

Indian Capital Markets – Recent development in the Regulatory Framework

India the Shining Beacon

India shines bright in an uncertain world...

Among the fastest growing economies

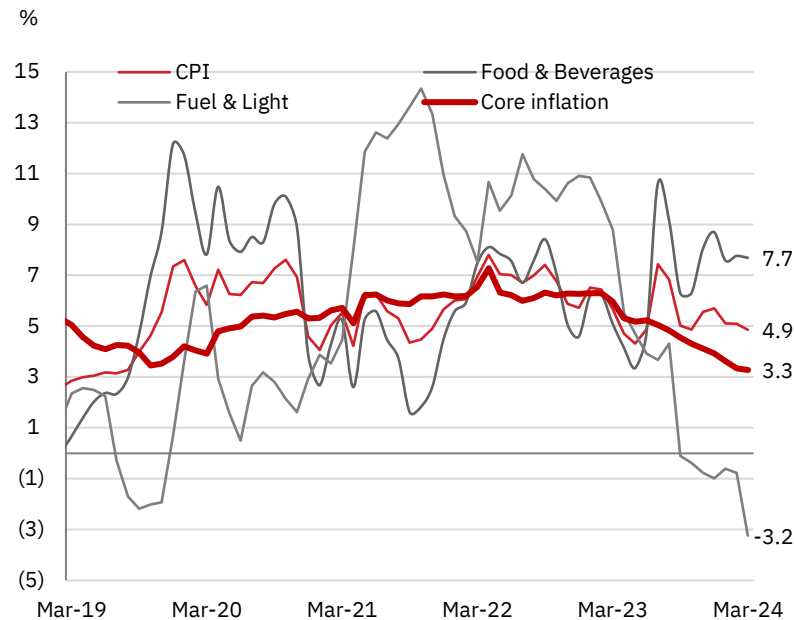
- ❖ India is the fastest growing large economies in the world.
- ❖ **Drivers:** Strong consumption demand, robust capex push by the Government, rapid digitization and favorable policies.

	1991	2023	CAGR
Population (bn)	0.89	1.415	1.49%
Life Expectancy (yrs)	58.8	70.19	0.55%
Literacy Rate	52%	78%	1.28%
GDP Growth Rate	5.3%	7.5%	0.87%
GDP (at current prices)	US\$ 275 bn	US\$ 3,469 bn	8.24%
Per Capita Income	US\$ 310	US\$ 2,467	6.7%
Exchange Rate	17.9	82.68	4.9%

Inflation cooling-off

- ❖ Inflation at 5% is well within the RBI's tolerance band, with a downward trajectory in core.
- ❖ Globally, inflation remains a problem for advanced economies.

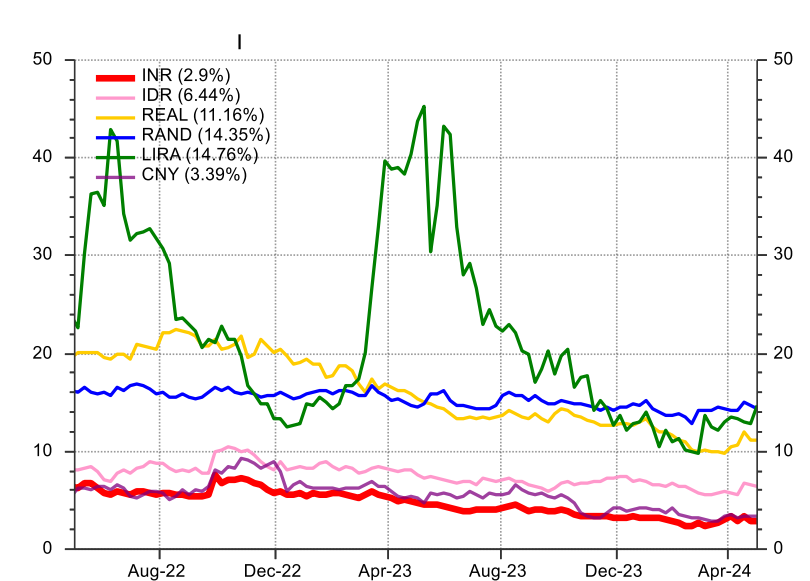
India inflation (Mar'24)



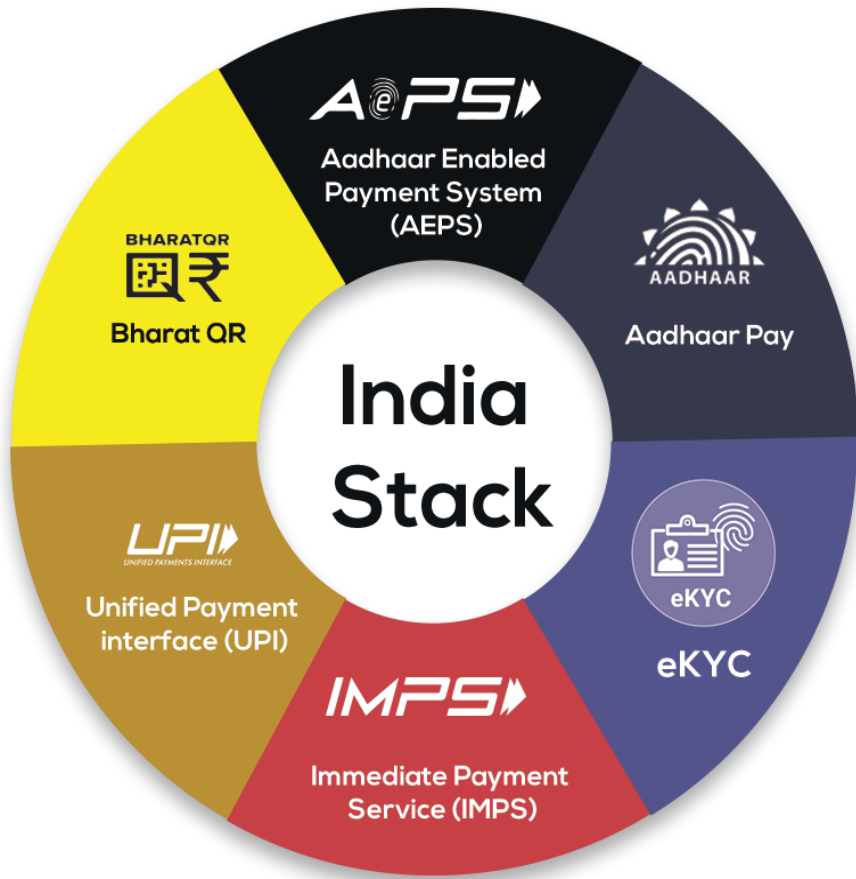
Rupee range bound

- ❖ INR depreciation against USD, in line with other emerging market currencies...
- ❖ ..with a much lower volatility.

Emerging markets 3M FX volatility



Leader in soft infrastructure



Technology at population scale:

1. Indians use more data than any other country with fastest 4G penetration.
2. Aadhaar is the largest biometric mapping in the world.
3. Digital transactions now highest in the world (UPI).
4. CoWIN enabled administration of 2bn vaccines, produced for India, and the world.
5. DBT covers 319 schemes across 53 ministries and benefitted 730m people (cash), and 1050m (kind) in FY22, saved Rs2.2trn in leakages.

 Aaykar Setu	 Aarogya Setu	 BHIM UPI	 DigiLocker	 ePathshala	 GST Rate Finder
 mAadhaar	Useful Government Apps During Lockdown and Social Distancing				 Indian Police at Your Call App
 MADAD	 mParivahan	 mPassport	 MyGov	 PMO India	 UMANG

Indian equities have outperformed in the long run

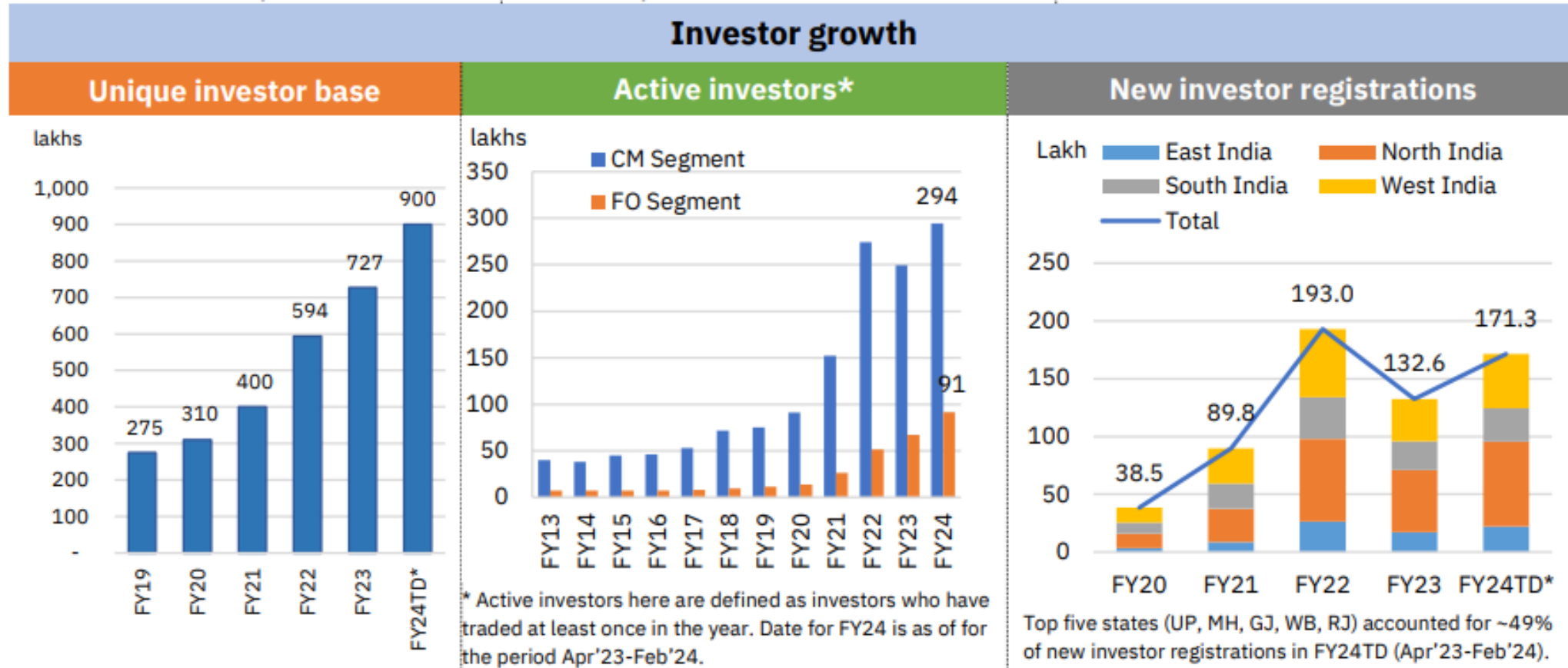
Comparison of performance of Indian equities with its global counterparts

Markets	Index	Dec-23	2023 (%)	3Y CAGR	5Y CAGR	10Y CAGR	15Y CAGR	20Y CAGR
India	Nifty 50	21,731	20.0	15.8	14.9	13.2	14.2	13.0
	Nifty 500	19,429	25.8	19.0	16.2	14.7	15.3	13.5
Developed Markets	MSCI World	3,169	21.8	5.6	11.0	6.7	8.6	5.7
	S&P 500	4,770	24.2	8.3	13.7	9.9	11.7	7.6
	Euro Stoxx 50	4,522	19.2	8.4	8.5	3.8	4.2	2.5
	FTSE 100	7,733	3.8	6.2	2.8	1.4	3.8	2.8
	Nikkei 225	33,464	28.2	6.8	10.8	7.5	9.3	5.9
Emerging Markets	MSCI EM	1,024	7.0	-7.4	1.2	0.2	4.0	4.3
	Shanghai SE Composite	2,975	-3.7	-5.0	3.6	3.5	3.3	3.5
	Taiwan SE	17,931	26.8	6.8	13.0	7.6	9.5	5.7
	KOSPI	2,655	18.7	-2.6	5.4	2.8	5.9	6.1
	Brazil Bovespa	134,185	22.3	4.1	8.8	10.0	8.9	9.4
	IDX Composite	7,273	6.2	6.7	3.3	5.5	11.9	12.5

❖ Return of domestic equities over a longer horizon has been far better than its global peers.

India with a market cap of US\$4.3trn is the fourth largest market in the world, with a market cap to GDP of 115%.

Retail investors in India



NSE overtook Shenzhen Stock Exchange to reach the first spot globally in cash market in terms of number of trades in Feb'24.

NSE continues to have global dominance in Equity Index Options segment with a 98% global share in terms of contracts traded.

Snapshot of NSE

NSE's positioning and reach

NSE's global positioning		Domestic market share	Reach		
1	Largest multi-asset class exchange	Rolling 3M share (%)** 0.0 40.0 80.0 120.0 	1303	Trading members	
3	Third largest equity exchange (No. of trades, 12% share in 2023*)		EQ Cash 92.2	99.85%+	Pin codes covered
1	Largest derivatives exchange (No. of contracts traded, 74% share in eq. F&O in 2023*)		EQ Futures 99.90	9 Crore	Unique registered PANs
6	Market capitalization*		EQ Options* 94.7	US\$77bn	Global passive AUM tracking Nifty indices*
			FX Futures 79.0	US\$4.6trn	Market cap (As of Feb'24)
		FX Options* 99.7			

* Source: WFE

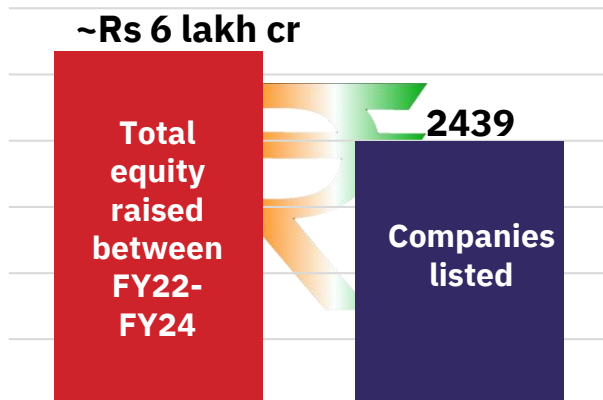
* Based on premium turnover

** As of February 29th, 2024

* Includes domestic and global AUM. As of February 29th, 2024

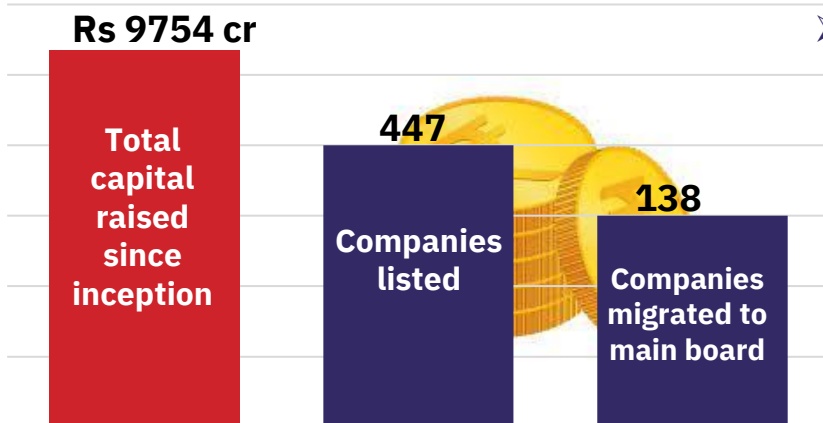
NSE's contribution to the economy

Supporting the growth story



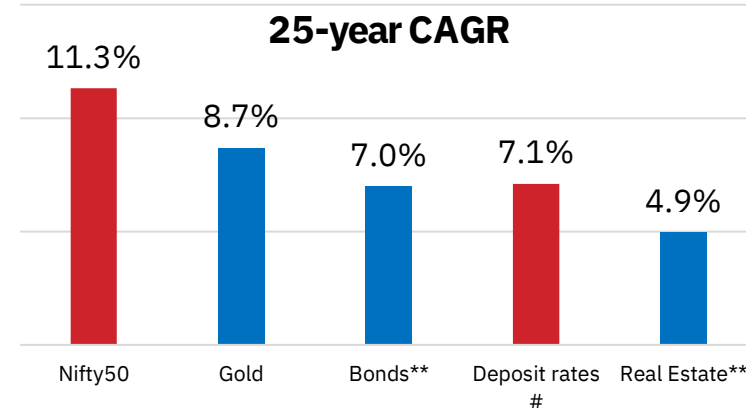
- Funding future growth and contributing to capital formation of the country
- Nearly Rs 6trn raised during last three financial year

Dedicated platform for MSMEs/start-ups



- Supporting MSMEs and startups through NSE Emerge platform

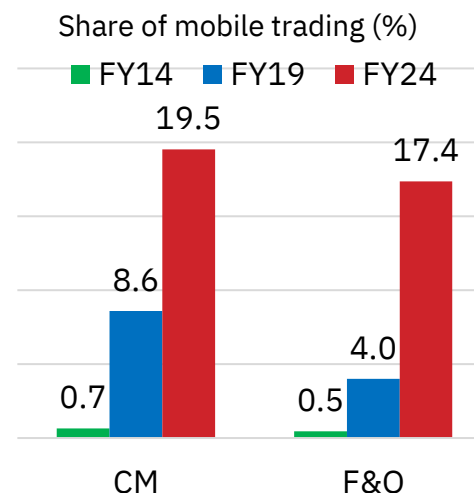
Partner for India's wealth creation



9.2cr direct investors + 8.4cr SIP accounts
=> **NSE touches ~1/3rd of Indian households[^]**

Rs 1 lakh invested in 2000, the current would be **~Rs. 14.6 lakhs today**

Pioneer in digitisation



- First exchange to start nation-wide electronic trading
- Started settlement in dematerialized securities
- NEAT-On-Web platform for mobile devices
- Mobile trading share rose from 8.6% to 20% for CM and 4% to 17.4% in F&O segment in the last five years



Indian Capital Markets - Journey of Regulatory Reforms



Three Pillars of Recent Regulatory Reforms

- **Innovation and Excellence**
- **Investor Protection**
- **Ecosystem Efficiency**

5 key stages of Regulatory Reforms in the Capital Market Space

Stage	Key Developments
1990 – 1998	<ul style="list-style-type: none"> • SEBI, SAT and NSE
1998 – 2002	<ul style="list-style-type: none"> • Demat and Depositories, • Derivatives, • Settlement Cycles, • SEBI/FMC merger and Client Identification
2002 – 2011	<ul style="list-style-type: none"> • PFUTP, • Margin Trading Facility, • Corporatisation and demutualization of Stock Exchanges, • Settlement Cycle to T+2 • Distribution of MFs by Stock Exchanges
2011 - 2016	<ul style="list-style-type: none"> • Business Continuity Management of MIIS • ICDR (2009) and LODR (2015) • Prohibition of Insider Trading • MSME Finance through Capital Markets



2017 to 2024

Pillar	Key Developments
Innovation and Excellence	<ul style="list-style-type: none">• Interoperability among Clearing Corporations• ASBA based trading in Secondary Markets• T+0 settlement and Instantaneous Settlement (<i>Not so far Future</i>)• 2 way portability between CCs to allow continuous trading inspite of disruption at any CC
Ecosystem Efficiency	<ul style="list-style-type: none">• Revised Risk Management and Margining Framework• Upfront Margining requirement• Accelerated T+3 Listing• Direct Settlement in Mutual Funds at Client Level



2017 to 2024

Pillar	Key Developments
Investor Protection Measures	<ul style="list-style-type: none">• Pledge and Repledge of Shares as collateral• Segregation and Monitoring of Client Funds• Upstreaming and Down streaming of Client Funds• Running Account Settlement• Identification of Qualified Stock Brokers• Online Dispute Resolution Framework• Investor Protection Fund and Investor Awareness Programs

THANK YOU