

# INDIA MARKET REPORT

## 2015 - 2016



Association of National Exchanges Members of India  
In Pursuit of Exchanges in Capital Market

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# THE INDIAN ECONOMY

In the Fiscal Year (FY) 2014-15, India's GDP grew by 7.3 per cent following a 6.9 per cent growth rate in the previous year. With a growth of over 7 per cent in IH FY2015-16, India is considered the world's fastest-growing large economy. The International Monetary Fund (IMF) predicted that India would retain the status of fastest growing economy until 2020.

Sector			2013-14 (2R)	2014-15 (1R)	2015-16 (AE)
Agriculture, forestry and fishing			4.2	-0.2	1.1
Industry			5.0	5.9	7.3
Mining and quarrying			3.0	10.8	6.9
Manufacturing			5.6	5.5	9.5
Electricity, gas, water supply, etc.			4.7	8.0	5.9
Construction			4.6	4.4	3.7
Services			7.8	10.3	9.2
Trade, hotels, transport and communication			7.8	9.8	9.5
Financing, real estate, professional services, etc.			10.1	10.6	10.3
Public administration, defence and other services			4.5	10.7	6.9
GAV at constant basic prices			6.3	7.1	7.3
GDP at constant market prices			6.9	7.3	7.6

# THE INDIAN ECONOMY

Economy is estimated to have grown by 7.6 per cent during 2015-16, on top of a growth of 7.2 per cent in 2014-15.

Trade deficit narrowed to US\$ 105.6 billion in April-December 2015 from US\$ 112.4 billion in 2014-15.

Highest ranked Country by Greenfield Capital Investments With US\$ 63 billion in FDI in 697 projects.

The investments planned for the Indian Railways is USD 133.5 billion over the next five years ending 2019.

## INDIAN ECONOMY vs WORLD KEY ECONOMY

Indian Market which is the fourth best performing equity market in the World since March 1, edging past heavyweights of the developed world such as the US, Japan and Germany. The MSCI World and MSCI emerging market indices have risen 10% and 21% respectively in the same period. Foreign Fund Flows and rapidly improving macroeconomic parameters are the main drivers of the stock market. In India FII pumped in Rs.69,000/- Crores (Rs.690 billion) since March while domestic mutual fund invested Rs.5,400/- Crore (Rs.54 billion). The Table below shows return chart in emerging economy.

Country & Index	% Chg. Since Feb.,28	Currency adjusted Return Since Feb., 28	FY 2014E PE
Brazil (IBOV)	47.2	83.5	13.42
Argentina (Merval)	34.7	40.1	11.53
Russia (RTSI)	28.2	28.1	6.08
India (Nifty)	24.2	27.2	15.51
Hong Kong (HSI)	22.4	22.7	11.75
Australia (AS30)	11.0	19.1	15.33
Korea (Kospi)	6.5	17.2	10.15
South Africa (Jaish)	3.9	17.1	13.57
Canada (SPTSX)	13.5	17.0	15.95

## KEY INITIATIVE OF THE INDIAN GOVERNMENT

Infrastructure investments

Make in India initiative

Urban development - transforming Indian cities

Universal energy access and reviving power sector

Digital India initiative

Financial and communications inclusivity

Revitalising public sector banks

Skill and entrepreneurship development

Hygiene infrastructure

Ease of Doing Business (EODB)

# INDIAN CAPITAL MARKET

## Equity Market

**Debt markets**

**Mutual funds**

**Exchange  
Traded  
Derivative  
markets**

**FPIs**

**Commodities  
markets**

**Alternative  
Investment  
Funds (AIFs)**



# INDIAN CAPITAL MARKET

## Equity Market

- During 2015-16 the benchmark indices S & P BSE Sensex (Referred to as nifty) decreased by 9.4 and 8.9 per cent respectively over March 31, 2015. The sensex closed at 25,342 on March 31, 2016 registering a decrease of 2,616 points over 27,957 as on March 31, 2015. The Nifty decreased by 753 points to close at 7,738 on March 31, 2016 over 8,491 at the end of March 31, 2015

## Value Traded in the Secondary Market

- The market capitalisation of BSE and NSE indicated a downturn with declines of 6.6 per cent and 6.2 per cent respectively in 2015-16. There was moderation in P/E ratios over the past year.
- Volatility of the Sensex increased to 16.9 in 2015-16 compared to 13.5 in 2014-15. For Nifty, the volatility went up to 17.0 in 2015-16 as compared to 13.5 in 2014-15. The P/E ratios for Sensex and Nifty stood at 19.3 and 20.9 respectively in 2015-16.

# INDIAN CAPITAL MARKET

Item	2014-15	2015-16	Percentage Variation over the Previous Year	
			2014-15	2015-16
Total Turnover (Rs. Crore)				
Cash Segment (All-India) of Which	51,84,500 (51.845 trillion)	49,77,278 (49.77trillion)	55.2	-4
BSE	8,54,845 (8.54trillion)	7,40,089 (7.40 trillion)	63.9	-13.4
NSE	43,29,655 (43.29trillion)	42,36,983 (42.36 trillion)	54.2	-2.1
MSEI	Na	206 (0.00206 trillion)	33,793*	Na
Equity Derivatives Segment of which	(759.69 trillion)	(693trillion)		
BSE	2,03,62,741 (203.62 trillion)	44,75,008 (44.75 trillion)	120.9	-78
NSE	5,56,06,453 (556.06 trillion)	6,48,25,834 (648.25 trillion)	45.5	16.6
MSEI	95 (0.00095 trillion)	Na	-99.9	Na
Currency Derivatives Segment	56,34,563	7,59,087	-19.3	34.7
of which	(56.34 trillion)	(7.59 trillion)		
BSE	19,08,543 (19.08trillion)	27,63,926 (27.63 trillion)	681.2	44.8
NSE	30,23,908 (30.23 trillion)	45,01,886 (45.01 trillion)	-24.6	48.9
MSEI	6,49,925 (6.49 trillion)	3,24,576 (3.24 trillion)	-73.2	-50.1
USE	52,186 (0.52trillion)	Na	-82.7	Na



# INDIAN CAPITAL MARKET

## Mutual funds

- SEBI-registered asset management companies in India stood at 48 (as of August 2016).
- The quantum of asset under management was approximately INR 16,06,799.45 (Rs. In Crore) (Rs.16.06 trillion) as on 31 August 2016.

## FPIs

- SEBI registered FPIs as on 30 September 2016 stand at 5,827, Net FII investment up to 30<sup>th</sup> September, 2016 in the Equity and Debt was Rs.8,52,049/- (INR Crores)(Rs.8.52trillion) and Rs.3,12,329/-(INR Crores)(3.12 trillion) respectively.

## Alternative Investment Funds

- The SEBI regulates investments made by Alternative Investment Funds (AIFs) in India.
- 189 AIFs have been registered with the SEBI as of 31 December 2015. Foreign investment in AIFs is permitted under the FDI policy and the enabling guidelines in this regard have been issued by the RBI in November 2015.

## Commodities markets

- SEBI is the chief regulator of the commodity markets.
- Foreign investment is permitted in commodity exchanges, stock exchanges, depositories and clearing corporations, and is subject to a composite ceiling of 49%, under the automatic route

## Exchange Traded Derivative markets

- The turnover of derivatives trading on the NSE, increased from US\$ 0.38b Crore in 2000–01 to US\$ 8,968.78b in 2014–15.

## Debt markets

- To encourage foreign investments in India, bonds are issued by Indian companies in the form of corporate bonds.
- Companies issue corporate bonds to raise money for several purposes, such as building a new plant, or growing the business etc.

# FOREIGN DIRECT INVESTMENT

## Market size

- According to Department of Industrial Policy and Promotion (DIPP), the total FDI investments India received in FY 2015-16 (April 2015 -March 2016) was US \$ 40 billion.
- The total FDI equity inflows for the month of March 2016 touched US\$ 2.47 billion as compared to US\$ 2.12 billion in the same period last year.
- FDI in India has increased by 29 per cent and reached US\$ 40 billion during April 2015-March, 2016 as compared to US\$ 30.93 billion in the same period last year.

## Government Initiatives

- Budget 2016-17 has proposed several reforms in FDI Policy in areas of insurance and pensions, asset reconstruction companies and stock exchanges, such as easier governing and fund raising norms, clarification of tax related matters and higher FDI limits.
- In order to make India a more attractive foreign investment destination, the Ministry of Finance is planning to introduce the residency permit policy, which will allow key executives of foreign companies making investments worth US\$ 2 billion or more in India, to avail various facilities such as special package on upscale housing, residency permits allowing long stay in the country, and cheap rates for utilities.
- The Government of India has allowed 100 per cent foreign direct investment (FDI) in asset reconstruction companies (ARC) under automatic route, which will help to tackle the issue of declining asset quality of banks.
- The Government of India recently relaxed the FDI policy norms for Non-Resident Indians (NRIs).

## Road ahead

- According to United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2015, India acquired ninth slot in the top 10 countries attracting highest FDI in 2014 as compared to 15th position last year.
- India also jumped 16 notches to 55 among 140 countries in the World Economic Forum's Global Competitiveness Index that ranks countries on the basis of parameters such as Institutions, Macroeconomic Environment, Education, Market size and Infrastructure among others



**THANK YOU**