



## **Call for Research Proposals 2022**

### **NSE – NYU Stern Initiative on the Study of Indian Financial Markets**

The NSE-NYU Stern Initiative on the Study of Indian Financial Markets is a joint venture of The [National Stock Exchange of India \(NSE\)](#) and The [Center for Global Economy and Business](#) at The [NYU Stern School of Business](#). The Initiative invites academics and scholars to submit research proposals for projects, including early-stage projects that are relevant for understanding the Indian financial sector and macro-economy. We expect to approve around a half dozen projects and give grants of \$7,500 per project. While we encourage research proposals that are in the early stages of conception and formulation, the proposals that are relatively more advanced but have not yet been sent for publication in any form (working paper or otherwise) are of greater interest to us.

The topics of particular interest for this year include:

#### **Equity Markets**

- The study of pricing of IPOs in India
- The role and functioning of Initial and Secondary Public Offerings
- The experience of public market debuts of start-ups in global markets, and the means to maintain secondary market liquidity in these platforms
- Trading behavior and effects on prices of retail and institutional (incl. foreign) investors
- The role of global liquidity in asset price allocation and its effects on investors in India
- Macroeconomic risks including inflation, fiscal and currency depreciation risks and how they impact markets and firms
- Market-based financing of SME equity and debt. Constraints faced by SMEs
- Studies of other emerging markets relevant for India

#### **Derivatives Markets**

- Is there an optimal derivative market size relative to the underlying market in terms of its impact on the underlying market's price, liquidity and stability?
- The effect of derivatives trading on cash markets, lead-lag relationships, price discovery and market efficiency
- Making commodity derivatives work for Indian farmers
- The study of various commodity derivatives products in international markets

#### **Fixed Income Markets**

- Fixed income markets - OTC or Exchange-traded?
- Analysis of liquidity and credit risk embedded in the traded prices of corporate bonds in India
- The trading and liquidity of domestic and external corporate debt markets
- The market for government securities

**Market Microstructure**

- The influence of secondary markets on the primary markets
- The efficiency of physical settlement and its impact on derivatives. Analysis of the delivery value chain with respect to physical deliveries through exchanges in India
- Linkages and correlation between the stock market and commodities derivatives market in terms of liquidity and price movements
- The participation and the role of end users in the price discovery and risk management in agricultural commodities futures
- The relationship between firm ownership structure and liquidity in the secondary market
- The impact of high-frequency trading/algorithmic trading and other new and emerging technology trends on asset markets. Technological innovations to improve market design
- Does day-trading bring liquidity or does liquidity bring day traders? How robust is the liquidity that day-trading brings? Or does it vanish at the first sign of trouble?
- Speed bumps – understanding when market microstructure is under stress?
- Regulatory arbitrage in trading across markets and jurisdictions
- Transaction taxes for securities trading and their effects in single- and multi-market settings
- The study of ‘Interoperability’ between Central Counterparties and its significance for the development of financial markets
- Understanding the role and impact of financial sector regulation and government restrictions on markets and systemically important financial institutions (SIFIs)
- International evidence on the impact of securities receipts listings on secondary market liquidity

**IFSC**

- International Financial Services Centers - relevance and practice
- The impact of offshore markets including IFSCs on local markets

**Mutual Funds and ETFs**

- The organization and performance of collective investment vehicles (e.g., mutual funds) in emerging markets such as India
- Global trends and advantages/disadvantages of trading in Bond ETFs over direct Bonds
- Global trends and advantages/disadvantages of trading in index Futures vs. ETFs
- The role played by the ETF market in improving liquidity in underlying equity and fixed income markets
- Portfolio strategies/asset management

**Banking, financial services, and fintech**

- The impact of Insolvency and Bankruptcy Code on the secondary market performance of banks
- The efficiency of debt restructuring procedures and asset reconstruction companies
- Understanding the behavior and risks of banks (private-sector, public-sector) and non-bank financial corporations (NBFCs, central clearing corporations), and how they interact with markets
- Payment systems
- Distributed ledger systems (blockchain) and applications in finance
- Digital currencies, CBDCs, cryptocurrencies



The NSE provides market data for research through NSE Data & Analytics Limited (formerly known as DotEx International Limited), which is a 100% subsidiary of the NSE dedicated solely to provide data and info-vending products. The guidelines for distribution of market data for research purposes are laid out in the NSE's Data Usage and Data Sharing Policy. For more details on data products please visit: [https://www1.nseindia.com/supra\\_global/content/dotex/about\\_dotex.htm](https://www1.nseindia.com/supra_global/content/dotex/about_dotex.htm)

Each research proposal should consist of *at most* three single-spaced pages, and must include the project title, information on the principal investigator (PI) and institution where the PI is affiliated, information on any co-PIs, a one-paragraph summary of the project, the project's intended contribution relative to the literature, the data to be employed, research methodology, and preliminary results (if any). It will be useful for the screening committee to know if the required data have already been sourced or are known to be available and also if there is a draft of the paper (if available, please submit the draft).

The deadline for submissions of the proposal is **31<sup>st</sup> May, 2022**. The research proposal plus the CV of the PI should be mailed in pdf format as a single file to [nse-nyu-call-2022@stern.nyu.edu](mailto:nse-nyu-call-2022@stern.nyu.edu) with copy to [dl-epr-all@nse.co.in](mailto:dl-epr-all@nse.co.in). Project approval decisions will be made and emailed by **15<sup>th</sup> June, 2022**.

Funding will be provided in three stages: 30% of the grant will be made available upon approval of the research project; 20% on timely submission (i.e. by **31<sup>st</sup> August, 2022**) of the preliminary draft (please note feedback on the initial draft will be provided within three weeks after the deadline); and, the remaining 50% will be made available if the following conditions are met. The PIs of the approved projects must each:

- Present (or have a co-author present) the revised draft at a research conference to be organized by the NSE in Mumbai, India in the first half of December 2021 (dates to be confirmed). Travel and accommodation costs relating to the conference will have to be paid by the presenters from the grant.
- Submit the second draft incorporating the discussion at the Conference by **31<sup>st</sup> January, 2023**, on which a final set of comments will be provided by **15<sup>th</sup> February, 2023**.
- Submit by **1<sup>st</sup> April, 2023** a final draft that gives due consideration to all comments and feedback for inclusion in the Working Paper series of the NSE and the Center for Global Economy and Business.
- Submit by **1<sup>st</sup> April, 2023** a 4-5 page white paper, which will essentially include a brief description of the major findings of the research paper in non-technical, easy-to-understand language, to the NYU coordinator. This will be included in the White Paper series of the NSE and the Center for Global Economy and Business.

The committee that will screen and approve the projects consists of Professors Kose John (NYU Stern School of Business), Venkatesh Panchapagesan (Indian Institute of Management, Bangalore), N R Prabhala (Johns Hopkins University), and Suresh Sundaresan (Columbia University).

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Past projects and conference agenda can be found at:

<https://www.nseindia.com/resources/research-initiative-financial-market-nse-nyu>

<http://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/global-economy-business/development-initiatives/india-initiative/indian-capital-markets-initiative>

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### **About the National Stock Exchange (NSE) of India**

National Stock Exchange of India (NSE) is the world's largest derivatives exchange by trading volume (contracts) as per the statistics maintained by Futures Industry Association (FIA) for calendar year 2021. NSE is ranked 4th in the world in the cash equities by number of trades as per the statistics maintained by the World Federation of Exchanges (WFE) for calendar year 2021. NSE was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. NSE has a fully integrated business model comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading, clearing members and listed companies with the rules and regulations of SEBI and the exchange. NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology.

For more information, please visit: [www.nseindia.com](http://www.nseindia.com)

### **About the India Initiative at Stern School of Business, New York University**

[Kose John](#)

India Initiative Coordinator

The world's largest democracy and third largest economy in real terms, with the fastest growing working-age population, India is set to become one of the world's most important economic forces in the coming decades. India Initiative at Stern aims to promote and disseminate high quality research focused on markets, institutions and economy of India. In addition to the NSE-NYU annual research grant program, NSE-NYU Annual Conference on Indian Financial Markets, and school-wide workshops, we also organize an annual conference IIM-NYU India Research Conference at NYU Stern.

### **About the Center for Global Economy and Business**

The Center promotes faculty research focusing on global aspects of modern economies and business. It also encourages faculty development in various areas of special interest to the University and the global economy, while serving Stern and the University through outreach to the broader community. This includes the academic, business, and policy worlds, as well as students and alumni.

For more information, please visit: <https://www.stern.nyu.edu/experience-stern/about/departments-centers-initiatives/centers-of-research/global-economy-business>