

Risk Return Relationship among Index Companies

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Abstract: Present study has been undertaken with the objectives of analysing risk return relationship and the volatility patterns in the return. For the purpose of the study three established IT companies namely TCS Ltd., Wipro Ltd. and Infosys Ltd. along with the IT Index of which these companies are constituents have been studied. Closing price series of the selected companies and the IT Index have been analysed by converting the closing prices to log returns. Standard deviation as well as GARCH models have been applied to study the volatility in the return series. Data for the recent four calendar years from 2019 to 2022 have been analysed. Data has been collected from the Asia's oldest stock exchange i.e. Bombay Stock Exchange. "More Risk More Reward" axiom is not followed by the return series during the period of study. Though stock of these companies and Index studied behaved efficiently during the period of study but no particular volatility pattern has been observed in the return series analysed.

Keywords: Return, Risk, Volatility, GARCH

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