

The Evolution of Innovative Financial Instruments in India's Securities Market: Trends and Investor Dynamics

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ABSTRACT

Indian securities market has witnessed tremendous changes over the last decade, with such changes having been driven both by regulatory reforms and the development of innovative financial instruments. The paper explores dynamic changes in the market brought about by various regulatory interventions, technological advancements, and innovative instruments that have broadened the investor base and strengthened market integrity. Apart from setting up Social Stock Exchange, important innovation products such as green bonds, REITs, and InvITs are brought under scrutiny to find out their impact on investor interest and the way to achieve good performance. The research would aim to enlighten stakeholders, ranging from regulatory authorities to global investors, on trends related to India's securities market changing structure towards investment destination potential.

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1 Introduction

Securities Markets: A Catalyst for Economic Growth

Securities markets are important to the promotion of economic growth and development. Over time, the global financial system has evolved from bank-based to market-based intermediation. From the past, securities markets have made tremendous progress globally offering investors a range of asset classes including real estate, fixed deposits, insurance, pension funds, mutual funds, equities, commodities, and currencies. Except for direct investment, most of society's savings finds its way to the securities markets via institutional investors - banks, insurance firms, and mutual funds.

The diversified stakeholders are met through the securities markets, which have helped generate capital that promotes economic growth, business value, and investor wealth. In recent years, incorporation of thematic financing instruments has also been seen into these markets, including the REITs and InvITs. Furthermore, it supports socially responsible and impactful financing through green bonds and the Social Stock Exchange (SSE), along with sustainable development through ESG frameworks. These markets are an engine for economic growth, create employment, enhance financial well-being of investors, and provide effective price discovery of the underlying assets.

But the securities markets also face tremendous challenges such as protecting investors from malpractices such as insider trading and price manipulation. The regulators must continually respond to this ever-changing landscape brought about by technology. They do so through the implementation or amendment of regulations, establishment of risk management frameworks, enhancement of supervisory and surveillance mechanisms, streamlining investigative processes, ensuring timely and transparent disclosures, and imposing stringent compliance standards.

The newer origins of innovative financial products in Indian security markets are investigated in this paper, tracing developments, changes, and policy frameworks for safeguarding the rights of investors. As a result, it can serve as an idea for potential research at a deep level on these groundbreaking tools.

Section two explores the growth and development of India's securities markets. Section three outlines recent initiatives implemented by the Securities and Exchange Board of India (SEBI) to enhance market robustness. Section four provides a summary of the key research contributions featured in this special issue, and section five concludes with final remarks and observations.

2 Growth and Development of Indian Securities Markets

The Bombay Stock Exchange, established in 1875 under a banyan tree, is one of the oldest stock exchanges in Asia. Over time, India has progressed from an open outcry traditional system to a sophisticated trading system that incorporates both physical and electronic platforms. Today, the Indian securities market is ranked as one of the most advanced markets globally. The Securities and Exchange Board of India (SEBI) has contributed to technological advancement and encouraged regulatory innovation to build a robust, vibrant market structure. The board has not only functioned as a regulator but has been proactive in fostering the development of innovative financial instruments and intermediaries that enhance market evolution.

The Indian securities market, like all the others with developing financial systems, encountered manipulative and ethical wrongdoing. However, every episode went on to fortify its regulatory structure and in each case made it more poised in dealing with the challenge thus strengthening investor trust in an overall way. The National Stock Exchange (NSE), which was launched in 1994, was India's first electronic stock exchange. The Metropolitan Stock Exchange of India (XMSE) was launched in 2008. India currently has three major stock exchanges: BSE, NSE, and XMSE. Over the years, 22 regional stock exchanges were phased out because they were inefficient and irrelevant.

The rich history in developing national and regional exchanges places India as a prominent hub in the commodity derivatives market. Even though regional exchanges have closed their businesses, two leading commodity exchanges that were established in 2003 are the Multi Commodity Exchange (MCX) and the National Commodity and Derivative Exchange (NCDEX). By combining the Forward Markets Commission into SEBI in 2015, it allowed existing stock exchanges,

including BSE, NSE, and XMSE, to establish their commodity trading platforms.

The depository framework of India has been aided by the establishment of National Securities Depository Limited in 1996 and Central Depository Services (India) Limited in 1999. Both have been supportive to the growth of dematerialized accounts, which witnessed a substantial growth to 108.1 million consisting of 78.8 million associated with CDSL and 30.3 million linked to NSDL, after the online Know-Your-Customer (KYC) procedures came into effect.

When compared to emerging and developed markets, India's securities market offers superior returns. The compound annual growth rate (CAGR) over five years stands at 10.8% for India, significantly outpacing the USA's 8.9%. Over a 25-year period, India's CAGR reached 12.84%, compared to the USA's 4.66%. India also leads in the number of listed companies, contributing 13% to the global total, compared to 10% by the USA. Yet when it comes to market capitalization, India accounts for just 3% of the world total, whereas the United States makes up 42%. Using the Buffett Indicator—that is, a valuation tool that pits market capitalization against GDP—the Indian market seems relatively less overvalued compared with that of the United States.

The Evolution of Derivatives Markets

The Indian derivatives market began trading in 2000 with equity derivatives, specifically index futures (June 2000), index options (June 2001), and stock options (July 2001). Successively, the derivatives were further complemented by commodity derivatives introduced in 2003, currency derivatives introduced in 2008, and interest rate derivatives, respectively, introduced in 2003, 2009, and reintroduced in 2014. India's derivative markets have, over the period of time, established the first position in the world for various derivatives products. The National Stock Exchange of India (NSE) emerged as the world's largest derivatives exchange by number of contracts traded, with 17.26 billion contracts executed in 2021. Specifically, the NSE ranks first in index options, second in currency futures, and first in currency options, showing the robust and competitive nature of India's derivatives ecosystem (NSE Annual

Report 2021-22). [1]

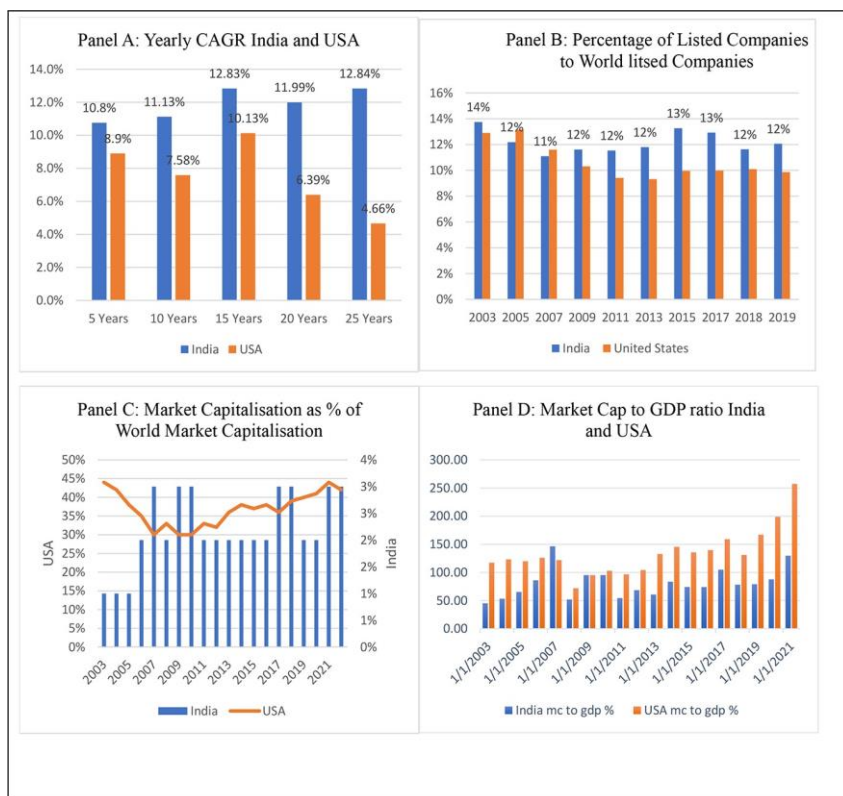
The mutual fund sector in India has undergone considerable transformation, progressing through five identifiable stages.

Phase I (1963 to 1986): This journey started with Unit Trust of India, which acted as the only company in the mutual fund industry during this period.

Phase II (1987 to 1992): PSU banks were allowed to enter the mutual fund industry, which marked the beginning of a new round of competition and opened up the industry to the masses.

Phase III (1993 to 2002): This marked the entry of private and foreign players into the Indian mutual fund industry, which increased the diversity of products and encouraged innovation in fund management.

Phase IV (2003 to 2014): The industry witnessed tremendous growth; for the first time in history, the AUM had surpassed ₹10 trillion, which revealed more active engagement and trust from the investor's end. Phase V (2015 onwards): The industry continues to thrive, with AUM crossing ₹40 trillion. Today, 45 mutual fund companies are operating in India, and several more companies are expected to enter the market, which reflects continued growth and a positive future for the industry.



1 <https://static.nseindia.com/s3fs-public/inline-files/NSE%20Annual%20Report%202022%20%281%29.pdf>.

Fig. 1 Comparison between India and USA Market Source: Bloomberg & Authors' calculation

3 Recent Initiatives by SEBI to Develop Indian Securities

This section contains the innovative financial instruments issued in India, new inter-
mediaries, and new regulations to strengthen the Indian securities markets.

3.1 Innovative Financial Instruments

Zero Coupon, Zero Principal Instruments

Despite Zero Coupon Bonds having knowledge of the markets, zero coupon zero principal instruments do not. The financial products offered by non-profit-governing bodies and traded under Social Stock Exchange do not throw return in terms of principal amount or interest. However they can be traded in market and provide funding to the social enterprises without any reimbursement, as no form of compensation. [2]

REITs and InvITs

REITs and InvITs have transformed the Indian investment landscape. REITs are involved in ownership, operation, and management of portfolios consisting of income-generating real estate assets and therefore allow investors to enjoy quality real estate investments with very minimal upfront investment. InvITs allow investments in infrastructure projects, such as roads, ports, power transmission, and renewable energy. Its own establishment in 2013 serves diversification and wider ownership, mainly for real estate as well as infrastructure assets. [3]

Green Bonds

Green bonds began in 2008 when the World Bank funded environmentally friendly, sustainable projects. In 2015, SEBI published a consultation paper for proposing the framework of green bond regulation. Subsequently in 2017 [4], and ever since, 15 companies have issued green bonds while abiding by the guidelines published by SEBI, adding up to ₹4539 crore that will be lent towards greening the land. [5]

Municipal Bonds

Municipal bonds offer a mechanism for local governments to raise funds for infrastructure development. SEBI's framework facilitated the issuance of India's first municipal bond by the Pune Municipal Corporation in 2017. To date, 14 municipal corporations have raised ₹2183.90 crore through this funding route, highlighting its growing importance in financing urban development.

3.2 New Intermediaries

Gold Exchange The Finance Minister of India, in the Union Budget 2021-22, has announced the government's decision to introduce a gold spot exchange that will be supervised by SEBI. It aims to bring greater transparency to gold trading, boost the ecosystem for physical delivery, and integrate gold into the financial markets. By improving mechanisms for price discovery, it expects to position India as a global price setter for gold. SEBI released the operational framework for the gold exchange in 2022 to facilitate its implementation. [6]

Social Stock Exchange (SSE)

The Social Stock Exchange has been a much-promoted initiative. First proposed in the Union Budget 2019-20, the establishment of the SSE was entrusted to SEBI. In the year 2020, a working group was formed, and following the recommendations of that group, a Technical Group, TG, was formed so that a regulatory framework may be designed for the governance of the exchange. The social impact of SSEs enables them to raise funds. FPE and NPO listings entail demonstrating a central commitment to creating social effects. The core commitment would be expressed by the concentration of eligible social goals that are designed for less fortunate or less

2 https://www.sebi.gov.in/legal/gazette-notification/jul-2022/declaration-of-zero-coupon-zero-principal-instruments-as-securities-under-the-securities-contracts-regulation-act-1956_60875.html.

3 https://www.sebi.gov.in/legal/master-circulars/nov-2021/master-circular-for-real-estate-investment-trusts-reits-_54300.html.

4 https://www.sebi.gov.in/legal/circulars/may-2017/disclosure-requirements-for-issuance-and-listing-of-green-debt-securities_34988.html.

5 https://www.sebi.gov.in/reports/reports/dec-2015/concept-paper-for-issuance-of-green-bonds_31167.html.

6 SEBI (2022) https://www.sebi.gov.in/legal/circulars/jan-2022/framework-for-operationalizing-the-gold-exchange-in-india_55251.html.

privileged communities and geographies. Some of the newer instruments presented through the framework of the SSE is the Zero Coupon Zero Principal Instrument, thus opening new financing options for social activities. [7]

3.3 Regulatory Developments

Online KYC SEBI has taken a step towards easing the demat account and mutual fund folio opening process. With DigiLocker, an investor can provide proofs of address and identity as well as eSign using officially valid documents, all without going to an intermediary's office. This technological leap has, thus far, significantly streamlined investor onboarding. Under the online KYC procedure, intermediaries have to check the mobile number, e-mail address, and bank details to verify that all information provided by the investors is correct. [8] This measure also resulted in a tremendous rise in the opening of demat accounts during the COVID-19 pandemic.

Ease of Capital Raising SEBI introduced temporary relaxations for listed companies in the face of the COVID-19 pandemic to accelerate the process of right and public issues through fast-track processes. It made it easier and more flexible for companies to raise capital. The average market capitalization threshold for the right issue was reduced from ₹250 crores to ₹100 crores in public shareholding. Moreover, the prerequisites for minimum subscription were decreased from 90% to 75%, thereby alleviating the financial pressures faced by firms in difficult circumstances. [9]

The Securities and Exchange Board of India (SEBI) has categorized affluent investors, including individuals employing Portfolio Management Services (PMS) and Alternative Investment Funds (AIF), as Accredited Investors. These investors are regarded as being able to

7 <https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on->

social-stock-exchange_63053.html.

8 https://www.sebi.gov.in/media/press-releases/apr-2020/sebi-eases-the-know-your-client-kyc-process-by-enabling-online-kyc-use-of-technology-app-by-the-registered-intermediary_46612.html#:~:text=SEBI%20has%20allowed%20the%20investor%20to%20complete%20the,the%20same%20to%20the%20intermediary%20under%20Esign%2C%20or.

9 https://www.sebi.gov.in/media/press-releases/apr-2020/measures-to-further-facilitate-fund-raising-from-capital-markets-in-the-backdrop-of-covid-19-pandemic_46538.html.withstand elevated levels of risk and are afforded the opportunity to invest in PMS and AIF with reduced minimum requirements compared to conventional standards. This designation was established through modifications to the SEBI Investment Advisors Regulations (2013) [10]. The minimum investment threshold is at ₹50 lakhs for PMS and ₹1 crore for AIF, through which it allows these investors access to specialist investment opportunities.

Implementing Margin Obligations To strengthen risk management, SEBI has reinforced the margin system by requiring upfront client-level margin collection. A robust framework was introduced to minimize the misuse of client securities by trading members (TMs), clearing members (CMs), or depository participants (DPs). Since June 1, 2020, TMs and CMs are only permitted to accept collateral as securities via a margin pledge system, ensuring greater transparency and reducing potential misuse [11].

Segregation and Monitoring of Client-Level Collateral On July 20, 2021, the Securities and Exchange Board of India (SEBI) issued guidelines aimed at preventing the misuse or misappropriation of client securities. This regulation requires the segregation and monitoring of client-level collateral at all levels of operation by TMs, CMs, and CCs. To comply with this, Clearing Corporations must have a reporting mechanism that tracks both cash and non-cash collateral for each client for better visibility and security [12].

In 2020, SEBI launched the Securities Market Trainers (SMARTs) programme with the aim of strengthening investor education and awareness. The first batch included 40 trainers from 16 states and union territories covering 31 districts in India. These trainers underwent short-term training at NISM, which is a premier education initiative

established by SEBI. The SMARTs program underscores SEBI's commitment to equipping investors with the knowledge and tools needed to navigate the securities markets effectively [13].

10https://www.sebi.gov.in/legal/circulars/dec-2021/investment-advisory-services-for-accredited-investors_54830.html.

11https://www.sebi.gov.in/legal/circulars/feb-2020/margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system_46082.html.

12https://www.sebi.gov.in/legal/circulars/jul-2021/segregation-and-monitoring-of-collateral-at-client-level_51265.html.

13https://www.sebi.gov.in/media/press-releases/nov-2020/sebi-chairman-launches-securities-market-trainers-smarts-program-a-new-sebi-initiative-for-enhancing-investor-education-activities_48276.html.

Interoperability Among Clearing Corporations In November 2018, SEBI introduced a framework for interoperability among clearing corporations [14]. "The interoperability of clearing corporations provides for the linking of multiple clearing corporations and allows market participants to consolidate their clearing and settlement functions at a single clearing corporation, irrespective of the stock exchange on which the trade is executed" [15].

Launch of Passively Held Funds SEBI has empowered the AMCs to further expand their lineup by opening tax savings lines of offerings. With the passives offered only by way of an ELSS for tax saving actively in India, the 2020 announcement of getting approval to introduce a passive ELSS, which came from SEBI for opening allows the risk averse to get exposure to income from tax deductions and conservative investment decisions [16].

The Securities and Exchange Board of India (SEBI) made the Stewardship Code effective in 2020; though it was announced by it in 2019. Regulatory framework for all sorts of Alternative Investment Funds as well as mutual funds necessitate adopting guidelines related to governance along with active engagement. Strategy, operational as well as financial performance, considerable environmental, social as well as governance factors are crucial through active participation at meetings [17].

Abridged Prospectus SEBI has standardized documentation requirements for companies seeking listing by issuing guidelines for an abridged prospectus. These guidelines ensure uniformity and transparency, streamlining the listing process for prospective issuers [18].

The Securities and Exchange Board of India, or SEBI, has established the Business Responsibility and Sustainability Report framework to further corporate accountability. BRSR focuses on environmental, social, and governance criteria and sustainable practices by public listed entities. The

14 https://icmai.in/upload/BI/BFSI_Chronicle_24072020.pdf?cv=1.

15 https://www.sebi.gov.in/legal/circulars/nov-2018/interoperability-among-clearing-corporations_41089.html

16 https://www.sebi.gov.in/legal/circulars/may-2022/circular-on-development-of-passive-funds_59098.html.

17 https://www.sebi.gov.in/legal/circulars/dec-2019/stewardship-code-for-all-mutual-funds-and-all-categories-of-aifs-in-relation-to-their-investment-in-listed-equities_45451.html.

18 https://www.sebi.gov.in/legal/circulars/feb-2022/disclosures-in-the-abridged-prospectus-and-front-cover-page-of-the-offer-document_55920.html.

BRSR is based on nine principles set out in the 'National Guidelines on Responsible Business Conduct' (NGBRCs), which are classified into essential and advanced indicators. Starting from the financial year 2022-23, all top 1,000 listed companies based on market capitalization shall report under the BRSR in lieu of BRRs [19].

In its bid to protect the interests of the investors, the Securities and Exchange Board of India (SEBI) has set up SEBI Complaints Redress System, or SCORES-a web-based platform for resolution of investor grievances. Investors can lodge complaints against various Market Infrastructure Institutions (MIIs), brokers, companies, and other entities dealing in trading and settlement transactions on this platform, resulting in speedy redress and further boosting investor confidence [20].

Introduction of Futures Contracts on Corporate Bond Indices On

January 10, 2023, SEBI issued a circular permitting stock exchanges to introduce derivative contracts based on corporate bond indices that have debt securities rated AA+ and above. Currently, the only type of contract permitted on these indices is futures contracts, which provide enhanced instruments for speculation, risk management, and portfolio optimization. This should further help in augmenting liquidity in the corporate bond market, which though showing some amount of illiquidity at present has the possibility of growing into a large investment avenue in India [21].

Amended Structure for OFS Mechanism SEBI issued important amendments to the OFS framework in a circular dated January 10, 2023. The notification period to inform stock exchanges has been extended up to 6 PM from earlier 5 PM cut-off. A new change allows non-promoters to sell their holdings without being subjected to the earlier condition of holding at least 10% equity capital. In addition, REITs and InvITs are able to use the OFS platform to issue shares directly to the public for the first time. The lock-in period for companies is revised based on liquidity-requirement standards—ranging from a two-week period for stocks being highly liquid to four weeks when they are considered liquid and moving up to 12 weeks for stocks that are viewed as illiquid. This new framework is likely to attract

19 https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html.

20 https://www.sebi.gov.in/legal/circulars/aug-2020/investor-grievances-redressal-mechanism-handling-of-scores-complaints-by-stock-exchanges-and-standard-operating-procedure-for-non-redressal-of-grievances-by-listed-companies_47325.html.

21 https://www.sebi.gov.in/legal/circulars/jan-2023/introduction-of-future-contracts-on-corporate-bond-indices_67187.html.

more foreign institutional investors (FIIs) by providing a streamlined alternative to block deals [22].

India has demonstrated its commitment toward innovation with the pioneering implementation of T+1 rolling settlements in securities traded on a secondary market. Initially mooted as a voluntary set of systems in 2021

[23], it became mandatory starting on January 27, 2023. This is the fastest settlement cycle in international equity markets; hence, it better aids liquidity and reduces risk through settlements.

Other Measures SEBI has introduced procedures which mandate prior approval for the change in control of Portfolio Managers registered with SEBI [24]. Listed companies must submit a quarterly compliance report on corporate governance to a recognized stock exchange in a format specified by the Board [25], which may be updated periodically. Additionally, all Market Infrastructure Institutions (MIIs), those which are already listed or which are looking forward to listing, different types of intermediaries, organizations that operate in the securities markets and the charges levied on SEBI are liable to an 18% Goods and Services Tax which came into effect in July 2022 [26]. For improving the effectiveness of the disclosures, the shareholding details regarding promoters, promoter groups, public shareholders and non-public, non-promoter shareholders should be aggregated using PAN and folio numbers [27], thereby eliminating redundancy.

Summary of Research Papers Included in This Special Issue

This particular issue is devoted to "Investor Interest and Innovative Instruments" and consists of papers presented at the Second Annual Capital

22 https://www.sebi.gov.in/legal/circulars/jan-2023/comprehensive-framework-on-offer-for-sale-of-shares-through-stock-exchange-mechanism_67157.html.

23 https://www.sebi.gov.in/legal/circulars/sep-2021/introduction-of-t-1-rolling-settlement-on-an-optional-basis_52462.html.

24 https://www.sebi.gov.in/legal/circulars/may-2021/procedure-for-seeking-prior-approval-for-change-in-control-of-sebi-registered-portfolio-managers_50116.html.

25 https://www.sebi.gov.in/legal/circulars/may-2021/format-of-compliance-report-on-corporate-governance-by-listed-entities_50338.html.

26 <https://www.sebi.gov.in/legal/circulars/jul-2022/levy-of-goods->

and-services-tax-gst-on-the-fees-pay-able-to-sebi_60880.html.

27 https://www.sebi.gov.in/legal/circulars/dec-2017/disclosure-of-holding-of-specified-securities-and-holding-of-specified-securities-in-dematerialized-form_37028.html.

Markets Conference. The conference, held on July 22–23, 2021, was organized by the National Institute of Securities Markets (NISM) in Mumbai, under the sponsorship of the State Bank of India and the co-sponsorship of the Japanese Association of Financial Econometrics and Engineering (JAFEE). NISM continues to support researchers in the area of securities markets by organizing conferences of this type, publishing the conference proceedings, and fostering research relevant to policy formation. The special issue comprises 12 papers selected after a tight double-blind review procedure; the acceptance rate ranges from 10 to 15%.

The first manuscript, titled "**Optimizing Hedging Effectiveness of Indian Agricultural Commodity Futures: A Simulation Approach**" by Sanjay Mansabdar and Hussain C. Yaganti, uses a Monte Carlo simulation approach to determine the best possible choice of delivery specifications. The study offers detailed recommendations to contract designers, indicating that regulatory bodies and exchanges should focus on optimizing delivery specifications in commodity futures contracts so that hedging effectiveness is enhanced for hedgers who conduct hedging operations.

The second article is by Veeravel V. and Balakrishnan A. entitled "**Persistence of Large-Cap Equity Funds Performance, Market Timing Ability, and Selectivity: Evidence from India,**" that analyzed the effectiveness of large-cap equity funds by applying the models of Jensen's, Fama-French, and Carhart in building and replicating portfolios. They found out that benchmark indices outperform mutual funds and that fund managers cannot generate abnormal returns.

The third article, "**A Study of Investment Style Timing of Mutual Funds in India,**" by Pavithra S. and Parthajit Kayal, analyzes the potential of fund managers operating actively traded funds to create market returns. The four-factor model coupled with the Treynor & Mazuy and Henriksson & Merton framework has been used to study investment style timing.

The study concludes that market timing is a key factor across all fund categories; however, the momentum factor proved especially important for large-cap funds, while the value and size factors significantly influenced small-cap fund performance.

The fourth paper is **"Did ESG Save the Day? Evidence From India During the COVID-19 Crisis"** by Ved Dilip Beloskar and S.V.D. Nageswara Rao. Using an event study approach, it is demonstrated that ESG performance offered upside protection during the COVID-19 crisis by lowering return volatility. However, in normal times, it didn't exhibit the same effectiveness.

The fifth paper titled **"Stock Returns Seasonality in Emerging Asian Markets"** written by Khushboo Aggarwal and Mithilesh Kumar Jha studies seasonality's impacts within six emerging Asian markets—India, Indonesia, Japan, Malaysia, the Philippines, and South Korea—where specifically it is interested in four areas of the impact: the day-of-the-week effect, month-of-the-year effect, turn-of-the-month effect, and holiday effect. It states that indeed, there exists seasonality, but it appears in various forms depending upon the stock market size and the country's level of development in each of these countries.

The sixth manuscript is **"Nexus Between Indian Financial Markets and Macro-Economic Shocks – A VAR Approach"** by Prabhas Kumar Rath. It explores the effects of various internal and external macroeconomic factors on critical segments of the Indian financial markets. This suggests that the macroeconomic factors play a more pronounced role in times of turbulence and the case here would specifically refer to a more prominent effect by US treasury yields and Foreign Portfolio Investor (FPI) flows in crises. Therefore, financial markets stability would depend on macroeconomic stability being well managed.

The seventh paper titled **"Investment Performance and Tracking Efficiency of Indian Equity Exchange-Traded Funds"** evaluates the risk-return characteristics, risk-adjusted performance metrics, tracking error, and the application of multi-factor regression models pertaining to Indian ETFs. The research concludes that ETFs are proficient in tracking their respective indices, demonstrating a negative correlation between their returns, risk levels, and management fees.

The eighth manuscript, **"Is Cross-Hedging Effective for Mitigating Equity Investment Risks in the Indian Banking Sector?"** by Babu Jose and Nithin Jose, applies the diagonal BEKK GARCH model to show that cross-hedging can reduce risk by as much as 53.74%. The authors suggest that investors can use this strategy over an extended trading period to mitigate risk.

The ninth study is **"The Stock Performance of Green Bonds Issuers During the COVID-19 Pandemic: The Case of China"** by Jiongye Jin and Jianing Zhang, which utilizes event study methodologies along with market and Fama-French models. Firms that issued green bonds also resulted in positive cumulative abnormal returns around the event of the World Health Organization declaring COVID-19 as a pandemic.

The tenth manuscript is **"The Dynamic Volatility Connectedness of Major Environmental, Social, and Governance (ESG) Stock Indices: Evidence Based on DCC-GARCH Model"** by Muneer Shaik and Mohd Ziaur Rehman, which uses the DCC-GARCH methodology in combination with Diebold and Yilmaz's volatility spillover framework to show the existence of contagion between developed and emerging markets.

The paper **"Market Efficiency of Commodity Derivatives with Reference to Non-Agricultural Commodities"** by Hema Divya Kantamaneni and Vasu Deva Reddy uses cointegration modeling to determine the lead-lag relationships interlocked between the spot and future markets in the sphere of the non-agricultural commodities.

The twelfth manuscript is titled **"Macroeconomic Response to BRICS Countries' Stock Markets Using Panel VAR"** and was authored by Babita Panda, Ajaya Kumar Panda, and Pradiptarathi Panda. This manuscript employs the Panel VAR and Granger causality methodologies to analyze the impact of both traditional and modern macroeconomic variables on stock returns in BRICS countries and finds significant effects.

Concluding Remarks

This paper aims to highlight recent developments in the Indian securities market, focusing on innovations in financial instruments, initiatives that enhance participation from both issuers and investors, and regulatory interventions that contribute to market efficiency. It also discusses structural

changes aimed at ensuring market integrity. The paper summarizes the research findings from the articles published in this special issue, offering valuable insights and guidance for researchers in formulating their research questions. The introduction of instruments like REITs, InvITs, green bonds, the social stock exchange, the gold exchange, T+1 settlement, and rolling settlement processes will broaden the scope of research agendas. Additionally, it provides an opportunity for researchers to compare the Indian securities market with those of other emerging and developing economies, considering the evolving market profiles and the role of securities markets in economic development.