ABSTRACT
The study empirically examines and validates the co-movement among the six different sectors of the Indian economy in the context of equity portfolio construction. The DCC-GARCH (1,1) model has been employed to analyze the co-movement. The results reported by the model indicate the inclusion of FMCG and IT stocks in a portfolio as the rest of the sectors are highly correlated over a period of time from 2002 to 2015. To gain the most out of the diversification benefits during the downside movement in the correlation, active strategies should be adopted by the planners instead of passive.

KEYWORDS: DCC GARCH, Diversification, Financial Planner, Portfolio, Sectors.

JEL Classification: G1, G11

REFERENCES