India Market Report

Asia Securities Forum
19th Annual General Meeting
5 - 7 November 2014, Bangkok
India: About ANMI

- ANMI was formed in year 1996.

- It is a pan India body comprising of the trading members of NSE, BSE and MCX-SX spread across the country.

- The basic objective of the Association is to work for the development of the Capital Market, safeguard the overall interest of investors and its members at large.

- ANMI is an effective voice of its members, which communicates the industry standpoint on issues affecting Capital Markets.
India is among the fastest growing countries of the world.

FY 15 GDP is expected to be 5.5%

Source: RBI

India - GDP GROWTH

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 06</td>
<td>9.5%</td>
</tr>
<tr>
<td>FY 07</td>
<td>9.6%</td>
</tr>
<tr>
<td>FY 08</td>
<td>9.3%</td>
</tr>
<tr>
<td>FY 09</td>
<td>6.7%</td>
</tr>
<tr>
<td>FY 10</td>
<td>8.6%</td>
</tr>
<tr>
<td>FY 11</td>
<td>8.9%</td>
</tr>
<tr>
<td>FY 12</td>
<td>6.7%</td>
</tr>
<tr>
<td>FY 13</td>
<td>4.5%</td>
</tr>
<tr>
<td>FY 14</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Association of National Exchanges Members of India
India: Economic Performance

The International Monetary Fund (IMF) has estimated India's economic growth to be 5.6 percent in 2014-15.

India's growth forecast for 2015-16 is 6.4 percent by IMF.

In its latest World Economic Outlook (WEO) released, the IMF said that world economic growth rate would be 3.3 percent in 2014-15 and 3.8 percent in 2015-16.

<table>
<thead>
<tr>
<th>IMF World Economic Outlook</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014-15</td>
</tr>
<tr>
<td>World Output</td>
<td>3.3</td>
</tr>
<tr>
<td>United States</td>
<td>2.2</td>
</tr>
<tr>
<td>Euro Area</td>
<td>0.8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>3.2</td>
</tr>
<tr>
<td>Russia</td>
<td>0.2</td>
</tr>
<tr>
<td>China</td>
<td>7.4</td>
</tr>
<tr>
<td>India</td>
<td>5.6</td>
</tr>
<tr>
<td>Japan</td>
<td>0.9</td>
</tr>
<tr>
<td>ASEAN-5</td>
<td>4.7</td>
</tr>
<tr>
<td>Lat. America and Caribbean</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: IMF
## India: Economic Performance

### Inflation - Cooling off

<table>
<thead>
<tr>
<th>Particulars (as % of GDP)</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Saving</td>
<td>32.0%</td>
<td>33.7%</td>
<td>33.7%</td>
<td>31.3%</td>
<td>30.1%</td>
<td>30.4%</td>
<td>30.7%</td>
</tr>
<tr>
<td><strong>Healthy Savings Rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Improving CAD</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAD</td>
<td>2.3%</td>
<td>2.8%</td>
<td>2.7%</td>
<td>4.2%</td>
<td>4.8%</td>
<td>1.7</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Source: RBI

Association of National Exchanges Members of India
India: Foreign Exchange Reserves

Over a period of time India has built healthy Forex Reserves.

Source: RBI

Association of National Exchanges Members of India
India: Business Growth in Capital Market

Source: SEBI

# indicates as on August 31, 2014.
* Figures of USE Subsidiary of BSE

Turnover (Rs. Trillion)

- NSE
- BSE
- MCX SX

# 2009-10
# 2010-11
# 2011-12
# 2012-13
# 2013-14
# 2014-15#

Association of National Exchanges Members of India
India: Business Growth in Capital Market

Cash Segment

Currency Derivatives

Equity Derivatives Segment

Source: SEBI, BSE, NSE, MCX-SX (# Till Sept 2014)

Association of National Exchanges Members of India
Business Growth in Capital Market

• Annualized Business volume in 2014-15 of all exchanges in cash segment as against 33.4 trillion rupees in 2013-14 expected to be 52.11 trillion rupees i.e almost 56% increase

• In equity derivative segment as against 475.76 trillion rupees it is expected to be 652.13 trillion rupees i.e. almost 37% increase in 2014-15.
## India: Capital Market-Volume Ranking

### Rank by Number of Trades in Equity Shares (Jan-Sept 2014)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Exchange</th>
<th>No. of transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Stock Exchange India</td>
<td>1298293.9</td>
</tr>
<tr>
<td>2</td>
<td>NASDAQ OMX</td>
<td>1230319.5</td>
</tr>
<tr>
<td>3</td>
<td>NYSE</td>
<td>1091855.3</td>
</tr>
<tr>
<td>4</td>
<td>Shenzhen SE</td>
<td>1135296.8</td>
</tr>
<tr>
<td>5</td>
<td>Shanghai SE</td>
<td>718684.0</td>
</tr>
<tr>
<td>6</td>
<td>Korea Exchange</td>
<td>812411.3</td>
</tr>
<tr>
<td>7</td>
<td>Japan Exchange Group – Tokyo</td>
<td>452747.5</td>
</tr>
<tr>
<td>8</td>
<td>Bombay Stock Exchange</td>
<td>299961.6</td>
</tr>
<tr>
<td>9</td>
<td>TMX Group</td>
<td>188486.3</td>
</tr>
<tr>
<td>10</td>
<td>BM&amp;FBOVESPA</td>
<td>155125.7</td>
</tr>
</tbody>
</table>

**Electronic Order Book Trades**  
**Source: WFE**

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*Association of National Exchanges Members of India*
India: Volume Growth in Capital Market

Number of Trades in Equity Shares

Electronic Order Book Trades

Source: WFE

Association of National Exchanges Members of India
India: FII/FPI Inflows

# indicates as on August 31, 2014.

Source: SEBI

Association of National Exchanges Members of India
India: FII/FPI Inflows

Source: SEBI

Association of National Exchanges Members of India
FII Inflows- Capital Market

• In 2013-14 FII inflow was 8.86 billion USD

• In 2014-15, up to Aug 14 it has already crossed 20.623 billion USD

• It is expected to cross 2012-13 level of 31 billion USD
Indian Stock Exchanges offer Cash & Derivatives in Multiple Asset Classes...

Asset Classes

Equity Derivatives
- Stock Futures
- Stock Options
- Index Futures
- Index Options

Other Derivatives
- Currency Futures and Options
- Interest Rate Futures

Capital Markets
- Equities, Debt, ETFs, Mutual Funds

Other Markets
- SLBS
- Debt Market
- IPO
- MFSS

Association of National Exchanges Members of India
### Investor Protection: India vs. other EMs

<table>
<thead>
<tr>
<th>Parameters</th>
<th>India</th>
<th>China</th>
<th>Brazil</th>
<th>Russian Federation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protecting Investors (Rank)</td>
<td>34</td>
<td>98</td>
<td>80</td>
<td>115</td>
</tr>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>7</td>
<td>10</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Ease of Shareholder suits index (0-10)</td>
<td>8</td>
<td>4</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Strength of Investor Protection Index (0-10)</td>
<td>6.3</td>
<td>5</td>
<td>5.3</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Source: World Bank

Association of National Exchanges Members of India
India: Recent GOI Economic Policy Announcements

- **Infrastructural Development** – Reviving the Special Economic Zone (SEZ), Streamlining the Public Private Partnership (PPP) models and creating Infrastructural Investment Trusts.
  - Work for the ambitious Diamond Quadrilateral rail network — connecting major metros across the country.

- **Ambitious financial inclusion scheme** - Pradhan Mantri Jan Dhan Yojana – Opening of bank accounts of left out people.; launched with 15 million bank accounts opened in 1 day. First phase target of 75 million accounts by Jan 2015.

India: Recent GOI Economic Policy Announcements

- **Coal Sector** – Government may allow commercial use of mines in the future.

- **Oil & Gas Reforms**
  - Deregulated price of diesel.
  - Announced a new price for domestically-produced natural gas.

- **Bilateral Relationships** – Japan’s commitment to invest $35 billion in India. Special Management Team initiated under PMO to facilitate business from Japan.
  - Relationship building with Asian nations such as Bhutan, Nepal and China ($20 bn).
Anticipated Impact of Reforms on the Indian Economy

- Generating positive sentiment.
- Boost for Commercial, Trading and Industrial activities.
- Building Investor Confidence, both Domestic and Foreign.
- Improve sentiments in the Capital Market including Investors.
- Return of Retail Investors in the Capital Market.
- Increase in Revenue Growth.
- Increased Employment generation.
- Meeting a GDP Growth target of about 5.5% for 2014-15.
Recent Development

BRICS SUMMIT 2014

New BRICS Bank:

- The New Development Bank (NDB), formerly referred to as the BRICS Development Bank, is a proposed multilateral development bank operated by the BRICS states (Brazil, Russia, India, China and South Africa) as an alternative to the existing World Bank and International Monetary Fund.

- The Bank will have a rotating chair and its first President will come from India for the first six years.

- Development Capital: The member countries will also set up a USD100 billion currency reserves pool to help countries forestall short-term liquidity pressures.

Source: BRICS
SWOT ANALYSIS

STRENGTHS
• Rapid Growth in IT, BPO Sectors bringing huge foreign exchange
  • Vibrant Capital Markets
• Committed Government – Full majority
  • RBI controlling inflation
  • Export oriented inflows

WEAKNESS
• Inflation concern
  • Trade deficit issue
  • Dependency on Unpredictable Monsoons

OPPORTUNITIES
• Scope of entry – Private Firms in various Sectors
  • Direct Inflow of FDI in various sectors
    • FII

THREATS
• Global Economy Recession
  • Rise of Crude oil prices
    • High Fiscal deficit
THANK YOU !!!

Presented by
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& Chairman International Affairs committee ANMI
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