

ETF is ideal for retail investors: Ms. Chitra Ramkrishna, MD & CEO, NSE

Hope mobile trading will see larger impact: NSE - Moneycontrol

As Nifty completes 20 years, a rebranding is in the offing. In addition, the merger of Forward Markets Commission (FMC) with Securities and Exchange Board of India (SEBI) is also an event that has a great policy relevance, says Chitra Ramkrishna, MD & CEO, NSE.

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Latha: Before I get to the rebranding exercise, I wanted to ask you something more about the business. Since we are meeting on Diwali day, do you think that from Samvat to Samvat, we are going to see more launches in the commodities space. The big event that is hitting the capital markets is the merger of Forward Markets Commission (FMC) with Securities and Exchange Board of India (SEBI) is that going to be the area of outsized growth commodities and do we see more offerings from your group?

A: As we speak, this merger has certainly been something of a great policy relevance. In fact, even in international regulatory forums, this is something that is being looked at very appreciatively, it gives an opportunity for all financial assets under the same umbrella to have a developmental path guided by the regulator. So, from that perspective, definitely, it creates a lot of synergies in the market and can be a great area of growth.

Sonia: Now tell us a little bit more about the rebranding exercise and more importantly, mobile trading has become the new buzzword. The number of people using handsets to trade has gone up substantially in the last one year. What is National Stock Exchange (NSE) doing in order to facilitate that?

A: On the rebranding first, we had shared with all of you that Nifty completed 20 years this year and as a mark of the two decades of Nifty, we did a series of events to understand where we can take Nifty and its family of indices in the next few years. As we all know, Nifty has become a proxy for investment in India. It has become a national brand, it is a global brand. A lot of assets built around the Nifty class. So, naturally, it is a name that has inspired confidence and credibility in investors in the market.

And as we reflected at that, we felt that it was the most appropriate to make Nifty the mother umbrella brand around which the family of indices will be created as we go forward and of course, rebrand all the current indices that are there in our family.

That was really the thought process in this entire exercise. So, CNX Nifty because Nifty 50 and Bank Nifty becomes Nifty Bank and Nifty IT and so on and so forth.

Interestingly, a lot of assets have been created on Nifty for retail as well as institutional. In fact, the exchange traded funds (ETF) class on the Nifty and its series of indices has been one of the most painstaking efforts that we have taken over the last decade to truly make Nifty a universally accepted basis for investment in the market and this is a very interesting trend. I think going forward, it will enable us to bring in a lot of the savings into the market and grow and benefit from the prosperity from the markets too.

Sonia: So, what else apart from the ETF

A: As far as the technology and mobility is concerned, you are absolutely right, and what internet trading left unpenetrated over the last decade, we are hoping that mobile trading will help us take it to the next leap and truly to the hands of investors in India.

Sonia: Apart from ETF, anything else that the retail community can look forward to because this year has not been great for retail investors, the market is down about six percent. How is NSE planning to increase retail participation into the markets?

A: We have been very strong believers that indeed ETF is the absolute first step that retail takes for coming into the market. As a passive investment vehicle, as a low cost vehicle one cannot really think of a more appropriate product than that. That is why over the last 10 years, if you have seen so many awareness and education programmes around ETF, in fact it is a validation that today, Employees' Provident Fund Organisation (EPFO) money comes in through the ETF as first steps in the market. So, I really think that we can build this as a mass savings product for us. Nifty and its family of indices can provide the diversity as well as the accessibility of investors to come into the market.