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**Kaushal Jay**  
Research Scholar,  
University Department of  
Commerce & Business  
Administration, LNMU,  
Darbhanga, Bihar, India

**Dr. Harish Chandra Prasad**  
University Professor & Head,  
Department of Commerce &  
Business Administration  
(Retd), LNMU, Darbhanga,  
Bihar, India

**Correspondence**  
**Kaushal Jay**  
Research Scholar,  
University Department of  
Commerce & Business  
Administration, LNMU,  
Darbhanga, Bihar, India

## Stock market and modern economic scenario in India

**Kaushal Jay and Dr. Harish Chandra Prasad**

### Abstract

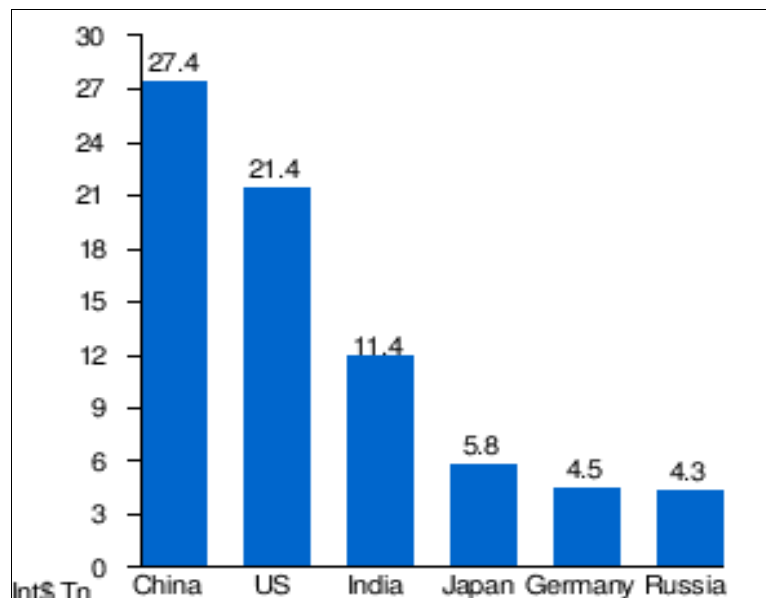
In this paper I examine the Stock market development and corporate growth with the Modern economic Scenario in India. The National and International Stock exchanges scenario has witnessed sea level change in the past few years in terms of smooth and unrestricted flow of funds by adopting modern and advanced tools techniques and procedures and infrastructures. After Liberalization and Globalization the economy grown all over the world and this situation provide the ample scope of investment among the investors. This scenario lead the change of Capital market, customers behaviour, Shareholder wealth demand, financial institutions, technological advancement etc. In other words, it can said that the financial system have been one side.

**Keywords:** Stock market, economic growth, capital market, technology advancement

### Introduction

Indian economic growth and development is being created positive thoughts in the mind of invertors in order to invest their precious funds into the stock market. They knows about the volatility of stock Price i.e. Price of shares and others financial assets fluctuates due to various causes which effects the economy. In spite of that the investors invest in stock market for higher return which associated with higher-risk.

The Modern economic scenario in India is in developing stage because there are several economic policies adopted by politicians such as Foreign Direct investment (F.D.I.) in banking sectors, Rail, Securities and so on. These types of policies provide ample scope for the development of market. Therefore the investors change their thoughts from traditional savings and investment into risky-investment. Our economic Policies which adopted by the politicians play an important role in modern economic scenario. The economy of India is the sixth largest in the world measured by nominal GDP and the third largest by Purchasing Power parity (PPP).



**Fig 1:** Largest economies by PPP GDP (in 2017)

According to International Monetary fund estimates. This graph shows that the list of countries by their forecasted estimated gross domestic Product (GDP) based on Purchasing Power Parity (PPP). Countries are sorted by GDP, PPP forecast estimates from financial statistical institution in the limited Period January April 2017, which are Calculated at market or government official exchange rates. In finance exchange rate of two Currencies is the rate at which one currency will be exchanged for another. It also regarded as the value of one Country's currency in relation to another Currency. Exchange rates are determined in the foreign exchange market, which is open to a wide range of different types of buyers and sellers, and where currency trading is continuous, 24 hours a day except weekends. The given data based on the International dollar, a standardized unit used by economists.

The Country is classified as a newly, industrialized country, and one of the G-20 major economies. The G-20 or Group of Twenty is an International forum of the governments and Central bank governors from 20 Major economies. Currently these are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United states, and the European Union. rounded in 1999 the G-20 aims to discuss policy issues pertaining to the Promotion of international financial stability. The main Purpose, of G20 is to bring together systemically important industrialized and developing economies to discuss key issues in the global economy. The average growth rate of Indian economy of approximately 7% over the last two decades. India's economy became the world's fastest growing major economy became the world's fastest growing major economy in the last quarter of 2014, Surpassing the People's Republic of China.

The Long-term growth prospective of the Indian economy is positive due to its young Population, Corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The Indian economy has the potential to become the World's third largest economy by the next decade, and one of the two largest economies by mid-century. The International Monetary Fund (IMF) described the Indian economy as the "bright spot" in the global land scope. India topped the world Banks growth outlook for the first time in fiscal year 2015-16, during which the economy grew 7.6%. Growth is expected to have declined slightly to 7.1% for the 2016-17 fiscal year. According to the IMF, India's growth is expected to rebound to 7.2% in the 2017-18 fiscal and 7.7% in 2018-19.

India has one of the-fastest growing service sectors in the world with as annual growth rates above 9% Since 2001 Which Contributed to 57% of GDP in 2012-13. India has become a major exporter of I.T. Services, Business Process outsourcing (BPO) Services, and software services with \$ 167.0 billion worth of services exports in 2013-14. This is the fastest-growing part of the economy.

The modern economic scenario help to boost the Indian economy with all around development. The volatility in stock markets is the main issue which duly Considered by the investors. Volatility is basically the variation from the average value over a measurement period. It a price of a security varies a great deal from day to day, the volatility of it will be high and conversely. If the day to day variation is low, the value of volatility will be low as well. It is

measured by the Standard deviation of logarithmic return during a certain period National; Stock exchange (I\ SE) is one of the few exchanges in the world trading all types of securities on a single plot from, its operation is divided into three segments:

- a) Wholesale Debt Market. (WDM)
- b) Capital Market
- c) Futures and options (F&O) Market.

The wholesale Debt Market (WDM) segment of NST: deals is fixed income securities. It commenced its operations on Junes 30' 1994. WDP provides trading. Facilities for various debt instruments like government securities. Treasury Bills and Bonds issued by Public sectors under takings/corporate/Banks, like Floating Rate Bounds, Zero Coupon Bonds, Commercial Papers, Certificate of Deposits, Corporate Debentures. State government loans, SLR and non-SLR bounds issued by financial institution.

### Conclusion

The economy grows fastest and at present is creates hope in the mind of investors in order to positive return against their precious hard earned money which are being invested into the financial assets.

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