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STUDY ON INTERDEPENDENCY OF INDIAN STOCK MARKET WITH SELECTED ASIAN STOCK MARKET BEFORE AND AFTER CHANGE IN TRADE TIME OF BSE

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ABSTRACT

Interrelationship and dynamic linkages among countries has been the topic of interest for many researchers, practitioners and policy makers. The study aims to examine the structure of linkages and causal relationship between Indian Stock market (BSE) and the selected Asian Stock Markets (BSE, SSE, Hang Sang, Jakarta, Nikkei), before and after change in trading time of BSE market. The period of study is divided into two sample periods; before trading time change - 17/11/2006 to 3/1/2010 and after trading time change - 5/1/2010 to 31/01/2013. This study is based on the descriptive research in which cross-sectional design has been used. The study conducted descriptive statistics, correlation analysis, regression analysis, return analysis and paired t test. The result shows that before trading time change, there were more fluctuations in stock prices compare to after trading time change. BSE has highest correlation with Hang Sang (77.21%) and Jakarta (78.25%), but have less correlation with Nikkei (-5.33%) in overall period. Hang Sang and Jakarta have more impact on BSE stock prices.

Keywords: *Bombay Stock Exchange (BSE), Correlation, Descriptive Statistics, Kurtosis, Skewness*

1. INTRODUCTION

Stock Market integration is generally perceived as a real barometer for the economic growth. This integration is because of globalization and liberalization. With financial integration, emerging economies have became increasing attractive place for the portfolio investors who generally seek marginal amount of return than what available in other developed countries (Darshan Ranpura, 2011). The markets for common stocks have