ABSTRACT

Indian securities markets have undergone huge transformation in terms of both qualitative and quantitative aspects in the last twenty five years since 1991. Indian stock market witnessed huge volatility in the wake of a global financial crisis (2007-2009). The interaction between securities markets and economic growth is well documented by financial researchers worldwide. Numerous market micro-structure reforms helped Indian securities market develop in terms of products, technology, participants, surveillance and enforcement comparable to International standards.

Stock Exchanges are a vital institution of the capital markets which have been playing an increasingly important role in India’s economic growth. Markets in India have changed substantially in their microstructure in the last two decades. National Stock Exchange of India (NSE) is ranked globally according to WFE (World Federation of Exchanges). NSE is number 3 in single stock futures, number one in stock index options and sixth in stock index futures (rankings for the period November 2016). Another recent development in India’s securities market is the commencement of trading in equity derivatives in the year 2000. Index futures is the first type of derivatives instruments launched in the Indian Markets in June 2000, followed by the index options in June 2001, Options in individual stocks in July 2001 and single stock futures in November 2001. Indian Markets witnessed new products, an expanding list of eligible investors, rising volumes and the best risk management framework for exchange traded derivatives. India’s Securities Markets are based on nationwide market access, anonymous electronic trading, and a predominantly retail market. The Indian Equity Derivatives market plays a major role in shaping price discovery.

This thesis is divided into Six chapters. Chapter 1 consists of an overview of macroeconomic scenario in the Global context, overview of Indian Financial markets, the evolutionary development of India Stock market, it also includes need and significance of the study, scope of the study, objectives and Hypotheses of the study, research methodology, data analysis and limitations of the study. Chapter 2 discusses the studies related to the research work by dividing into five parts. Part one discuss, studies related volatility in the Global context, part two discusses studies on volatility
in the Indian context, part three discusses studies on co-movement in the Global context, part four discuss studies on co-movement in Indian context whereas part five discuss studies related to Global Financial Crisis. Chapter 3 concerned with the role of NSE in Indian securities markets’ growth and market micro structure transformation. Chapter 4 discuss the volatility behaviour of NIFTY 50 and six sectoral indices by using descriptive statistics of daily returns, unit root test, auto-correlation and GARCH, GJR-GARCH, E-GARCH models. Chapter 5 regarding the co-movement of NIFTY 50 and six sectoral indices identified for this research work. Various econometric tools like Johansen Co-integration and Granger-Causality test are employed. Chapter 6 discusses the finding and concluding and policy implications of this research work. It also includes the scope for future research work based on the analysis of volatility and co-movement of NIFTY 50 and other sectoral indices.