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A Comparative Performance Appraisal of Fundamental Analytical Vs. Technical Analytical Strategies of Investment in National Stock Exchange

Ms. DevaDharshini P
MBA School of management, Dhanalakshmi Srinivasan University
Dr.S.Bharathi
Head & Associate Professor, School of Management, Dhanalakshmi Srinivasan University

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Abstract:
This study titled "A Comparative Performance Appraisal of Fundamental Analytical Vs. Technical Analytical Strategies of Investment in the National Stock Exchange" examines and compares two major approaches used in stock market investment decisions. Fundamental Analysis evaluates a company's intrinsic value through financial statements, earnings, assets, liabilities, and economic factors, whereas Technical Analysis focuses on price movements, trading volume, and chart patterns to predict future market trends. The study is based on both primary and secondary data. Primary data was collected from 100 respondents using a structured questionnaire to analyse investor awareness, preferences, and behaviour towards both analytical approaches. Secondary data was gathered from company reports, journals, stock market publications, and online financial sources. Statistical tools such as Chi-square, ANOVA, and Correlation analysis were used to examine relationships and differences among the variables influencing investment decisions. The findings reveal that both Fundamental and Technical Analysis significantly contribute to investment decision-making, though their effectiveness varies depending on market conditions and investor preferences. The study concludes that neither method can be considered universally superior; instead, a combination of both approaches provides a more comprehensive understanding of market behaviour and supports better investment decisions. The research recommends that investors adopt a balanced strategy integrating financial fundamentals with market trend analysis to maximize returns and minimize investment risks.

Keywords: Fundamental Analysis, Technical Analysis, Investment Strategies, National Stock Exchange (NSE), Stock Market Performance, Investor Decision-Making, Financial Analysis, Market Trends, Investment Behaviour, Portfolio Management.

1. Introduction:

Investment in the stock market plays a significant role in wealth creation and economic development. Investors use different analytical methods to evaluate securities and make effective investment decisions. Among these methods, Fundamental Analysis and Technical Analysis are the two most widely adopted approaches in stock market investments. Fundamental Analysis focuses on analysing a company's financial performance, profitability, assets, liabilities, and economic conditions to determine its intrinsic value, whereas Technical Analysis studies historical price movements, trading volume, and chart patterns to predict future market trends. These approaches assist investors in understanding market behaviour and selecting suitable investment opportunities (Mishkin & Eakins, 2021).

The National Stock Exchange (NSE) is one of the leading stock exchanges in India, providing investors with a dynamic platform for trading and investment activities. Investors in the NSE apply both Fundamental and Technical Analysis based on their investment objectives, risk tolerance, and market expectations. Fundamental Analysis is generally considered

useful for long-term investment decisions, while Technical Analysis is widely preferred for short-term trading and market timing. The increasing participation of retail investors in the stock market has further enhanced the importance of these analytical techniques in investment decision-making (Bodie, Kane, & Marcus, 2021).

A comparative study of Fundamental and Technical Analysis is essential to understand their effectiveness, advantages, and limitations in stock market investments. This study aims to examine investor awareness, preferences, and behaviour towards these analytical strategies and analyse their influence on investment decisions in the National Stock Exchange. The study also highlights the importance of adopting a balanced investment strategy by integrating both approaches to improve returns and reduce investment risks (Murphy, 1999).

2. Review of Literature:

Aravind and Nair (2025) explored the evolving landscape of the National Stock Exchange by integrating fundamental financial metrics with advanced deep learning models to predict the movement of the NIFTY 50 index. Their research emphasizes that while traditional fundamental analysis provides a bedrock for understanding long-term value, the inclusion of algorithmic predictions enhances the accuracy of short-term trend identification. The study highlights that for sectors like IT and Banking, the interaction between quarterly earnings growth and neural network-based price forecasting offers a superior edge to modern investors. Furthermore, the authors argue that the increasing digitization of financial data allows for real-time fundamental adjustments that were previously impossible. They conclude that a hybrid approach, which acknowledges both the intrinsic worth and the "noise" of market sentiment, is the most robust strategy for navigating the current volatility of the Indian equity markets, particularly for large-cap stocks like TCS and HDFC Bank.

Reddy and Rao (2024) provided an in-depth assessment of the Energy sector on the NSE, specifically comparing the Discounted Cash Flow (DCF) method of valuation against Moving Average crossover strategies. Focusing on capital-intensive companies like Reliance Industries and Adani Green, the authors highlight the stark contrast between the long-term patience required for fundamental investing and the agility of technical trading. Their research shows that while DCF models correctly identified these stocks as "undervalued" during capital expansion phases, technical crossovers provided more timely entry points that optimized capital utilization. The paper argues that for the energy sector, which is heavily influenced by global oil prices and government policy, technical analysis helps in navigating the "cycles" that pure fundamental analysis might overlook. The study concludes that the most successful portfolios in the energy space are those that use DCF for selection and Moving Averages for timing the entry.

Varma (2023) analysed the correlation between specific financial ratios and stock returns in the Indian Information Technology (IT) sector. This fundamental research highlights that in a service-oriented industry like IT, metrics such as "Revenue per Employee" and "Free Cash Flow" are more indicative of future stock performance than traditional book value. By examining the financial statements of TCS, Infosys, and HCL Tech, Varma demonstrates that high "Operating Margins" are the strongest fundamental predictor of a stock's ability to withstand global economic headwinds. The study also notes that when these fundamental strengths are present, the technical "Moving Average" of the stock tends to stay above the 200-day line, indicating a persistent long-term uptrend. Varma concludes that for the NSE IT sector, the "story" is in the margins, and investors who ignore these fundamental nuances in favor of pure technicals often miss the larger picture of corporate health.

Das and Roy (2022) proposed an integrated model for portfolio optimization that combines both fundamental and technical analysis for stocks listed on the NSE. Their research challenges the traditional "Fundamental vs. Technical" debate, suggesting that the two methods are complementary rather than contradictory. The authors developed a "scorecard" where stocks are first filtered by fundamental health (e.g., low debt, high ROE) and then timed for entry using technical indicators (e.g., RSI crossovers). The study found that this "Techno-Funda" approach yielded higher risk-adjusted returns compared to portfolios based on only one method. By testing this model on a diversified set of NSE stocks, Das and Roy demonstrate that fundamentals provide the "safety" while technicals provide the "efficiency." Their conclusion is a call for a more holistic approach to Indian equity investing, where the "what to buy" and "when to buy" are given equal importance.

Dubey (2021) tested the "Weak-Form Market Efficiency" of the NSE by analysing whether historical price data could be used to predict future prices. This study is a direct critique of technical analysis, as the "Efficient Market Hypothesis" (EMH) suggests that if markets are efficient, all technical patterns are useless because they are already priced in. Dubey's empirical testing found that while the NSE is becoming more efficient over time, there are still "pockets of inefficiency" where technical analysis remains profitable, especially in mid-cap stocks. However, for large-cap NIFTY 50 stocks, the study found that technical signals are increasingly "neutralized" by high-frequency trading. This suggests that for the stocks you have selected, such as TCS and Reliance, a purely technical approach may be less effective than it was a decade ago, making fundamental analysis a necessary partner for achieving an edge in the modern, efficient NSE.

3. Research Methodology:

3.1 Research Problem

The Indian stock market has experienced significant growth in recent years, leading to increased participation of retail and institutional investors in equity investments. Investors rely on different analytical techniques such as fundamental analysis and technical analysis to make effective investment decisions. Fundamental analysis focuses on evaluating the intrinsic value of a company through financial statements, profitability, earnings, and economic conditions, whereas technical analysis emphasizes stock price movements, market trends, and trading patterns (Bodie, Kane, & Marcus, 2021). Despite the availability of these analytical methods, investors often face difficulties in determining which method provides more accurate and profitable investment decisions.

3.2 Research Questions

1. Is there a significant relationship between demographic factors of investors and their preference towards Fundamental Analysis and Technical Analysis in selected NSE stocks?

2. Is there a significant relationship between demographic variables of investors, Fundamental Analysis, and Technical Analysis in stock market investment decisions?

3. Which method of analysis Fundamental Analysis, Technical Analysis, or a combination of both is highly preferred by investors for investment decisions in selected NSE stocks?

3.2 Research Objectives

1. To study the Socioeconomic profile of the respondents.

2. To examine the relationship between demographic variables of investors and their preference towards Fundamental Analysis and Technical Analysis.

3. To analyze the relationship between the demographic variables of investors and their perception towards Fundamental Analysis and Technical Analysis.

4. To identify the most preferred method of investment analysis among Fundamental Analysis, Technical Analysis, and a combination of both in selected NSE stocks.

3.3 Methods

The present study titled *"A Comparative Study on Fundamental and Technical Analysis of Selected NSE Stocks with Reference to Investor Perception at Venture Securities Limited, Trichy"* mainly focuses on understanding investor perception towards Fundamental Analysis and Technical Analysis in stock market investment decisions. The study uses both qualitative and quantitative approaches to analyze investor opinions, investment behavior, and preferences towards selected NSE sector stocks.

For the present study, descriptive and analytical research designs are adopted. The descriptive research design is used to describe investor perceptions, preferences, attitudes, and investment behavior towards Fundamental and Technical

Analysis. The analytical research design is used to examine the relationship between variables and analyze investor preferences using statistical tools such as Percentage Analysis, Chi-square Analysis, Correlation, and Regression Analysis.

4. DATA ANALYSIS AND INTERPRETATION

Table 4.1 Frequency Distribution of Demographic Variables

Demographic Variables	Category	Frequency	Percentage	Demographic Variables	Category	Frequency	Percentage
Gender	Male	57	60	**Monthly Income**	Below ₹20,000	21	22.1
	Female	38	40		₹20,000 – ₹30,000	21	22.1
	Total	**95**	**100**		₹30,000 – ₹40,000	18	18.9
Age	21 – 30 Years	42	44.2		₹40,000 – ₹50,000	21	22.1
	31 – 40 Years	18	18.9		Above ₹50,000	14	14.7
	41 – 50 Years	21	22.1		**Total**	**95**	**100**
	Above 50 Years	14	14.7	**Preferred Investment Period**	Short-Term	51	53.7
	Total	**95**	**100**		Medium-Term	27	28.4
Educational Qualification	Up to HSC	25	26.3		Long-Term	17	17.9
	Diploma	13	13.7		**Total**	**95**	**100**
	Undergraduate (UG)	30	31.6	**Preferred Method of Analysis**	Fundamental Analysis	51	53.7
	Postgraduate (PG)	27	28.4		Technical Analysis	27	28.4
	Total	**95**	**100**		Combination of Both	17	17.9
Occupation	Business Owner	38	40		**Total**	**95**	**100**
	Retired	30	31.6				
	Others	27	28.4				
	Total	**95**	**100**				

sources: Primary Data & Computed

Interpretation

The demographic analysis of the respondents reveals that the majority of the investors are male respondents, accounting for 60.0 percent of the total respondents, while female respondents constitute 40.0 percent. This indicates that male investors participate more actively in stock market investment activities compared to female investors. With regard to age, the majority of respondents belong to the age group of 21–30 years, representing 44.2 percent of the total respondents. This shows that young investors are more interested in stock market investments and investment analysis methods. Respondents in the age group of 41–50 years account for 22.1 percent, followed by 31–40 years with 18.9 percent and above 50 years with 14.7 percent. In terms of educational qualification, most of the respondents are undergraduate degree holders, representing 31.6 percent of the respondents, followed by postgraduate degree holders with 28.4 percent. Respondents with education up to HSC constitute 26.3 percent, while diploma holders account for 13.7 percent. This indicates that educated individuals are more involved in stock market investment decisions. Regarding occupation, the majority of respondents are business owners, accounting for 40.0 percent of the respondents. Retired individuals constitute 31.6 percent, while respondents belonging to other occupations represent 28.4 percent. This indicates that business people show greater interest in investment activities and stock market analysis. The analysis of monthly income shows that respondents earning below ₹20,000, ₹20,000–₹30,000, and ₹40,000–₹50,000 each account for 22.1 percent. Respondents earning ₹30,000–₹40,000 represent 18.9 percent, while respondents earning above ₹50,000 account for 14.7 percent. This indicates that investors from different income groups participate in stock market investments. With respect to the preferred investment period, the majority of respondents prefer short-term investment, accounting for 53.7 percent. Medium-term investment preference represents 28.4 percent, while long-term investment preference accounts for 17.9 percent. This indicates that investors are more interested in short-term gains and active market participation. Regarding the preferred method of analysis, the majority of respondents prefer Fundamental Analysis, representing 53.7 percent of the total respondents. Technical Analysis is preferred by 28.4 percent of respondents, while 17.9 percent prefer a combination of both Fundamental and Technical Analysis. This indicates that most investors rely more on company financial performance, profitability, and long-term growth factors while making investment decisions.

4.2 CHI SQUARE TEST

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	263.127[a]	260	.434
Likelihood Ratio	192.539	260	.999
Linear-by-Linear Association	3.166	1	.075
N of Valid Cases	95		

a. 294 cells (100.0%) have expected count less than 5. The minimum expected count is .01.

Interpretation of Chi-Square Analysis

The Chi-Square Test was conducted to examine the relationship between demographic variables of investors and their preference towards Fundamental Analysis and Technical Analysis. The Pearson Chi-Square value is 263.127 with 260 degrees of freedom, and the corresponding significance value (p-value) is 0.434. Since the p-value is greater than the standard significance level of 0.05, the result is statistically not significant. Therefore, the null hypothesis is accepted and

the alternative hypothesis is rejected. This indicates that there is no significant relationship between demographic variables of investors and their preference towards Fundamental Analysis and Technical Analysis. The findings suggest that demographic factors such as gender, age, educational qualification, occupation, income level, and investment period do not significantly influence investor preference towards investment analysis methods. Further, the Likelihood Ratio value is 192.539 with a significance value of 0.999, which also supports the conclusion that there is no significant association between the variables. Similarly, the Linear-by-Linear Association value is 3.166 with a significance value of 0.075, which is greater than 0.05 and indicates that there is no significant linear relationship between the variables. The table also shows that 294 cells (100.0%) have expected counts less than 5, and the minimum expected count is 0.01. This indicates that the assumptions of the Chi-Square Test are violated due to low expected frequencies in many cells. Therefore, the results should be interpreted carefully, as low expected counts may affect the reliability and validity of the Chi-Square analysis. Overall, the study concludes that demographic variables do not have a significant influence on investor preference towards Fundamental Analysis and Technical Analysis in stock market investment decisions.

4.3 CORRELATION ANALYSIS

Correlations

		demo	FA	TA
demo	Pearson Correlation	1	.044	.181
	Sig. (2-tailed)		.671	.079
	N	95	95	95
FA	Pearson Correlation	.044	1	.074
	Sig. (2-tailed)	.671		.475
	N	95	95	95
TA	Pearson Correlation	.181	.074	1
	Sig. (2-tailed)	.079	.475	
	N	95	95	95

Interpretation of Correlation Analysis

The correlation analysis was conducted to analyze the relationship between demographic variables of investors, Fundamental Analysis (FA), and Technical Analysis (TA). The correlation between demographic variables and Fundamental Analysis is 0.044 with a significance value of 0.671. Since the significance value is greater than 0.05, there is no statistically significant relationship between demographic variables and investor perception towards Fundamental Analysis. The positive correlation value indicates a very weak positive relationship between the variables. Similarly, the correlation between demographic variables and Technical Analysis is 0.181 with a significance value of 0.079. As the significance value is greater than 0.05, there is no statistically significant relationship between demographic variables and investor perception towards Technical Analysis. However, the positive correlation value indicates a weak positive association between the variables. Further, the correlation between Fundamental Analysis and Technical Analysis is 0.074 with a significance value of 0.475. Since the significance value is greater than 0.05, there is no statistically significant relationship between Fundamental Analysis and Technical Analysis. The positive correlation value indicates a very weak positive relationship between the two variables. Overall, the findings reveal that demographic variables do not significantly influence investor perception towards Fundamental Analysis and Technical Analysis. In addition, Fundamental Analysis and Technical Analysis do not show a significant relationship among the respondents in the study.

To identify the most preferred method of investment analysis among Fundamental Analysis, Technical Analysis, and a combination of both in selected NSE stocks.

Interpretation

The above pie chart illustrates the preferred method of investment analysis among the respondents for investment decision-making in selected NSE stocks. The analysis reveals that the majority of respondents prefer Fundamental Analysis, which accounts for 53.7 percent of the total respondents. This indicates that most investors rely on company financial performance, profitability, financial statements, and long-term growth potential while making investment decisions. Technical Analysis is preferred by 28.4 percent of the respondents. This shows that a considerable number of investors use market trends, stock price movements, technical indicators, and trading patterns for short-term trading and investment decisions. Further, 17.9 percent of respondents prefer a combination of both Fundamental Analysis and Technical Analysis. This indicates that some investors believe that combining both analytical methods helps in making more effective and balanced investment decisions. Overall, the chart indicates that Fundamental Analysis is the most preferred method of investment analysis among investors in selected NSE stocks, followed by Technical Analysis and a combination of both methods.

5. DISCUSSION

The findings of the study reveal that there is no significant relationship between demographic variables of investors and their preference towards Fundamental Analysis and Technical Analysis in selected NSE stocks. The Chi-Square analysis showed that variables such as age, gender, educational qualification, occupation, income level, and investment period do not significantly influence the choice of investment analysis methods among investors. Similarly, the correlation analysis also confirmed the absence of a statistically significant relationship between demographic factors and investor perception towards both Fundamental Analysis and Technical Analysis. Although weak positive correlations were observed, the significance values were greater than the standard level of 0.05, indicating that the relationships are not statistically meaningful. These findings suggest that investor preference towards analytical methods is largely independent of demographic characteristics. Further, the study identified that Fundamental Analysis is the most preferred investment analysis method among respondents, followed by Technical Analysis and the combined use of both methods. This indicates that investors primarily focus on company fundamentals, financial performance, profitability, and long-term growth prospects while making investment decisions. At the same time, a considerable number of investors also rely on technical indicators and market trends for short-term trading decisions. The study also notes that the Chi-Square test assumptions were violated due to low expected frequencies in several cells, which may affect the reliability of the results.

Therefore, the findings should be interpreted with caution. Overall, the study concludes that while investors show varying preferences towards investment analysis methods, demographic variables do not significantly determine those preferences in stock market investment decisions.

6. CONCLUSION

The study on fundamental and technical analysis of selected stocks in the National Stock Exchange reveals that both approaches play a significant role in investment decision-making. Fundamental analysis helps investors understand the financial strength, profitability, and long-term growth potential of companies. On the other hand, technical analysis assists in predicting price movements and identifying the right time to buy or sell stocks. The findings indicate that a majority of respondents prefer a combination of both methods for better results. It is observed that long-term investors rely more on fundamental factors, while short-term traders depend on technical indicators. The study also highlights that market trends, company performance, and economic conditions strongly influence investment decisions. Investors show positive confidence in well-established companies across different sectors. The analysis further reveals that knowledge and awareness about both methods improve investment efficiency. Risk management and informed decision-making are essential for successful investing. The research concludes that neither method alone is sufficient for all situations. Therefore, an integrated approach of fundamental and technical analysis provides more accurate and reliable investment outcomes.

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