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ANALYSIS OF RETURN OF SELECT INDIAN STOCK INDICES

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ABSTRACT

The return and volatility trade off persist throughout the market. According to nerdy sounding financial jargons saying, more risk offers more return. It means risk and return are proportional to each other. More volatile day give high return than that of less volatile period. The study helps in developing the market strategy and policy formation for government to take corrective action in market promotion and investors to decide for the right time to enter in the market by hedging risk. The daily return as well as volatility is useful at several places like policy makers, regulators, market participants and investors. The indices show extreme positive and negative price movement. The irregularities in the market have created high fluctuation from the mean value of the return.

Volatility in Indian stock market will show alot for market development. Indian stock market are by and large stable and volatility has been under control. The development of any market requires removal of bottlenecks on supply as well as demand side, while putting in place alongside sound institutional and legal framework. As the market evolution is an ongoing process, the Indian equity market would have to continuously strive to keep up to the international standards.

KEYWORDS: Volatility, Return