Volatility Analysis of BSE BANKEX companies in Indian Banking Sector using GARCH Model

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Abstract

Our study focusses on the forecasting the volatility of the BSE BANKEX indices of Indian banking sector as one can’t be always sure about his returns on the investment. We used the Statistical model for the analysis of the performance of BSE BANKEX indices. We have collected the data from the S&P BANKEX Index for the period of 2001 to 2019. The study considers the EGARCH from GARCH model family for the Calculations. GARCH(General autoregressive conditional heteroskedasticity) model is the statistical tool which can be used for the forecasting and analyzing financial data related information to assess the instability of profits for stocks and market indices. We have used NumXL for the calculations of GARCH model. The banking sector is performing good. So, the investment in Indian banking sector can be a profit maker for the investors. Investors can make the final decision regarding their investments through this research.

I. Introduction:

BANKING INDUSTRY IS the one of the industries which is mainly responsible for the economic growth of the nation. It is a major part of the finance industry as of about 70% of capital running through banks.

The total GDP of India comes from different-different sectors like Agricultural sector, Industrial Sector and Service Sector. Around 61% of total GDP comes from the Service Sector. It includes economic services and...
References


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