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FACTORS AFFECTING VOLATILITY IN INDIAN STOCK MARKETS

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ABSTRACT

Stock Market is considered to be back bone of the financial system of an economy. The phases of growth and decline in an economy are first evident on the stock market. Stock market is basically a platform for trading of securities of companies listed in the market and also a platform to raise money from the market by an Initial Public Offer (IPO). IPO helps a company's share to get listed on the stock market and once the shares are listed on the market, they can be traded on the market. The platform form on which the stock / shares / are traded is termed as stock exchanges. The two most dominant stock exchanges in India are Bombay Stock Exchange and National Stock Exchange.

There are lots of factors which have direct as well as indirect impact on the economic growth of India. The factors mostly include the macroeconomic indicators like GDP, Inflation, Government Spending on the country, FII, FDI, currency, IIP etc. The prime objective of this paper is to put light on the important factors which have significant impact on the volatility of Indian Stock Market.

KEYWORDS: Volatility, GDP, FDI, FII, Derivatives, Monetary policy, Interest Rate, Inflation Rate