

**Headline:** Need better routing of savings into stocks

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# ‘Need better routing of savings into stocks’

## Equity Mkts Well Developed, Currency & Bond Have A Long Way To Go, Says NSE CEO Limaye

Sidhartha@timesgroup.com

**N**SE MD and CEO Vikram Limaye has spent most of his life working for banks. But of late, he has been busy firefighting, first at BCCI — where he was appointed as a member of the committee of administrators. He is now trying to put things in order at the NSE, which has been battling one controversy after another. He discussed his plans with TOI. Excerpts:

### What is your agenda going forward?

Market development is a big agenda for the next two-three years to facilitate economic growth. You need to have better intermediation of savings into markets and there is still a large opportunity in equities, where penetration levels are low. We are seeing larger penetration in retail, but we need to give more tools to investors to decide on their investments. Development of the asset management industry has been a very important development in the last three years or so, as it has provided a cushion in times when FIIs have withdrawn from the market.

At the same time, institutional participation has to be increased. Today, whether it's insurance, pension or mutual funds, their participation is quite low primarily due to regulatory constraints. While equity markets are well developed, the bond, currency and derivatives markets have a long way to go. It will create a large and well-functioning market and reduce dependence of companies on the banking sector.

Technology is another important agenda along with risk management, and we are also focusing on revamping our surveillance system. It's important to focus on international collaborations. We tried to collaborate in Bangladesh and there are other areas we will look to facilitate the growth of other markets. Capital raising will be the focus area, whether it is on the main board or in other areas such as SMEs and startups.

### What are you doing on startups?

We are working closely with the technology ecosystem, whether it's VCs or investee companies. We are also working with Sebi, which has set up a committee on regulations for early-stage companies. There may be some changes that can facilitate their listing. Our Nasdaq partnership will help us think about dual listing of larger and more mature tech companies.

### What is happening in your talks with SGX?

We are looking to transfer liquidity from Singapore to GIFT City. We do not want to distribute liquidity and want to consolidate it in one place. It is not

### Do agri-commodities expose exchanges to political risk because they are blamed for speculative trades whenever there is a price spike?

Yes, agri-commodities is a sensitive area and, therefore, it is more difficult also. Value chain has to be developed to achieve the right outcome.

### How has Sebi's investigation affected the NSE's plan, including listing?

While it is important to resolve legacy issues, it hasn't come in the way of growing our business or in the trust that people have in the NSE.

### What are you doing to avoid repeat of a similar episode?

#### On Institutional Participation



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#### On Delivery-Based Contracts



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—VIKRAM LIMAYE | MD & CEO, NSE



in the long-term interest of Indian markets. Investors will be able to trade on the Nifty, it will help SGX and will help us in building GIFT City. It's a win-win for everyone.

### What about commodities? Will it be all delivery-based contracts since Sebi is insisting on it?

Sebi is very keen but not everything will be delivery-based. We are launching trading in non-agri products from October 1 — crude, metals and bullion. So, crude is not amenable to delivery-based. But wherever it's possible, we will go into delivery-based contracts. Bullion will be one of them. In the second phase, we will get into agri-commodities. There are significant product gaps in areas such as some commercial crops, which we are reviewing and we may get into them.

We have addressed issues related to co-location and based on a comprehensive review, we have done a lot of things to strengthen controls across the organisation — from processes & documentation to technology. From a governance perspective, we have raised the bar internally and externally. The matter surrounding people will go through a process.

### How is the exchange dealing with the new controversy surrounding your chairman (Ashok Chawla, who has been accused by the CBI in a case involving former FM P Chidambaram)?

With recent changes to the Prevention of Corruption Act, government approval is required for serving and former officers. Two months have been given to the agencies. So, we will have to wait and see.