

**"IMPACT OF THE FII'S INDIAN EQUITY INVESTMENT  
BEHAVIOR ON THE BRIC COUNTRIES' STOCK MARKET  
VOLATILITY DURING THE SUBPRIME CRISIS" AN  
EMPIRICAL INVESTIGATION**

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**Abstract**

The growing emphasis on exports, education, science and technology over a period of time have made the BRIC countries one of the most promising emerging market basket to invest in. The paper attempts to analyze the impact of the Foreign Institutional Investor's Equity Investment Behavior in India on the Stock Market Volatility of the BRIC countries during the Subprime Crisis by employing ARMA (1,1) GARCH (1,1) model. A dummy variable has been introduced to account for the purchase and sale behavior of the FIIs. The negative investment flow increased the volatility in the stock markets of Brazil, India and China except Russia during the crisis period. When the FIIs push the sell button in the Indian economy, the volatility in the stock markets of Brazil, India and China also increases.

**Keywords:** Conditional Variance, Financial Crisis, Foreign Institutional Investors, GARCH model, Unit root test.

**JEL classification codes:** C58, E44, G01, G15.