

**Headline:** Authored column by Mr. Vikram Limaye :  
Nifty @ 10k Shows confidence in India growth story

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in fair measure to the Nifty journey

## Nifty@10k Shows Confidence in India Growth Story



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The Nifty 50 at 10,000 is a measure of the progress of Indian economy and the confidence that investors have in its potential. The domestic Indian investor has contributed in fair measure to the recent journey of the Nifty over the past 18 months. Domestic investor participation, through inflows into mutual funds and through direct investments in the equity market, has been quite significant and encouraging.

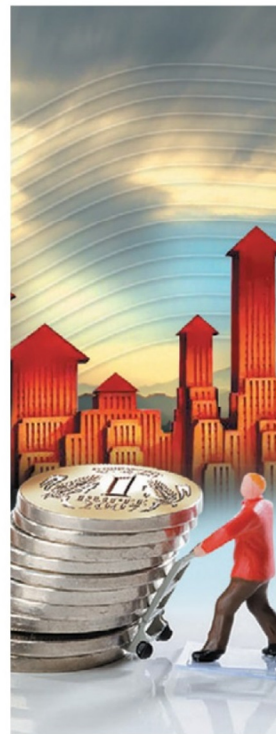
Equity mutual funds assets under management have risen to nearly ₹5 lakh crore, from ₹3.1 lakh crore about two years ago (source AMFI) and is reflective of the increased penetration of the equity asset class among domestic investors. This has reduced historical dependence on foreign investors and the resulting volatility of the market has been reduced.

Over the years, the Nifty 50 Index has emerged as the most important benchmark to measure the performance of the Indian stock market. It was launched in 1995, and now there are several billion dollars of investments riding on the Nifty 50. The index includes fifty of the top companies in India representing 62% of the free-float market capitalisation listed on the National Stock Exchange. It is also the single largest traded options contract in the world.

We have a lot to feel proud about since we launched the index, 22 years ago. Global institutions are using the Nifty to cre-

drive markets to new highs. There have been strong flows into domestic mutual funds through systematic investment plans which is a healthy trend and good for markets in the long term.

Equity markets are forward looking and the benefits of various government reforms will be reflected in economic growth over the next several quarters. I am optimistic about the medium to long term prospects for the Indian economy and the markets. In the near term, however, fundamentals do need to improve and catch up in terms of corporate earnings growth and overall GDP growth. Private sector investments and in-



ate financial products. It is one of the most important indices that is traded around the world, and the fact that it is globally recognised has helped bring the Indian economy into focus across the globe.

Just a few years ago, India had high inflation and challenges relating to both fiscal deficit and current account deficit. Today, India has strong macroeconomic stability and political stability and is the investment destination of choice among the emerging markets. Easy liquidity conditions, benign interest rate environment and relatively lower risk adjusted returns in competing asset classes have driven increasing flows into equity markets and have

infrastructure growth are important for sustained high levels of economic growth. We also need to create more jobs and better quality jobs to meet the aspirations of a young population.

The economy is on a growth path and with political and economic stability, I am confident that India will continue to be an attractive investment destination. We need to focus on better intermediating domestic savings into markets and to improve financial literacy in the country so that domestic investors continue to play an important role in the country's growth and in providing capital to our entrepreneurs and growth companions.

*(Views expressed are personal)*