

Rebranding NSE indices will increase user confidence: Chitra Ramkrishna

OOMMEN A. NINAN

Rebranding the indices of the National Stock Exchange (NSE) with Nifty as prefix, from November 9, is expected to help increase user confidence and help improve trade in the Nifty family of indices. Spearheading a sea change in the capital market with innovative products, NSE Managing Director and CEO **Chitra Ramkrishna** believes exchanges have a role to play for both, long-term as well as short-term investors. In an e-mail interview with **The Hindu**, Ms. Ramkrishna outlined future plans for the country's leading stock exchange.

Nifty 50 has completed 20 years, while Nifty Futures has recently completed 15 years. In the backdrop of equity continuing to be an under-owned asset class, how do you see the transformation on the retail front? What is NSE doing to increase retail participation?

NSE has always been a trend setter in many areas. We started our journey in 1993 and Nifty was launched in 1996. Today in just about 20 years, the index has become the barometer for the Indian stock market. The index that was launched in April, 1996, started tracking the Indian market since November, 1995. And after almost 20 years we are rebranding all our indices with the word Nifty. From November 9, all Nifty indices will have a prefix of Nifty. This will stretch the recall value of Nifty for all investors in Indian markets.

As far as retail is concerned, I think Indian capital market has so far given a good return. If you consider Nifty 50 index alone, it has given about 16 per cent return in last 5 years. Today, we have so many products based on Nifty. In fact what we started in 2002 in the form of Exchange Traded Fund (ETF) has gained significant ground in India today. ETF is a small ticket, a convenient and cost-efficient alternative to participate

Over the years, Nifty has become a global brand and has gained high credibility. Nifty should be the natural choice and become the umbrella brand name for the entire family of indices

in the capital market without directly taking exposure to a single stock.

Again, during the end of last decade, we launched a few new products such as currency, interest rate futures, etc. All these are credible efforts in their own right and have ultimately transformed the Indian capital market.

Having said all this, we still feel that the journey has just begun! There is so much to do.

Will algorithm (algo) trading dissuade retail investors from the stock market?

Algorithm trading has a set of players who are usually short-term traders. Retail segment basically consists of investors and participants, who have long-term investment horizon. They are never in conflict with each other. Besides, there are rules set by regulators governing all segments and participants in the market.

SEBI has relaxed rules for startups to help them access primary markets to raise funds. What is NSE doing to facilitate their market participation?

It is a very good thing that the regulator has relaxed norms for startups. These are new-age companies, many of them are having very iconic ideas that signify the new India. So based on the new norms, we are in discussions with a lot of these potential companies. It is, however, quite early to give any further details.

NSE has made intensive efforts over the years to educate Small and Medium Enterprises (SMEs), about the benefits of raising funds through its SME Platform. While we are encouraging such growing firms to list for raising capital, at the same time, we are also ensuring a proper due diligence at every step as most of them are new to the exchange environment.

Be it SME or start up or a matured corporate, we firmly believe, in a way, a corporate entity and an ex-

change are inseparable. Corporates perhaps need to explore opportunities at NSE in some stage of their life cycle.

Mobile trading is catching up in India, what is NSE's experience?

Numbers of people that are using mobile and direct Internet based trading are surging every day. A significant chunk of our technology initiatives, are diverted to tap the young generation through this mode. As mobile gives you a lot of freedom, we are also constantly evolving our efforts. Preliminary data suggests that people using handsets for investing have doubled in one year.

What role has technology played in shaping NSE's growth over the years?

We started as an online platform. So obviously technology played a key role. From v-sat to fibre optic cables, the change happened with time. Though the change has already been very substantial, due to the ever-changing technology, we are gearing up for adding new services.

NSE has recently completed revamping of its technology platform to a new level altogether. The entire upgradation was done with indigenous team and technology. It's a significant milestone as entire modification was done without halting the live trading sessions on daily basis. It's truly a 'Made in India' story.

Many exchanges have a commodities segment in various countries. SEBI also has plans to encourage integration of exchanges in the country. Will you agree to the amalgamation of commodity exchanges with stock exchanges or vice versa? If so, what are your plans?

We are already part of a commodity exchange. NSE is a shareholder in NCDEX. Going forward, we will evaluate different propositions as and when they arise. As of now, it will be too early to comment as the formal merger between SEBI and FMC has just been completed.

Does NSE have listing plans? If yes, then by what time?

NSE is all for listing. However, the key is the modalities. It should bring best value for the existing and future shareholders.

However, there are certain regulatory constraints as the original Stock Exchanges and Clearing Corporations Regulations do not envisage such a structure.

Shareholders, who have been with us from the beginning, have given huge support over the period. Progress would not have been possible without their support. It was originally infrastructure building and listing of the company was not the focus then.

On technology, many exchanges are claiming that speed is the key to successful trading. Since NSE enjoys the highest trading volumes among all exchanges in India, does speed really matter?

We do not comment on others. NSE's acceptance by market players at large, in all segments, is a testimony that parameters and priorities are set right. Since technology is ever evolving, we avoid talking any specific numbers.

Nifty is a proxy to Indian investment. How do you plan to expand the global footprint and make it more popular overseas?

Nifty started as a barometer of the local market. It has really taken off and found acceptability with the market participants and today truly it is a proxy for the Indian asset class and Indian investment. We also have ETFs structured on Nifty. So we think that the 15-year journey has helped us entrench Nifty as a proxy for investment in India. In fact we are present in 32 destinations already. Gradually, it's not only Nifty but other researched products from the exchange which have also become popular globally. Today the Nifty family has around 50 indices.

NSE has recently rebranded Nifty. Can you please throw some light on this?

Rebranding of India Index Services & Products Limited (IISL) Indices is a huge step forward. IISL is a subsidiary of NSE Strategic Investment Corporation set up in May 1998 to provide a variety of indices and index related services and products for the Indian capital markets.

Nifty is an established brand and since two decades, it is synonymous with Indian capital market. Market participants across multiple geographies within and outside India have accepted Nifty to take part in the capital market.

Over the years, Nifty has become a global brand and has gained high credibility. It is only natural therefore that the name Nifty should be the natural choice and become the umbrella brand name for the entire family of indices, representing India.

Rebranding indices with Nifty as prefix, will increase confidence among users as it will help them to relate more to Nifty family indices. The rebranding of indices will be effective from November 9.

So far, the feedback from market participants on use of 'Nifty' in index names has been encouraging as they clearly associate tradable financial products and financial benchmarks to 'Nifty' brand.

Among others, CNX Nifty will become now 'Nifty 50' index, likewise Nifty Junior will become Nifty Next 50 and CNX IT will be called Nifty IT.

