

## **ABSTRACT**

*The paper empirically examines the relationship between trading volumes, return and volatility for 30 Indian Stocks which are constituents of the dollex-30 index. The components used for the results are the number of shares traded as a proxy for trading volume and adjusted closing price for the calculation of returns. The paper mainly focuses on the dynamic relation as marked by the lead-lag relationship, investigated between returns and volumes and also between volatility and trading volumes. The Mixture of Distribution Hypothesis, which tests the GARCH vs Volume effect, is also studied between the volatility and volume. In our study, we estimate the conditional variance realized using a GARCH(1,1) model, incorporating the volume as an exogenous variable .We also frame a panel VAR model to test the Granger causality between volatility and volume. From the results thus found , it can interpreted that there exists a bidirectional relation between both returns and volume as well as volatility and volume. Also, from the individual impacts of each of the 30 stocks it is quite evident that each of them contribute in the causality.*

Key words: Volatility, panel VAR model, Granger causality