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Stock Market Analysis with Reference to India Info Line Ltd. (IIFL)

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ABSTRACT

Long-term funds trade on the capital market. It refers to all institutional setups and facilities for medium- and long-term fund borrowing and lending. It is concerned with the growth of money capital for investments rather than capital goods. The majority of the funds used in the capital market come from government, banks, insurance firms, and business savings in addition to individual and corporate savings. The government and private sector industries are the main sources of the demand for long-term capital.

Keywords: BSE, Capitalization, Equity Market, Investors, NSE and Trading.

I. Introduction

Indian share market and Indian stock market are other names for the Indian equity market. The National Stock Exchange of India Ltd. (NSE) and The Bombay Stock Exchange are the two primary stock indices used in the Indian equity market (BSE). Investing in Indian equities is advantageous not only for long- and medium-term investors, but also for position traders, short-term swing traders, and intra-day traders. The Indian Equity Market is currently a rich sector for investors.

The term "stock market" describes a group of markets and exchanges where regular transactions involving the purchase, sale, and issue of shares of publicly traded firms take place. The BSE chart list includes more than 5000 businesses with market value. The NSE and the BSE often list larger companies, but there is also the OTCEI, or the Over-the-Counter Exchange of India, which lists medium- and small-sized businesses.

II. Objectives of the Study

1. To study the factors are making Indian stock market volatile.
2. To build understanding of central ideas of stock market.

III. Volatility in Share Prices

Table.1 Year Wise Descriptive Statistics of BSE

Year	Open	High	Low	Close
1991	1027.4	1955.3	0	1908.9
1992	0	4546.6	0	2615.4
1993	2617.8	3459.1	0	3346.1
1994	3436.9	4643.4	0	3926.9
1995	3910.2	3943.7	0	3110.5
1996	3114.1	4131.3	2713.2	3085.2
1997	3096.7	4605.5	3096.7	3659
1998	3658.4	4322	2741.3	3055.5
1999	3065	5151	3042.3	5005.9
2000	5209.6	6150.7	3491.6	3972.2
2001	3990.7	4462.2	2594.9	3262.4
2002	3262.1	3758.3	2828.5	3377.3
2003	3383.9	5920.8	2904.5	5839
2004	5872.5	6617.2	4227.5	6602.7
2005	6626.5	9443	6069.4	9398
2006	9422.5	14035.3	8799.1	13787
2007	13827.8	20498.2	12316.1	20287
2008	20325.3	21206.8	7697.4	9647.4
2009	9720.6	17531	8047.2	17464.9
2010	17473.5	21108.7	15652	20509.1
2011	20621.7	20664.8	15135.9	15455
2012	15534.7	19612.2	15358.1	19426.8
2013	19513.5	21483.8	17448.8	21170.7
2014	21222.2	28822.4	19963.2	27499.5
2015	27485.8	30024.8	24833.6	26117.6
2016	26101.5	29077.3	22494.7	26626.5
2017	26711.2	34138	26447.1	34056.9
2018	34060	38989.7	32483.9	36068.4
2019	36161.8	41810	35287.2	41253.8
2020	41349.4	47897	25638.9	47751.4
2021	47785.3	62245.5	46160.5	58253.9
2022	58310.1	61475.2	50921.3	58774.8

Source: www.iifl.com

Table 1 shows the volatility in share prices. As on 20th January 2017, government not yet releases the central budget 2017. Market will have high bullish and bearish trends pre and post budget sessions. The daily average return of the Nifty and the Sensex in the year 2002-03 was 0.00294 per cent and -0.02482 per cent respectively

This brought down the Nifty from the height of 1636.95 in April, 2002 to the lower level of 1108.20 in October, 2003 and the Sensex from 5426.82 in April, 2002 to 3689.43 in October, 2003. The growth rate of GDP and the industrial sector declined from 6.4 per cent to 6 per cent and from 6.6 per cent to 4.9 per cent respectively.

There was a decline in the return in the year 2007–2008. As the index value of the Nifty sharply came down from 1892.45 and 5925.58 respectively on 23rd April 2006, to 1388.75 and 4505.16 respectively in May, 2007, a lower circuit breaker was applied on the NSE for the first time.

IV. Findings of the Study

Indian equities have a reputation for being quite volatile. Many things, including speculating, the trading and settlement system, the government, inflation, interest rates, the release of business earnings, etc., contribute to volatility. All of these elements have an impact on share price movement, either directly or indirectly. Apart from these, the factors responsible for high volatility can be explained as follows:

- The application of the Securities Transaction Tax (STT) was announced in the Union Budget for 2004–2005, which had a negative impact on market sentiment.
- The Indian stock market fluctuates as a result of changes in interest rates. Interest rates and inflation are positively correlated.
- Day trading surged, which caused prices to fluctuate wildly throughout the day.

V. Conclusion

The contemporary global economy is a complicated system made up of organisations that no longer operate in isolation. Most businesses today operate in many geographical areas to serve clients in various time zones and continents. Because of this interdependence, events in one region of the world have an impact on global stakeholders. The global stock market, which is still impacted by a number of factors, is one of the areas where this impact is particularly noticeable. The Indian stock market has remained robust in the face of global macro-economic uncertainty even after two years of a pandemic and innumerable other geopolitical events.

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