

# NSE Trading Time Extension [UPSC Current Affairs]

**Context:** Recently the National Stock Exchange announced its decision to extend the trading hours for one of the derivatives segments in India. Rumours suggest that the NSE now wants to increase the closing time by 1 hour 30 minutes till 5 pm.

## Details:

- These changes are in the context of the trading community and the exchanges that trading volumes are moving offshore due to restricted trading hours on Indian markets.
- It's also been reported that NSE is in consultation with market participants regarding extension of F&O trading hours until 11:55 pm and equity trading hours too.

## What are the current trading hours on BSE and NSE?

- Commodity markets trade for 15 hours from 9 am to 11:55 pm.
- For currency derivatives segments on NSE are 9 am to 5 pm.
- After a pre-opening session from 9 am to 9:15 am, active trading on NSE and BSE happens for 6 hours and 15 minutes, beginning at 9:15 am and ending at 3:30 pm.
- For the cash segment on BSE and NSE and the NSE futures and options segment, the trading hours are 9:15 am to 3:30 pm.

## Advantages of longer trading hours:

- **Impact on brokerages:** Brokerages can benefit from increased trading volumes and transaction fees.
- **Impact on traders and retail investors:** Technical analysts can track the price correctly and can take timely decisions.
- **Improved accessibility to global markets:** Now Indian investors and traders can participate in global markets during their trading hours. This can help traders take advantage of news from global markets and market movements, leading to improved investment opportunities.
- **Increased trading volumes:** If the market is opened for longer timings then domestic and global traders can trade for a long time and can increase the volumes in the market which are presently diverted to other markets..
- Big investors wouldn't be able to buy at the desired price since the spread between the asking price and selling price will increase, though it won't affect small investors much.

## Concerns:

- **Impact on brokerages:** longer trading hours can lead to increased operational costs for brokerages, like technology infrastructure and additional staff.
- More work for stock brokers since they need to execute orders for their clients, which will increase the work stress for their employees (dealers) and also the cost.
- **Impact on retail investors and traders:** Retail investors and traders would work for longer hours for monitoring the market this can lead to higher transaction costs due to the increased volatility during these hours.
- Traders will find less liquidity in the market if the time is increased, which will raise the risk of stop losses not getting triggered for the big traders.

**Conclusion:**

Any proposal to extend trading hours should be carefully considered in terms of its potential impact on all stakeholders.