Call for Research Proposals

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 National Stock Exchange of India (NSE) and Center for Global Economy and Business at 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**
- Study of pricing of IPOs in India.
- The role and functioning of Initial and Secondary Public Offerings
- Experience of public market debuts of start-ups in global markets, and the means to maintain secondary liquidity in these platforms
- Trading behavior and effects on prices of retail and institutional (incl. foreign) investors
- 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 requirements. Constraints faced by SMEs
- Studies of other emerging markets relevant for India

**Derivatives Market**
- 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?
- Effect of derivatives trading on cash markets, lead-lag relationships, price discovery and market efficiency
- Making commodity derivatives work for Indian farmers
- 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
- Trading and liquidity of domestic and external corporate debt markets
- The market for government securities
Market Microstructure

- Influence of secondary market on the primary markets
- Efficiency of physical settlement and its impact on derivatives. Analysis of the delivery value chain in respect of physical deliveries through exchanges in India.
- Linkages and correlation between the stock market and commodities derivatives market in terms of liquidity and price movements.
- Participation and the role of end users in the price discovery and risk management in agricultural commodities futures.
- Relationship between firm ownership structure and liquidity in secondary market
- 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 liquidity brings 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 is market microstructure under stress?
- Regulatory arbitrage in trading across markets and jurisdictions
- Transaction taxes for securities trading and their effects in single- and multi-market settings
- Study on ‘Interoperability’ between Central Counterparties and its significance for 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 impact of securities receipts listing on secondary market liquidity.

IFSC

- International Financial Services Centers - relevance and practice
- Impact of offshore markets including IFSCs on local markets.

Mutual Funds and ETFs

- 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.
- Role played by vibrant ETF market in improving liquidity in underlying equity and fixed income markets.

Banking and financial services

- Impact of Insolvency and Bankruptcy Code on the secondary market performance of banks.
- 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

NSE provides market data for research through NSE Data & Analytics Limited (formerly known as DotEx International Limited), which is a 100% subsidiary of NSE dedicated solely to provide the data and info-vending products. The guidelines for distribution of market data for research purposes are laid out in
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

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 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 31st March, 2020. Research proposal plus the CV of the principal investigator should be mailed in pdf format as a single file to nse-nyu-call-2020@stern.nyu.edu Project approval decisions will be made and emailed by 30th April, 2020.

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 1st August, 2020) 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. Principal investigator of the approved projects must each:

- Present (or have a co-author present) the revised draft at a research conference to be organized by NSE in Mumbai, India in second half of December 2020 (dates to be confirmed). Travel and accommodation costs relating to the conference would have to be incurred by the presenters from the grant.
- Submit second draft incorporating discussion at the Conference by 31st January, 2021, on which a final set of comments will be provided by the 15th February, 2021.
- Submit by 15th March, 2021 a final draft that gives due consideration to all comments and feedback for inclusion in the Working Paper series of NSE and Center for Global Economy and Business.
- Submit by 15th March, 2021 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 NSE and 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 (CAFRAL and University of Maryland), and Suresh Sundaresan (Columbia University).

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-ster...
About National Stock Exchange (NSE) of India

National Stock Exchange of India Ltd. (NSE) is the world’s largest derivatives exchange by trading volume as per the statistics published by Futures Industry Association (FIA) for 2019. NSE is also ranked 3rd in the world in the cash equities segment by number of trades as per the statistics published by the World Federation of Exchanges (WFE). 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 and clearing members with the rules and regulations of 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. NSE believes that the scale and breadth of its products and services, sustained leadership positions across multiple asset classes in India and globally enable it to be highly reactive to market demands and changes and deliver innovation in both trading and non-trading businesses to provide high-quality data and services to market participants and clients.

For more information, please visit: www.nseindia.com

About 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.