CAREER POINT INTERNATIONAL JOURNAL OF RESEARCH
Career Point International Journal of Research(CPIJR)
©2022 CPIJR | Volume 4 | Issue 2 | ISSN : 2583-1895
December-2023 | DOI: https://doi.org/10.5281/zenodo.11291350

A review on Dynamic and Trends in the Indian Stock Market

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Abstracts:

The Indian stock market has exhibited remarkable dynamism and experienced significant trends over the past decade. This research paper presents a comprehensive review of the dynamics and trends observed in the Indian stock market during this period. The Indian stock market plays a vital role in the country's economic development and is a focal point of financial activity. This research paper delves into an extensive analysis of the dynamics and trends within the Indian stock market, with a particular focus on the period from 2010 to 2020. The study employs a combination of quantitative and qualitative methods to gain a comprehensive understanding of stock market performance, factors influencing it, and its implications on the Indian economy. Our review reveal several significant insights. First, the Indian stock market has exhibited remarkable growth during the specified decade, characterized by a substantial increase in market capitalization, trading volume, and the participation of retail and institutional investors. Second, we identify several key drivers of stock market movements in India, including economic indicators, government policies, global factors, and investor sentiment. Our review shows the impact of the Indian stock market on broader economic indicators, such as GDP growth and foreign direct investment. This paper concludes with trends present in the market, policy recommendations for market regulators, investors, and policymakers. These recommendations are aimed at ensuring the continued stability and growth of the Indian stock market, as well as maximizing its contribution to the overall economy.

Keywords: Indian stock market, Economic development, Financial activity, Dynamics and trends, Stock market performance, Factors influencing stock market, Market capitalization, Retail investors, Institutional Investors, Key drivers, Economic indicators,

Government policies, Global factors, Investor sentiment, Impact On GDP growth, foreign direct investment

I Introduction:

The Indian stock market, characterized by its dynamic and ever-evolving nature, plays a pivotal role in shaping the economic landscape of the country. Over the years, it has undergone significant transformations influenced by a multitude of factors, ranging from economic policies and global market trends to technological advancements and geopolitical events. This comprehensive review aims to delve into the intricacies of the Indian stock market, shedding light on its dynamic nature and the trends that have steered its trajectory.

India's stock market has transcended national boundaries to emerge as a key player on the global financial stage, attracting investors and market participants from around the world. The market's growth can be attributed to a combination of economic reforms, policy initiatives, and the presence of a robust entrepreneurial ecosystem. Recognizing the dynamic forces driving the market becomes imperative for a diverse audience, including investors, analysts, and policymakers.

The historical evolution of the Indian stock market is a fascinating journey that this review undertakes to analyse. Tracing its roots from the early days of trading to the current technologically advanced and interconnected system, the market's resilience and adaptability are evident through various economic cycles, market corrections, and global crises. These facets underscore the market's significance in weaving itself into the fabric of the nation's economic structure.

Furthermore, the review sheds light on contemporary trends that are actively shaping the Indian stock market landscape. The rise of digital trading platforms and the impact of regulatory changes are explored to understand their influence on investor behavior, market liquidity, and overall efficiency. The integration of technology, big data analytics, and artificial intelligence in financial markets is a focal point, as these innovations continue to redefine the execution of trading and investment strategies.

Navigating the dynamic terrain of the Indian stock market necessitates an examination of macroeconomic factors, regulatory frameworks, and global influences that contribute to its ebb and flow. Major events such as economic reforms, political developments, and the ongoing globalization of financial markets are scrutinized to gauge the market's response and resilience.

In essence, this review aspires to provide a comprehensive understanding of the dynamic forces and prevailing trends in the Indian stock market. By unravelling the intricacies of its past, examining its present state, and contemplating its potential future, the aim is to equip readers with valuable insights. These insights can, in turn, inform investment decisions, contribute to policy formulations, and facilitate strategic planning in the ever-evolving realm of financial markets. As the Indian stock market continues to evolve, staying abreast of its dynamic nature becomes not only a pursuit of knowledge but a necessity for those engaged in the multifaceted world of finance and economics.

The stock market has gained the attraction of the investors due to advanced applications, in which the forecasting may lead to successful market prediction. The prediction of the stock trends directly depends on investing and trading of stock data. The tools employed for the stock market prediction can monitor, predict, and regulate the market, which can be utilized for taking correct decisions

II Literature Review:

Dattatray P. Gandhmal, K. Kumar (2019)

The advancements in stock price prediction have gained significant importance among expert analysts and investors. The stock market prediction for analyzing the trends is complicated due to intrinsic noisy environments and large volatility with respect to the market trends. The complexities of the stock prices adapt certain factors that involve quarterly earnings' reports, market news, and varying changing behaviors. The traders depend on various technical indicators that are based on the stocks, which are collected on a daily basis. Even though these indicators are used to analyze the stock returns, it is complicated to forecast daily and weekly trends in the market [1]. The accurate prediction of stock trends is interesting and a complex task in the changing industrial world. Several aspects, which affect the behavior of stock trends, are non- economic and economic factors and which are taken into consideration. Thus, predicting the stock market is considered as a major challenge for increasing production [2].

Sadhan Kumar Chattopadhyay(2014)

The Indian stock market is considered to be one of the earliest in Asia, which has been in operation since 1875. However, it remained largely outside the global integration process until 1991. A number of developing countries in association with the International Finance Corporation and the World Bank took steps to establish and revitalize their stock markets as an effective way of mobilizing and allocating funds. In line with the global trend, reform of the Indian stock market also started with the establishment of Securities and Exchange Board of India (SEBI), although it became more effective after the stock market scam in 1991. With the establishment of SEBI and technological advancement, the Indian stock market has now reached the global standard. The major indicators of stock market development show that significant development has taken place in the Indian stock market during the post-reform period.

Venkata Narasimha Chary Mushinada mvnchary and Venkata Subrahmanya Sarma Veluri(2018)

The article provides an empirical evaluation of self-attribution, overconfidence bias and dynamic market volatility at Bombay Stock Exchange (BSE) across various market capitalizations. First, the investors' reaction to market gain when they make right and wrong forecasts is studied to understand whether self-attribution bias causes investors' overconfidence. It is found that when investors make right forecasts of future returns, they become overconfident and trade more in subsequent time periods. Next, the relation between excessive trading volume of overconfident investors and excessive prices volatility is studied. The trading volume is decomposed into a first variable related to overconfidence and a second variable unrelated to investors' overconfidence. During pre-crisis period, the analysis of small stocks shows that conditional volatility is positively related to trading volume caused by overconfidence. During post-crisis period, the analysis shows that the under-confident investors became very pessimistic in small stocks and tend to overweight the future volatility. Whereas, the analysis of large stocks indicates that the overconfidence component of trading volume is positively correlated with the market volatility. Collectively, the empirical results provide strong statistical support to the presence of self-attribution and overconfidence bias explaining a large part of excessive and asymmetric volatility in Indian stock market.

Mrunal Chetanbhai Joshi & Yashika Batra(2018)

Indian stock market history is oldest in Asia as in 1875 Bombay Stock Exchange (BSE) was established by 22 brokers. From that time onwards the Indian Stock market has grown in leaps and bounds, and has become a forceful and competent stock market in the international level. At this time, total market turnover of NSE and BSE (major stock exchanges in India) reached at Rs.8,080,812.54 Crores during the month of October 2016.It turns out to be important for the investors to keep themselves up to date and financially literate about the stock market and factors affecting. This paper is an attempt to study about perception of investors about various factors affecting stock
market. It also focuses on preferences of investors about various sectors and variables related to investment in stock market. For the study we have applied descriptive research design, used convenience sampling method to select respondents and collected data through structured questionnaire using personal survey method. In this research we found that factors like Price Earning (P/E) Ratio and Earnings Per Share (EPS) are given the top most importance as compared to Market share, company's prestige and liquidity. Likewise, if industrial factors are considered, Government policies and Growth rate of industry are of much more importance. As a part of macroeconomic environment global economic condition and FII flow are crucial for investors while investing in stock market.

Joshi (2013)

In his study found major factors responsible for up-down movement in Indian stock market. He found that factors like Flow of Foreign Institutional Investors, Political Stability, Growth of Gross Domestic Product, Inflation, Liquidity and different interest rate and Global level factors are major factors responsible to create movement in Indian stock market.

III Methodology

This segment delineates the framework employed in conducting this research and outlines the specific methodology adopted. The research is structured as an operational design, focusing on a simple bullish trade strategy. Implementation involves executing buy and sell orders based on predefined targets derived from technical indicators and algorithms. Subsequently, the efficiency and profitability of this trade will be compared. Once the hypothesis is validated, demonstrating a significant difference between technical and algorithmic trading profitability, the study will proceed to examine the impact of algorithmic trading on the Indian stock market by analyzing algorithmic turnover data. The data collection process

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encompasses both primary and secondary sources, incorporating insights from research papers such as those authored by Ben G. Charoenwong on technical trading strategies and by Ritesh Kumar Dubey, A. Sarath Babu, Rajneesh Ranjan Jha, and Urvashi Varma on algorithmic trading efficiency in the Indian market. Additionally, data from the National Stock Exchange regarding trading volumes in these two styles is utilized for efficiency comparison. Supplementary data from literature reviews and reputable websites like SEBI, Screener.in, and Tradingview.com also contributes to the analysis. Methodologically, the study employs comparative situational analysis to assess profitability and efficiency, supplemented by statistical analysis to gauge the influence and effects of different trading styles. The study spans a period of one month, from January 10th, 2023, to February, for operational efficiency analysis, and encompasses one financial year, from April 1st, 2021, to March 31st, 2022, for statistical influence assessment. However, the study acknowledges certain limitations, including the variable skill levels and individual interpretations of trading concepts, which may affect trading efficiency. Furthermore, while the study may establish comparative differences between trading styles, the adaptation of alternative styles ultimately depends on individual preferences and abilities. Illustratively, the fundamental framework of technical trading is depicted through a schematic chart demonstrating the manual execution of trades based on technical parameters (Figure 1: Framework of Technical Trade).

Figure1: showing the Framework of technical trade

IV Results And Discussion:

The results and discussion section of in this work unveils intriguing insights into the operational efficiency and impact of trading styles, particularly technical and algorithmic, within the Indian stock market context. Through comparative analysis, the study reveals noteworthy findings regarding the profitability and efficiency of these trading approaches. The operational design of executing simple bullish trades based on predefined targets elucidates a nuanced understanding of market behavior influenced by technical indicators and algorithmic strategies. Empirical evidence suggests a discernible difference in profitability

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between technical and algorithmic trading, thereby underscoring the significance of trading methodologies in investment outcomes. Furthermore, the examination of algorithmic turnover data elucidates the evolving landscape of market participation and its implications for market dynamics.

Figure 2 Show the live market indicator

The incorporation of primary and secondary data from diverse sources enriches the discussion by providing comprehensive insights into market trends and investor behavior. Statistical analysis further corroborates the findings, offering valuable insights into the influence and effects of different trading styles on market performance. Despite the study's robust methodology and insightful findings, certain limitations are acknowledged, including individual skill levels and subjective interpretations of trading concepts, which may influence trading efficiency. Nonetheless, the study contributes to the broader understanding of dynamics and trends within the Indian stock market, highlighting the need for adaptive strategies and informed decision-making in navigating its multifaceted terrain.

Figure 2 After Process of analysis Algorithms

The results and discussion section of this review on the dynamic trends in the Indian stock market unveils a multifaceted landscape characterized by both volatility and resilience. Analyzing the data reveals a significant correlation between macroeconomic indicators and stock market performance, indicating the market's sensitivity to changes in economic policies and global trends. Notably, the review identifies a shift towards digitalization and technology-driven trading platforms, influencing market accessibility and investor behavior. Furthermore, discussions highlight the impact of regulatory reforms on market dynamics, emphasizing the need for adaptive strategies among investors and stakeholders. The emergence of sectors such as renewable energy, e-commerce, and fintech as key drivers of market growth underscores the importance of sectoral analysis in investment decision-making. Overall, the results underscore the dynamic nature of the Indian stock market and the imperative for stakeholders to stay abreast of evolving trends and regulatory developments to capitalize on emerging opportunities while managing risks effectively.

V Conclusion:

The aim of this review is to identify the stock market development in India by reviewing the literature of this area the present review was tried to contribute by exploring the effort of researchers in defining the process of stock market development based on many indicators such as size & market capitalization. It is important to implement to a standard

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way of defining stock market development in term and open to interpretation .The growing importance of stock market development and economic advancement of a nation. With the growing importance of stock market in the economic development through the world have been attracted to carry out their research work in this area.It has got a prime spot in the researchers of development economies with the liberalization in the stock market.

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