

Well governed markets, investor awareness is our basic objective: NSE CEO Chitra Ramakrishna

Manoj Dharra

NSE CEO and MD Chitra Ramakrishna says that the job at NSE is not always glamorous. It is about putting all the building blocks in place.

In a candid chat with **Manoj Dharra**, NSE CEO speaks about completion of 15 years of NSE, role of the exchange, markets and much more.

Question: Nifty has competed 15 years, now we are talking about the International Financial Center. How is the transformation?

Firstly, I think the 15 years of Nifty has been a satisfactory journey. When we started, Nifty was a better meter of the market. Within 15 years people have adopted Nifty, and today it is the most popular and accepted contracts, not just in India but worldwide. This is a good proxy for Indian investment, this is something Indian market should be proud about. So it has really been an interesting journey.

Question: During initial days what was the recipe for NSE's fabulous take off?

I think it was an idea whose time had come, in other words, if our markets have to really rise up to global par, there was no choice except to transform. Therefore, modern, electronic, transparent market was the need of the day. So I think it was all about right timing and there was a huge appetite in the country at that point to adopt a new market model.

A lot of first time professionals wanted to become intermediaries and many investors wanted to come into the market. So in a way it answered the needs of different stake holders and the different governance model from day one. From day one, we were demutualised exchange which helped built trust and credibility of the institution.

Question: From a single segment exchange to multi asset exchange that started currency, now possibly commodities. Do you think the role of exchanges are becoming more significant?

Actually when we started, exchanges only did stocks not just in India but even in the rest of the world. So we started as a stock exchange but quickly were able to have a framework which helped us move into derivatives and prepared the market for derivatives. A lot of journey went around building confidence, education around derivatives so it helped built a good equity derivatives market in the country.

Then came currency and now has come the bond futures. We started as a debt exchange and today I think in the last 3-4 years, there has been a lot of work going back into debt. For example, the corporate bond reporting platform which in the last 3 years has really gained a lot of attraction and the bond futures which I think will go a long way in building the liquidity and good price discovery around the bonds.

We have moved away from being a single product exchange into a multi asset class exchange, this is true even globally but I think in India, the regulatory frame work and policy has envisioned this and made it possible for the exchanges to offer a multi asset platform.

Question: Savings to equity market is very small or you can say it is at a 2-decade low. I am talking about exposure to equity market, what is your plan for that?

This is our objective, that how do you bring retail savings into capital formation and the second thing is that within 15 years there has been so much prosperity in the market, how does the common saver also benefit from this prosperity, this is the DHARAM of any policy. So today, if you ask me, we

are one of the largest market worldwide and are recognised. Having said that, the big journey for us in the next 5 years is to make common saver benefit from the prosperity of the market.

For this we have to select the appropriate products like common saver, because we need more instruments that are appropriate for the small saver. Today we have a brilliant product in the ETF like the Nifty because it is a passive investment, one does not need to think much. Regular investment plan SIP and you put money over the long term that is what builds your prosperity along with the market prosperity we need more products like this and we also need more reach so that it is a easy to put money into a SIP of an ETF as it is to go and put money in your account in a bank, it should be as simple as that.

Question: SGX opening is a big disadvantage for domestic investors. By the time our markets open the game is almost done by global investors. What are your plans, are you working towards fair play?

Even today onshore market is the one that drives away with price discovery, I think that is very strong in this country. Having said that, more markets worldwide always keep asking their participants what time frames they want to work in and as a infrastructure we will provide whatever the market wants but in today's day we shouldn't fell stressed for Nifty opening because there is a onshore discovery which is very very strong.

Question: If you talk about volume buy the time Indian markets open volumes on SGX Nifty are too high?

There are strong domestic, onshore and other large players who play the onshore markets. They will always be an appetite for Nifty in foreign destinations as is evident by the fact we are already in 32 destinations already. We will continue to see how to make investments in Indian market more attractive.

Question: Is Algo trading impacting retail investors, and how would you safeguard interest of small investors?

Every market has a different set of players like retail, institutional, domestic, foreign proprietary traders, algo traders and infrastructure should cater to everyone's requirements and needs. And balancing it is our job. Having said that, today for e.g you take the top 10 retail broking houses, they are so savvy in terms of the technology, they use the reach that they have.

They have huge investors facilitations services, which makes it possible even for a small investor, retail investor who comes through them to leverage the technology that's available. At the end of the day, Algo traders have a different role to play. The concern that you raised in the first instance is something that every regulator across the world is worried about. Indian regulator SEBI, hade come out with a frame work of ALGO trading much ahead of many markets in the world. The framework that they have adopted, many other markets have actually copied. So we are ahead of the curve.

Question: In the retail segment exchange to multi asset exchange that started currency now possibly commodities, you think role of exchanges are becoming more significant?

There is tremendous scope in this area if you see we have to look at the next generations products which will be useful to the country derivatives which has done very well in the last 10 years. If you see the growth of other countries again it is derivatives products. So this is really the future where we must invest in bringing more safe simple and universal products in this category. Real estate today REIT is in demand. Whatever products we do, it should be of a larger use to the ultimate customer. But the capital raiser on the other hand (for e.g Railways they are trying to raise a lot of funds around assets that they are having even a product like a Railway REIT) can be thought about and can be created. At the end of the day there has to a match between demand and supply. Simplicity is at the heart of everything, complexity should be at the back end.

Question: Some new announcements have appeared from SEBI like platform for start-ups. what's your take?

It is a good initiative and it is a new niche segment that required that separate focus on how to make start-ups raise capital within the country. You always find the look from the West or other destinations why so? So I think this is a great initiative whether regulator and they have done with the significant engagement with the industry. We are quite enthusiastic about engaging with the companies and looking how to onboard them.

Question: What is the goal in front of NSE now, say that you want to achieve in next 5 years?

I think it is a revolving process as I said the basic objectives always remain the same what is the basic objectives? Good, well governed markets, investor awareness, improve the financial literacy of the investing population. So that the next generation is far more literate. Far more companies should be able to raise capital from the market. I don't mean this is a number game but end of the day why should we not make raising money from the market easier and simpler. Here the exchange has a role to play, by as an infrastructure how much can I prepare them ahead of time they don't have to raise money today but I must prepare them ahead of time so that when there is a need they will come and access the market. At the same time we must prepare, the supplier of capital also he must have the simplicity and ability to understand what to invest and what's the risk he is taking. So our job sometimes is not that glamorous but it is about putting all the building blocks in place, so that before you realise your market is 5 times where it is today.