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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on December 17, 2011 http://epw.in/user/viewabstract.jsp

VOLATILITY OF STOCK RETURN OF THE SELECT BANKING COMPANIES LISTED AT BOMBAY STOCK EXCHANGE

DR. V. K. SHOBHANA
HEAD
PG & RESEARCH DEPARTMENT OF COMMERCE
VELLALAR COLLEGE FOR WOMEN (AUTONOMOUS)
ERODE

DR. R. KARPAGAVALLI
ASST. PROFESSOR OF COMMERCE
RVS COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)
COIMBATORE

ABSTRACT
The issues of stock return and volatility have become increasingly important to the Indian investors, regulators, bankers, policy makers and dealers. Stock prices change every day. Basically, share prices change because of supply and demand. Volatility in the stock return is an integral part of stock market with the alternating bull and bear phases. Pricing of securities depends on volatility of each asset. Investors interpret a rise in stock market volatility as an increase in the risk of equity investment and consequently they shift their funds to less risky assets. The post reform period witnessed deregulatory initiatives in the banking sector, an important constituent of the financial sector of the economy. The focus of this paper is on the volatility of stock return of specified shares (A Group) and non-specified (B Group) shares of the banking companies listed at BSE. Simple average, standard deviation and beta concept were employed in the analysis of data. The findings reveal that stock return of non-specified shares is more prone to risk due to bank-specific factors.

INTRODUCTION
The capital market, is being recognized as one of the most transparent, efficient and clean market. In the recent past there have been perceptions that volatility in the market has gone up. Volatility is an important indicator of the dynamic fluctuation of stock market prices. Sometimes, wide fluctuations in prices of stock can scare away the investor from the market place. However, they have to know the variations in the stock market from time to time in order to understand the changing pattern of the capital market prices for their decision to buy / sell the securities. A certain degree of market volatility is unavoidable, even desirable, as the stock price fluctuation indicates changing values across economic activities and it facilitates better resource allocation. But frequent and wide stock market variations cause uncertainty about the value of an asset and affect the confidence of the investor.

STATEMENT OF THE PROBLEM
Volatility is a symptom of a highly liquid stock market. Pricing of securities depends on volatility of each asset. An increase in stock market volatility brings a large stock price change of advances or declines. Investors interpret a rise in stock market volatility as an increase in the risk of equity investment and consequently they shift their funds to less risky assets. It has an impact on business investment spending and economic growth through a number of channels. Changes in local or global economic and political environment influence the share price movements and show the state of stock market to the general public. The issues of return and volatility have become increasingly important to the Indian investors, regulators, brokers, policy makers, dealers and researchers, with the increase in the FIIs investment.

OBJECTIVES
1. To measure the volatility of stock return of select banks.
2. To determine the volatility of the group of shares to market return.
3. To assess the riskiness of the securities.

METHODOLOGY AND ANALYTICAL TOOLS
PERIOD OF STUDY
The study covers a period of ten financial years i.e. from 2000-2001 to 2009-2010.
DATA SOURCE
The data required for the study have been collected from the official directory of the Bombay Stock Exchange and the Electronic Database provided by Center for Monitoring of Indian Economy (CMIE).
SAMPLING
The sample was drawn from the list of Banks listed at Bombay Stock Exchange (BSE 500).
While selecting the sampled banking companies, the following criteria were adopted:
- Availability of the necessary financial data required for determining the fundamental variables pertaining to the banks for the period 2000-01 to 2009-10.
- Banks whose market price data were available.

The Banks thus selected for the study comprise of twelve banks with 'A' Group and twelve banking companies with 'B' Group shares which are as follows:

Sl.No.	Banking Companies with 'A' Group Shares	S.No.	Banking Companies with 'B' Group Shares
1	Axis Bank	13	Bank of Rajasthan
2	Bank of Baroda	14	City union Bank
3	Bank of India	15	Dena Bank
4	Corporation Bank	16	Dhanalakshmi Bank
5	Federal Bank	17	ING Vysya Bank
6	HDFC Bank	18	Indusind Bank
7	ICICI Bank	19	Jammu & Kashmir Bank
8	Indian Overseas Bank	20	South Indian Bank
9	Kotak Mahindra	21	State Bank of Bikaner & Jaipur
10	Oriental Bank of Commerce	22	State Bank of Mysore
11	State Bank of India	23	State Bank of Travancore
12	Syndicate Bank	24	Vijaya Bank

EMPIRICAL ANALYSIS AND RESULTS

MEASUREMENT OF VOLATILITY

The most common of historical or actual stock market volatility measurement is by standard deviation. In simple terms, standard deviation measures the deviation of the returns of equity from its mean return. It is an absolute measure i.e. standard deviation of stock returns in one period can be compared with standard deviation of another period to understand which period has been more volatile. Volatility is calculated as the standard deviation of the rates of return(r). The rate of return is the change in price during the period, divided by the price of the investment at the beginning of the period. The rate of change in the return may be calculated as:

$$r_t = In\left(I_t / I_{t-1\_}\right)$$

Where r_t is the rate of return for the period, In is natural logarithm, I_t and I_{t-1} are the beginning and closing prices for the two successive periods t-1 and t.

The riskiness of stocks in terms of systematic and unsystematic components is tested through the market model. A widely accepted market model is based on empirical testing. This measure of quantifying risk is also referred to as Beta Analysis. The application of the Beta concept is done through a regression equation.

REGRESSION EQUATION

Y = α +βX + E…

Y = Return from the security in a given period

α = Alpha or the intercept (where the line crossed vertical axis).

β = Beta or slope of the regression formula.

E = Epsilon or Error involved in estimating the value of the stock.

BETA (β)

As Beta measures the volatility of a security's returns relative to the market, the larger the beta, the more volatile the security. A beta of 1.0 indicates a security of average risk. A stock with Beta greater than 1.0 has above average risk. Its returns would be more volatile than the market returns.

ALPHA (α)

The size of the alpha exhibits the stock's unsystematic return and its average return independent of the market's return. If alpha gives a positive value, it is a healthy sign but alpha's expected value is zero. The belief of many of the investors is that they can find stocks with positive alpha and have a profitable return. It must be recalled, however, that in an efficient market, positive alphas cannot be predicted in advance. The portfolio theory also maintains that the alphas of stocks will average out to 0 in a properly diversified portfolio.

CO EFFICIENT OF DETERMINATION (R^2)

The coefficient of determination helps to find out the extent to which the market model explains a stock return. R^2 can be calculated by the squared correlation coefficient between stock return and market return.

Coefficient of correlation =

$$\frac{N\Sigma XY-\left(\Sigma X\right)\left(\Sigma Y\right)}{\left[\left\{\left(N\Sigma Y^2\right)-\left(\Sigma Y^2\right)-\left(\Sigma Y^2\right)\right\}\right]^{1/2}}$$

CO-VARIANCE

Co-variance of returns on two assets measures their co-movement. The following points need to be considered for the calculation of covariance between two returns:

- Determine the expected returns on assets.
- Determine the deviation of possible returns from the expected return for each asset.
- Determine the sum of the product of each deviation of each of returns of two assets and respective probability.

In the present study, returns on the shares of selected banking companies are the stock return. Selected samples are those listed in Bombay Stock Exchange which lies in BSE 500, hence BSE500 return has been taken as Market return. The stock returns for specified and non-specified shares were determines and are presented in Tables 1&2. The analysis carried out taking the pooled data of both groups of shares of the select banks based on the stock return of that group and the market return is reported in Tables 3 &4.

TABLE – 1: YEARLY AVERAGE STOCK RETURN OF SPECIFIED (A GROUP) SHARES- 2000-01 - 2009-10 (Share Price in Rs. & Stock Return in %)

Year / Month	2000-01		2001-02		2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		SD whole period
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
Axis	10.97	16.21	-2.73	15.16	4.04	13.54	1.11	8.15	13.20	25.41	5.64	13.71	3.50	8.11	3.98	10.22	5.83	14.29	-3.31	17.99	14.28
BOB	1.31	22.65	4.55	11.46	-1.83	10.82	6.46	17.20	9.71	16.46	0.33	15.49	1.43	13.22	0.45	9.42	3.63	14.80	1.02	17.65	14.92
BOI	-1.63	8.61	-0.40	15.02	7.63	12.72	3.91	11.68	4.74	11.58	6.30	19.15	3.38	17.21	2.98	13.33	5.03	14.45	2.77	20.75	14.45
Corporation	1.48	20.40	6.06	16.47	1.63	12.86	0.06	9.49	6.91	6.65	2.68	15.13	1.96	15.87	-0.78	17.40	0.28	12.27	-2.32	14.41	14.10
Federal	7.26	29.41	-0.66	10.30	7.57	17.62	0.30	11.02	14.52	23.41	3.84	15.47	2.33	10.27	0.86	8.67	1.63	13.94	-2.08	16.98	15.71
HDFC	13.17	18.85	-0.25	8.48	0.40	5.01	0.93	7.71	3.22	6.76	4.10	7.23	4.32	8.31	2.76	7.66	4.33	10.19	-0.69	14.05	9.43
ICICI	25.76	40.17	-2.91	16.91	-0.72	22.07	1.51	9.12	7.84	9.55	3.67	10.56	3.67	10.56	3.81	10.07	0.57	13.61	-2.93	18.48	16.11
IOB	-	-	-5.99	4.12	1.27	7.43	5.69	11.33	12.75	16.24	5.04	19.56	2.77	9.72	1.41	8.93	2.63	13.13	-6.89	15.37	11.76
Kotak	24.89	46.26	-3.90	17.54	12.18	28.01	3.04	13.77	7.36	13.22	4.86	15.31	6.27	12.49	5.35	11.04	4.06	17.80	-3.34	20.61	19.61
Oriental	3.41	15.82	2.14	7.53	-0.54	5.59	3.80	6.61	15.08	18.48	0.40	12.36	-1.68	7.25	-0.42	15.08	0.43	13.50	-1.87	16.56	11.88
SBI	1.28	20.45	0.82	11.02	-0.59	10.66	1.90	5.97	6.55	9.12	1.95	13.02	3.80	10.23	0.85	10.98	6.18	13.17	-0.44	18.53	12.32
Syndicate	-7.03	5.30	0.12	7.62	1.71	6. 18	5.02	18.63	8.24	14.97	4.40	19.32	5.58	13.22	-1.35	15.71	2.83	14.38	-2.09	13.78	12.91

Source: Compiled and computed from the share price data in CMIE prowess.

Table 1 shows the yearly average stock returns of Specified Shares for the periods from 2000-01 to 2009-10. It is noticed that Stock return of Axis Bank registered the highest average of 13.20% during 2004-05 followed by 10.97% in 2000-01. 2009-10 presented a negative return of 3.31%. Higher volatility was noted in the years 2004-05 and 2009-10, as is evident from the computed value of standard deviation.

The stock return of the Bank of Baroda registered the highest of 9.71 per cent in 2004-05. The average stock return of 1.02% was recorded in 2009-10 which presented higher deviations when compared to the other periods as is evident from the computed values of standard deviation.

In case of Bank of India, negative average stock returns were found during 2000-01 and 2001-02. The highest of 7.63 per cent was recorded during 2002-03. Wide variations were noted in the stock return during all the periods excluding 2003-04 and 2004-05.

Corporation Bank recorded the highest mean stock return of 6.91 % in the year 2004-05. The stock returns witnessed a declining trend in the later four years of the study period. The standard deviation indicated moderate variations.

In case of Federal Bank it was noted from the table that the mean stock return fluctuated throughout the study Period. The periods such as 2004-05, 2005-06, 2008-09 and 2009-10 presented more deviations in share prices. The monthly average of the stock return stood at a negative figure of 2.08 per cent during the year 2009-10.

The stock return of HDFC Bank recorded negative return of -0.69 during the year 2009-10. Stock return presented comparatively more fluctuations towards the later years of the study period i.e. during 2008-2009 and 2009-2010.

The mean stock return of ICICI Bank presented a steady increase except the year 2009-10. The deviation stood higher during the initial year of 2000-01 which declined later. However, the periods 2008-09 and 2009-10 witnessed fluctuations in stock return.

In the case of Indian Overseas Bank, it is clear from the Table that the mean stock return witnessed fluctuations in the study period. The standard deviation of stock return indicated that fluctuations were lower during 2006-07 and 2007-08.

The yearly average stock return of Kotak Mahindra Bank pertaining to the study period revealed that the stock return declined from an average of 6.27 per cent in 2006-07 to 4.06 per cent in 2008-09. Negative returns were recorded during 2001-02 and 2009-10. The standard deviation indicated more deviation in the year 2008-09 and 2009-10. The final year of the study period i.e. 2009-10 registered a negative monthly average stock return at 3.34 per cent.

Negative average stock return was found in Oriental Bank of Commerce from the year 2006-07 to 2009-10 excluding the year 2008-09. The year 2009-10 witnessed comparatively larger fluctuations over the proceeding periods.

The mean stock return of SBI stood higher at 6.55% and 6.18% during 2004-05 and 2008-09 respectively. The year 2009-10 witnessed more fluctuations in stock return in comparison with the other periods of the study when the mean stock returns stood negative at 0.44 per cent.

The mean stock return of Syndicate Bank emerged negative during 2000-01, 2007-08 and 2009-10. Fluctuations in stock return were comparatively greater from 2003-04 onwards.

TABLE – 2: YEARLY AVERAGE STOCK RETURN OF NON-SPECIFIED (B GROUP) SHARES- 2000-01 - 2009-10 (Share Price in Rs. & Stock Return in %)

Year / Month	2000-01		2001-02		2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		SD whole period
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	
BOR	1.72	20.77	-3.56	13.12	-1.22	12.46	2.14	18.28	10.36	16.19	5.15	21.98	-1.36	8.76	-0.44	11.82	15.19	27.85	-3.22	19.72	17.10
CUB	2.89	15.06	1.91	15.24	0.05	8.43	4.03	6.55	7.33	18.75	3.35	13.82	3.45	7.60	4.68	14.14	6.23	23.69	-5.22	15.33	13.86
Dena	0.86	8.39	-0.38	13.17	-1.69	15.12	6.49	20.18	8.85	18.28	2.86	16.47	1.05	10.19	0.88	12.36	4.73	16.71	-0.77	16.23	14.71
Dhanalakshmi	2.79	8.17	4.51	14.09	-2.73	10.90	0.90	11.91	5.57	13.19	0.91	17.33	1.76	11.89	6.28	15.07	4.30	17.00	0.61	21.52	14.11
ING Vysysa	3.98	20.68	0.89	5.06	7.01	17.23	0.61	10.41	7.26	15.86	2.11	23.07	0.19	7.38	3.29	16.49	6.64	12.52	-5.64	13.85	14.26
Indusind	7.55	36.88	-4.21	13.88	1.50	13.41	-0.30	10.71	10.83	18.77	2.84	15.22	-0.19	12.52	0.76	18.36	8.33	20.26	-5.16	16.70	17.67
J & K	3.54	9.47	1.97	8.00	5.73	15.61	4.28	10.34	13.80	18.56	-1.15	17.05	3.02	9.50	3.81	9.46	1.13	9.96	-4.85	16.17	7.07
South Indian	1.27	9.94	3.45	13.94	3.86	17.29	-1.30	10.36	6.73	15.05	0.80	18.26	0.40	11.09	4.67	8.42	4.93	16.52	-4.68	13.97	13.48
SBB & J	4.52	15.73	0.17	7.91	1.46	6.07	4.53	8.38	12.41	21.31	3.99	12.98	6.10	15.61	-1.15	13.56	4.20	14.18	-12.85	28.23	14.40
SBM	1.90	13.02	-2.17	12.14	0.70	12.54	3.17	9.41	14.63	27.34	2.21	13.99	12.31	21.85	-0.11	14.65	4.54	17.81	-11.05	28.43	17.12
SBT	-0.78	12.95	1.67	7.43	0.16	3.98	4.02	8.88	13.33	21.67	3.26	11.92	7.22	16.92	-1.74	11.35	4.84	15.26	-14.75	26.04	13.64
Vijaya	-	-	-7.73	12.92	6.26	20.79	7.93	10.51	17.92	27.75	1.92	15.75	-1.84	7.99	-0.92	11.41	3.41	18.81	-4.80	14.00	13.99

Source: Compiled and computed from the share price data in CMIE prowess.

Table 2 reveals the mean stock return of Group 'B' Shares for the ten year study period. The stock return of Bank of Rajasthan stood negative during the years 2001-02, 2002-03, 2006-07, 2007-08 and 2009-10. The fluctuations in stock returns were more pronounced during 2008-09 and 2009-10. A negative stock return of 3.22 per cent was found during the year 2009-10.

The mean stock return of City Union Bank stood in a range of 0.05 per cent and 7.33 per cent during 2000-01 to 2009-10. The year 2009-10 presented negative stock return at 5.22 per cent. The year 2008-2009 witnessed greater volatility in stock returns.

In case of Dena Bank, Stock return on the average stood low for the periods other than 2002-03, 2003-04 and 2004-05. The period 2004-05 presented the highest average stock return of 8.85 percent followed by 6.49 per cent during 2003-04. A negative stock return of 0.77 per cent was found during 2009-10. Variability of stock returns stood comparatively greater from 2003-04 to 2009-10, barring 2006-07.

Dhanalakshmi Bank's Stock return on an average stood at the highest of 6.28 per cent during 2007-08. Mean stock return recorded negative at 2.73 per cent during 2002-03. The year 2009-10 recorded low return at 0.61 per cent. Variations in stock returns were found comparatively higher from 2007-08 to 2009-10 as indicated by the computed values of standard deviation.

The highest average stock return of ING Vysya Bank was registered as 7.26 per cent during 2004-05. Even though the year 20008-09 recorded an average stock return of 6.64 per cent, during the year 2009-10 a negative stock return of 5.64 per cent was recorded. Stock return on the whole registered undue fluctuations.

As regards Indusind Bank the periods 2004-05 and 2008-09 revealed comparatively greater stock return on the average at 10.83 per cent and 8.33 per cent respectively. The year 2008-09 presented greater fluctuations in stock return over the other years of the study period. A negative average stock return of 5.16 per cent was observed during 2009-10.

Jammu and Kashmir Bank presented positive average stock return except during 2005-06 and 2009-10, the highest being 13.80 percent during 2004-05.

Regarding South Indian Bank's stock return, yearly average stood at the highest of 6.73 per cent during 2004-05. The average stock return of 2009-10 dipped to a negative of 4.68 percent.

The behaviour of stock returns of SBB&J revealed the highest of 12.41 per cent during 2004-05. Even though the stock return presented a mean ratio of 4.20 per cent in 2008-09, a negative return of 12.85 per cent was recorded during 2009-10. Fluctuations in stock returns were greater during 2009-10 in comparison with the other periods.

Stock returns of State Bank of Mysore were registered higher at 14.63 per cent and 12.31 per cent during 2004-05 and 2006-07respectively. The year 2009-10 presented the lowest average stock returns and stood negative at 11.05 per cent. Greater volatility of stock returns was evident during 2009-10.

The yearly averages of stock returns of State Bank of Travancore showed comparatively larger returns at 13.33 per cent in 2004-05and 7.22 per cent in 2006-07. The year 2009-10 presented stock return at a negative rate of 14.75 per cent, with more fluctuations in the monthly average returns.

Yearly averages of the stock return stood negative during 2000-01, 2006-07, 2007-08 and 2009-10 for Vijaya Bank. The highest rate of stock return was registered at 17.92 per cent during the year 2004-05.

The stock return of specified and non-specified shares for the period 2000-01 to 2009-10 and the market return for the period are depicted in Table 3.

TABLE – 3: POOLED DATA OF SPECIFIED AND NON-SPECIFIED SHARES STOCK RETURN AND BSE 500 INDEX RETURN (2000-01 TO 2009-10)

Year	Average Stock Return - Group 'A' Shares (%)	Average Stock Return - Group 'B' Shares (%)	BSE 500 Index Return - Market Return (%)
2000-01	6.544	2.519	4.557
2001-02	-0.299	-0.249	-4.121
2002-03	2.382	1.757	0.557
2003-04	2.625	3.041	-0.635
2004-05	9.545	10.752	6.165
2005-06	3.801	2.355	2.237
2006-07	2.862	2.675	4.423
2007-08	1.639	1.667	0.932
2008-09	3.190	5.705	2.296
2009-10	-1.920	-6.030	-2.677
Grand Mean	3.04	2.32	1.37

It is noticeable from the table that the returns of specified shares stood higher than market return for all the years except the year 2006-07.

The financial year 2004-05 recorded highest level of stock return at 9.55% and market return at 6.17%. Returns presented wide fluctuations during the period under study. Negative stock return has been recorded during 2001-02(-0.299) and 2008-09
(-1.920) whereas market return stood negative during three years of the study period, 2001-02, 2003-04 and 2009-10 at 4.121, 0.635 and 2.677 respectively.

It is apparent that the returns of non-specified shares stood negative during 2001-02 and 2009-10. The year 2004-05 recorded highest level of stock return at 10.75 per cent. Stock return was found positive during eight years of the study period and registered higher return than the market return barring the years 2000-01 and 2006-07.

TABLE – 4: SUMMARIES OF REGRESSION PARAMETERS FOR GROUP SPECIFIED & NON-SPECIFIED SHARES' STOCK RETURN VS MARKET RETURNS

	Specified	Non-Specified			
Alpha (intercept)	1.843	1.089			
Standard error of Alpha	0.566	1.028			
Beta	0.869	0.969			
Standard error of Beta	0.167	0.304			
Correlation	0.878	0.748			
Coefficient of determination	0.771	0.559			
F-Statistics	26.986	10.158			
Significance	0.000	0.013			
			Market	**Group A**	**Group B**
Average Monthly Return			1.373	3.037	2.319
Variance of returns			9.55	9.354	16.021
Covariance	8.30	1.788			

The regression parameters for stock return of Group 'A' shares of banks and the market return summarized in Table 4 shows that Group 'A' had a beta of 0.869 based on the monthly returns during April 2000 to March 2010. A beta of less than 1 means that Group 'A' shares returns is less volatile than the market returns. The positive correlation (0.878) indicates the fact that stock return moves in the same direction as market return. The coefficient of determination of 0.771, indicates that 77 per cent of the variance of Group 'A' shares returns is explained by the changes in market return. So the unexplained variance of 23 per cent is the bank-specific variance. The total riskiness of the stock is measured at 9.35 per cent.

It is evident from the beta value of 0.969 of non-specified shares that its stock return is less volatile than the market return. The coefficient of correlation is 0.748. The positive correlation indicates that when markets return goes up, Group 'B' bank's return also goes up. The squared coefficient of correlation of 0.559 implies that 56 per cent of the variance of Group 'B' banks are explained by the changes in the market returns. Hence the 44 per cent unexplained variance is the bank-specific variance. The systematic and non-systematic risks of Group 'B' banks is measured at 16.02 per cent.

CONCLUSION

This paper has examined the volatility of stock return of each of the select banks and that of the groups with the market return and the riskiness of the securities. The results have shown that, Bank-wise, in specified shares stock return of Kotak Mahindra Bank was more volatile followed by that of ICICI Bank and Bank of India. In the group of Non-specified shares stock return of Indusind Bank tended to have greater volatility, State Bank of Mysore and State Bank of Rajasthan presenting similar trends. Stock return of specified shares stood higher at 3.04 per cent than those of non-specified shares (2.32%) and market return (1.37%). Non-specified shares are more prone to risk, due to bank-specific factors. In case of specified shares, higher percentage of variance of stock return (77%) is explained by market related factors.

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