Original Article
ISSN (Online): 2582-7472

ShodhKosh: Journal of Visual and Performing Arts
June 2024 5(6), 391–395

A COMPARATIVE ANALYSIS OF EQUITY SHARE AND FUTURE & OPTION WITH SPECIAL REFERENCE TO NSE

Himanshu Chaplot[1], Dr. Jayshree Jain[2], Devesh Dashora[3]

[1] Research Scholar, Pacific University, Udaipur
[2] Professor, Pacific University, Udaipur
[3] Data Architect Cambridge Technology, Atlanta, USA.

Corresponding Author

Himanshu Chaplot,
himachaplot86@gmail.com

DOI
10.29121/shodhkosh.v5.i6.2024.3945

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

ABSTRACT

Stock or Share people invested for profit. Their profit may vary time to time. Most of the time they were in loss. They were in loss because of volatility in stock market. Most of the investors are short term, mid-term or long-term investors. Investors not only invest in Equity market but also doing Future and Option trading. So, our research mostly compares with Equity market and Future and option trading. The data we collected are secondary data. The Sample data we collected from survey and the size of sample data is 214.The Algorithm we use in our research paper is Machine Learning Algorithm i.e., Regression and Classification Algorithm to compare which is best for future profit and quick money and also, we use various Preprocessing technique to correct sample data.

Keywords: Equity Shares, Future and Options, NSE, Machine learning Algorithm

1. INTRODUCTION

In Share Market investors invested their hard earn money in various equity shares and future and options to earn profit. Profit not only come in equity but also in future and options. We talk about making profit in various equity shares and future and options but loss in both sectors are too high. So, our study is to compare which is best to make large profit and the time period for investment. Sebi make several changes in future and option category from several years because traders make more losses as compare to profit. In India almost 90% to 92% traders make losses in future and options. From past several years F&O (Future and options) trade in weekly expiry. From December 24 the changes came that is now F&O expiry time is monthly. So, traders have one month time to recover their losses and vice versa. Where as in Equity Shares investors have a lot of time to invest in particular shares to earn profit. The time period in Equity shares have no limit, traders take delivery of particular shares and hold for short term, mid-term, long-term depends on the investors. In Equity Shares investors invest their money and analysis the chart with technical and fundamental. If investors are in loss in particular equity shares, they hold for a Quarter or year to recover their loss or average their particular share price. Future and Options not only use in Bank Nifty or other Nifty sectors, they are also use in Equity shares. Traders make money by using Call and Put options. Call means Share Price rise and Put means Share Price drop. Earlier research study says 90 to 92% traders make losses in future and options. So, basically our study to analysis and compare which is best? Equity or Future and Options.

2. REVIEW OF LITERATURE

Study done by Zara and Lamjed Ben (2022), it had been found that Nifty -50 is viewed as an unpredictable, volatile and competitive market. The prediction of stock price has been challenging task. The result of research paper is that the errors in the LSTM algorithm model are found to be lower compared to CNN and RNN model.

In a study by Alkhosy and Saied (2019), the RWH holds the belief that the stock price is essentially stockestic. Thus, any attempt or effort to predict the future stock price will ultimately fail.

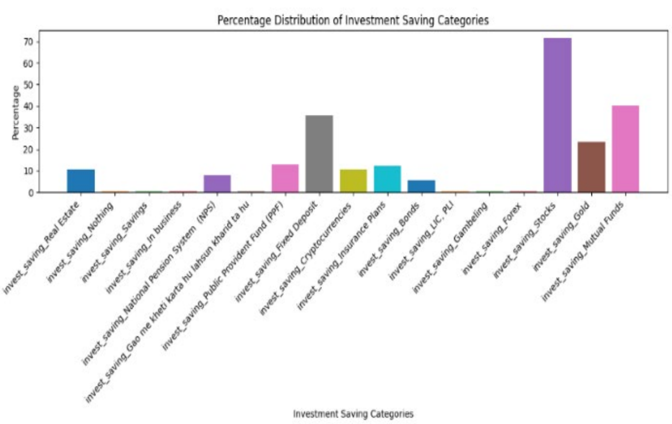
Study of Aziz and Ahmad (2019), examined the link between minimum daily returns and future monthly returns during the year 1999-2015 in Indian stock market. Thus, share scalping can give the appropriate bounce with particular time duration.

Conclusion drawn by Malvika Chhatwani (2021), examined the impact on price and volume traded of stocks being included and excluded from Nifty-50 index. It generates positive returns after index inclusion and negative returns after index exclusion.

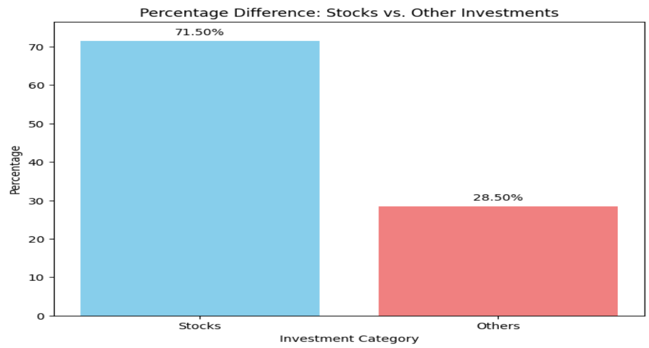
Research Objective How many Investors are investing in more than two/three investing types.

1. Percent of Investors investing in Stock Market.
2. Percent of Investors Investing in other than Stock Market.
3. Comparison Between Future and Option and Equity Shares.
4. Percentage of Stock Market investors who invest in both Equity Shares and Future and Options.
5. Why investors invest in Stock market?
6. Percent of Investors only in Equity Shares and Percent of Investors only in Future and Options
7. Compare Investors who are invested in Gold and Stock Market.
8. To find the profit percentage of both Equity and future and option.

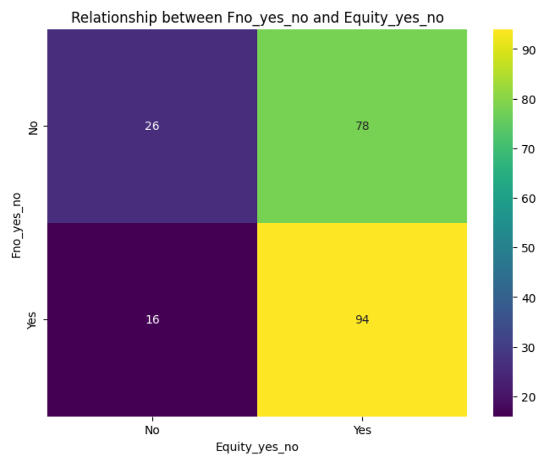
Research Methodology



Through this chart, we can suggest that most people prefer stocks and gold and mutual funds. Old-fashioned people used to pay more attention to FDs. But due to the high rise in inflation and decreasing interest on FDs, people have now become more attuned towards risk appetite. There is risk in the stock market but now people want to live with such risk. Since Covid 2020, the risk capacity in people has increased significantly. Ever since they have lived Covid, they feel that if we do not take the risk, then we will remain middle class people. That's why investors have given their money not only to gold, FD, LIC but also to stock markets and mutual funds. As soon as they are installed, a lot of earnings can be made from the stock market and mutual funds.



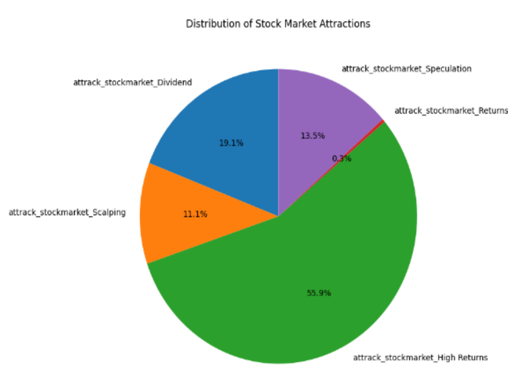
From this chart we can find that out of 216 investors, 71.5% choose stock and remaining investors 28.5% preferred other investment plans.



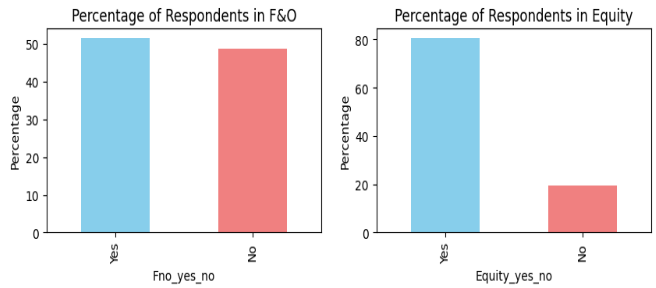
According to heap chart we can say that future and options are liked by people because in short time investors can not only make high profits but can also exit their positions. This is a very risky bet because even the best investors find that their positions which are in profit suddenly turn into losses.

The main difference between equity and f and o is timing. If you are in loss in equity then you can hold your position for a long time.

There is much less time period in future and option. SEBI has made its expiry from weekly to monthly in December series so that if investors are in loss then they can recover their loss. Investors participation in equity is more as compared to futures and options. They do not need to do charts and analysis again and again in equity.



Through this chart we have been told to the society why investors are more attracted towards the share market. Here you can find dividend, scalping, higher return, speculations all in one place. But mostly investors are more attracted to the share market for higher returns. Yes, long term investors earn more money than traders and short-term investors. You just invest your money and wait for 20 to 30 percent returns.

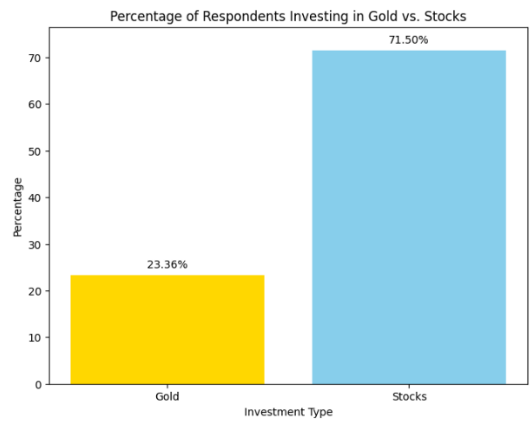


Percentage of Respondents in F&O:

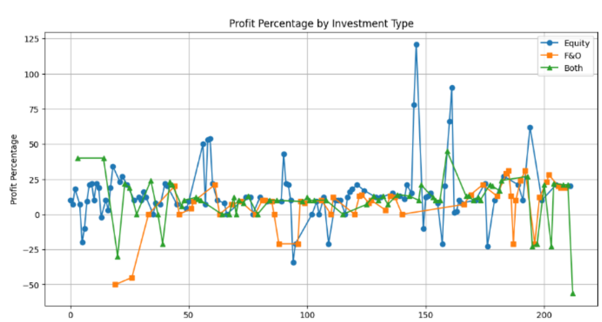
Fno_yes_no
Yes 51.401869
No 48.598131

Percentage of Respondents in Equity:

Equity_yes_no
Yes 80.373832
No 19.626168



From this chart we can find that gold investment is also quite high in India. Ladies purchasing gold for a long time because it is only good investment. No doubt, someone who is invested in gold will also invest in the share market. Because after Covid, along with gold, investment in share market has also increased significantly



Through this chart, we can see that equity has achieved the best profits from equity and F&O. But if you take these two together, then the profit margin is big. If only F&O is taken into account, then the profit has been reduced to the investors.

Hypothesis
H_0 There is no significant relationship between Equity and Other Investment.
H_1 There is Correlation between Equity and Future and Options.

Research Design
- Sample Design: Equity and Future and Options.
- Sample Duration: 1st September, 2024 to 30th November, 2024.
- Sample Collection Source: Researcher has collected the data from Primary Data.
- Research Analysis tools: Google Colab, MS-Excel 2021.

CONCLUSION
So finally, the conclusions came out that more people are invested in the equity market than in futures and options. Investors may also have invested in gold and property but it takes a lot of time to get returns. Investors can earn good returns not only in equity but also in future and options.

ACKNOWLEDGEMENT
None.

CONFLICT OF INTEREST
None.

REFERENCES

Asadi, S.; Hadavandi, E.; Mehmanpazir, F.; Nakhostin, M.M. Hybridization of evolutionary Levenberg–Marquardt neural networks and data pre-processing for stock market prediction. Knowl.-Based Syst. 2012, 35, 245–258.]

Akhter, S.; Misir, M.A. Capital markets efficiency: Evidence from the emerging capital market with particular reference to Dhaka stock exchange. South Asian J. Manag. 2005, 12, 35. [Google Scholar]

Miao, K.; Chen, F.; Zhao, Z. Stock price forecast based on bacterial colony RBF neural network. J. Qingdao Univ. (Nat. Sci. Ed.) 2007, 2, 210–230. [Google Scholar]

Lehoczky, J.; Schervish, M. Overview and History of Statistics for Equity Markets. Annu. Rev. Stat. Its Appl. 2018, 5, 265–288. [Google Scholar] [CrossRef]

Aali-Bujari, A.; Venegas-Martínez, F.; Pérez-Lechuga, G. Impact of the stock market capitalization and the banking spread in growth and development in Latin American: A panel data estimation with System GMM. Contaduría y Administración 2017, 62, 1427–1441. [Google Scholar] [CrossRef] [Green Version]

Naeini, M.P.; Taremian, H.; Hashemi, H.B. Stock market value prediction using neural networks. In Proceedings of the 2010 international conference on computer information systems and industrial management applications (CISIM), Krakow, Poland, 8–10 October 2010; pp. 132–136. [Google Scholar]

Qian, B.; Rasheed, K. Stock market prediction with multiple classifiers. Appl. Intell. 2007, 26, 25–33. [Google Scholar] [CrossRef]

Shah, D.; Isah, H.; Zulkernine, F. Stock market analysis: A review and taxonomy of prediction techniques. Int. J. Financ. Stud. 2019, 7, 26. [Google Scholar] [CrossRef] [Green Version]

Olivas, E.S. Handbook of Research on Machine Learning Applications and Trends: Algorithms, Methods, and Techniques: Algorithms, Methods, and Techniques; IGI Global: Hershey, PA, USA, 2009. [Google Scholar]

Ballings, M.; Poel, D.V.D.; Hespeels, N.; Gryp, R. Evaluating multiple classifiers for stock price direction prediction. Expert Syst. Appl. 2015, 42, 7046–7056. [Google Scholar] [CrossRef]

Aldin, M.M.; Dehnavi, H.D.; Entezari, S. Evaluating the employment of technical indicators in predicting stock price index variations using artificial neural networks (case study: Tehran Stock Exchange). Int. J. Bus. Manag. 2012, 7, 25. [Google Scholar]

Tsai, C.-F.; Lin, Y.-C.; Yen, D.C.; Chen, Y.-M. Predicting stock returns by classifier ensembles. Appl. Soft Comput. 2011, 11, 2452–2459. [Google Scholar] [CrossRef]

Cavalcante, R.C.; Brasileiro, R.C.; Souza, V.L.; Nobrega, J.P.; Oliveira, A.L. Computational intelligence and financial markets: A survey and future directions. Expert Syst. Appl. 2016, 55, 194–211. [Google Scholar] [CrossRef]