

# Indian Capital Market Landscape



**Latika S. Kundu**  
*Managing Director & CEO*  
 Metropolitan Stock Exchange  
 of India Ltd.

Indian markets have evolved in the last two decades. Our regulators, systems and processes are robust and resilient enough to be considered as one of the best in the world. India has above 11 crores demat accounts, but only about 3.50 crores are active accounts, which is less than 2.50% Indian population. High schools and colleges don't teach basic financial concepts. Post the pandemic, an influencer-led financial education era has advanced in the country via various social

media platforms. However, the pertinent risk lying there is biased information, misinformation and incomplete education – which have often led retail investors to take erratic decisions and eventually, lose more money in the capital markets under pressure situations. Therefore, most people become more averse to investing and assume stock market akin to gambling and at best, stick to traditional modes of investments like fixed deposits, gold, chit funds or real estate. The Government continues its attempt in steering growth through infrastructure development, financial inclusion, capital expenditure allocation and job creation. However, to strengthen the pillars of economy, the most important of all is spreading the financial education and awareness which needs to be done from the grassroot levels. Being in a privileged position and leading one of the financial institutions in the country, it should be our responsibility to provide support to the Government by developing the next generation of financially aware, digitally independent citizens who can create a balance between individual pursuits and the entire community growth as a whole.

Imagine an ambitious high school or a college student understanding the time value of money, the currency markets and the volatility of different currencies as well as certain concepts of hedging. It will enable the student to make an informed choice and better planning for her higher education when she looks for financing options. In investing, developing the right mindset is also a privilege. MSE aims to transform the socio-economic systems by reaching to the grassroot levels by collaborating, partnering and co-creating with various actors in the value chain and ecosystem to lead that change and help all people gain access to those privileges of right financial education, skillsets, mindset and accessibility and make it inclusive for all irrespective of gender, sexuality, caste, class and creed.

## Competition

MSE's value proposition is to develop differentiated offerings in Currency Derivatives (CDS), Equity Deals,

Commodity Products and Mutual Fund Segment. These products and offerings shall expand the market, meet the needs of the market participants and address current gaps. The Exchange possesses the potential to become 'The Exchange of the Future'. The journey of the Exchange has just re-started from scratch under the guidance of the new leadership for the past three years. It is similar to a 0-to-1 journey in a start-up that we are witnessing at MSE, all poised towards strong growth. The advancement plans and new initiatives are harbinger of a new area of the Capital Market that the Exchange envisages to build in its growth journey. Hence, to turn around and create a mark in the industry, to stabilize its operations and to transition the growth journey, it requires sufficient time and the support of a stable leadership at the helm.

We are in the process of creating a robust and resilient business model and a world-class trading infrastructure ecosystem by employing and leveraging technology, innovation and partnerships. We have set out a vision of attracting liquidity by providing broader and more effective access beyond the Tier III and Tier IV cities. We plan to create a competitive and comprehensive one-stop solution for investors and facilitate further through secure, effective and transparent channels across asset classes. The Exchange continues its belief that innovation is the key growth metrics in this competitive market and going forward, the Exchange will continue to allocate sufficient resources in research and innovation. Although the Exchange will focus maximum of its resources in gaining traction in the established business segments or existing yet non-operationalized business segments; however, the Exchange will continue to work with market participants in exploring and building new products and launching them post regulatory approvals.

The Exchange in last 14 years of its operations has been successful in maintaining an unperturbed and smooth functioning of its technical processes. MSE has got a robust Trading System running on High Availability and Fault Tolerant Infrastructure. MSE trading system has gained greater acceptance among the traders and investors, with its user-friendly functionalities coupled with sound architecture to cater to the Exchange system requirements. Our robust technology solutions would aim in supporting customers' workflow (trading technology), multi-asset class analytics and flexible connectivity and delivery solutions. In the long run, we plan to execute our growth strategy by positioning ourselves as an emerging leader in the platform business. We may enter into business combinations, enter into strategic partnerships, or alliances, any of which is material to leverage our existing strength to widen our customer base and become the eye in addressing the underserved markets.

The markets we operate are highly competitive. We face competition in several aspects of our business from competitor Exchanges. However, we believe that the principle tenet for development of the financial markets in India is competition. Competition would not only be instrumental in widening the product offerings but it would create the base for driving participation from a greater audience by providing competitive prices, improved

customer services, cutting edge disruption technology and ultimately be the driving factor in generating a more resilient capital market ecosystem. It would help investors in gaining knowledge and education about the capital markets and strive in the making of a mature market in the years to come. We would facilitate and promote the shift occurring from the traditional savings instruments to the capital markets by hand-holding these new investors and building a vibrant infrastructure.

#### **About MSE**

Metropolitan Stock Exchange of India Limited (MSE) is a full-service National level Stock Exchange with license from Securities and Exchange Board of India (SEBI) to operate in Equity, Equity Derivatives and Currency Derivatives. The Exchange has live trading electronic platform in all segments.

The current ownership of the Exchange is well diversified between corporates, banks and individuals. At present in Currency Derivatives Segment (CDS), Currency Futures and Options contracts are available for trading in USD/INR, GBP/INR, EUR/INR and JPY/INR contracts along with cross currency pairs of EUR/USD, USD/JPY, GBP/USD. Currency Derivatives Segment also provides trading of Interest Rate futures where futures contracts are available on 6 GOI Bonds with maturity buckets of 6 years, 10 years and 13 years.

In the Equity Cash segment, 2006 companies are available for trading. In Equity Derivatives, Stock Futures and Stock Options are available for trading on 184 stocks. Also Index Futures and Index Options are available for trading on MSE Index SX40. Further, 48 ETFs are available for trading and 42 Sovereign Gold Bonds issued by RBI are also available for trading on the Exchange.

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