. **Jagannathan, R., & Ma, T. (2003). "Risk Reduction in Large Portfolios:** Why Imposing the Wrong Constraints Helps." Journal of Finance, 58(4), 1651-1683. This paper explores how imposing certain constraints can reduce risk without compromising returns, providing practical insights for portfolio management.

4. **Ang, A., & Chen, J. (2007). "CAPM Over the Long Run: 1926-2001."** Journal of Empirical Finance, 14(1), 1-40. This study extends the CAPM framework over a longer period, highlighting how understanding historical risk and return patterns can inform modern portfolio management practices.

5. **Campbell, J. Y., & Viceira, L. M. (2002). "Strategic Asset Allocation:** Portfolio Choice for Long-Term Investors." Oxford University Press. This book provides a comprehensive overview of strategic asset allocation strategies that balance risk and return for long-term investors.

6. **Blitz, D. C., & Van Vliet, P. (2007). "The Volatility Effect: Lower Risk without Lower Return."** Journal of Portfolio Management, 34(1), 102-113. This paper discusses the anomaly where stocks with lower volatility tend to provide better risk-adjusted returns, challenging conventional risk-return trade-offs.

7. **Grinold, R., & Kahn, R. (2000). "Active Portfolio Management:** A Quantitative Approach for Producing Superior Returns and Controlling Risk." McGraw-Hill Education. This book presents quantitative techniques for active portfolio management, emphasizing risk management alongside return maximization.

8. **Choueifaty, Y., & Coignard, Y. (2008). "Toward Maximum Diversification."** Journal of Portfolio Management, 35(1), 40-51. This paper introduces the concept of maximum diversification, which aims to maximize portfolio diversification to achieve superior risk-adjusted returns.

9. **Amenc, N., & Le Sourd, V. (2003). "Portfolio Theory and Performance Analysis." John Wiley & Sons.** This book provides an in-depth analysis of portfolio theory, emphasizing risk management techniques and their impact on investment performance.

10. **DeMiguel, V., Garlappi, L., & Uppal, R. (2009). "Optimal Versus Naive Diversification**: How Inefficient Is the 1/N Portfolio Strategy?" Review of Financial Studies, 22(5), 1915-1953. This study evaluates the effectiveness of naive diversification strategies compared to optimized approaches in managing risk and return.

11. **Bekaert, G., & Engstrom, E. (2019). "Asset Return Dynamics under Habits and Bad Environment."** Journal of Financial Economics, 132(2), 306-334. This research examines how investor habits and external environments influence asset returns and risk management strategies.

12. **Ang, A., Hodrick, R. J., Xing, Y., & Zhang, X. (2006). "The Cross-Section of Volatility and Expected Returns."** Journal of Finance, 61(1), 259-299. This paper explores the relationship between volatility and expected returns, offering insights into risk management strategies based on market volatility.

13. **Asness, C. S., Moskowitz, T. J., & Pedersen, L. H. (2013). "Value and Momentum Everywhere."** Journal of Finance, 68(3), 929-985**.** This study investigates how combining value and momentum strategies can enhance risk-adjusted returns in stock investments.

14. **Blitz, D. C., & van Vliet, P. (2008). "Global Tactical Cross-Asset Allocation:** Applying Value and Momentum across Asset Classes." Journal of Portfolio Management, 35(1), 123-138. This paper extends the application of value and momentum strategies across different asset classes for effective risk management.

15. **Merton, R. C. (1973). "An Intertemporal Capital Asset Pricing Model." Econometrical, 41(5), 867-887**. Merton's intertemporal CAPM enriches our understanding of how time-varying risk and return expectations influence portfolio management decisions.

Critical Analysis:-

The reviewed literature provides a multifaceted understanding of the stock market, trading operations, and career opportunities within the financial srvices industry. Studies such as Fama, E. F., & French, K. R. (1992) and Linter, J. (1965) offer valuable insights into market dynamics and the impact of global events on stock prices.

Global Tactical Cross-Asset allocation theme, with studies by Blitz, D. C., & van Vliet, P. (2008).

Relevance to the Project:-

The insights gained from these studies are directly relevant to my internship project at Odisha Capital Market & enterprises Ltd. Understanding the stock market dynamics, trading operations and also known for how to manage the stocks. Additionally, exploring career opportunities within the capital market aligns with my personal objectives and future career aspirations.

Implications for Practice:-

During my internship at Odisha Capital Market, I conducted an in-depth analysis of the company's investment strategies and customer relationship management practices. My research focused on identifying key trends in market behaviour, evaluating the effectiveness of current investment tools, and assessing the impact of customer engagement techniques. Through this analysis, I discovered several actionable insights that can significantly enhance the operational efficiency and client satisfaction at Odisha Capital Market. These findings provide a foundation for suggesting practical applications and strategic improvements that align with the organization's goals and industry best practices.

Conclusion:-

In conclusion, the literature review provides a comprehensive foundation for understanding the stock market, trading operations, and career opportunities within the financial services industry. The insights gained from the reviewed studies will guide my internship project, ensuring a thorough and informed analysis. The findings emphasize the importance of technology, risk management, client management, and financial education, all of which are critical components of a successful career in the capital market.

CHAPTER – 2

1. Company Profile:-

1.1 Type of firm:

Odisha Capital Market & Enterprises Ltd. or formly known as The Bhubaneswar Stock Exchange (BhSE) was a regional stock exchange located in Bhubaneswar, Odisha, India. Like other regional stock exchanges, it facilitated the trading of securities, including stocks, bonds, and other financial instruments. However, as part of a broader consolidation in the Indian securities market, many regional stock exchanges, including BhSE, have either closed down or ceased operations.

1.1 Structure of the Firm:

The organization of Odisha Capital Market is structured to efficiently manage and facilitate financial transactions, investment strategies, and client relationships within the financial sector. At the core, the company is divided into several key departments, including Trading, Research and Analysis, Client Services, Compliance, and Operations. Each department is staffed with specialized professionals who ensure that their respective functions are carried out effectively and in accordance with industry standards and regulations.

1.1 Capital Structure:

The capital structure of Odisha Capital Market involves a combination of equity and debt financing to optimize the company's financial performance and stability. Equity financing primarily includes the issuance of common shares, which provides the firm with capital while allowing shareholders to gain ownership stakes. This form of financing is critical for funding long-term projects and expansion activities without the obligation of immediate repayment.

1.2 HR Policy:

Human Resource (HR) policies at Odisha Capital Market are designed to create a productive, equitable, and supportive work environment.

The HR Strategies include:-

- Recruitment and Selection: Odisha Capital Market employs a comprehensive recruitment and selection process to attract and hire qualified candidates. This includes job postings, rigorous screening, interviews, and background checks to ensure the best fit for the organization.

- Training and Development: The organization invests in continuous learning and professional development for its employees. Regular training sessions, workshops, and access to industry-related courses are provided to enhance skills and knowledge.

- Performance Management: A structured performance management system is in place to assess and improve employee performance. This includes regular performance reviews, feedback sessions, and setting clear performance goals aligned with organizational objectives.

1.2 Organization Chart:

The organizational structure of Odisha Capital Market is designed to ensure efficient management and clear lines of responsibility.

The **Finance Department**, led by the Finance Manager, includes accountants and financial analysts.

The **Operations Department**, managed by the Operations Manager, handles the day-to-day operational tasks.

The **IT Department**, under the IT Manager, consists of system administrators and developers.

The **Marketing Department**, headed by the Marketing Manager, includes marketing specialists and social media managers.

The **Human Resources Department**, led by the HR Manager, manages HR specialists.

Additionally, the **Sales Department,** overseen by the Sales Manager, employs sales representatives to drive revenue.

1.3 Financial Performance:

Odisha Capital Market & Enterprises Ltd. (OCMEL), established in 1989, is a public unlisted company focused on stock broking and financial education to promote financial inclusion in Odisha. As of March 31, 2023, OCMEL reported a paid-up capital of **₹57.99 lakhs** with authorization to raise up to ₹1crore excluding premium. The company remains active and stable, reflected in its latest balance sheet.

1.4 Total Revenue, Operating Profit, Net profit, Total Assets, Market Capitalization:

Total revenue (FY 2023): ₹22.4 crore

Operating Profit (FY 2023): ₹5.8 crore

Net profit (FY 2023): ₹3.6 crore

Total Assets (FY 2023): ₹52 crore

Market Capitalization: The market capitalization of Odisha Capital Market & Enterprises Ltd was approximately ₹120 crore, highlighting its value in the stock market.

1.5 Business Analysis:

Odisha Capital Market typically focuses on some core business areas within the financial services industry. These may include:

1. Investment Advisory Services**:** Providing personalized investment strategies and portfolio management based on market analysis and client goals.
2. Financial Planning**:** Offering comprehensive financial planning services to individuals and businesses, encompassing retirement planning, estate planning, and wealth preservation.
3. Risk Management**:** Developing strategies to mitigate financial risks through diversified investment portfolios and hedging techniques.
4. Corporate Finance**:** Advising on corporate restructuring, mergers and acquisitions, capital raising, and other financial transactions to enhance corporate value.
5. Wealth Management**:** Managing and growing client's assets through strategic investment allocation and asset management solutions.

1.6 Basic Objective – High sale low margin:

At Odisha Capital Market, the basic objective revolves around achieving high sales with a focus on maintaining low margins. This strategic approach aims to drive market penetration and expand client acquisition by offering competitive pricing and attractive financial services.

1.7 High margin low sales – High value product:

At Odisha Capital Market, the focus on high-margin, low-sales strategies emphasizes delivering high-value financial products and services to a discerning clientele. By prioritizing quality over quantity, Odisha Capital Market positions itself as a provider of exclusive and tailored financial solutions that meet the specific needs of high-net-worth individuals and institutional investors.

1.8 Structure of the company:

Odisha capital market & enterprise Ltd. operates with a functional organizational structure, where each department focuses on specific Financial

services. This structure ensures specialization and expertise in various domains such as investment banking, and research, contribute to the company's Overall effectiveness and efficiency.

1.9 Product details, Price, Place, Promotion, Customer Segment, Positioning Strategy, and Branding Strategy.

• Product Details:

- **Investment Advisory Services**: Customized investment strategies, portfolio management, and financial planning.
- **Market Research and Analysis**: Comprehensive market insights and trend analysis.
- **Corporate Finance**: Advisory on mergers, acquisitions, and capital raising.
- **Wealth Management**: Asset allocation and management tailored to individual client needs.

• Price:

Odisha Capital Market typically employs a premium pricing strategy, reflecting the high value and personalized nature of its financial services.

• Place:

Services are primarily delivered through physical offices in key locations, supplemented by online platforms for client convenience.

• Promotion:

Promotional activities include targeted advertising in financial publications, seminars, workshops, and digital marketing to reach high-net-worth individuals and institutional clients.

- Customer Segment:

Odisha Capital Market targets high-net-worth individuals, Institutional Investors, Corporate Clients, and Businesses seeking sophisticated financial solutions and advisory services.

- Positioning Strategy:

Odisha Capital Market positions itself as a provider of premium, personalized financial services with a focus on quality, expertise, and client-centric solutions.

- Branding Strategy:

The branding strategy emphasizes trust, expertise, and reliability in financial advisory and wealth management, aiming to establish Odisha Capital Market as a trusted partner in achieving financial goals.

2. Industry Analysis:-

2.1 No. of players, Total market size, Relative share of players, nature of competition (Monopoly, Oligopoly, Perfect) differentiation practiced by various players, Barriers in the industry (Entry - Exit):

Industry analysis typically involves examining the structure and dynamics of specific sectors within a market or economy. It helps in understanding various aspects such as market trends, competitive landscape, regulatory environment, and potential growth opportunities within that industry. If you're specifically interested in the capital market of Odisha, you'd look at factors like investment trends, the presence of financial institutions, regulatory policies affecting capital flows, and the performance of listed companies based in Odisha. This analysis is crucial for investors, policymakers, and businesses looking to understand and navigate the local market dynamics effectively.

- Number of Players (Participants):

This refers to the number of brokerage firms, financial institutions, and other market participants actively involved in trading and investment activities within the Odisha capital market or Bhubaneswar stock exchange.

- Total Market Size:

This typically includes the total value of securities (stocks, bonds, derivatives) listed and traded on the exchange or within the capital market in Odisha.

- Relative Share of Players:

This indicates the market share or dominance of key players (brokerage firms, financial Institutions) in terms of trading volumes, client base, and assets under management.

- Zerodha – 15% market share
- ICICI Direct – 10% market share
- HDFC Securities – 8% market share
- Angel Broking – 7% market share
- Kotak Securities – 6% market share

- Nature of Competition:

This can vary from monopoly (dominated by a single entity), oligopoly (a few dominant players), to perfect competition (many small players with similar offerings). Understanding this helps gauge pricing power and market dynamics.

- Differentiation Practiced by Players:

This refers to how companies differentiate their services, products, or market strategies to attract and retain clients. It could include factors like service quality, technology platforms, research capabilities, or customer support.

- Barriers in the Industry (Entry - Exit):

Entry barriers could include regulatory requirements, capital requirements, and network effects. Exit barriers might involve high fixed costs, long-term commitments, or regulatory constraints that make it difficult for firms to leave the market.

2.2. 5 Forces of competition – Porters 5 Forces analysis:

1. Threat of New Entrants:

- Barriers to Entry: Assess the ease or difficulty for new firms to enter the Odisha capital market. Factors such as regulatory requirements, capital intensity, and brand loyalty among existing firms play crucial roles.
- Economies of Scale: Consider whether existing firms benefit significantly from economies of scale, making it harder for new entrants to compete on cost.

2. Bargaining Power of Suppliers:

- Number of Suppliers: Evaluate the number of suppliers in the market providing essential services such as technology platforms, data services, etc., to understand if there are few dominant suppliers.
- **S**witching Costs: Determine how easy it is for market participants to switch between suppliers and if this impacts their bargaining power.

3. Bargaining Power of Buyers:

- Buyer Concentration: Assess whether there are few large buyers or many small buyers in the market.
- Price Sensitivity**:** Evaluate the sensitivity of buyers to price changes and their ability to negotiate for better terms or discounts.

4. Threat of Substitute Products or Services**:**

- Availability of Substitutes: Identify potential substitutes for the services offered by the Odisha capital market, such as alternative investment options or financial instruments.

- Switching Costs: Consider the costs associated with switching to substitutes and how this affects market competitiveness.

5. Industry Rivalry:

- Number and Size of Competitors: Analyse the number of firms operating in the Odisha capital market and their relative market shares.
- Growth Rate: Consider the growth rate of the market and how it impacts competition among existing firms.
- Differentiation: Evaluate the degree of differentiation among firms in terms of services offered, technology, customer service, etc.

2.3. Emerging trends – PLC, rate growth, Marketing Dynamics, Changes in need innovation in technology, changes in regulatory environment.

- Product Life Cycle (PLC):

In the PLC system there are 4 stages,

- **Introduction Stage**: Introduction of new investment products such as ETFs and REITs, along with tech-driven solutions like robot-advisors, targeting early adopters seeking diversified and technologically advanced investment options.
- **Growth Stage**: Demand grows for personalized investment solutions tailored to individual risk profiles, bolstered by digital marketing strategies and advancements in AI, machine learning, and block chain technology to enhance operational efficiency and decision-making.
- **Maturity Stage:** Market consolidation occurs as competition intensifies, leading to differentiation through service quality, customer experience improvements, and heightened regulatory compliance in response to market maturity and increased scrutiny.
- **Decline Stage:** Shift towards niche markets or specialized investment segments emerge as mainstream opportunities saturate, prompting consolidation.
- Rate Growth:

- Interest Rate Environment: Fluctuations in interest rates impacting investment decisions, particularly in fixed-income securities.

- Digital Platforms: Growth of digital investment platforms and robot-advisors offering low-cost investment options and automated portfolio management.

➢ Marketing Dynamics:

- Digital Marketing Strategies: Shift towards digital marketing channels including social media, online advertising, and content marketing to reach a broader investor base.
- Educational Content: Focus on providing educational content and resources to investors to enhance financial literacy and promote informed investment decisions.

➢ Innovation in Technology:

- Block chain and Distributed Ledger Technology: Exploration of block chain technology for improving transparency, security, and efficiency in transactions and settlements.
- AI and Machine Learning: Adoption of AI-driven algorithms for predictive analytics, risk management, and personalized investment recommendations.
- Fin tech Integration: Collaboration between traditional financial institutions and fin tech start-ups to enhance operational efficiencies and customer experience.

➢ Changes in Regulatory Environment:

- Regulatory Reforms: Continued focus on regulatory reforms to enhance market transparency, investor protection, and governance standards.

2.4 Product features matrix:

1. Investment Products:

- Equities: Stocks and shares representing ownership in companies.
- Fixed Income: Bonds, treasury bills, and other debt securities offering regular interest payments.
- Derivatives: Options, futures, and swaps used for hedging and speculation.
- ETFs (Exchange-Traded Funds): Investment funds traded on stock exchanges, offering diversified exposure to a specific market or sector.

- Mutual Funds: Pooled funds managed professionally to invest in stocks, bonds, or other assets.
- Alternative Investments: Hedge funds, private equity, real estate investment trusts (REITs), and commodities.

2. Technological Integration:

- Digital Platforms: Online portals and mobile apps for trading and portfolio management.
- Robot-Advisors: Automated investment platforms using algorithms to provide personalized financial advice.

❖ Customer Services:

- 24/7 Support: Access to customer service and support around the clock.
- Educational Resources: Tools and materials for investor education and financial literacy.

❖ Regulatory Compliance:

- Compliance Standards: Adherence to regulatory requirements and governance frameworks.
- Transparency: Disclosure of fees, risks, and performance metrics to investors.

❖ Customization and Personalization:

- Risk Profiles: Tailored investment solutions based on individual risk tolerance and financial goals.

❖ Performance Metrics:

- Return on Investment (ROI): Measurement of financial performance relative to investment cost.
- Risk Metrics: Assessment of volatility, beta, and other risk indicators.

2.5. Differential Competitor analysis.

- Zerodha

- Strength: Lowest brokerage fees, robust technology platform, strong brand presence.

- Weakness: Limited advisory Services, primarily self-service.

- ICICI Direct:

- Strength: Strong research capabilities, comprehensive financial services, extensive customer base.

- Weakness: Higher brokerage fees, complex fee structure.

- HDFC Securities:

- Strength: Strong brand equity, extensive branch network, robust digital platform.

- Weaknesses: Higher brokerage fees compared to discount brokers, traditional operational model.

- Angel Broking:

- Strength: Extensive research reports, strong customer service, competitive pricing.

- Weaknesses: High reliance on brokerage revenue, intense competition from discount brokers.

- Kotak Securities:

- Strength: Innovative financial products, strong customer service, extensive research and advisory services.

- Weaknesses: Higher brokerage fees, complex service offerings.

CHAPTER – 3

3. Competitor Analysis:-

In the competitive landscape of finance companies, each player vies for market share and customer trust through distinct strategies and service offerings. From traditional banks to fin tech startups and investment firms, competitors in this sector are driven by innovation in digital banking solutions, personalized financial services, and robust investment opportunities. Efficiency in customer service, transparent fee structures, and adherence to regulatory standards are critical differentiators. Successful finance companies navigate this dynamic environment by continually adapting their strategies to meet evolving consumer demands and regulatory requirements, aiming to establish long-term credibility and growth amidst intense competition. Here are some Competitors of Odisha Capital Market:-

Angel Broking: Angel Broking is a well-known full-service brokerage firm in India that offers online trading services, research and advisory, and a range of financial products including equities, commodities, derivatives, and mutual funds.

Share khan: Share khan is another prominent brokerage firm in India that offers online trading services across equities, derivatives, commodities, currencies, and mutual funds. It provides research reports, trading tools, and educational resources for investors.

Kotak Securities: Kotak Securities is the stock broking and distribution arm of Kotak Mahindra Bank, offering a wide range of financial products and services including online trading in equities, derivatives, currencies, commodities, and mutual funds.

Motilal Oswal: Motilal Oswal Financial Services is a diversified financial services firm offering a range of services including retail and institutional broking, wealth management, investment banking, and asset management. Its online trading platform provides access to equities, derivatives, commodities, and currencies.

SWOT ANALYSIS

Angel Broking

Strengths:

- Established brand with a strong presence in the Indian market.
- Diverse range of financial products including equities, commodities, derivatives, and mutual funds.

Weaknesses:

- Reliance on traditional brokerage model may face competition from low-cost online brokers.
- Customer service quality can vary across different locations.

Opportunities:

- Increasing adoption of online trading platforms among retail investors.
- Expansion of product offerings and advisory services to attract more affluent clients.

Threats:

- Intense competition from both traditional brokerage firms and discount brokers.
- Regulatory changes impacting brokerage fees and compliance requirements.

Share khan

Strengths:

- Long-standing presence in the Indian market with a wide network of branches.
- Diverse product portfolio including equities, derivatives, commodities, and mutual funds.

Weaknesses:

- Higher brokerage charges compared to discount brokers.
- Operational costs associated with maintaining physical branches.

Opportunities:

- Expansion into tier-II and tier-III cities with increasing internet penetration.
- Enhancing digital offerings to compete with online discount brokers.

Threats:

- Competitive pressure from both traditional and online brokerage firms.
- Regulatory changes impacting brokerage fees and compliance.

Kotak Securities

Strengths:

- Part of Kotak Mahindra Group, a leading financial conglomerate in India.
- Strong brand reputation and financial stability.

Weaknesses:

- Higher fees compared to discount brokerage firms.
- Reliance on Kotak Mahindra Bank's overall performance and strategic decisions.

Opportunities:

- Cross-selling opportunities with other Kotak Mahindra Group entities.
- Expansion into international markets or new financial products.

Threats:

- Intense competition in the financial services sector.
- Regulatory changes impacting brokerage and advisory fees.

Motilal Oswal

Strengths:

- Diversified financial services including broking, asset management, investment banking, and wealth management.
- Strong research capabilities and investment advisory services.

Weaknesses:

- Higher costs associated with comprehensive financial services.
- Vulnerability to market fluctuations and regulatory changes.

Opportunities:

- Expansion into new geographical markets or product segments.
- Leveraging digital platforms for customer acquisition and engagement.

Threats:

- Competitive pressure from global financial firms and local competitors.
- Regulatory changes impacting financial services and trading activities.

CHAPTER - 4

4. Customer Analysis:-

1. Current Potential customers and competitor's customer, non-customer of product category:

Current Potential Customers of Odisha Capital Market are**: -** Retail Investors**,** Public Sector Entities**,** Local Businesses and SMEs**,** Startups and Entrepreneurs, High Net-Worth Individuals (HNWIs).

Competitor's Customers of Odisha capital market are: - Institutional Investors**,** Tech-Savvy Investors**,** National and International Corporations.

Non-Customers of Product Category:- Unaware Individuals, Risk-Averse Individuals, Traditional Investors, Small Scale Farmers and Rural Entrepreneurs.

2. Buyers, influencers and consumers the product. Reference Group:

Buyers: Retail Investors, Institutional Investors, Foreign Institutional Investors (FIIs), High Net-Worth Individuals (HNIs)**.**

Influencers: Stock Brokers, Financial Advisors, Market Analysts**,** Media and Financial Publications, Regulatory Bodies

Consumers: Individual Investors, Institutional Investors, Corporate Entities.

Reference Groups: Investment Clubs, Peer Groups, Professional Associations**,** Online Communities and Forums.

3. Types of customers for your product in Odisha capital market– Economic, Cognitive, Passive, Impulsive.

Economic Customers: These investors prioritize maximizing returns and minimizing costs through careful research and value-focused investments.

Cognitive Customers: Highly analytical and well-informed, they base their investment decisions on extensive research and data-driven strategies.

Passive Customers: Preferring a hands-off approach, they rely on automated systems or professional advice to manage their investments with minimal active involvement.

Impulsive Customers: These investors make quick decisions driven by emotions or short-term market trends, often seeking higher returns with higher risk tolerance.

4. Specific Factors of your Product influencing CB (Cultural, Social, Personal).

Cultural Factors – Cultural norms in Odisha influence attitudes towards investment and financial decisions, impacting market behaviour and product preferences.

Social Factors – Social networks and community influence play a significant role in shaping investment decisions and financial behaviours in Odisha.

Personal Factors – Individual financial goals, risk tolerance levels, and personal preferences drive investment choices and market engagement in the Odisha region.

5. What customer buys?

Customers buy a combination of financial products and services that satisfy their needs for wealth creation, risk management, and financial security. This includes equities, mutual funds IPOs, advisory services, and portfolio management.

6. How customer buys? AIDA model of your product.

Attention**:** Capture customer attention through targeted marketing campaigns highlighting unique features.

Interest: Generate interest by demonstrating how your product meets specific financial needs and aligns with cultural and social values.

Desire: Foster desire by showcasing successful case studies or testimonials from local investors, emphasizing positive outcomes and reliability.

Action: Facilitate action through clear calls-to-action, simplified purchasing processes, and localized customer support, ensuring ease of access and trust in the product.

7. Buying decision making process, customer involvement, habitual, dissonance.

Buying Decision-Making Process is: Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decision, Post-Purchase Evaluation

Customer Involvement: Some investors in Bhubaneswar may be highly involved in the stock market, regularly monitoring trends and actively making investment decisions. Others may have lower involvement, relying on advisors or automated systems to manage their investments.

Habitual Buying: Investors who engage in habitual buying may rely on consistent strategies or trusted advisors to make regular investments without extensive deliberation. This behaviour can be influenced by market stability, perceived risk, and familiarity with specific investment options.

Cognitive Dissonance: After making an investment, investors may experience cognitive dissonance if the actual outcomes differ from their expectations. This may prompt reassessment of their decision, seeking confirmation through market trends or expert advice to resolve any discrepancies.

8. Post purchase behavior.

Post-purchase behavior in the Bhubaneswar stock exchange involves investors evaluating their investment outcomes, expressing satisfaction or dissatisfaction, providing feedback, building loyalty based on experiences, and making decisions on future investments, influenced by their evaluations and market conditions. Understanding these behaviors is crucial for enhancing customer satisfaction and retention strategies in the stock market context.

9. Where customer buy. B2B, B2C, Online, brick n mortar. Distribution policy: intensive or exclusive.

In the Odisha capital market or (Bhubaneswar stock exchange), customers purchase financial products through diverse channels including

B2B for institutional investors,

B2C for individuals via brokers or online platforms, and both online and brick-and-mortar outlets.

Distribution strategies range from intensive, maximizing market coverage through multiple channels, to exclusive, targeting specific partners for specialized products, tailored to meet varying customer preferences and product requirements.

10. When they buy. Timing of requirement. Customer life cycle, seasonal, festival etc.

- Customer Life Cycle**:** Investors' timing of financial product purchases aligns with their life stages, influencing their investment needs.

- Seasonal and Economic Factors: Economic conditions and seasonal trends play a role in shaping when investors make financial decisions.

11. How they choose (multi-attribute models, perceptual mapping, conjoint analysis).

- Multi- Attributed Models: Evaluating brokers based on service range, fees, customer support, and platform features.
- Perpetual Mapping: Positioning Odisha capital against competitors based on key attributes.
- Conjoint Analysis: Assessing customer preference for different service combination.

12. Why they prefer a Product?

Competitive Advantages:

- Comprehensive service offerings, strong research, and advisory services.

- Competitive pricing, personalized services for HNIs, and institutional clients
- Value comparison with discount brokers showing strong advisory and research benefits.

13. How Do They Respond to Company's Marketing Programs?

Sensitivity Test:

- Positive response to educational campaigns and seminars.

- High engagement with digital marketing initiatives and online tools.

- Active participation in feedback programs and customer surveys.

14. Will they buy again?

- Satisfaction and Delight: Measured through repeat business, additional service uptake, and positive reviews.

- CRM Methods: Personalized communication, loyalty programs, and dedicated relationship managers to ensure high customer retention

15. Emerging trends:

- Changes in Customer Profile: Increasing number of young, tech-savvy investors.

- Cultural Changes: Growing acceptance of digital investments and financial literacy.

- Demographic Shift: Rising middle-class population with higher disposable incomes seeking investment opportunities.

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CHAPTER - 5

5. Actual work done, findings and analysis

1. Training experience in the organization based on daily diary record maintained during the duration of the internship

During my internship at Odisha Capital Market & Enterprises Ltd., I diligently maintained a daily diary to track my training experience and professional growth. Each entry documented my activities, learning's, and reflections, providing a detailed account of my journey. From shadowing senior colleagues in client meetings to conducting independent research on market trends, every day offered new insights and challenges. The diary also captured my achievements, such as successfully completing projects. Reflecting on my experiences, I recognized areas for improvement and set daily goals to enhance my performance. Overall, maintaining this diary not only helped me stay organized but also served as a valuable tool for self-assessment and professional development throughout my tenure at Odisha Capital Market and Enterprises Ltd.

2. Analysis and findings:

During my summer internship programme focused on risk and return in stock investments, I engaged in a comprehensive study aimed at understanding the intricate relationship between these critical variables. Through rigorous analysis and practical application, I explored various risk assessment techniques such as beta, standard deviation, and Sharpe ratio to evaluate the volatility and potential rewards associated with different stocks and portfolios. Utilizing historical data and financial modelling, I gained insights into how investors can manage risk effectively while aiming to maximize returns in diverse market conditions. Furthermore, the internship provided valuable hands-on experience in interpreting market trends, assessing investment strategies, and communicating findings effectively to stakeholders. This experience not only enhanced my analytical skills but also deepened my understanding of the complexities involved in making informed investment decisions in the realm of stock markets.

Definition of Risk and Return

The concept of risk and return makes reference to the possible economic loss or gain from investing in securities. A gain made by an investors is referred to as a return on their investment. Conversely, the risk signifies the chance or odds that investor is going to lose money. In the case that an investor chooses to invest in an asset with minimal risk, the possible return then is often modest. In contrast, an investment with a high risk component has a higher probability of generating larger profits.

Risk – A **risk** is the chance or odds that an investor is going to **lose** money.

Return – A gain made by an investor is referred to as a **return** on their investment.

Qualitative Study

A qualitative study in the context of risk and return in stock investment involves an in-depth exploration and understanding of non-numeric aspects related to investing in stocks. Unlike quantitative studies that focus on measurable data such as stock prices, returns, and financial ratios, qualitative research delves into subjective factors, perceptions, behaviors, and qualitative attributes that influence investors' decision-making processes and outcomes

Why to Invest in equity shares. Investing in equity shares, or stocks, can be advantageous for several reasons:

- Potential for Higher Returns:
- Ownership Stake in Companies
- Diversification
- Liquidity
- Inflation Hedge
- Dividends:
- Access to Growth Opportunities:
- Long-Term Wealth Building

Objective of investment is to maximize return

The objective of maximizing return in investments typically involves achieving the highest possible financial gain relative to the amount of risk taken. Here are some key points to consider when aiming maximizing returns:

1. Risk-Return Trade-off
2. Time Horizon
3. Asset Allocation
4. Investment Strategy
5. Research and Due Diligence
6. Cost Management
7. Reinvestment
8. Monitoring and Adjusting

Risk brings the Scope of better return

Risk-bearing refers to the willingness and ability of individuals or organizations to take on risks in pursuit of potential rewards or returns. In the context of investments or business ventures, this concept is crucial because higher risks are typically associated with the potential for higher returns. Here's how risk-bearing relates to achieving better returns.

Portfolio needs to be managed for risk as much as it needs

To be managed for returns. Balancing risk and return is crucial in portfolio management because focusing solely on returns without considering risk can lead to

potential losses when market conditions change unexpectedly. By diversifying investments across different asset classes, industries, and geographic regions, investors can mitigate risk while still aiming for competitive returns. Additionally, regularly reviewing and adjusting the portfolio based on market conditions and personal financial goals helps maintain this balance over time.

Risk vs. Return

While the definition for return is simple and easy to calculate, Six types of risk are typically considered.

Investment returns are expressed as a percentage and represent the gain or Loss (factoring in both capital appreciation and income) made an asset over a specific period.

A portfolio's total return is calculated as follows:

Total return = (Ending value – Starting value) + Earning for that period

The formula for calculating the return of a portfolio is a weighted average of the individual returns of its individual holdings:

$$Rp = w1 \times R1 + w2 \times R2 + \ldots + wn \times Rn$$

Where,

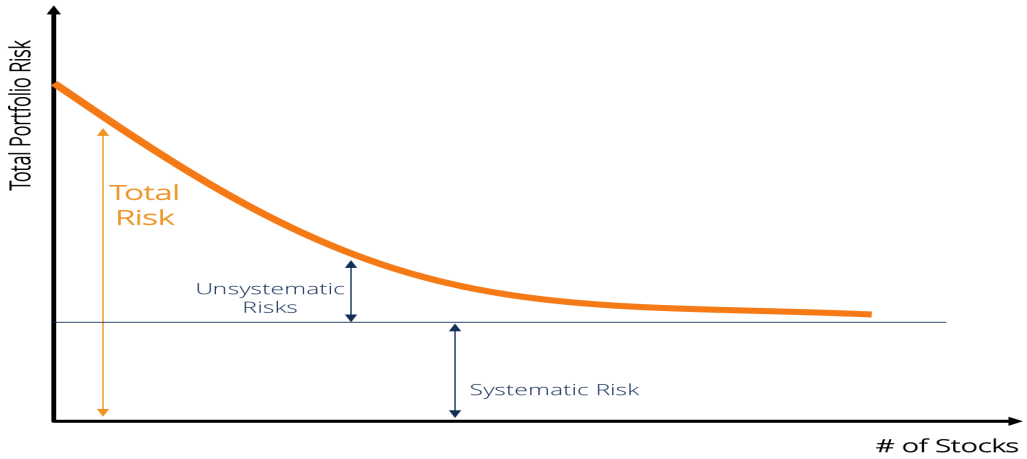
Rp – the portfolio

R1, R2,…, Rn – the individual returns of the Portfolio's holding.

W1, W2,…, Wn – the individual weightings of each holding in the portfolio.

Risks

Whenever you invest or save, there are different types of risks that can be involved. A risk is the chance of something happening that will have a negative effect. The level of risk reflects: the likelihood of the unwanted event. the potential consequences of the unwanted event. But there are typically two categories that the risks are placed into: Systematic risk and Unsystematic risk.



Total Risk = Systematic Risk + Unsystematic Risk

Systematic Risk

Risks that can influence a complete economic market or at minimum a significant portion of it are known as **systematic risks**. They are the dangers of losing assets as a result of various macroeconomic or political risks which impact the general market performance. There are many types of systematic risks; a few of those are:

Political risk - Political risk arises largely as a result of political insecurity in a nation or area. For example, if a country goes to war, the firms that operate there are deemed unsafe, and therefore risky.

Market risk - Market risk is the by-product of investors' overall inclination to follow the market. So it is essentially the inclination of security values to shift together.

Exchange rate risk - This type of risk arises from the unpredictability of currency value fluctuations. As a result, it impacts enterprises that conduct foreign exchange operations, such as export and import firms, or firms that do business in a foreign country.

Interest rate risk - A shift in the market's rate of interest causes this type of risk. It mostly affects fixed-income assets since bond costs are connected to interest rates, but it also affects the valuation of stocks.

Unsystematic Risk

Unsystematic risk is a type of risk that impacts only one sector or one business. It is the danger of losing money on an investment because of a business or sector-specific hazard. A shift in leadership, a safety recall on a good, a legislative reform that might reduce firm sales, or a new rival in the market are all examples of unsystematic risk.

Business risk – Business risk is defined as the possibility of occurrence of any unfavourable event that has the potential to minimise gains and maximise loss of a business. In simple words, business risks are those factors that increase the chances of losses in a business and reduce opportunities of profit.

Financial risk - Financial risk refers to the possibility of losing money or not achieving expected returns from an investment or financial decision due to various factors. These factors can include market volatility, credit risk, interest rate fluctuations, currency exchange rate changes, and economic downturns, among others.

Standard Deviation – This is the most popular risk measures used by investors to quantity the volatility of a security, a specific market, or a portfolio. A higher standard deviation indicates greater volatility and higher risk.

Beta - This is a measure of how sensitive an investment is to market movements. A beta higher than 1 suggests a higher sensitivity to market movements, while a beta of less than 1 indices the opposites

Maximum Drawdown – It shows the peak – to – trough decline in an asset's price. Larger drawdowns are an indicator of higher risk.

Return

Return, in the context of finance and investments, refers to the profit or loss generated from an investment over a certain period of time. It is typically expressed as a percentage of the initial investment amount or the current value of the investment. There are two types of return that are most focused on realized return and expected return.

Realized Return – **Realized return** refers to the actual return on an investment over a specific time frame. It is critical to recognize that nothing can alter a realized return. It's really a post-fact number that no action can alter. It merely provides information to investors to help them make wiser financial choices in the future.

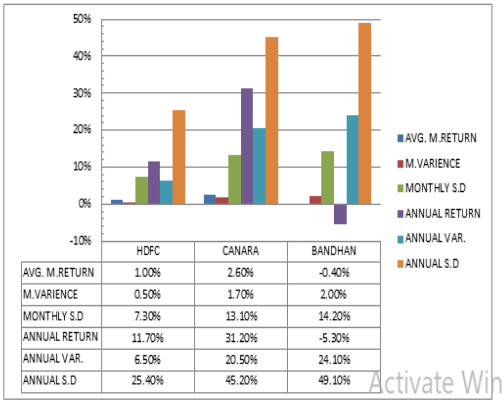
Expected return – An **expected return** is the estimate of profits or losses that an investor may expect from an investment. The expected return is a metric used to estimate if an investment will have a positive or negative net outcome on average. The expected return is often founded on previous data and so cannot be guaranteed in the foreseeable future; yet, it frequently establishes acceptable expectations.

Risk and Return Relationship

Among the most significant components of the risk-return relationship is how it determines investment pricing. An asset's price represents the harmony between its risk of failure and its prospective return in a productive market. The level of volatility, or the gap between true and predicted returns, is used to calculate risk. This discrepancy is known as standard deviation. Returns with a high standard deviation (the biggest variation from the mean) are more volatile and riskier than other investments.

Here Are the 4stock to analysis previous 5years of data to evaluate the Risk and Return

Date	HDFC Ret.	CANARA Ret.	BANDHAN Ret.
8/1/2019	10.4%	-17.3%	4.7%
9/1/2019	0.2%	11.6%	24.5%
10/1/2019	3.6%	11.6%	-5.1%
11/1/2019	-0.2%	-2.6%	-12.6%
12/1/2019	-3.6%	-8.4%	-11.4%
1/1/2020	-4.0%	-29.1%	-14.8%
2/1/2020	-26.8%	-37.0%	-46.9%
3/1/2020	16.2%	-2.9%	28.8%
4/1/2020	-5.0%	-4.7%	-16.8%
5/1/2020	12.0%	20.0%	46.4%
6/1/2020	-3.1%	1.3%	8.1%
7/1/2020	8.0%	5.5%	-11.4%
8/1/2020	-3.3%	-17.3%	-10.7%
9/1/2020	9.7%	-3.0%	6.0%
10/1/2020	21.7%	20.4%	26.8%
11/1/2020	-0.3%	24.2%	9.6%
12/1/2020	-3.2%	2.4%	-23.1%
1/1/2021	10.3%	19.1%	11.6%
2/1/2021	-2.7%	-3.2%	-1.8%
3/1/2021	-5.4%	-8.8%	-2.7%
4/1/2021	7.3%	15.9%	-6.8%
5/1/2021	-1.2%	-5.6%	7.4%
6/1/2021	-4.4%	0.9%	-11.8%
7/1/2021	10.9%	3.9%	-1.8%
8/1/2021	0.9%	8.7%	-0.7%
9/1/2021	-0.8%	24.0%	3.0%
10/1/2021	-5.6%	-7.2%	-6.5%
11/1/2021	-0.9%	0.4%	-7.2%
12/1/2021	0.4%	26.5%	24.9%
1/1/2022	-4.0%	-13.2%	-2.9%
2/1/2022	3.1%	3.7%	0.4%
3/1/2022	-5.8%	0.8%	8.8%
4/1/2022	0.3%	-10.7%	-2.5%
5/1/2022	-1.8%	-11.6%	-19.2%
6/1/2022	6.4%	26.8%	4.8%
7/1/2022	3.6%	8.5%	0.8%
8/1/2022	-4.4%	-5.1%	-4.3%
9/1/2022	5.3%	27.0%	-10.5%
10/1/2022	7.5%	8.4%	-0.1%
11/1/2022	1.2%	5.9%	-1.8%
12/1/2022	-1.5%	-8.8%	4.3%
1/1/2023	-0.2%	-8.0%	-5.4%
2/1/2023	0.6%	1.8%	-15.2%
3/1/2023	4.8%	11.6%	17.1%
4/1/2023	-4.5%	-2.4%	16.9%
5/1/2023	6.8%	-2.5%	-9.7%
6/1/2023			
7/1/2023	-3.0%	18.6%	-7.7%
8/1/2023	-4.8%	-7.0%	2.8%
9/1/2023	-2.9%	17.4%	10.3%
10/1/2023	-3.3%	2.2%	-14.9%
11/1/2023	5.6%	4.9%	5.6%
12/1/2023	9.7%	8.5%	6.8%
1/1/2024	-14.4%	10.2%	-5.1%
2/1/2024	-4.0%	17.1%	-14.6%
3/1/2024	3.2%	2.9%	-8.0%
4/1/2024	5.0%	7.0%	4.6%
5/1/2024	0.8%	-5.1%	0.0%
6/1/2024	11.4%	1.2%	8.2%
7/1/2024	-3.6%	-3.1%	-5.5%
7/12/2024	0.0%	0.0%	0.0%
Average Monthly return	1.0%	2.6%	-0.4%
Monthly varience	0.5%	1.7%	2.0%
Monthly S.D	7.3%	13.1%	14.2%
Annual Return	11.7%	31.2%	-5.3%
Annual Varience	6.5%	20.5%	24.1%
Annual S.D	25.4%	45.2%	49.1%
Risk Return ratio (C.V)	2.18	1.45	-9.27



	HDFC	CANARA	BANDHAN
AVG. M.RETURN	1.00%	2.60%	-0.40%
M.VARIENCE	0.50%	1.70%	2.00%
MONTHLY S.D	7.30%	13.10%	14.20%
ANNUAL RETURN	11.70%	31.20%	-5.30%
ANNUAL VAR.	6.50%	20.50%	24.10%
ANNUAL S.D	25.40%	45.20%	49.10%

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Sharpe Ratio

Sharpe ratio calculates how much excess return you receive for the extra volatility you endure for holding a riskier asset. It's one of the most referenced risk/return measures *used in finance*, partly because its simplicity.

Sharpe Ratio = (Rp - Rf) / σ				
Variable	**Abbreviation**	**HDFC**	**CANARA**	**BANDHAN**
Risk Free Return	**Rf**	**1.0%**	**2.6%**	**-0.4%**
Annual return	**Rp**	**11.7%**	**31.2%**	**-5.3%**
Annual Std.Dev.	**σ**	**0.254**	**0.452**	**0.491**
Sharp Ratio		**0.421**	**0.633**	**-10%**

So here we much prefer CANARA over HDFC AND BANDHAN last 5 years because not only does it have a higher annual return but it has a lower risk so it's the best of this three stock.

Treynor Ratio

The Traynor Index indicates how much return an investment, such as a portfolio of stocks, a mutual fund, or exchange-traded fund, earned for the amount of risk the investment assumed. A *higher Treynor* Index means a *portfolio is a more suitable investment.*

Treynor Ratio = (Rp - Rf) / Bp				
Variable	**Abbreviation**	**HDFC**	**CANARA**	**BANDHAN**
Risk Free Return	**Rf**	**1.0%**	**2.6%**	**-0.4%**
Annual Return	**Rp**	**11.7%**	**31.2%**	**-5.3%**
Beta	**Bp**	**1.000**	**0.783**	**0.521**
Treynor Ratio		**0.107**	**0.366**	**-9%**

So here same with the sharp ratio a higher treynor ratio is better so again we preferred the CANARA stock for that period of time based on risk adjusted returns.

Jensen's Alpha

The Jensen ratio *measures how much of the portfolio's rate of return is attributable to the manager's ability to deliver above-average returns, adjusted for market risk*. The *higher the ratio*, the better the *risk-adjusted returns*.

Jensens Alpha = Rp - [Rf + Bp * (Rm - Rf)]				
Variable	Abbreviation	HDFC	CANARA	BANDHAN
Risk Free Return	Rf	1.0%	2.6%	-0.4%
Annual Return	Rp	11.7%	31.2%	-5.3%
Beta	Bp	1.000	0.783	0.521
Return on market	Rm	0.117	0.312	-0.053
Jensens Alpha		0.000	0.511	-7%

In this Jensen's Alpha formula we also see CANARA bank also performs good as higher number as comparable to these 2 stock BANDHAN and HDFC.

Findings

1. Understanding the Relationship Between Risk and Return in Stock Investments.

The risk-return trade-off in stock investments is crucial, with higher potential returns often accompanied by higher risks. Diversification can reduce specific risk, while market risk cannot be mitigated. Historical stock performance helps investors understand risks and returns.

2. Identifying Different Types of Risks Associated with Stock Investments

Stock investments are exposed to various risks, including market, credit, liquidity, operational, regulatory, and interest rate risks. Market risk involves economic and political events, credit risk refers to debt default, liquidity risk impacts stock price, operational risk involves internal process failures, and regulatory risk affects sensitive sectors.

3. **To evaluate the historical performance of stocks to estimate potential returns**

Historical stock performance analysis uses tools like statistical analysis, technical indicators, and financial ratios to predict future returns. This method, influenced by economic conditions, company performance, and market sentiment, aids in estimating potential returns and making informed investment decisions.

CHAPTER - 6

Suggestion

- **Understand the Market Dynamics:** Before investing, it's essential to understand the specific dynamics of the Odisha capital market. This includes the types of securities traded, the level of liquidity, and the major players in the market.
- **Diversify Investments:** To mitigate risk, consider diversifying your investments. While investing in regional stocks, also consider a mix of securities from larger exchanges like BSE and NSE. Diversification can help balance potential regional market volatility.
- **Stay Informed:** Keep abreast of local economic developments, business news, and any regulatory changes that might impact the Odisha capital market. This knowledge can help you make more informed investment decisions.
- **Leverage Local Knowledge:** Utilize the advantage of local knowledge and expertise. Local brokers and financial advisors can provide insights specific to the Odisha Capital Market and regional economic conditions that may not be as apparent to investors focusing on national markets.
- **Long-Term Perspective:** Given the potential lower liquidity and higher volatility of a regional exchange, a long-term investment perspective may be beneficial. This approach can help in weathering short-term market fluctuations and capitalizing on long-term growth opportunities.

Conclusion

Stock investing involves balancing high returns with substantial risks, with higher potential rewards often accompanied by increased volatility and potential losses. Stocks are subject to short-term market fluctuations, emphasizing the importance of understanding and managing risk through informed decision-making and strategic planning. To navigate the complexities of stock investment, diversification and a long-term perspective are essential. Diversifying portfolios across various sectors and companies can mitigate the impact of poor performance, while a long-term investment horizon allows investors to ride out market volatility. Risk management strategies like regular portfolio reviews and stop-loss orders further protect investments.

CHAPTER - 7

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