



# SGX NIFTY REBRANDED AS GIFT NIFTY: BRIGHT SPOT FOR GLOBAL INVESTORS

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## ABSTRACT:

The article is written to give the highlights of the international exchange dealings of the Indian capital markets. The shift of the Singapore stock exchange to India will make the global investors from various countries to invest in large volumes. It was announced that the Singapore stock exchange will play a new role as Gift Nifty from 3<sup>rd</sup> July, 2023 onwards. India believes that this move could be advantageous for the non-resident investors to invest in the Gift nifty market which could give the derivatives market better opportunities and the non-residents with tax exemption, capital gain tax waivers and dividend distribution tax. But as per the LRS (Liberalized Remittance Scheme) rule the resident of India cannot trade in the Gift Nifty. This conversion was not expected in the capital market but definitely this move could lead India to achieve greater heights in the capital market and set standards. This shift will lead to the shift in the investment of \$7.5 billion from the Singapore stock exchange to the Gift City of Gujarat at Gandhinagar. The paper therefore analyses the need, importance and the immediate impact of the rebranding of the SGX Nifty to Gift Nifty. It was found that the shift in the recent was welcomed by the global investors and NSE and though there was not much positive effect found in the immediate effect but expecting a drastic change in the global investment aspect.

**KEYWORDS:** SGX Nifty, Gift Nifty, Global Investors

## Introduction to SGX Nifty:

The SGX stands for the stock exchange in Singapore and SGX Nifty is a derivatives of Singapore stock exchange traded in the NSE market where the traded transactions are settled in Singapore. One major speciality of the SGX Nifty is that it opens earlier than the other stock exchanges in India by 8 am and its trading time is even more earlier from 6.30 am to 11.30 pm. The concept of the Singapore stock exchange trading in the NSE Nifty market is to attract global investors in the Indian market. Various Macro-economic elements affect NSE and SGX Nifty market but both perform in their own way.

## Gift Nifty:

On 3<sup>rd</sup> July, 2023 the SGX Nifty moved Singapore to Gujarat with the conversion of SGX Nifty to Gift Nifty. The expansion of Gift relates to Gujarat International Finance Tec-city. The Gift Nifty comes with the added advantage to the investors with even more extra hours of trading time with two sessions from 6.30 am to 3.40 pm and the next session from 4.35 pm to 2.45 am as per the Indian Standards Time.

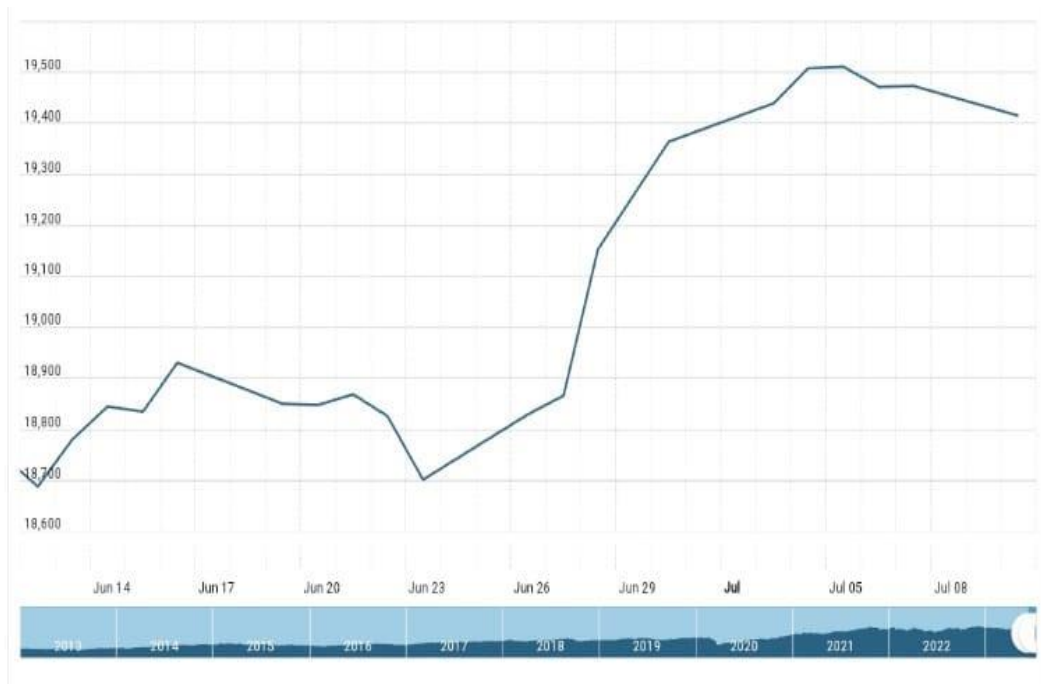
## International Financial Service Centre:

This change in the market doesn't bring any new formalities to perform for the investors. They can follow the same procedures for the market trading. The NSE IFSC (International Financial Service Centre) is owned by the National Stock Exchange of India and all the international stock exchange is operated here. Around \$7.5 million worth stocks that were traded in the Singapore Stock Exchange will now shift to the GIFT city at Gandhinagar. The NSE IX which is the National Stock Exchange's International Exchange offers dollar denominated nifty derivatives under the IFSCA (International Financial Service Centre Authority) regulatory framework. By this the SGX Nifty orders will have enrooted to the NSE IFSC where the GIFT Nifty will be with effect from 3<sup>rd</sup> July, 2023. Therefore from this date the nifty derivatives which were traded on the Singapore Stock Exchange will now move to NSE IX and is given with a new name as Gift Nifty. This market newly framed doesn't constitute only the Singapore Stock exchanges members but also the Indian Stock market members. Here the combining aspect again raises a question in what ratio does the combination go for and it is decided that the revenue sharing between the SGX and NSE members will be in the ratio of 75:25 respectively. In the introductory stage of Gift Nifty, the following Gift Nifty 50, Gift Nifty Bank, Gift Nifty Financial Services and Gift Nifty IT derivatives will be made available in the NSE IX and expecting other sectors to join up in the near future. Thus this drastic change in the National Stock market is made which could attract the global investors. This connect adds the advantage of India becoming the third largest market operations where global investors from various new countries with a good volume is definitely expected to invest.

**Event Window:**

Data related to Gift Nifty and SGX Nifty is collected one week before and after the announcement of the Gift Nifty on 3<sup>rd</sup> July, 2023. The following picture depicts the one-month event window of the announcement.

**Chart showing Event Window analysis of the Gift Nifty announcement**



The above chart depicts the trend movements of the Gift Nifty price for a period of one month from 9<sup>th</sup> June, 2023 to 10<sup>th</sup> July, 2023. It was found that three days from the date of announcement of the rebranding of the SGX Nifty to Gift Nifty there was an upward trend in the market but after that it continued to follow a decreasing trend. This immediate reaction might be due to the announcements and it cannot be determined as the impact of the change. But before the announcements the Gift Nifty Price movements were found to be in an upward one which shows the eagerness of the shift from almost ten days before announcements.

**CONCLUSION:**

The Gift Nifty represents one of major milestones in the Indian Capital Market with special references to global investors. This cross-border initiative acts as a link for the investors to invest in the two global market at a single spot. The two countries financial hubs have signed an agreement for five years at a stretch that divides the revenue based on the source of business listed from each country and also based on the ratio of the listing. Gift Nifty aims mainly at offering flexibility for global investors to invest in the Indian capital market. The liquidity of the shares invested in the Gift Nifty will definitely have an impact on the NSE which results in the developed performance of the Indian stock market. International investors and businesses are attracted by this approach making India a Global hub.

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