

A STUDY ON INDIAN STOCK MARKET VOLATILITY

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ABSTRACT

A major topic in financial economics, stock market volatility reflects the unpredictability, swings, and dynamic behaviour of security prices. Due to its integration with international financial systems, sensitivity to domestic macroeconomic developments, and predominance of retail investor participation, the Indian stock market—one of the biggest and fastest-growing among emerging economies—displays distinctive volatility patterns. The rate of inflation, economic crises, social and political factors, shifts in economic policy, economic indicators, and other factors are some of the causes of stock market volatility. Many measures are taken, such as margin trading, pre-open sessions, price bands, circuit breakers, etc., to reduce the impact that these factors cause. This study offers a theoretical investigation of the volatility of the Indian stock market, emphasising its causes, consequences, and connections to behavioural and macroeconomic variables. A theoretical and secondary research approach is used in this study. The study emphasises how domestic policy decisions, global shocks, sectoral movements, and investor sentiment shape volatility in the Indian context. In addition to highlighting the ways in which volatility interacts with economic fundamentals, this paper develops a broad theoretical framework that explains how volatility arises and endures in India's equity markets. It does this by drawing on theories of volatility modelling, efficient market hypothesis, behavioural finance, and global contagion perspectives.

KEYWORDS: *Stock Market, Volatility, Macroeconomic, Investor, Finance, etc.*

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