Stock markets are intricately interwoven in the fabric of a nation’s economic life. Without these, the savings of the community, the sinews of economic progress and productive efficiency would remain underutilised. The stock market is not a weighing machine on which the value of each issue is recorded by an exact and impersonal mechanism, in accordance with its specific qualities. Rather it works as a ‘voting machine’ whereon the choices of countless individuals emerged out of reasons and emotions are registered. A market is said to be an efficient one when the prices of its securities are capable of reflecting all the available information fully and instantaneously. In an efficient market, security prices are unpredictable. Therefore, for testing the degree of stock market efficiency researchers have sought to examine (a) whether future share prices are predictable by studying past prices; (b) whether security prices at any time, fully and instantaneously reflect all publicly available information about companies; and (c) whether inside information which is not publicly available is reflected in the market price.

In the present study, we have tested the validity of random walk hypothesis or weak form of efficient market hypothesis by examining the share price behaviour in India pertaining to January 1993 to December 1996. Another issue that the study seeks to examine is whether there is similarity in the level of weak form of efficient market hypothesis in five major stock exchanges in India, viz. Bombay, Calcutta, Madras, Delhi and Ahmedabad. The industry-wise variations in weak form of EMH have also been adjudged in the present study.

I am thankful to Prof. S. S. Chahal, Department of commerce, M. D.
University, Rohtak under whose kind supervision and guidance this work has been completed. I am extremely grateful to him for encouraging me to select such an important area of finance, that is testing the validity of weak form of efficient market hypothesis, which had hitherto remained unexplored. His meticulous guidance at every step is largely responsible for the emergence of this work in the present shape. However, the errors and limitations are solely mine.

I am extremely thankful to Prof. S. N. Mittal, Head, Department of Commerce, M. D. University, Rohtak, who has been a constant source of encouragement to me.

During the course of study, I have received help from various quarters. However, in particular, I owe my thankfulness to Prof. R. K. Mittal, Department of Business Studies, Kurukshetra University, Kurukshetra, Prof. O. P. Gupta, Department of Financial Studies, University of Delhi, South Campus, Delhi, Dr. Raj S. Dhankar, Faculty of Management Studies, University of Delhi, South Campus, Delhi, Prof. Subhash C. Sharma, Department of Commerce and Business Management, G. N. D. University, Amritsar, Prof. B. S. Bhatia, Department of Business Management, Punjabi University, Patiala, Dr. Narender Singh Malik, Department of Business Management Guru Jambheshwar University, Hisar. for giving valuable suggestions. I owe special debt to my colleagues, Dr. Ramesh Kumar Singla, Lecturer in Commerce, Govt. College, Jind, Dr. Om Pal Singh, Lecturer in commerce, Govt. College, Bhiwani, who helped me in various ways.

A number of sources and learned works have been used in the research work. Gratitude is brought on record for the authors and publishers. I also wish to express my sense of gratitude to the librarians of M. D. University, Rohtak,
Ratan Tata Library, Delhi University, Delhi for allowing me to use their valuable resources.

My thanks are due to the staff of Computer Centre, K. U. Kurukshetra, who helped in processing the data on the computer and also to Mr. Virender Jain, Paras Creations, Rajguru Complex, Hisar for his nicely done typing work.

Finally, I place my thanks on record to my wife Sunita, son Sandeep and daughter Asha, who have all the way encouraged me with incredible patience, especially creating congenial domestic environment which enabled me to complete this study.

(Dalbir Singh)