PREFACE

The history reveals the story of speculation and investments in stock market, every player of the stock market enters into it with a hope and ambition to earn his pie from the difference of prices over a span of time. With the invent of computers and availability of various software applications the players of this market could avail rich information with a click of mouse which helps them to take logical and right decisions. The analysis of risk is one of the key parameter for making any investment decision and volatility is the basic statistical measure of risk. Volatility is defined in term of statistical measure of the variability of percentage price changes or rates of return. Volatility is calculated for a number of financial variables like Stock prices, Interest Rate, Exchange rate etc. for making a wise decision of investment.

A lot of research work has been carried out on the topic Stock Market Volatility but various aspects like day of the week effect, relationship between macroeconomic variable and stock market volatility has a great scope for further exploration in the developing countries. Also the applications of family of GARCH Models are very limited in the developing stock market. To address these aspects of the stock market volatility, the present research work has been carried out in five developing countries namely Brazil, Russia, India, China and Mexico. These five countries are popularly known as BRICM.

The present study is organized into eight chapters. Chapter one provides an introduction to the topic. Chapter two presents the review of literature. Chapter three explains the research methodology which has been followed in the present study. Chapter four consists of empirical results of extent of stock market volatility in developing countries. Chapter five discusses the empirical analysis of day of the week effect in stock market return and volatility. Chapter six provides the results regarding the impact of portfolio size on stock market return and volatility. Chapter seven analyzes the impact of macroeconomic variable on stock market return and volatility. The last chapter concludes with a summary of major findings, implications of the study and suggestions for further research on this topic.
Working on this research work has provided me with the deeper understanding of the behavior of stock market volatility in developing countries. The present research work is going to be very helpful for the investors, Policy makers and Stock exchange regulating authorities.