India Market Report
Asia Securities Forum
18th Annual General Meeting, 2013
ANMI was formed in year 1994.

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 and 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.

Currently at lowest growth in a decade.

India has grown at an average rate of 8% since FY06.

FY14 GDP is expected to be 5.5%.

Source: RBI
The International Monetary Fund (IMF) has estimated India’s economic growth to be 5.6 percent in 2013.

India’s growth forecast for 2014 is 6.3 percent by IMF.

In its latest World Economic Outlook (WEO) released, the IMF said that world economic growth rate would be 3.1 percent in 2013 and 3.8 percent in 2014.

<table>
<thead>
<tr>
<th>IMF world economic outlook</th>
<th>Projected 2013 GDP(%)</th>
<th>Projected 2014 GDP(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>3.1</td>
<td>3.8</td>
</tr>
<tr>
<td>Japan</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>China</td>
<td>7.8</td>
<td>7.7</td>
</tr>
<tr>
<td>India</td>
<td>5.6</td>
<td>6.3</td>
</tr>
<tr>
<td>ASEAN 5</td>
<td>5.6</td>
<td>5.7</td>
</tr>
<tr>
<td>US</td>
<td>1.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Euro Area</td>
<td>-0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Russia</td>
<td>2.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Lat. America &amp; Caribbean</td>
<td>3</td>
<td>3.4</td>
</tr>
</tbody>
</table>
India: Economic Performance

Inflation - Cooling off

WPI

CPI

Healthy Savings Rate

High CAD a concern.

<table>
<thead>
<tr>
<th>Particulars (as % of GDP)</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Saving</td>
<td>32.0%</td>
<td>33.7%</td>
<td>34.0%</td>
<td>30.8%</td>
<td>31.0%</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>
</tr>
</tbody>
</table>

Source: RBI, MOSPI
India’s NIFTY index has performed better as compared to other broad market indices from other Asian countries.
India: Business Growth in Capital Market

Cash Segment

Derivatives Segment

Currency Derivatives

Source: BSE, NSE, MCX-SX, SEBI
Indian Stock Exchanges offer Cash & Derivatives in Multiple Asset Classes…
## Investor Protection: India vs. other EMs

<table>
<thead>
<tr>
<th>Parameters</th>
<th>India</th>
<th>China</th>
<th>Brazil</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protecting Investors (Rank)</td>
<td>44</td>
<td>93</td>
<td>74</td>
<td>93</td>
</tr>
<tr>
<td>Extent of Disclosure Index (0-10)</td>
<td>7</td>
<td>10</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Extent of Director Liability Index (0-10)</td>
<td>4</td>
<td>1</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Ease of Shareholder suits index (0-10)</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Strength of Investor Protection Index (0-10)</td>
<td>6</td>
<td>5</td>
<td>5.3</td>
<td>5</td>
</tr>
</tbody>
</table>

India has outperformed other BRIC countries persistently over the past 5 years.

India beats the South Asia & East Asia average of 5 and is equal to the OECD average of 6.
# India: Capital Market-Volume Ranking

## Rank by Number of Trades in Equity Shares (Jan-Aug 2013)

<table>
<thead>
<tr>
<th>Exchange</th>
<th>('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 National Stock Exchange India</td>
<td>977574</td>
</tr>
<tr>
<td>2 Shenzhen SE</td>
<td>839538</td>
</tr>
<tr>
<td>3 NYSE Euronext (US)</td>
<td>806604</td>
</tr>
<tr>
<td>4 NASDAQ OMX</td>
<td>754428</td>
</tr>
<tr>
<td>5 Shanghai SE</td>
<td>740540</td>
</tr>
<tr>
<td>6 Korea Exchange</td>
<td>729492</td>
</tr>
<tr>
<td>7 Japan Exchange Group - Tokyo</td>
<td>408497</td>
</tr>
<tr>
<td>8 BSE India</td>
<td>216065</td>
</tr>
<tr>
<td>9 TMX Group</td>
<td>162626</td>
</tr>
<tr>
<td>10 London SE Group</td>
<td>144413</td>
</tr>
</tbody>
</table>

Electronic Order Book Trades

Source: WFE

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

Number of Trades in Equity Shares

Equity volume growth of 16.2% CAGR since 2004

Electronic Order Book Trades at NSE

Source: WFE
Food Security Bill - Biggest programme in the world to fight hunger covering 67% of India’s population.

New Company’s Act to improve transparency and accountability in the companies.

Land Acquisition Bill seeks to fast track industrial growth and provide fair & just compensation to farmers.

Pension Bill to promote pension sector in India.
India: 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 2013-14.
FII flow in India into Equity has grown at a healthy CAGR of ~30% since FY02.

FII flow into Debt has grown at a CAGR of ~40% since FY02.

FII Turnover %age to Total Turnover in India
India: Foreign Exchange Reserves

Over a period of time India has built healthy forex reserves.

Source: RBI

- FY01: 43 USD Bn
- FY02: 55 USD Bn
- FY03: 76 USD Bn
- FY04: 113 USD Bn
- FY05: 142 USD Bn
- FY06: 152 USD Bn
- FY07: 199 USD Bn
- FY08: 213 USD Bn
- FY09: 248 USD Bn
- FY10: 275 USD Bn
- FY11: 310 USD Bn
- FY12: 312 USD Bn
- FY13: 286 USD Bn

Foreign Exchange Reserves (USD Bn)
India: Strengths

- Growth is driven to a significant extent by domestic consumption.
- Stable Financial System and regulatory framework.
- Strong demographic advantage.
- Good growth prospects supported by ongoing economic liberalization and strong domestic demand.
- Vibrant, transparent and high-yielding capital markets.
- Strong and competitive private sector.
- Healthy sectoral diversity of economy.
- Educated work force
India: Challenges of Indian Economy

- Achievement of inclusive growth.
- Containing Current Account Deficit.
- Providing basic facilities in semi-urban, rural and under-developed areas.
- Ensuring proper delivery of subsidies and other benefits to the targeted group without leakages.
- Speedy implementation of major infra projects across Country.
- Enhance sentiment for investments by both domestic and foreign parties for speedy approvals.
- Providing required infrastructure for growth and expansion of Industries, Finance Market, Capital Market etc.
- Clear long term policies to bring in confidence in major investors both domestic and global.
Vibrate the scenario subdued due to both Domestic and Global trends.

Respond positively to the recent GOI policy initiatives.

Focus towards building investors’/retail investors confidence in the Capital Market.

Endeavoring global standards of governance in operations.

Resolving concerns of Market Intermediaries.

Ensuring compliance of Regulatory Measures.
India: Destination India for Growth

- Huge untapped Market.
- Rising Per Capita Income.
- Economy Being further liberalized.
- Good infrastructure.
- Effective Regulatory Framework.
- Supportive administrative machinery.
- Vibrant financial system.
- Developed capital Market.
- Educated and cost effective work force.
India: ANMI Future Roadmap

- BE A STRONG BODY REPRESENTING market Intermediaries.
- Positive and proactive role in Capital Market.
- Earn trust and confidence of Government / regulators & investors.
- Co-ordination with other trade bodies / institutions / exchanges nationally as well as internationally.
- To become an SRO.
THANK YOU !!!

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Association of National Exchanges Members of India