

Headline: Taking Stock of the Market: Chitra Ramkrishna, NSE

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TAKING STOCK OF THE MARKET

Chitra Ramkrishna has ensured that the NSE is on the cutting edge and its leadership stays intact.
By ALOKESH BHATTACHARYA

Chitra Ramkrishna, 52
Managing Director & CEO
National Stock Exchange
of India

WHY SHE MATTERS:
She heads India's biggest stock exchange.

WHAT MATTERS TO HER:
Ethics and transparency.

BUSINESS IDOL: All-time greats like Mahatma Gandhi, Nelson Mandela.

Chitra Ramkrishna says she was lucky to have good bosses, she was just there when the National Stock Exchange of India (NSE) was being formed and "volunteered" to join, she relies a lot on her second line (of management), her job is nowhere as complex as the RBI governor's, she's not a financial wizard...

But the fact that Ramkrishna, the daughter of a middle-class accountant, heads the NSE as its Managing Director and CEO, makes her one of the most powerful people in Indian business. Regardless of gender. According to the World Federation of Exchanges, the NSE is the world's 12th largest stock exchange with a market capitalisation of \$1.59 trillion as of July 2015 (listed companies: 1,755), though arch rival Bombay Stock Exchange (BSE) is at No. 10 with a market cap of \$1.63 trillion (listed companies: 5,725).

But then the NSE trumps the BSE on practically all other parameters. In the most important metric, the value of shares traded on the NSE in the seven months till July 2015 was \$416.76 billion (a mind boggling ₹26 lakh crore, which translates to a daily average turnover of almost ₹18,000 crore) in electronic order book trades. Comparatively, the number for the BSE in the same period was \$76.7 billion (₹4.8 lakh crore; daily average turnover ₹3,300 crore). More than 75 lakh trades on shares have happened every day on the NSE on average in 2015; the number for BSE is 15 lakh. In equity derivatives, too, the NSE dominates.

"For the last five to six years, in a very quiet, understated manner, Chitra has ensured the NSE is on

the cutting edge and its leadership stays intact," says Rakesh Shah, Chairman and CEO of Edelweiss Group. "She is always asking what more can be done, where are the gaps in the market, how do we grow investor participation."

Ramkrishna is now looking to bring in more retail investors into the market. "It's the right time for us to think about lots of new products, new outreaches for retail. You have to make it as easy as it is to walk into a bank and put an RD, or go into a post office and put a monthly saving." She aims to do this

through a three-pronged strategy – exchange traded funds (ETFs), systematic investment plans (SIPs), events and education.

Says Edelweiss's Shah: "The NSE has been spending a lot of effort in reaching out, and working through brokers and everybody else." Since taking charge of the NSE,

Ramkrishna has launched several equity ETFs – mutual funds (MF) that can be traded on the exchange like shares – with issuers like Edelweiss, Goldman Sachs, ICICI Prudential, and Reliance Mutual Fund. "We

are working with a lot of large retail houses so that we are able to actually penetrate, make a saving habit out of putting money into ETFs," says Ramkrishna. As of March 2015, overall ETF assets under management (AUM) rose 11.5 per cent over March 2014 to reach ₹14,715 crore, with equity ETFs comprising more than half that value.

The NSE worked with MF houses like UTI to launch SIPs, which are MF that are similar to bank recurring deposits. "In the last one year, we have been able to create more than one lakh SIP accounts," says Ramkrishna.

Then there are ground-level events the NSE organised for opening of demat and client accounts, KYC, etc., with the broker and the DP (depository participant) collaborating, so there is one point access for the retail investor. Finally, the NSE is also looking to educate people in a big way about financial markets. "Several universities have now come on board to make this part of their curriculum," says

Ramkrishna. Seventeen universities such as Lovely Professional University, Sri Sri University, Punjabi University, etc., have tied up with the NSE for financial markets courses. "We are also working with some of the universities to look at being part of a graduate programme that specialises in financial markets," says Ramkrishna.

"Their approach is certainly working (to get retail investors in), but we are still in the first phase," says Edelweiss's Shah, adding that Ramkrishna's challenges, going ahead, would be developing a corporate bond market and increasing liquidity in the stock market. ♦

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Global footprint: Chitra Ramkrishna-led NSE is the world's 12th largest stock exchange

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