

WEAK FORM EFFICIENCY OF INDIA STOCK MARKET WITH REFERENCE TO BSE

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ABSTRACT

There is always a doubt in the mind of an investor whether the stock market where he is going to invest is an efficient market or not. Investor's profit from the market depends upon this. The present study was an attempt to look at the efficiency of Indian stock market. BSE index, SENSEX was used in the study to represent the Indian stock market. The daily closing points were taken for the sample period of ten years from January 2003 to December 2012. The data was collected from the official website of Bombay Stock Exchange i.e. www.bseindia.com. Different statistical tools like Unit Root test, Runs test and Kolmogorov–Smirnov test (K–S test) were used to analyze the data with the help of software Eviews5. The study concluded that Indian stock market was not showing any sign of weak form efficiency which means information of the past are not completely absorbed in the current prices. The study concluded that an investor has the opportunity to make an estimate of current prices on the basis of past information.

KEYWORDS: BSE, SENSEX, Weak form Efficiency, Indian Stock Market