Risk-Return Profile of Select Banking Securities and Its Impact on the Sensex – A Pre and During Covid analysis in India

Dinesh Garain[1] & Rahul Sarkar [2]

[1] Post Graduate (M.Com.) Student, Department of Commerce, Sidho-Kanho-Birsha University, West Bengal, India.

[2]Assistant Professor, Department of Commerce, Sidho-Kanho-Birsha University, West Bengal, India.

Abstract

The banking system plays an important role in the growth of each country's economy, and Indian banking sector is not exceptional. It is a known fact that the Covid-19 pandemic has changed the risk perspectives and preferences of the investors. Given the background, the study is undertaken to evaluate the risk-return profile of the Indian banking securities pre Covid-19& during Covid-19 period. Five banking companies 'securities have been selected based on their market capitalization as sample for the current study. By talking the monthly closing prices of the sample companies, we have calculated monthly returns. To achieve the objectives various statistical tools such as descriptive statistics, Beta-coefficient, correlation and regression analysis have been used. The investors constantly seek the highest possible return with lowest risk. Kotak Mahindra Bank is found to be a good investment opportunity for the investors in pre Covid period. Whereas, during Covid period, the investors' selection would depend upon which risk class the investor belongs. If the investor is risk-averse, he may select HDFC Bank, if investor is risk-neutral he may select SBI and if the investor is a risk-seeker, still he would select SBI security for investment. In pre-Covid period, banking stocks' performance had a positive impact on the SENSEX performance, whereas, during Covid period, it has been found to have a negative impact. This study focused on risk-return analysis of selected Indian banking companies' securities. The study would aid both the existing as well as potential investors by allowing them to make better and informed investment decisions.

Keywords: *Risk-Return Analysis; Banking, Sensex; Investors, Covid-19; Beta Coefficient.*

Address for Correspondence: Rahul Sarkar, Assistant Professor, Department of Commerce, Sidho-Kanho-Birsha University, West Bengal, India.