

**THE GLOBAL FINANCIAL CRISIS AND MARKET  
INTERDEPENDENCIES: A STUDY OF INDIA & THE G7**

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## **ABSTRACT**

This study examines the evolving financial interlinkages between India's NIFTY 50 index and major global stock indices—S&P 500, FTSE 100, DAX, CAC 40, FTSE MIB, NIKKEI 225, and TSX—across three distinct periods: pre-crisis (2000–2008), crisis (2007–2009), and post-crisis (2009–2015). As India has become more integrated with the global financial system, understanding how global shocks impact its markets is essential. Using a robust time series framework—including Vector Autoregression (VAR), Granger causality tests, Impulse Response Functions, and Diebold-Yilmaz spillover indices—this paper explores the direction and intensity of shock transmission between India and these global markets. Results show that India is predominantly a net receiver of financial shocks, with the U.S. (S&P 500) consistently exerting the strongest influence, particularly during the global financial crisis. While mutual causality existed pre-crisis, post-crisis dynamics reflect an increased but asymmetric dependence on developed markets. These findings underscore the limited outbound influence of Indian markets and suggest that policymakers should strengthen domestic market buffers and develop independent financial strategies to mitigate external vulnerabilities.

**KEYWORDS:** Global Financial; NIFTY 50; VAR; Granger Causality; Impulse Response; Spillover Index; Financial Contagion; Emerging Markets.