

MARKET PULSE

A monthly review of the
Indian economy and markets

CAPITAL — FOR — GROWTH



Market Pulse

Volume 8, Issue 7

This publication is issued monthly by the Economic Policy and Research (EPR) department of the National Stock Exchange of India Limited. It is a review of major developments in the economy and financial markets and market statistics for the month gone by, insights from cited academic research papers and topical research articles.

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LIMITED**

Market Pulse

Published by Economic Policy and Research, National Stock Exchange of India Ltd.

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Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400 051 INDIA*

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NSE at a glance

NSE's positioning and reach

NSE's global positioning	Domestic market share	Reach
1 Largest multi-asset class exchange	Three-month rolling share (%) EQ Cash 93.1 EQ Futures 99.7 EQ Options* 69.4 FX Futures 100.0 FX Options* 100.0	1,328 Trading members 99+% Pin codes covered 13.2 Crore Unique registered PANs Total passive AUM (domestic US\$97.2bn* + global) tracking Nifty indices US\$5.01trn Market cap of listed entities
3 Third largest equity exchange by no. of trades (11.4% share in FY26 as per WFE)		
1 Largest derivatives exchange by contracts traded (FY26 share: 51.3% in eq. F&O as per WFE)		
10 Market capitalization*		
*Source: WFE (Data is as of May 2026) * Based on premium turnover ** As of June 30 th , 2026 As of June 30 th , 2026, unless specified otherwise; *As of May 31 st , 2026^. ^Represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year		

NSE's contribution to the economy

Catalyst for capital formation	Listing snapshot	Market capitalisation
Rs 59 lakh crore Total capital raised through equity and debt between FY24 to FY27 (till June 2026) 3,005 Companies listed#	Rs 4.2 lakh crore Total capital raised through IPOs between FY24 to FY27 (till June 2026) 270 Mainboard IPOs 426 SME IPOs	Rs lakh cr Market cap of listed entities^ Market cap to GDP (% , rhs*) FY17 FY19 FY21 FY23 FY25 FY27TD ^Represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year. * Market cap to GDP is based on 3M avg. market cap and nominal GDP for the last four quarters. #Data for FY27TD is as of June 30 th , 2026

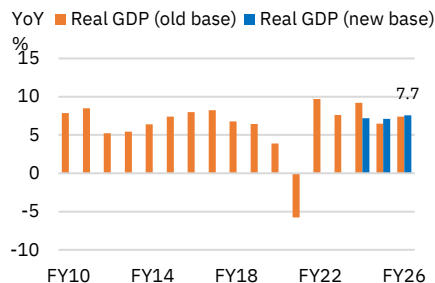
Investor growth

Unique investor base	Individual investors' participation*	New investor registrations
Lakh Unique PANs on NSE FY20 310 FY21 400 FY22 594 FY23 727 FY24 916 FY25 1,128 FY26 1,291 FY27TD 1,324	(in lakh) CM Segment FO Segment Jun'16 46 Jun'17 55 Jun'18 74 Jun'19 77 Jun'20 102 Jun'21 178 Jun'22 285 Jun'23 240 Jun'24 333 Jun'25 369 Jun'26 355	lakh East India North India South India West India Total FY21 89.9 FY22 193.4 FY23 133.1 FY24 192.1 FY25 210.6 FY26 162.1 FY27TD* 32.8
* As of June 30 th , 2026 *Individuals investors' participation is defined here as investors who have traded at least once in the year. *Above data is on 12-month rolling ending June. The top five states (UP, MH, TN, BH, GJ) accounted for 45.5% of new investor registrations in Jun'26 (FY27TD* denotes data till Jun'26).		

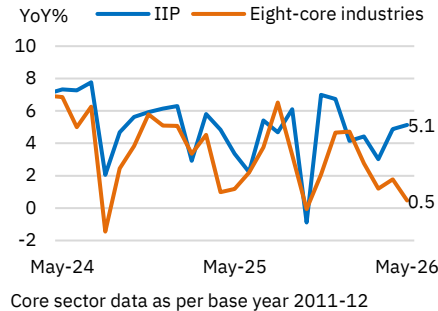
Key macro charts

Growth outlook robust

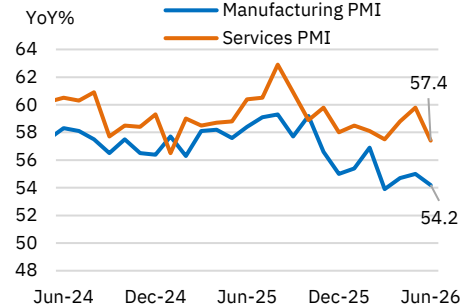
Real GDP growth



Industrial activity mixed

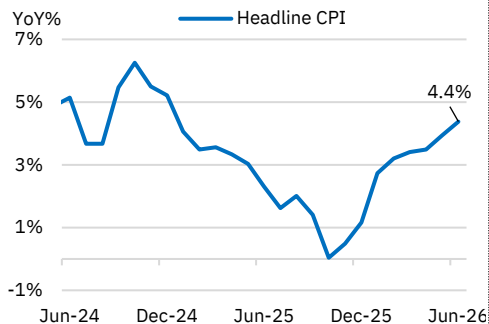


PMI moderating slightly

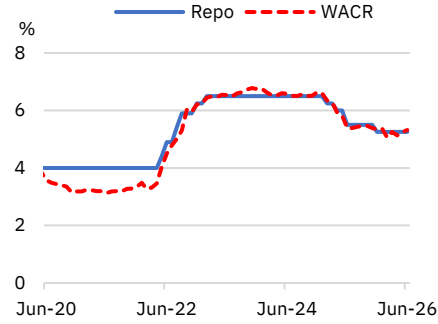


Inflation above 4% target

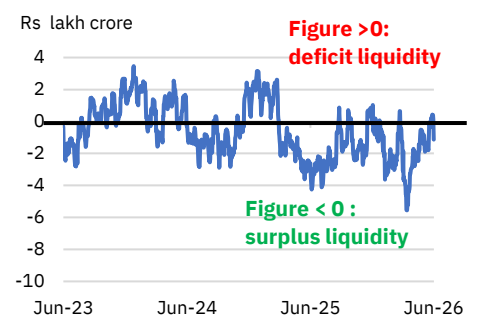
Retail inflation picked up



WACR closer to repo rate

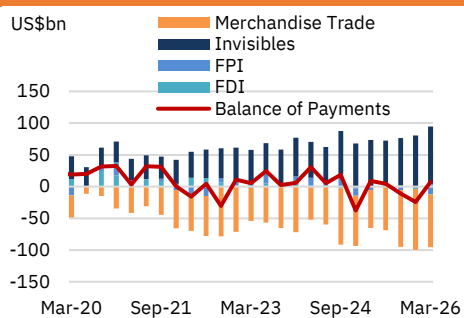


Liquidity remained in surplus

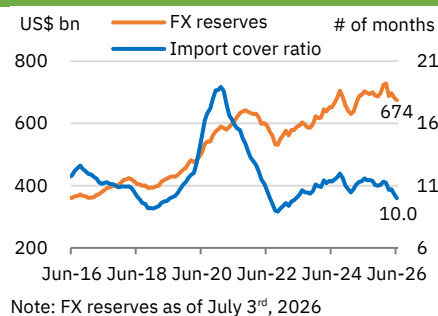


External situation remains manageable; forex reserves at ~US\$ 675 bn

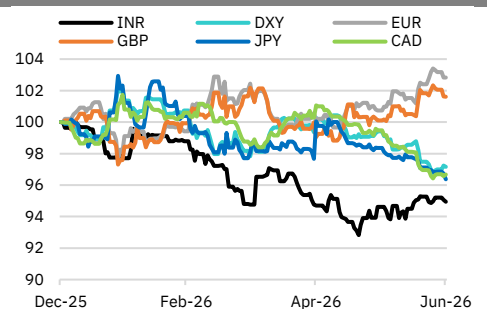
Highest BOP deficit in FY26



Forex reserves

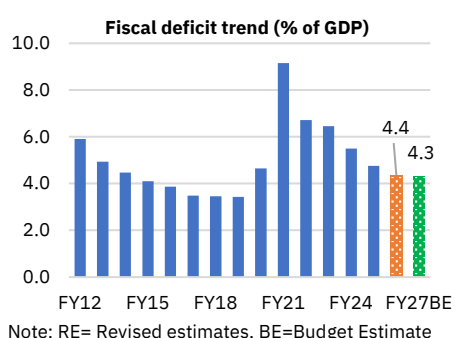


Rupee posted modest gains in June

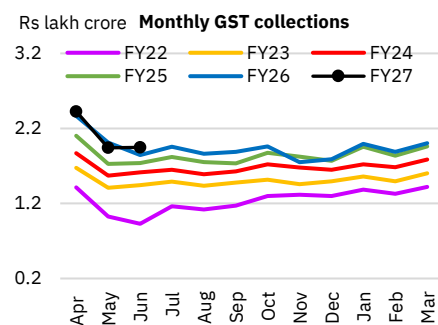


Fiscal prudence but with higher capex

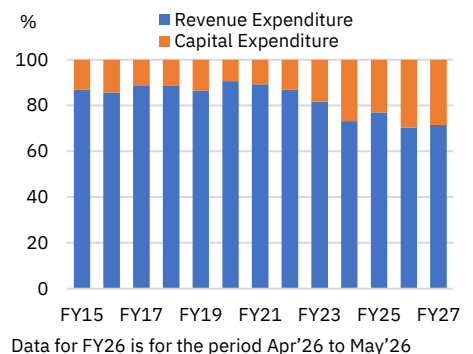
Fiscal consolidation underway



GST collections robust in June

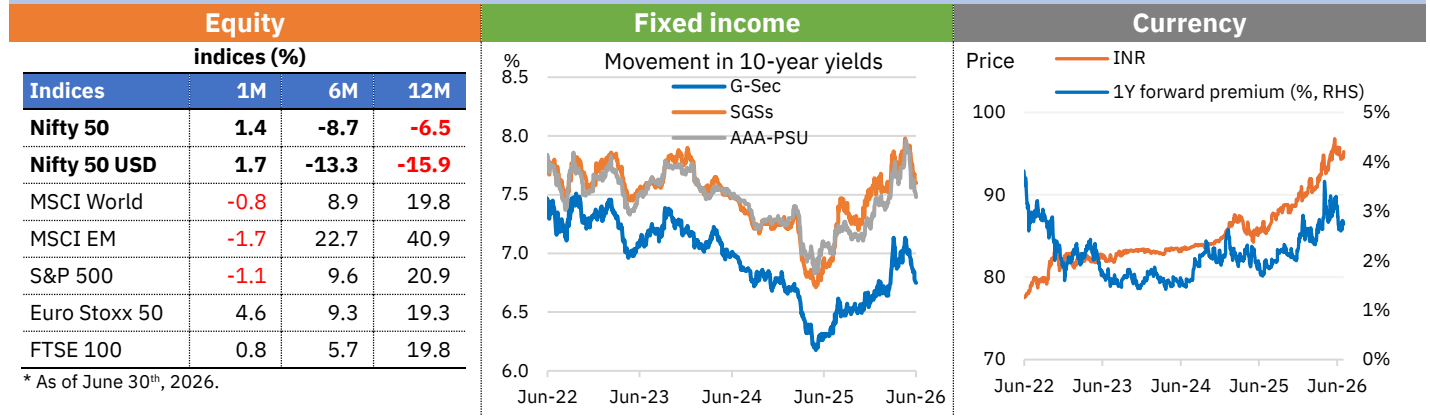


Share of capex

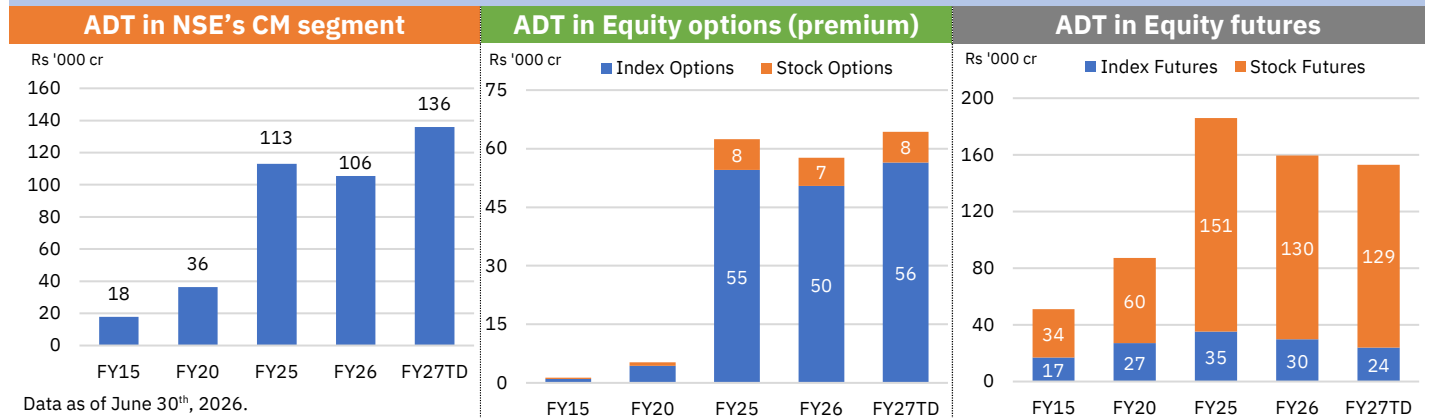


Key market charts

Performance across asset classes



Segment-wise turnover trend



Market activity

Category-wise gross turnover and share in FY27TD							Average daily open interest				
Client category	CM		Equity options#		Equity futures		Instruments	FY26		FY27*	
	Value (Rs '000 Cr)	Share (%)	Value (Rs '000 Cr)	Share (%)	Value (Rs '000 Cr)	Share (%)		Contracts (in '000)	Value (Rs crore)	Contracts (in '000)	Value (Rs crore)
Corporates	627	3.8	170	2.2	1,294	7.0	Index Futures	343	61,723	420	66,198
DIIs	2,118	13.0	16	0.2	2,415	13.1	Stock Futures	7,285	4,81,515	8,342	5,29,996
FIs	2,143	13.1	509	6.6	5,730	31.2	Index Options\$	7,579	13,70,395	8,052	12,60,341
Individuals	5,401	33.1	2,999	38.8	3,070	16.7	Stock Options\$	4,810	3,18,037	5,141	3,28,997
Others	487	3.0	276	3.6	741	4.0					
Prop	5,538	33.9	3,752	48.6	5,119	27.9					
# Based on premium turnover * Data is as of Jun'26							Note: Notional value is presented here				

Category-wise net inflows into Indian equities

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*
In Rs crore													
FPIs	97,056	17,806	20,566	51,253	-33,013	1,01,121	1,70,260	25,750	-1,21,439	1,71,107	427	-1,66,284	-2,74,273
DIIIs	-28,557	67,587	35,363	90,738	1,09,662	42,257	-35,663	94,846	2,75,726	1,81,482	5,27,438	7,88,184	4,70,137
Individuals#	-30,149	-8,243	-26,382	-37,988	-8,523	-25,280	52,897	1,42,755	88,376	5,243	1,65,810	-5,717	54,572
In US\$ bn													
FPIs	16.1	3.2	3.2	7.8	-4.4	14.4	23.0	3.8	-16.5	20.7	0.1	-18.9	-29.3
DIIIs	-4.8	10.4	5.2	14.0	16.0	6.0	-4.8	12.6	35.7	22.0	63.0	90.4	50.4
Individuals#	-4.9	-1.3	-3.9	-5.8	-1.4	-3.6	7.1	19.3	11.7	0.6	19.8	-0.6	5.8

* As of June 30th, 2026. # Data for individuals include net flows on NSE in the secondary market only. Individuals include individual /proprietorship firms, HUF and NRI.



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Executive Summary

Oil, rain and the policy balance

The global environment became somewhat less adverse in June and early July than had seemed likely in April and May, but it did not return to normal. Partial reopening of the Strait of Hormuz and intermittent de-escalation between the US and Iran reduced immediate concern around energy supply and helped crude oil retreat from its earlier peak, but renewed hostilities in early July, following the collapse of the interim ceasefire, were a reminder that the underlying shock had not gone away. Even as global attention briefly shifted to Spain's World Cup win, the macro adjustment remained incomplete. For India, as we have pointed out earlier, two forces continue to shape macro and markets through much of this year: West Asia and the South-West monsoon. The first eased only at the margin, and the second became more worrying. This interaction between oil and rain is now central to the policy balance.

The global macro backdrop remains difficult. The IMF's July 2026 update projects global growth at 3.0% in 2026, improving to 3.4% in 2027, but with headline inflation revised higher to 4.7% in 2026 before moderating to 3.9% in 2027. Growth is increasingly dependent on a narrow set of supports: AI-led investment, technology exports, fiscal support and favourable terms of trade for energy exporters. Central banks have responded accordingly. The Fed and the Bank of England have remained on hold, while the Bank of Japan and the Reserve Bank of New Zealand have continued to tighten amid persistent inflation risks. Oil prices eased from their earlier peak, but volatility remained high, and inflation expectations stayed sensitive to food and commodity prices. The global easing cycle has therefore lost momentum.

Markets reflected this mixed backdrop. Global equities lost momentum in June after two months of strong gains. The MSCI World Index fell 0.7% in US dollar terms, while the MSCI Emerging Markets Index declined 1.4%. Profit-taking in technology stocks, a stronger US dollar and cautious central-bank signals offset the benefit of lower energy prices. In the US, technology-heavy indices came under pressure as investors reassessed the returns from large AI-related investments, while financials, industrials and other value-oriented sectors held up better. European equities outperformed on easing energy-related inflation concerns. In Asia, Japan and Taiwan remained relatively resilient on semiconductor strength, while China gained modestly.

Indian equities, in contrast, recovered modestly after the pullback in May. The Nifty 50 rose 1.4% in June and gained a further 0.9% in the first half of July, although it remained down 7.9% on a calendar-year-to-date basis as of July 15. West Asia tensions intensified briefly early in the month, but subsequent indications of a possible ceasefire reduced concern over energy supplies and contributed to a 21% decline in crude prices in June. That relief proved temporary, with Brent returning towards US\$93/bbl as hostilities resumed in July. Even so, the June easing in crude, some recovery in the INR and policy measures aimed at stabilising foreign flows helped domestic sentiment. Broader markets remained resilient, with the Nifty Midcap 150 and Nifty Smallcap 250 rising 0.9% and 4.3%, respectively.

The flow picture remained familiar, though with some improvement at the margin. FPI outflows stayed high at US\$5.2 bn in June, but the trend reversed from mid-month and inflows continued into July. DIIs remained the principal anchor, recording net purchases of Rs 85,800 crore in June and extending their buying streak to 35 months. Domestic institutions have therefore continued to absorb foreign selling, helping stabilise the market even as the external backdrop remains uncertain. In fixed income, Indian bonds strengthened more clearly. The benchmark 10-year G-sec yield declined by around 25 bps to 6.75%, supported by lower crude prices during June, rupee appreciation, surplus liquidity and improving foreign demand.

India's macroeconomic picture through Q1FY27 appears to have held up better than feared. High-frequency indicators such as PMIs, auto sales, fuel consumption, bank credit and power demand remained broadly supportive, though some sectors such as aviation saw temporary disruption. FY26 GDP growth came in at 7.7%, while the Centre also met its fiscal deficit target of 4.4% of GDP. The current account deficit for Q4 surprised on the upside at around 0.7% of GDP.

The move to monthly balance-of-payments data, together with the revision of key macroeconomic series, should improve policy visibility.

That said, the easing in West Asia has not removed the broader strain. The rupee had earlier come under pressure from oil, gold and capital outflows, and recent policy measures by the Government and the RBI provided near-term comfort. Possible bond index inclusion and expected FCNR(B) inflows may continue to support the currency and bond yields. As of July 17, 2026, total forex inflows, including FCNR(B) deposits, OFCBs and ECBs, amounted to a cumulative US\$20.7 bn. The room for policy support is narrower than before, however. The cost of cushioning the external shock is now visible in the fiscal accounts. Lower excise duty collections following fuel-duty cuts and a sharp increase in subsidy expenditure pushed the fiscal deficit to 9.6% of the FY27 Budget Estimate in the first two months of the year. The more immediate domestic risk now lies with the monsoon. As of July 16, cumulative rainfall was 24% below normal, with kharif sowing down 16% from the corresponding period last year., raising risks to farm output, rural incomes and food inflation in the coming quarters.

This month's *Story of the Month* steps away from the quarter and looks at twenty-six years of corporate India. The composition and performance of the Nifty 500 point to a substantial structural shift—from a commodity- and manufacturing-heavy universe at the turn of the millennium to one increasingly driven by financial intermediation, services and domestic demand. Financials have been the defining structural growth story, rising from 8% of index constituents and 7% of market capitalisation in March 2000 to 20% and 26%, respectively, by March 2026. The sector also overtook Energy as the largest contributor to revenues in FY25. Traditional sectors such as Materials and Consumer Staples ceded ground over time, while Health Care, Utilities and Consumer Discretionary gained prominence.

Beyond sector transition over time, corporate performance has been visible in scale, profitability and breadth. Between FY03 and FY26, aggregate net sales of Nifty 500 companies increased 21-fold, while PAT rose 31-fold. Aggregate PAT margins improved from 6.0% in FY00 to 10.9% in FY26. Equally important, corporate performance broadened beyond the largest index names. The Nifty 50's share of aggregate Nifty 500 profits fell from 87% in FY18 to 51% in FY26, while the broader universe delivered faster profit growth than the top 50. Concentration indicators tell the same story: the HHI for net sales, EBITDA and PAT all declined materially over time. The longer view therefore points to a corporate universe that is not only larger, but also deeper and less concentrated.

Our Insights section this month turns to capital raising and the frictions, asymmetries and institutions that shape it. The literature begins with the Modigliani–Miller benchmark, but its main contribution lies in explaining why that benchmark fails in practice. Information asymmetries, agency conflicts and credit rationing shape financing choices at the firm level. Venture capital and IPO markets shape the transition from private to public ownership. At a broader level, investor protection, macroeconomic credibility and financial openness determine how deep and efficient capital markets become. The common thread is straightforward: beyond markets, efficient capital allocation depends on institutions that reduce frictions and support confidence.

Exchange data for Q1FY27 show both resilience and normalisation. Capital mobilisation reached a record monthly high in June 2026, led by strong debt issuances, particularly commercial paper, along with increased preferential allotments. Even so, primary market activity remained measured in the first quarter, with IPO listings moderating compared with the same period last year. The registered investor base crossed 13.2 crore, though the pace of new registrations continued to normalise from the exceptional post-pandemic surge. The cash segment recorded healthy growth in turnover, equity derivatives moderated further, and commodity derivatives continued to gain momentum, particularly in crude oil options. Trading activity remained highly concentrated among a small set of larger participants.

That is what makes July distinct from the previous few months. The first phase of the external shock has passed, and some of the associated financial strain has eased, but the broader macro setting remains fragile. India nevertheless enters this phase relatively better placed than many emerging and developed economies: growth has held up, the fiscal deficit remains contained, the current account is manageable, domestic flows continue to offset foreign selling, and the financial system retains room to respond. These strengths provide a stronger base for the economy to withstand

external or weather-related shocks. The task ahead is to preserve that advantage—by retaining policy flexibility, strengthening buffers and preparing for a wider range of outcomes. As Dwight Eisenhower observed, “Plans are worthless, but planning is everything.”

Tirthankar Patnaik
Chief Economist

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Story of the Month

Corporate India's evolution: Scale, earnings and diversification

The composition and performance of the Nifty 500 over the past 26 years highlight the structural transformation of corporate India—from a commodity- and manufacturing-heavy universe at the turn of the millennium to one increasingly driven by financial intermediation, services and importantly, domestic demand. Financials emerged as the defining growth story, rising from 8% of index constituents and 7% of market capitalisation in March 2000 to 20% and 26%, respectively, by March 2026. The sector also overtook Energy as the largest contributor to revenues in FY25, ending more than two decades of Energy's leadership. Traditional sectors such as Materials and Consumer Staples gradually ceded ground, while Health Care, Utilities and Consumer Discretionary gained prominence, reflecting rising incomes, urbanisation and greater formalisation of the economy.

Earnings growth has outpaced revenue expansion during the past 26 years. Between FY03 and FY26, aggregate net sales of Nifty 500 companies increased 21-fold, while PAT rose 31-fold; the aggregate PAT margin improved from 6.0% in FY00 to 10.9% in FY26. This points to sustained improvements in operating efficiency and profitability across business cycles. The expansion was equally visible across the market-cap spectrum, with the thresholds for large- and mid-cap classification rising 122-fold and 180-fold, respectively, underscoring both the growing scale of listed companies and continued mobility across the broader market.

Equally significant is the structural broadening of corporate performance beyond the index heavyweights. The Nifty 50's share of aggregate Nifty 500 profits fell sharply from 87% in FY18 to 51% in FY26, while the broader universe delivered a superior PAT CAGR of 16.9% during FY17–FY26 (vs 12.5% for the Nifty 50), against 14.4% in the preceding decade—indicating that earnings growth has become increasingly broad-based even as headline revenue growth moderated.

Concentration indicators reinforce this trend. The HHI for Nifty 500 net sales declined from 185 in FY00 to a record low of 88 in FY26, while concentration in EBITDA and PAT fell from 46 to 20 and from 225 to 80, respectively. The sharpest sectoral broadening was visible in Financials, Utilities and Consumer Staples. Although corporate earnings remained sensitive to major macroeconomic and geopolitical shocks—from the dotcom downturn and the global financial crisis to the pandemic—the long-term trajectory repeatedly reverted to growth. Taken together, the 26-year record points to an equity market that is not merely larger, but also structurally deeper and more diversified—one in which revenues, profits and market value are distributed across a wider range of companies and sectors, providing a more balanced and durable foundation for India's corporate earnings cycle.

- Shifts in sectoral leadership in the Nifty 500 Index reflects India's economic transformation:** Over the past 26 years, the Nifty 500 has undergone a significant structural change, reflecting the broad transformation in the Indian economy and capital markets. The sectoral composition of the Index has progressively shifted towards Financials, Health Care and technology-related sectors, while the representation of traditional sectors such as Materials, Industrials and Consumption has moderated. These shifts are also reflected in the changing composition of market capitalisation, with Financials emerging as the largest sector, supported by sustained financial deepening, while Consumer Discretionary strengthened its market presence amid rising household incomes and changing consumption patterns. In terms of corporate financial performance as well, Financials have become the largest contributor to aggregate revenues and profits, while IT, Health Care and Utilities strengthened their contribution through sustained operating and net profitability. In contrast, the dominance of commodity-linked sectors in revenues and earnings has moderated over successive economic cycles, highlighting a gradual shift towards sectors supported by stronger and more resilient profitability.

Sectoral leadership in the Nifty 500 index has shifted from commodities towards Financials, Technology and Consumption in the last 26 years.

- Growth moderated in the latest decade, but earnings became increasingly broad-based:** A comparison of the last two decade (FY06-FY15 and FY17-FY26) reveals a structural moderation in revenue growth across both the Nifty 50 and Nifty 500 universes. While net sale CAGR declined during FY17-FY26, the broader Nifty 500 universe recorded an improvement in profit growth, indicating that earnings expansion became increasingly broad-based beyond the Nifty 50 cohort. This divergence suggests that improvements in profitability, operational efficiency and sectoral diversification, partly offset the moderation in top-line growth.

Over the past 26 years, corporate performance was also shaped by successive macroeconomic and geopolitical events, including the dotcom bust, GFC, taper tantrum, demonetisation, GST implementation, twin balance sheet and NBFC crises, COVID-19 pandemic and Russia-Ukraine war. Although these events led to periodic disruptions in revenue and earnings growth, the overall trajectory has consistently reverted to a sustainable long-term growth path.

- Sectoral growth became broader and more balanced over successive business cycles:** The sectoral growth matrix highlights broadening of corporate growth across the Nifty 500 over successive five-year periods. During the early 2000s, earnings growth was concentrated in a few cyclical sectors, particularly Materials and Energy, reflecting the commodity upcycle. By FY11-FY15, growth became more balanced, led by Financials, Consumer Discretionary, Health Care and Information Technology, although investment-linked sectors remained subdued. In FY22-FY26, sectoral revenue growth converged across industries, while profitability broadened further.

Further analysis of sectoral growth distributions over FY00-FY26 reveals that while cyclical sectors such as Energy and Real Estate exhibited pronounced variability, defensive sectors including Consumer Staples, Health Care and Utilities delivered consistently stable performance. Importantly, the Nifty 500 PAT margin strengthened from 6.0% in FY00 to 10.9% in FY26 – a record high, with profitability and operating metrics across most sectors at or above their historical medians—reflecting resilient and broad-based corporate performance.

- Declining concentration across revenues and earnings underscores the structural broadening of corporate India:** Concentration across the Nifty 500 universe has declined structurally over the past 26 years, reflecting an increasingly broad-based distribution of corporate activity. This broadening is reinforced by the Herfindahl-Hirschman Index (HHI), where the Nifty 500 HHI for net sales rose during FY00 to FY03 from 185 to 366, before gradually falling to a record low of 88 in FY26. EBITDA and PAT concentration declined to 20 and 80, respectively, over the same period. The moderation was evident across market segments—including the Nifty 50 and the Nifty 500 excluding Nifty 50—and across most sectors, with Financials, Utilities, Consumer Staples and Energy recording the sharpest declines in concentration. Communication Services remained the most concentrated sector across revenues (HHI of 1,896), EBITDA (2,322) and PAT (2,547) in FY26, and its top four companies accounting for 87.2% of sectoral sales. At the aggregate level, the share of the top four companies in Nifty 500 sales eased to 18.5% in FY26 from over 20% in the early 2000s, reinforcing the structural diversification of revenue and profit generation across the Indian corporate sector.

The latest decade (FY17-FY26) witnessed slight moderation in revenue growth but stronger earnings resilience among the Nifty 500 (ex-Nifty 50 cohort)

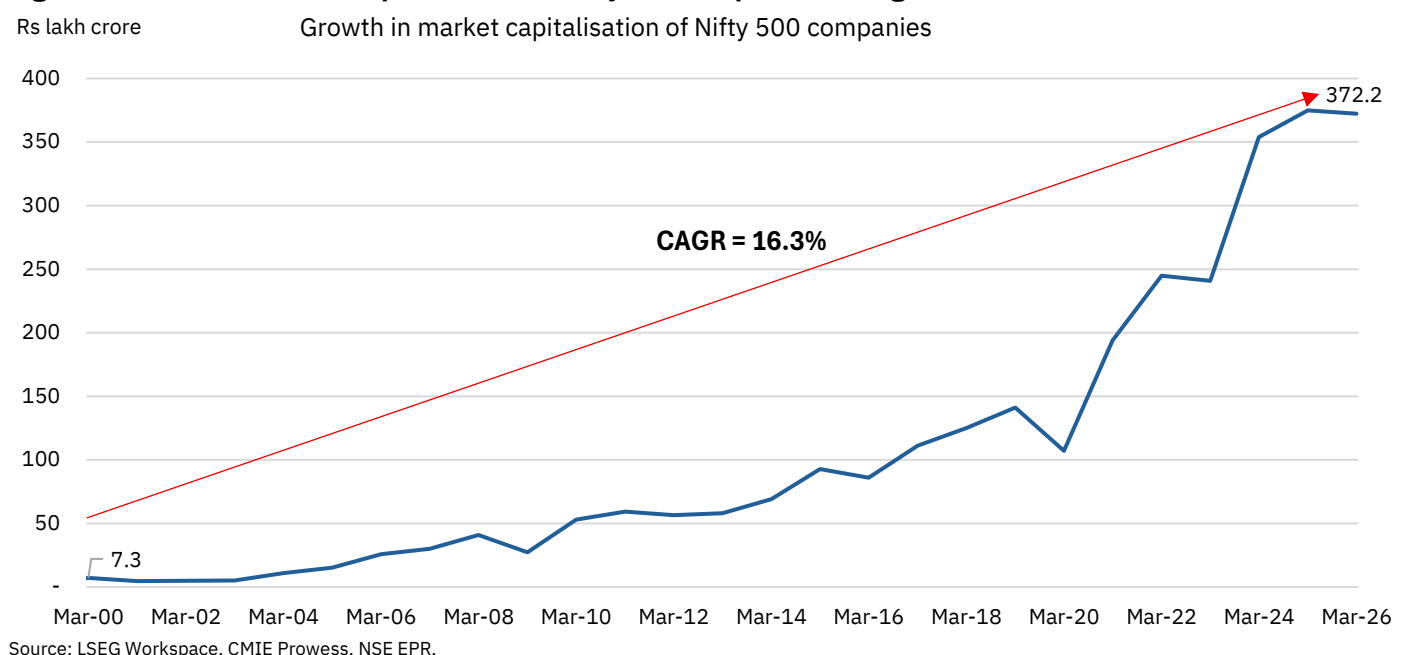
Earnings leadership shifted from cyclical sectors to a broader, more balanced growth profile.

The long-term decline in concentration metrics such as HHI and CR4 suggests that India's corporate landscape has become progressively more competitive, with earnings and revenues distributed across a wider set of companies.

Market capitalisation growth and composition of Nifty 500

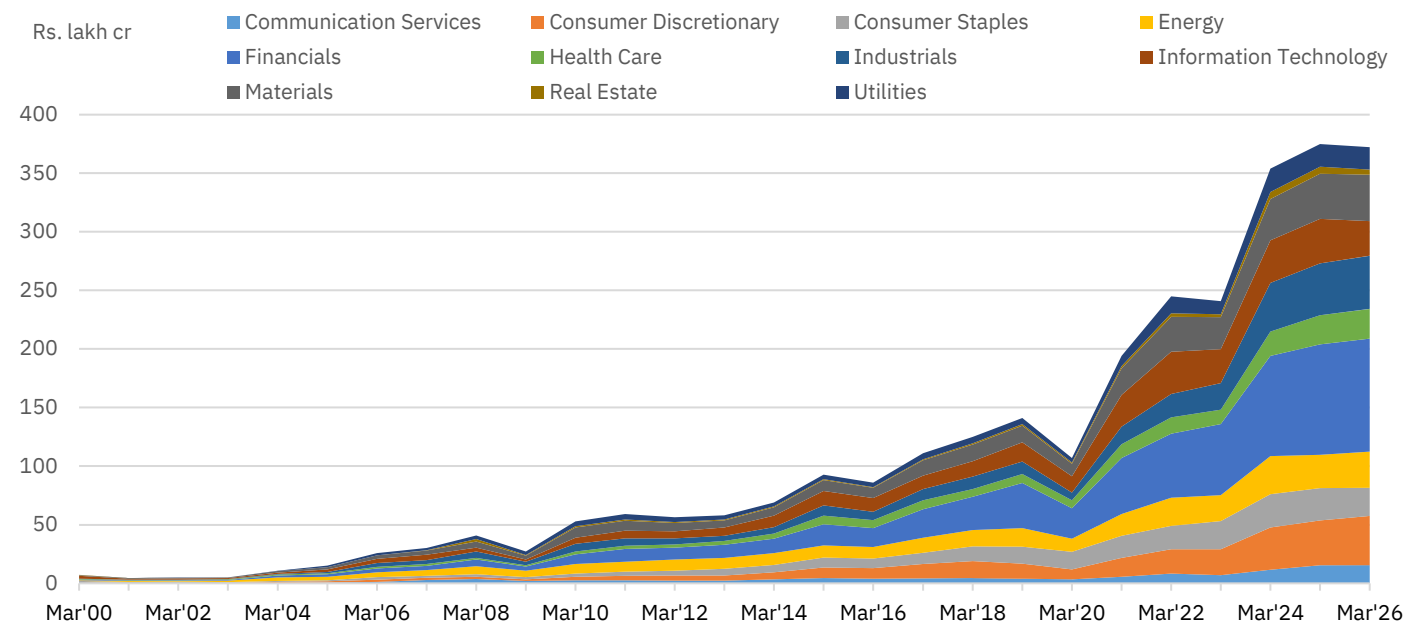
Nifty 500 market capitalisation grew nearly 50x in the last 26 years: Market capitalisation of Nifty 500 companies expanded at a CAGR of 16.3% between FY00 to FY26, rising from Rs 7.3 lakh crore to Rs 372 lakh crore by March 2026. The long-term trajectory remained upward, despite sharp declines during major domestic and global market disruptions. Market capitalisation declined by 33.6% during the global financial crisis and by 24.2% during the COVID-19-led sell-off, before recovering strongly in subsequent periods. The pace of expansion accelerated particularly after March 2020, supported by strong corporate earnings, improved domestic liquidity, rising domestic institutional and retail participation and new listings.

Figure 1: Growth in market capitalisation of Nifty 500 companies during FY00-26



Nifty 500 composition shift over the years reflects the evolving economic landscape:

The composition of the Nifty 500 Index has undergone a marked shift over the past 26 years, reflecting the evolving India's macroeconomic landscape, business cycles and market leadership. While the index has consistently represented the top 500 NSE-listed companies, encompassing large-, mid- and small-cap constituents, the sectoral mix has changed significantly in terms of both the number of companies and their weight in the index. Traditional sectors such as Materials, Consumer Discretionary and Industrials, which together accounted for nearly 63% of the total count of index constituents in March 2000, have gradually ceded space to Financials, Health Care and Information Technology, reflecting the increasing formalisation of the economy, financial deepening and the rapid expansion of the digital ecosystem.

Figure 2: Sector-wise market capitalisation composition across financial years (Absolute terms)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 1: Sector-wise composition of Nifty 500 Index in terms of number of companies and market capitalisation

Sector name	Mar-2000		Mar-2005		Mar-2010		Mar-2015		Mar-2020		Mar-2026	
	Firms (#)	M-Cap (Rs lakh crore)	Firms (#)	M-Cap (Rs lakh crore)	Firms (#)	M-Cap (Rs lakh crore)	Firms (#)	M-Cap (Rs lakh crore)	Firms (#)	M-Cap (Rs lakh crore)	Firms (#)	M-Cap (Rs lakh crore)
Comm Svcs	6	0.9	26	0.7	27	2.5	25	4.4	17	3.5	14	15.5
Cons Disc	97	0.4	89	1.0	70	3.1	73	9.2	76	8.4	69	42.0
Cons Staples	42	1.0	33	0.9	39	2.8	33	8.4	36	15.0	27	24.1
Energy	15	0.5	18	3.0	17	8.0	16	10.3	13	11.1	14	30.8
Financials	40	0.5	52	2.1	63	8.4	76	18.1	87	26.1	99	96.4
Health Care	38	0.4	43	1.0	40	2.4	33	7.4	44	6.7	50	25.3
Industrials	92	0.3	72	1.0	84	6.5	93	8.8	83	6.7	87	45.4
IT	27	2.6	51	2.3	35	5.2	26	12.2	26	13.8	39	29.6
Materials	125	0.6	101	1.9	93	8.7	85	9.1	84	10.8	70	39.6
Realty	8	0.1	5	0.0	18	1.1	21	0.9	12	0.9	10	4.4
Utilities	10	0.1	10	1.2	14	4.2	19	3.9	22	4.0	21	19.0
Total	500	7.3	500	15.1	500	53.0	500	92.8	500	107.0	500	372.2

Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: Count of companies and market capitalisation is as of end of respective periods.

Market leadership has shifted across sectors over the last two decades: Financials sector recorded the most notable increase, with its representation rising from 40 companies (8% of the index) in March 2000 to 99 companies (20%) by March 2026. Its share in market capitalisation increased more than threefold from 7% to 26%, reflecting rising financial intermediation and credit growth in the economy, making it the largest sector in the index for more than a decade now. Health Care gained prominence over the period as the pharmaceutical, healthcare services and diagnostics segments expanded. Utilities also increased their representation, reflecting the growing importance of power generation, transmission, renewable energy and other infrastructure-related businesses in supporting India's economic expansion.

IT sector commanded over one-third of the index market capitalisation during the technology-led boom in 2000 despite representing only 5.4% of the constituents. While the number of companies have increased over the years, reflecting India's strength in the sector, its relative weight has moderated over time as leadership broadened across sectors. While the drop in IT sector's weight during the period FY05-10 was on the back of the Global Financial Crisis and consequent tapering of IT spend by global companies, the more recent drop has been led by boom of Artificial Intelligence. On the other hand, Industrials witnessed a decline in the number of constituents over the period, but their market capitalisation share followed a cyclical pattern – increasing from 4.5% in 2000 to 12.2% in 2010, then declining to 6.3% in 2020 before recovering to 12.2% in 2026. The recent increase is consistent with higher public infrastructure expenditure, manufacturing activity and renewed private-sector capital expenditure.

Consumer Discretionary saw a decline in the number of companies represented in the index during the past 26 years, even as its market capitalisation share increased from 5% in 2000 to 9.9% in 2015 and 11.3% in 2026, indicating the growing scale and market value of companies catering to discretionary consumption. In contrast, the market capitalisation share of Consumer Staples declined from 13.2% to 6.5% over the last 26 years. These two sectors, which had broadly comparable weights around 2015, have since diverged, reflecting stronger market performance by businesses linked to rising incomes, urbanisation and discretionary spending.

Table 2: Sector-wise share (%) of Nifty 500 Index in terms of number of companies and market capitalisation

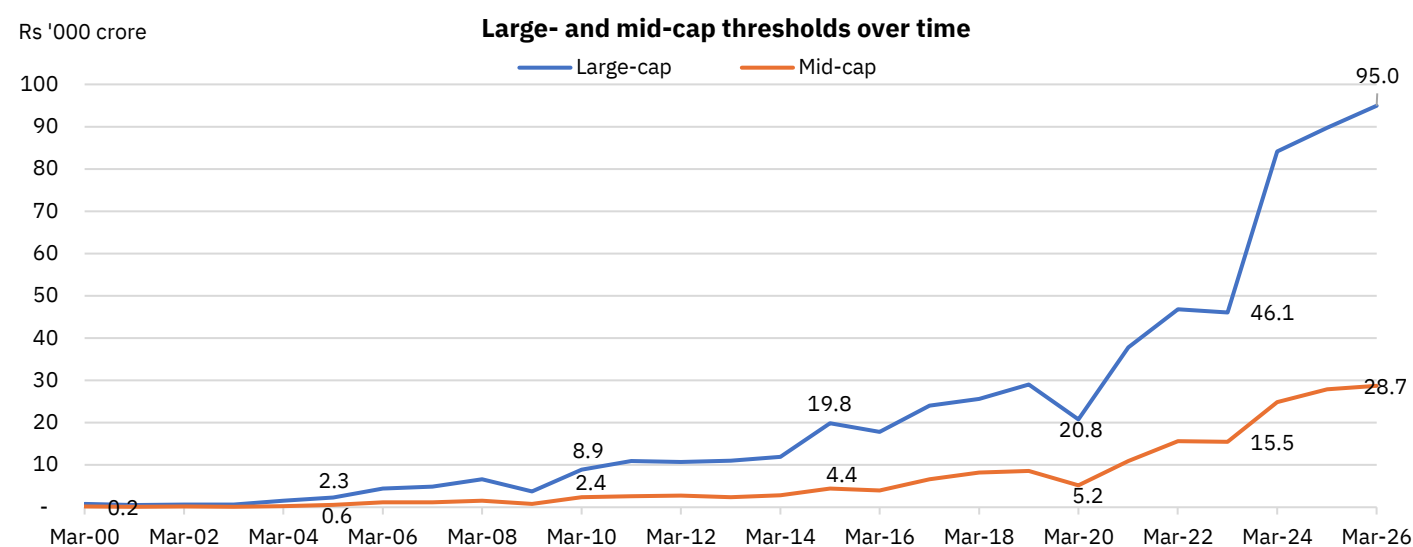
Sector name	Mar-2000		Mar-2005		Mar-2010		Mar-2015		Mar-2020		Mar-2026	
	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)	Firms (%)	M-Cap (%)
Comm Svcs.	1.2	11.9	5.2	4.5	5.4	4.7	5.0	4.8	3.4	3.3	2.8	4.2
Cons Disc	19.4	5.0	17.8	6.7	14.0	5.9	14.6	9.9	15.2	7.9	13.8	11.3
Cons Staples	8.4	13.2	6.6	6.0	7.8	5.2	6.6	9.0	7.2	14.0	5.4	6.5
Energy	3.0	6.3	3.6	20.1	3.4	15.2	3.2	11.1	2.6	10.3	2.8	8.3
Financials	8.0	7.2	10.4	13.7	12.6	15.9	15.2	19.5	17.4	24.4	19.8	25.9
Health Care	7.6	5.6	8.6	6.3	8.0	4.5	6.6	8.0	8.8	6.3	10.0	6.8
Industrials	18.4	4.5	14.4	6.8	16.8	12.2	18.6	9.5	16.6	6.3	17.4	12.2
IT	5.4	35.3	10.2	15.5	7.0	9.9	5.2	13.2	5.2	12.9	7.8	8.0
Materials	25.0	8.5	20.2	12.3	18.6	16.4	17.0	9.9	16.8	10.1	14.0	10.7
Realty	1.6	0.9	1.0	0.1	3.6	2.1	4.2	1.0	2.4	0.9	2.0	1.2
Utilities	2.0	1.5	2.0	8.1	2.8	7.9	3.8	4.2	4.4	3.7	4.2	5.1
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Large-cap firms remained broadly stable; Mid- and small-cap firms showed gradual transition across size categories: The large-cap companies—defined as the top 100 companies by market capitalisation—displayed a high degree of persistence, with around 3/4th of the large-cap firms retaining their position over successive five-year periods. At the same time, meaningful upward and downward shift was evident among mid-cap companies—defined as the next 150 companies by market capitalisation—while a smaller proportion of small-cap firms—defined as the next 250 companies by market capitalisation—successfully graduated into the mid-cap and, occasionally, the large-cap

segment. These transitions occurred against a steadily rising market-cap threshold for each category. The minimum market capitalisation required to qualify as a large-cap or mid-cap increased several-fold over the past 25 years, reflecting the significant expansion of India's equity market. While the large-cap threshold increased 122-fold to Rs 95,000 crore by March 2026, the mid-cap threshold increased even more sharply, rising 180-fold to Rs 28,700 crore. This points to a dynamic corporate landscape characterised by stable market leadership at the top and continued mobility across the broader listed universe.

Figure 3: Rising market capitalisation thresholds for large- and mid-caps



Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: Large-cap threshold is the market capitalisation of the 100th company by market cap as of end of every period. Mid-cap threshold is the market capitalisation of the 250th company by market cap as of end of every period.

Table 3: Movement of companies across market capitalisation categories over time¹

FY06	FY10					FY11	FY15				
	Category	Large	Mid	Small	Total		Category	Large	Mid	Small	Total
	Large	72	25	1	98		Large	75	21	0	96
	Mid	9	71	59	139		Mid	21	68	45	134
	Small	-	12	146	158		Small	1	26	135	162
Total		81	108	206	395	Total		97	115	180	392

FY16	FY20					FY21	FY26				
	Category	Large	Mid	Small	Total		Category	Large	Mid	Small	Total
	Large	74	21	1	96		Large	70	23	3	96
	Mid	12	72	52	136		Mid	17	71	46	134
	Small	-	11	101	112		Small	2	21	85	108
Total		86	104	154	344	Total		89	115	134	338

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Note: 1. Above table is based on Nifty 500 composition as of end of respective periods.

2. Only companies that were constituents of the Nifty 500 Index at both the beginning and the end of the respective five-year period have been considered.

3. Number of companies across financial years varies based on data availability.

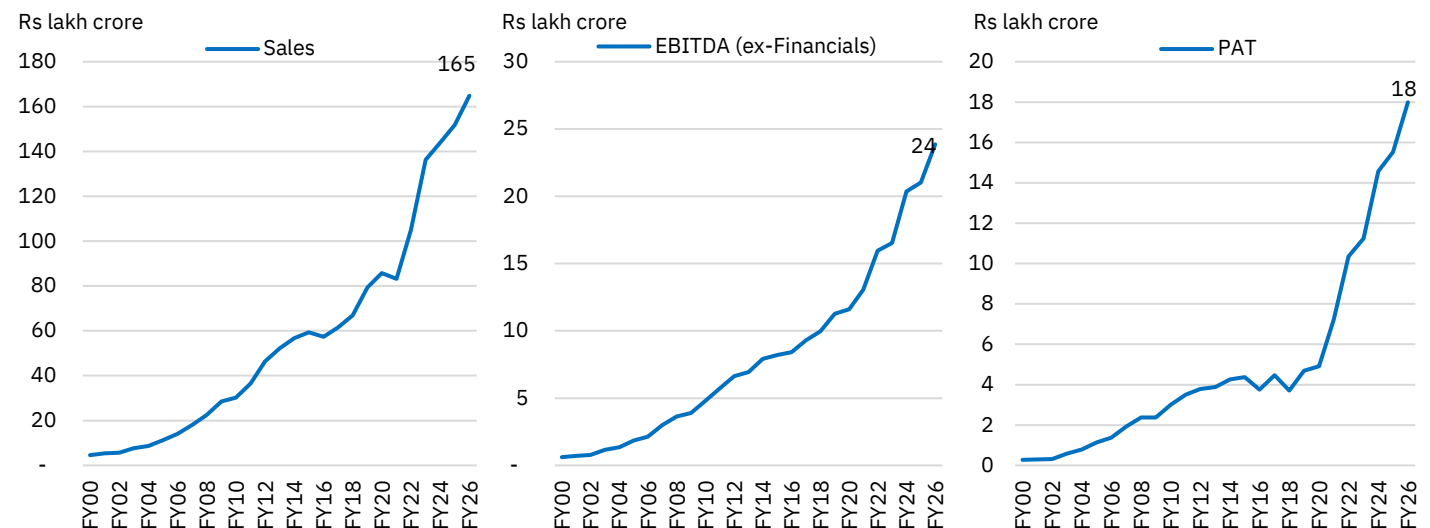
¹ To examine the evolution of corporate size over time, the Nifty 500 universe was classified annually into three market capitalisation categories: the top 100 companies as Large-cap, the next 150 as Mid-cap, and the remaining companies as Small-cap. For each quinquennial period (FY06–FY10, FY11–FY15, FY16–FY20 and FY21–FY26), only companies common to both years were considered, and their movement across categories was mapped using transition matrices.

Corporate performance: Structural trends and business cycles

Profit growth has outpaced revenue growth over the last 26 years: Aggregate sales of Nifty 500 companies increased at a CAGR of 14.8% over the past 26 years to Rs 164.8 lakh crore in FY26. EBITDA, excluding Financials, grew at a slightly faster pace of 15.1% to Rs 23.9 lakh crore, indicating sustained improvement in operating performance. PAT expanded at a CAGR of 17.4%, exceeding the 16.3% annualised growth in market capitalisation over the same period.

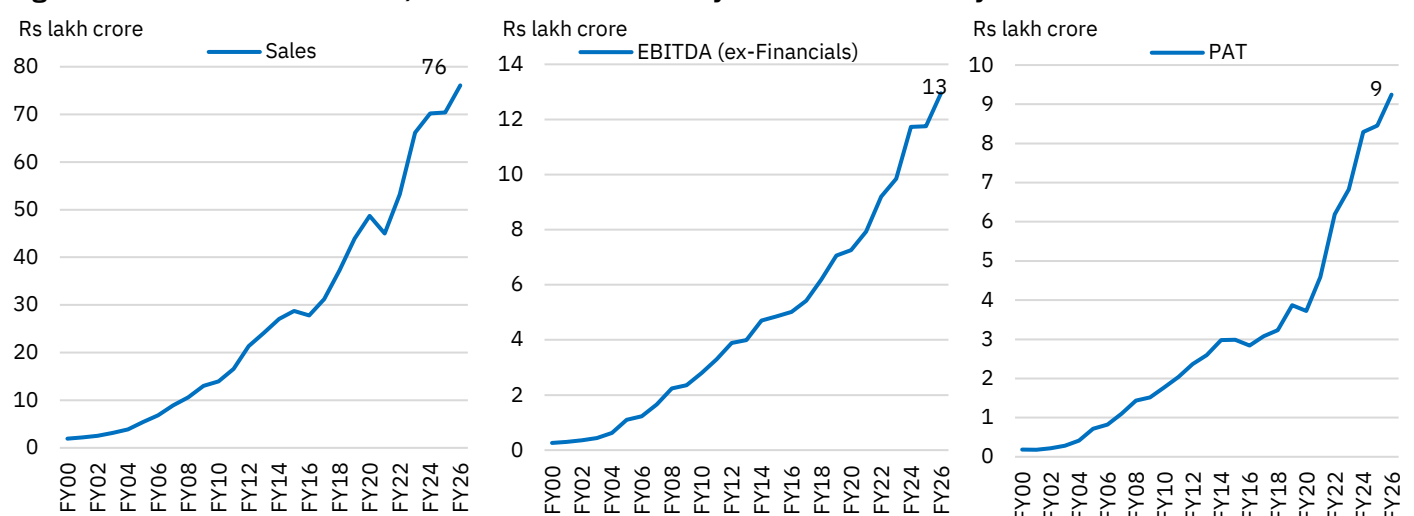
Nifty 50 companies recorded marginally stronger sales growth of 15.2% annually, with aggregate revenues reaching Rs 76 lakh crore in FY26. EBITDA, excluding Financials, increased at a CAGR of 16.2% to Rs 12.9 lakh crore. PAT growth, however, was lower than that of the broader Nifty 500 universe, rising at an annualised rate of 16.2% to Rs 9.2 lakh crore. This points to a gradual broadening of profit growth beyond the largest companies.

Figure 4: Annual Absolute Sales, PAT and EBITDA of Nifty 500 across financial years



Source: CMIE Prowess, NSE EPR.

Figure 5: Annual absolute Sales, PAT and EBITDA of Nifty 50 across financial years



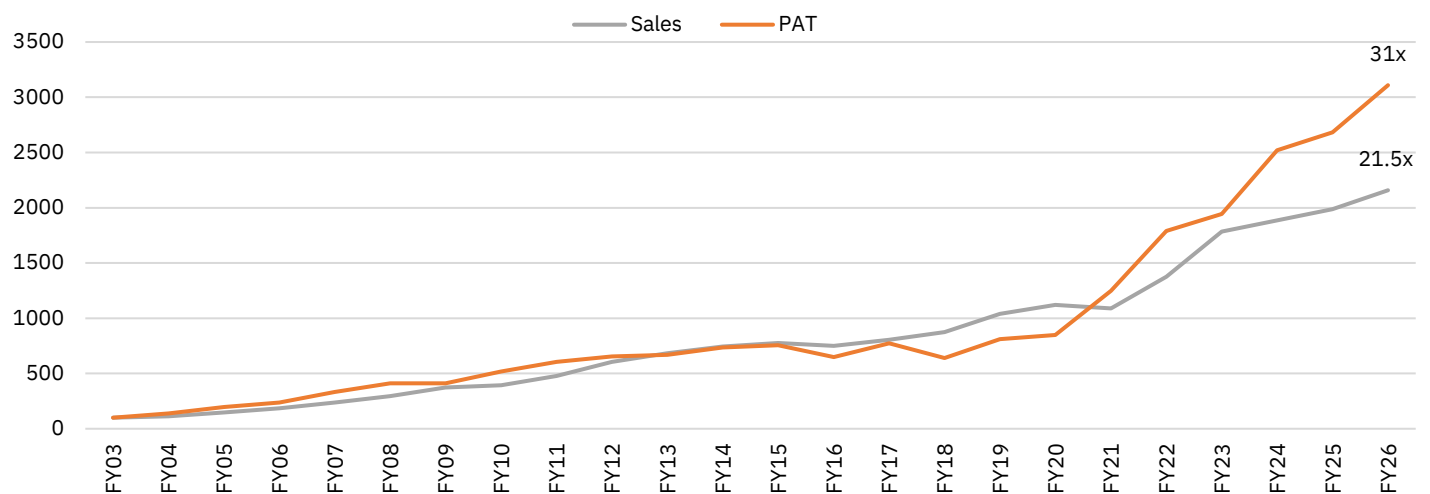
Source: CMIE Prowess, NSE EPR.

Earnings growth outpaced revenue expansion across both Nifty 500 and Nifty 50 universes:

Between FY03 and FY26, both the Nifty 500 and Nifty 50 witnessed earnings growth that consistently outpaced topline expansion. Net sales of Nifty 500 companies increased 21.5x and PAT increased by 31x. Similarly, Nifty 50 companies recorded 24x growth in net sales and PAT expanding by 33x. The stronger growth in PAT relative to sales across both indices suggests sustained improvement in operating efficiency, margin expansion, and earnings generation over the long term, translating revenue growth into stronger profitability.

Figure 6: Growth in net sales and PAT of Nifty 500 (Base year: FY03 = 100)

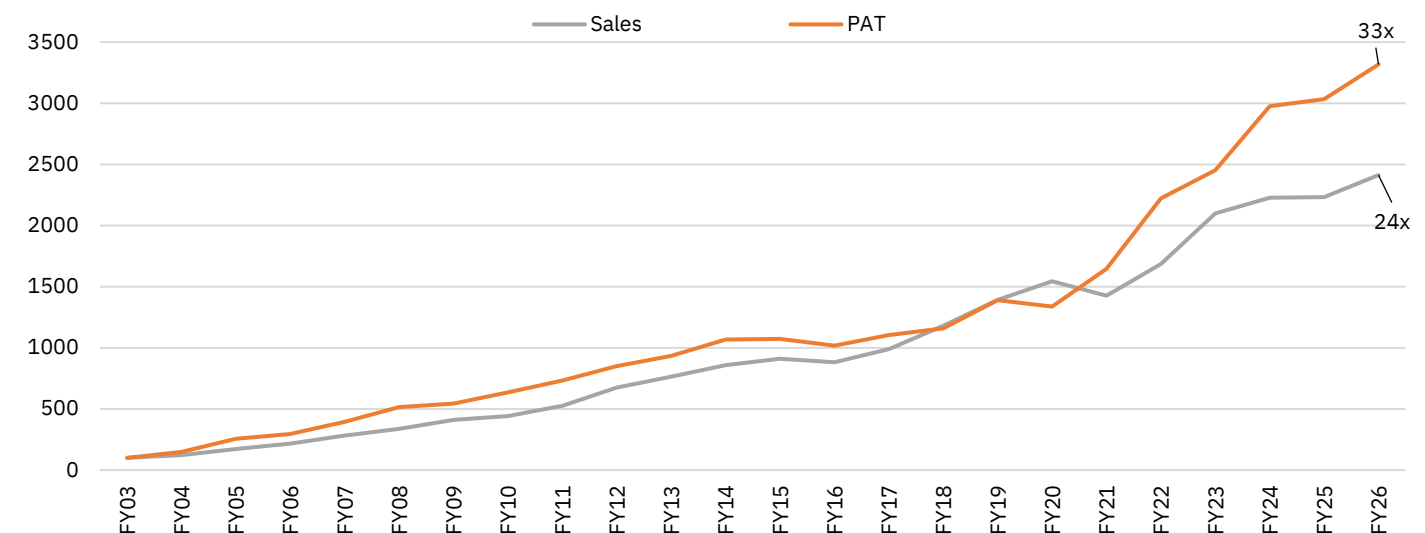
Growth of Sales & PAT (FY2003 = 100)



Source: CMIE Prowess, NSE EPR.

Figure 7: Growth in net sales, EBITDA and PAT of Nifty 50 (Base year: FY03 = 100)

Growth of Sales & PAT (FY2003 = 100)



Source: CMIE Prowess, NSE EPR.

Latest decade reflects slower growth but improving earnings breath: An analysis of the two decades (FY06 to FY15 and FY17 to FY26) revealed a broad moderation in revenue growth across both the Nifty 50 and Nifty 500 universes. Aggregate net sales CAGR for the Nifty 50 moderated from 18.2% during FY06-FY15 to 10.6% during FY17-FY26, while Nifty 500 recorded a similar decline from 18% to 11.1%. While the

moderation in growth rates was evident across all sectors for the large caps as well as the broader universe, it was particularly pronounced in Communication Services, Consumer Discretionary, Financials, Information Technology, Real Estate and Utilities. In the decade ending March 2015, while Communication Services benefited from rising penetration of data services, increasing global tech spending aided top-line expansion of Information Technology companies. In contrast, commodity-oriented sectors, viz., Energy and Materials, as well as Industrials registered a relatively benign moderation in top-line growth in the last decade, supported by revival in infrastructure spending, and manufacturing activity.

While revenue growth moderated, the earnings trajectory differed across the two universes. The Nifty 50 cohort registered a decline in PAT CAGR from 15.4% in FY06-FY15 to 12.5% in FY17-FY26, alongside a marginal decline in PAT margins 11.5% to 10.6%, reflecting slower earnings growth among large-cap companies. In contrast, the Nifty 500 witnessed an acceleration in PAT CAGR from 14.4% to 16.9% over the same period, accompanied by an improvement in PAT margins from 7.3% to 8.8%, suggesting that earnings growth became increasingly broad-based beyond the largest companies during the latest decade. The improved profitability was supported by greater sectoral diversification, formalisation of the economy and increased infrastructure spending. While the CAGR for Financials in the Nifty 500 improved from 20.0% to 28.0%, the CAGR for non-financial companies also edged up from 12.8% to 13.3%, highlighting that earnings growth remained resilient across the broader corporate universe. Despite this improvement, the Nifty 50 continued to generate higher PAT margins than the broader Nifty 500 universe, reflecting greater profitability of larger companies.

Table 4: Sector-wise decadal CAGR of Net sales and PAT for Nifty 50 Companies (FY06–FY26)

Sectors	Sales		PAT		PAT margin (%)	
	FY06-FY15	FY17-FY26	FY06-FY15	FY17-FY26	FY06-FY15	FY17-FY26
Communication Services	21.7	4.3	11.9	16.2	11.3	8.7
Consumer Discretionary	26.2	7.6	23.0	6.7	6.6	5.6
Consumer Staples	11.2	10.7	15.5	10.7	17.7	20.1
Energy	13.2	11.6	11.4	10.2	9.3	7.6
Financials	22.3	12.3	20.8	20.0	15.4	16.2
Health Care	18.9	7.9	20.4	7.4	17.0	15.7
Industrials	15.7	14.8	6.5	20.9	9.0	8.1
Information Technology	28.4	10.5	27.5	7.9	21.6	17.1
Materials	15.8	12.8	6.1	11.3	10.3	6.7
Utilities	24.0	3.1	18.1	10.1	12.2	15.7
Nifty 50	18.2	10.6	15.4	12.5	11.5	10.6
Nifty 50 ex-Energy	20.9	10.3	16.9	13.2	12.4	12.0
Nifty 50 ex-Financials	17.5	10.1	14.2	10.0	10.8	9.3
Nifty 50 ex-energy ex-fin	20.5	9.5	15.6	9.9	11.7	10.4

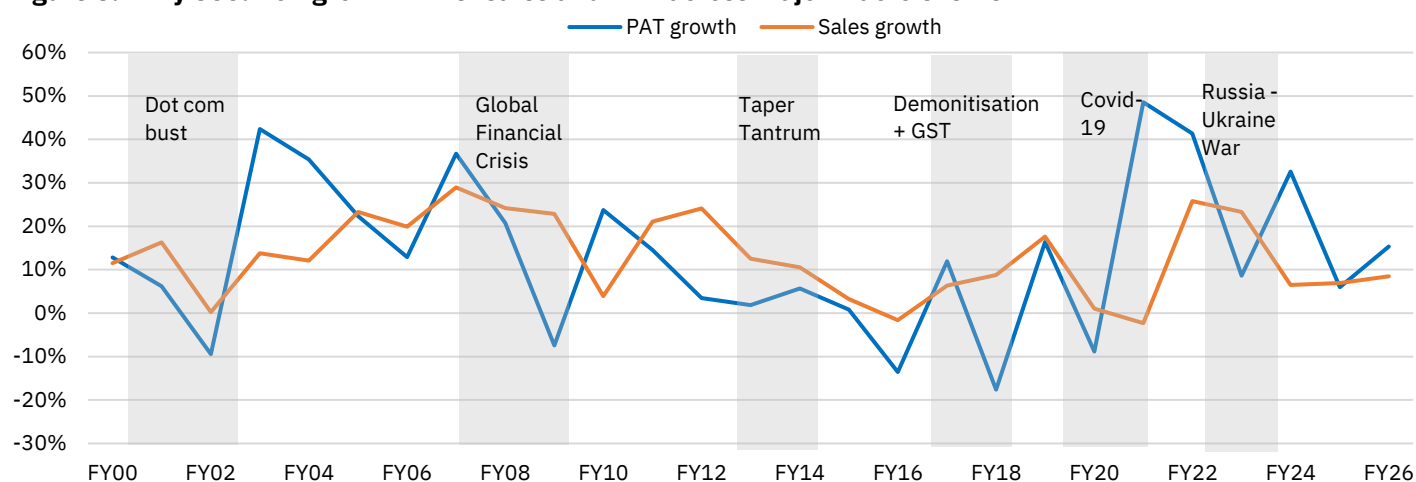
Source: CMIE Prowess, NSE EPR.

Table 5: Sector-wise decadal CAGR of Net sales and PAT for Nifty 500 Companies (FY06–FY26)

Sectors	Sales		PAT		PAT margin (%)	
	FY06-FY15	FY17-FY26	FY06-FY15	FY17-FY26	FY06-FY15	FY17-FY26
Communication Services	25.4	5.4	17.7	7.1	6.5	-0.9
Consumer Discretionary	23.3	7.3	21.1	10.7	4.5	4.6
Consumer Staples	16.5	11.0	15.8	12.6	8.1	12.5
Energy	14.2	11.7	9.0	12.7	4.8	6.2
Financials	23.4	14.1	20.8	28.0	11.0	12.3
Health Care	17.7	11.0	19.4	11.5	11.1	13.1
Industrials	17.7	11.3	3.9	33.4	4.6	7.0
Information Technology	22.6	11.9	25.0	9.4	14.1	14.5
Materials	15.2	11.3	8.1	16.7	8.3	8.1
Real Estate	44.4	7.2	55.8	23.1	16.0	15.8
Utilities	18.0	8.4	9.2	13.3	10.2	12.5
Nifty 500	18.0	11.1	14.4	16.9	7.3	8.8
Nifty 500 ex-Energy	19.8	11.0	16.0	18.0	8.4	9.6
Nifty 500 ex-Financials	17.1	10.3	12.8	13.3	6.6	7.8
Nifty 500 ex-energy ex-fin	18.9	9.7	14.3	13.5	7.6	8.5

Source: CMIE Prowess, NSE EPR.

Corporate earnings remained closely linked to macroeconomic cycles: The growth trajectory of the Nifty 500 universe highlights the strong influence of macroeconomic and geopolitical events on corporate performance over the past 26 years. While revenue growth remained relatively stable across economic cycles, profit growth displayed substantially higher volatility, reflecting the impact of operating leverage of corporate earnings. Major events such as the dotcom downturn, GFC, taper tantrum, twin balance sheet crises, demonetisation, GST implementation and the COVID-19 pandemic each resulted in sharp contraction in earnings, followed by varying degrees of recovery. The post-pandemic period witnessed a strong rebound in profitability, supported by recovery in demand environment, cost rationalisation efforts and favourable commodity price dynamics. The Russia-Ukraine conflict impacted both revenues and earnings through commodity price shocks, underscoring the sensitivity of corporate earnings to external developments. While such events disrupted revenue and earnings growth, the overall trajectory has consistently reverted to a sustainable long-term growth path

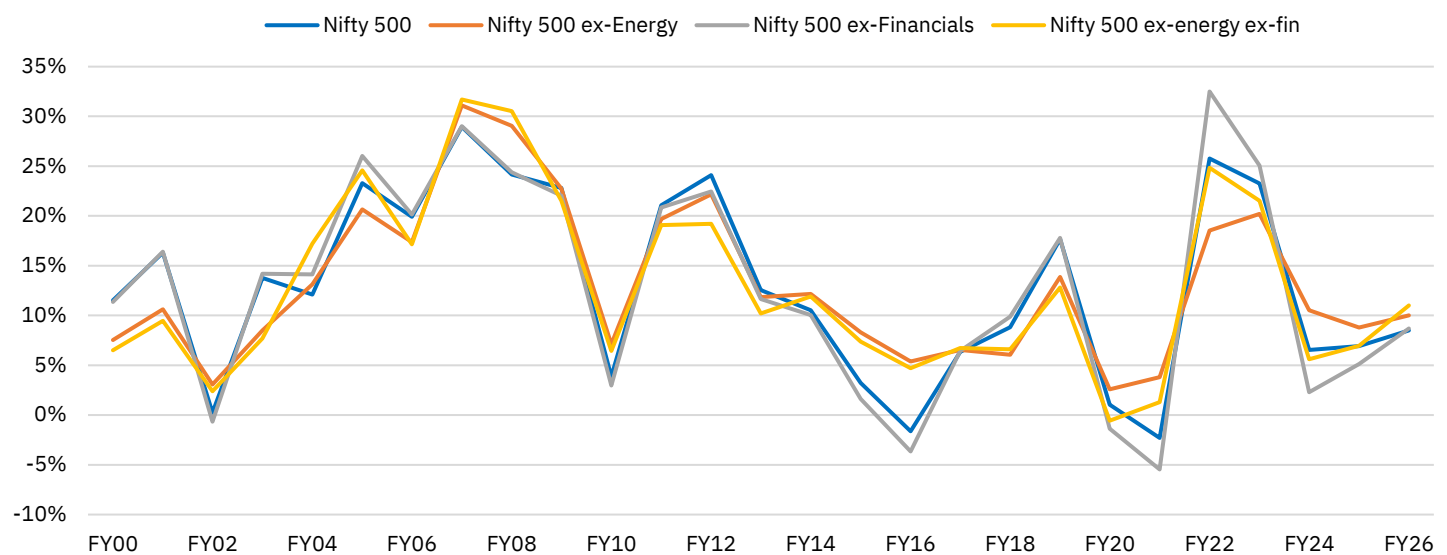
Figure 8: Nifty 500: YoY growth in net sales and PAT across major macro events


Source: CMIE Prowess, NSE EPR.

Revenue, EBITDA and PAT growth across both Nifty 50 and Nifty 500 moved broadly in tandem:

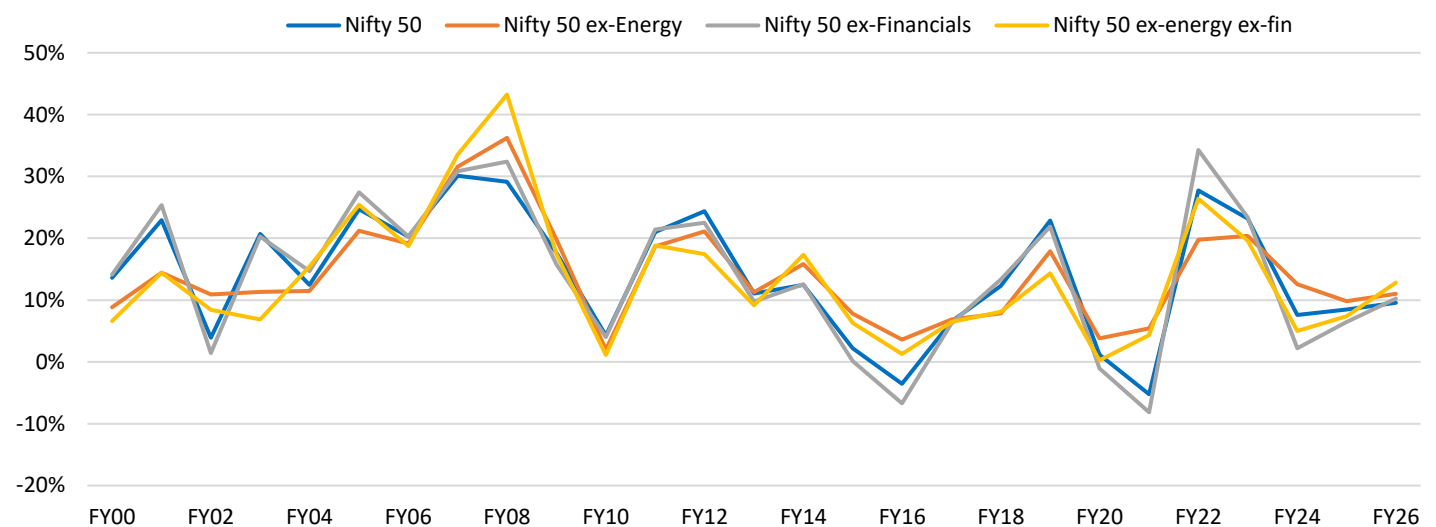
Over the last 26 years, the earnings trajectory of Indian corporates broadly reflects domestic business cycles, global economic developments and commodity price movements. Revenue and earnings growth for both the universes moved in-line, with periods of strong expansion during FY04-FY08, FY11-FY12 and FY22-FY23, followed by moderation during periods of economic slowdown. Profitability exhibited greater resilience than earnings growth over the long term. EBITDA and PAT margins improved structurally from the early 2000s, peaking during the commodity boom before moderating and subsequently recovering after FY20. The Nifty 50 set of companies largely maintained relatively higher operating and net profit margins than the broader Nifty 500 universe, underscoring the superior profitability of larger companies.

Figure 9: Annual revenue growth trend for Nifty 500 over 26 Years (YoY)



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Figure 10: Annual revenue growth trend for Nifty 50 over 26 Years (YoY)



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Figure 11: Annual EBITDA growth trend for Nifty 500 over 26 Years (YoY)

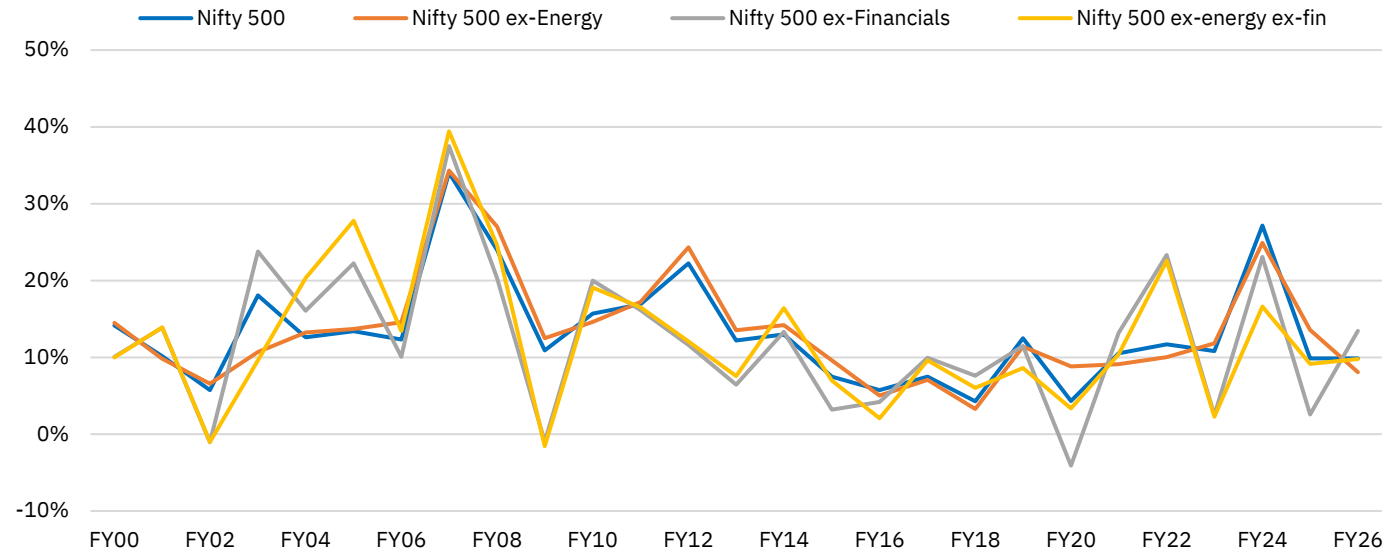


Figure 12: Annual EBITDA Margin growth trend for Nifty 500 over 26 Years

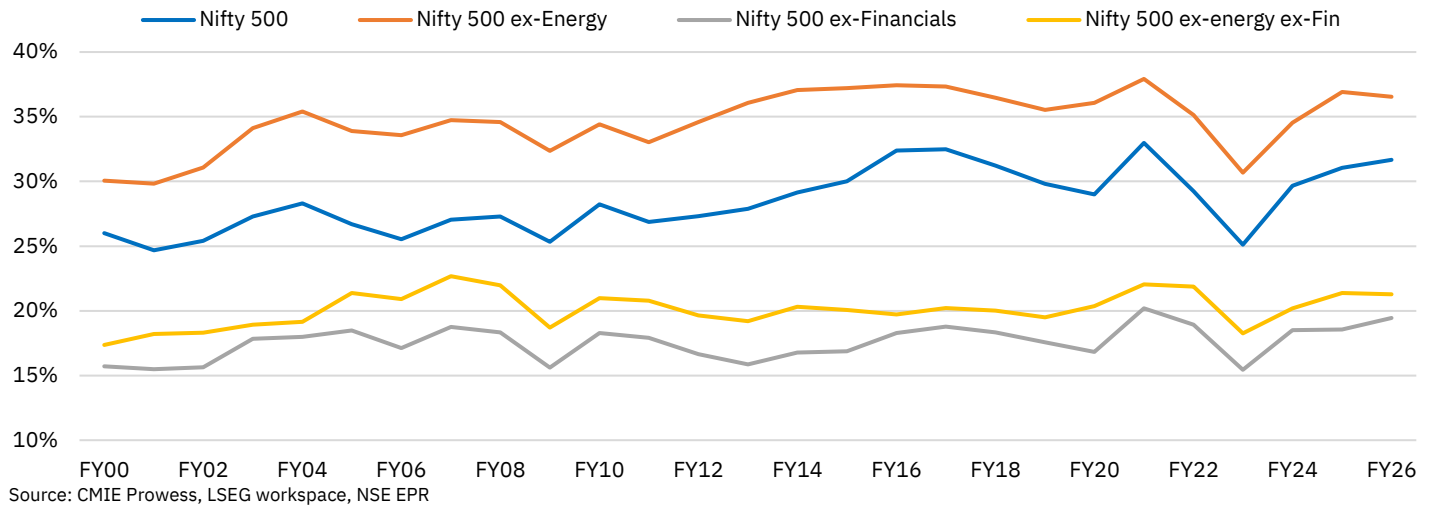


Figure 13: Annual EBITDA growth trend for Nifty 50 over 26 Years (YoY)

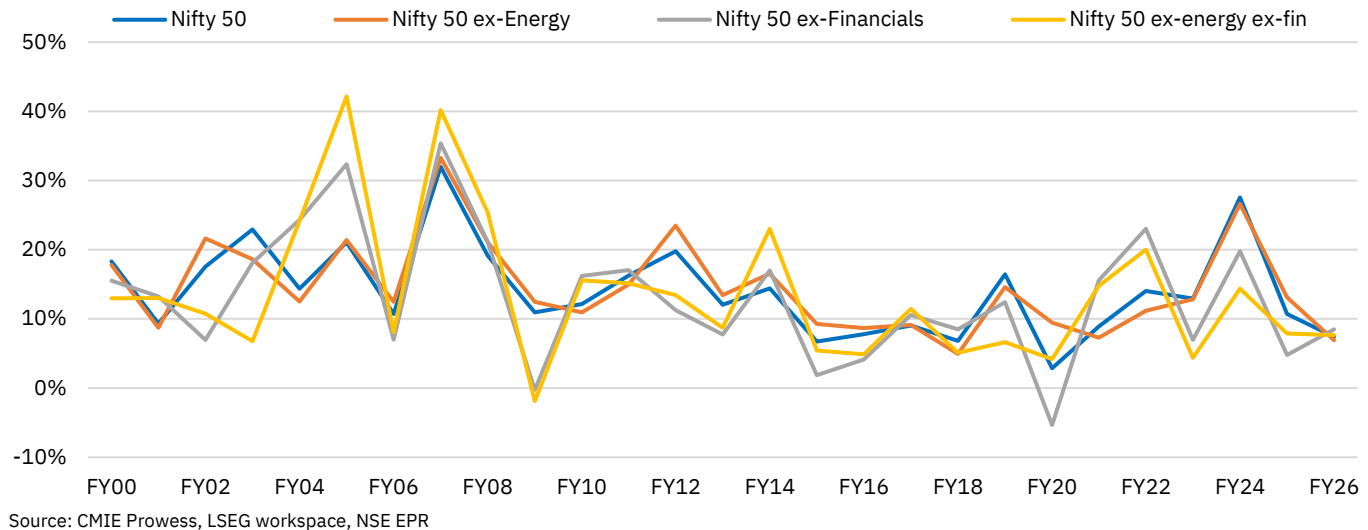
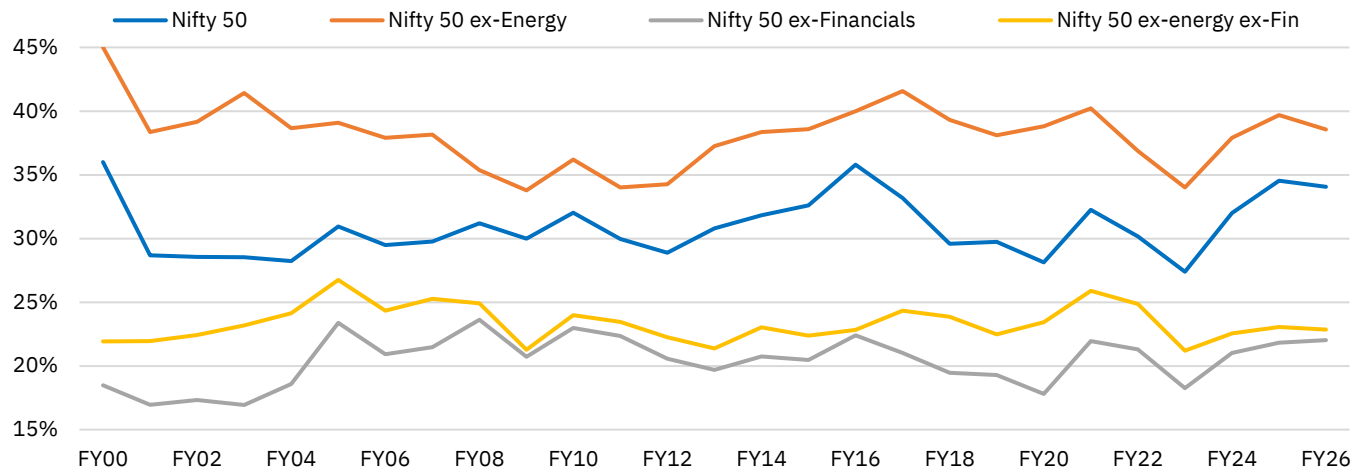
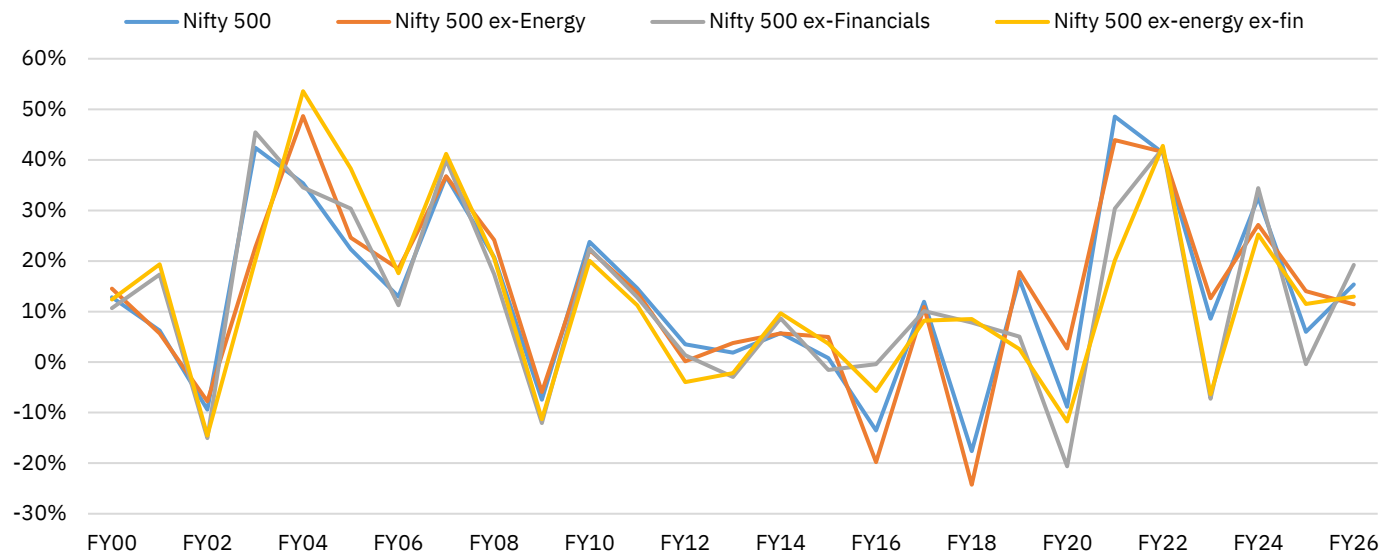
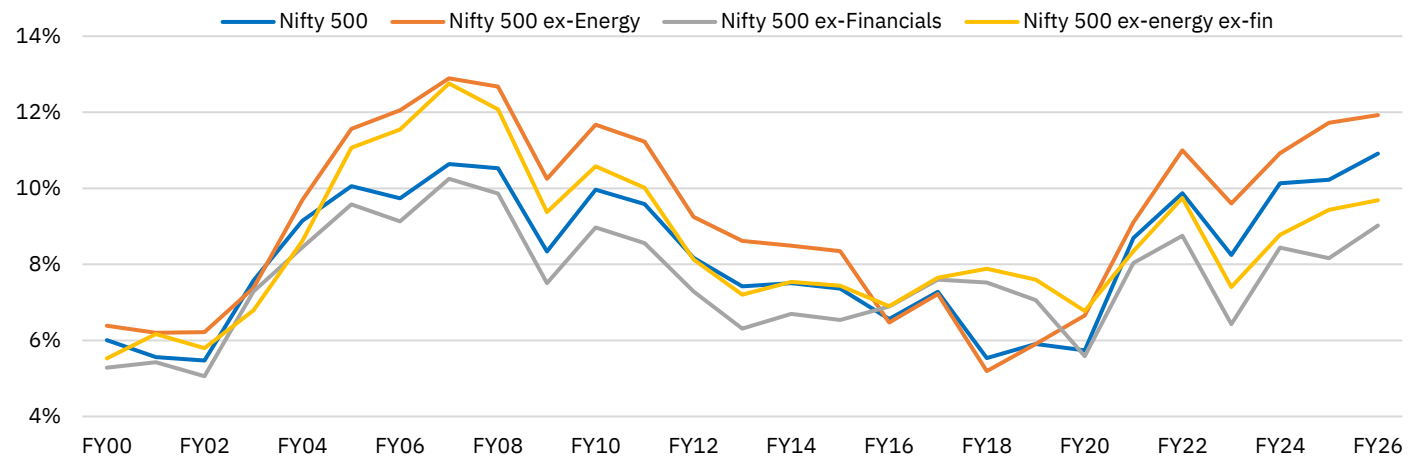


Figure 14: Annual EBITDA margin growth trend for Nifty 50 over 26 Years


Source: CMIE Prowess, LSEG workspace, NSE EPR

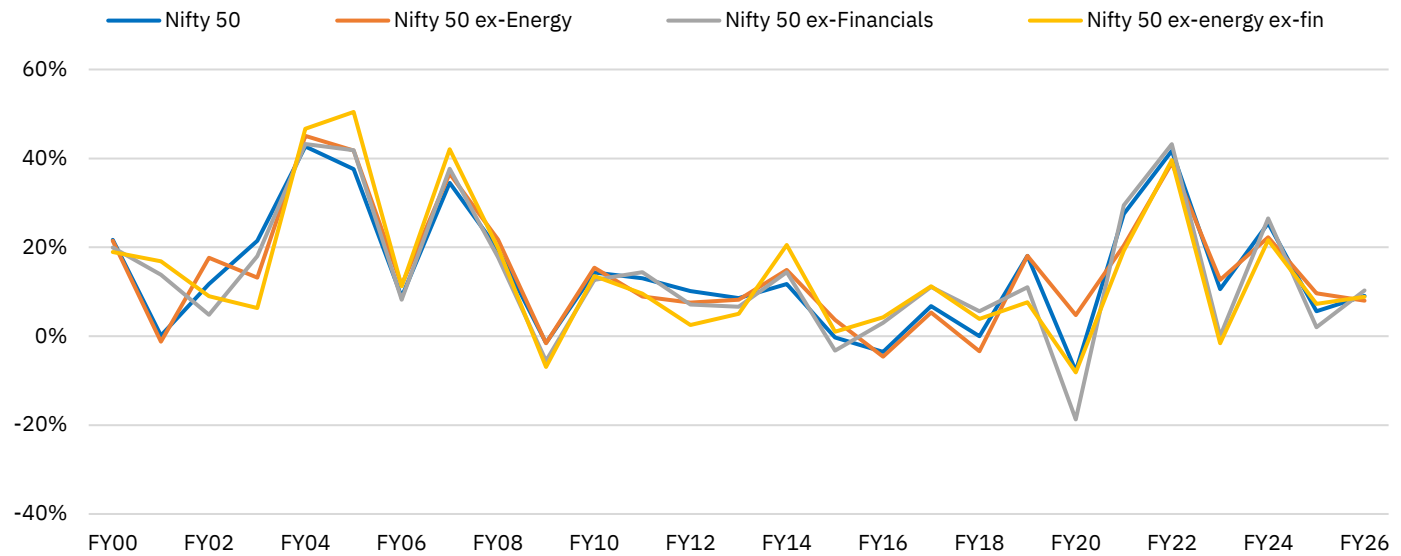
Figure 15: Annual PAT growth trend for Nifty 500 over 26 Years (YoY)


Source: CMIE Prowess, LSEG workspace, NSE EPR

Figure 16: Annual PAT Margin growth trend for Nifty 500 over 26 Years


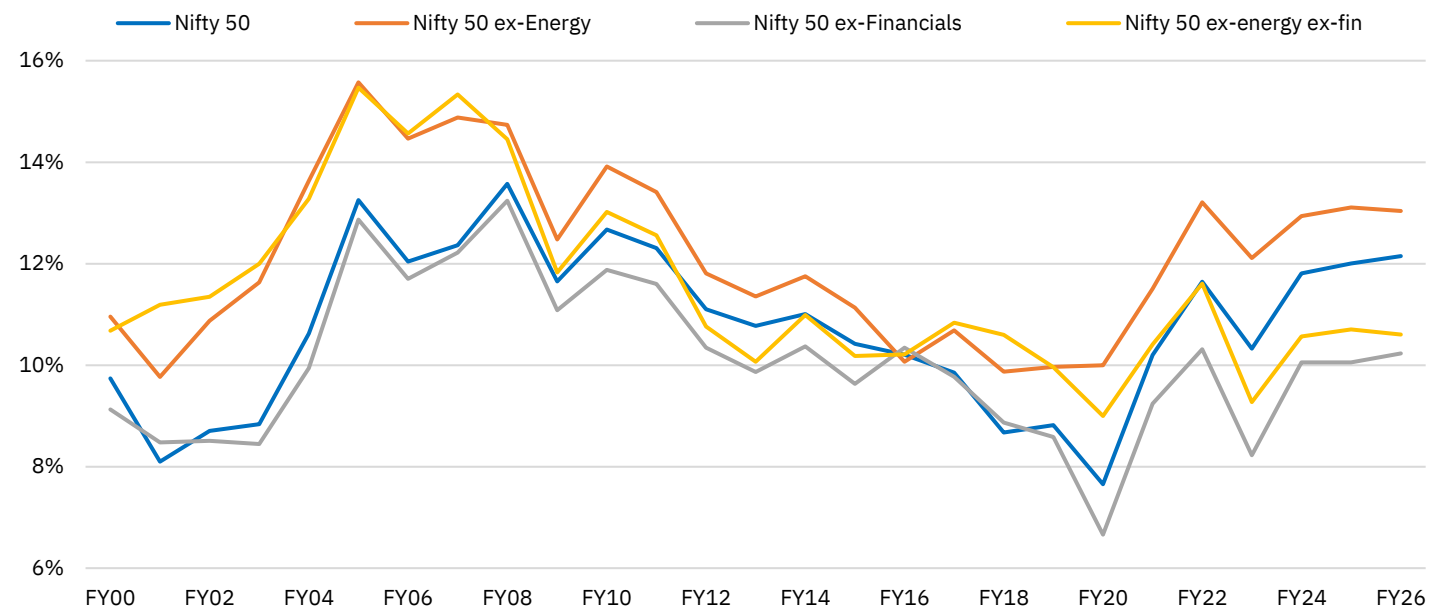
Source: CMIE Prowess, LSEG workspace, NSE EPR

Figure 17: Annual PAT growth trend for Nifty 50 over 26 Years (YoY)



Source: CMIE Prowess, LSEG workspace, NSE EPR

Figure 18: Annual PAT Margin growth trend for Nifty 50 over 26 Years



Source: CMIE Prowess, LSEG workspace, NSE EPR

Sector-wise trends: Performance, and contribution

Financials surpassed Energy in terms of revenue leadership in the last two years:

Energy remained the largest contributor to Nifty 500 net sales throughout the period, except in the last two financial years (FY25 and FY26). The sector accounted for 21% of aggregate revenues in FY00, with its share peaking at 39% in FY03, driven by the deregulation of India's oil sector and a rise in global crude oil prices. Although its contribution declined to 29% by FY10, it retained its position as the largest revenue-generating sector within the Nifty 500 Index. The share subsequently increased to 32% in FY12 and FY13, supported by upswing in crude oil prices, before gradually moderating to 23% in FY26.

Financials recorded the most notable structural gain, with their share of aggregate revenues increasing from 15% in FY00 to 26% in FY26, making it the largest revenue-generating sector in the last two financial years. This expansion reflects sustained credit growth, increasing financial inclusion, greater penetration of banking and financial services, and rising number of companies from this sector in the Index during this period. Materials, on the other hand, witnessed a steady decline in revenue share from 23% in FY00 to 12% in FY26, highlighting the Index's gradual shift away from commodity-oriented sectors towards services and domestic demand-driven industries.

Consumption-related sectors displayed contrasting trends over the period. Consumer Discretionary saw its share in aggregate revenues increasing from 11% in FY00 to 13% in FY15, before moderating marginally to 11% in FY26, reflecting sustained household consumption despite periods of economic slowdowns. Consumer Staples, however, saw its share decline steadily from 6.8% to 3.4% during this period, indicating relatively slower revenue growth compared with Consumer Discretionary. Industrials sector followed a cyclical trajectory, reflecting the investment climate in the economy. IT nearly tripled its revenue share over the period, despite tapering share in the Index market cap. This followed the rapid expansion of India's technology services industry and increasing digitisation. Health Care and Utilities have also registered gradual gains.

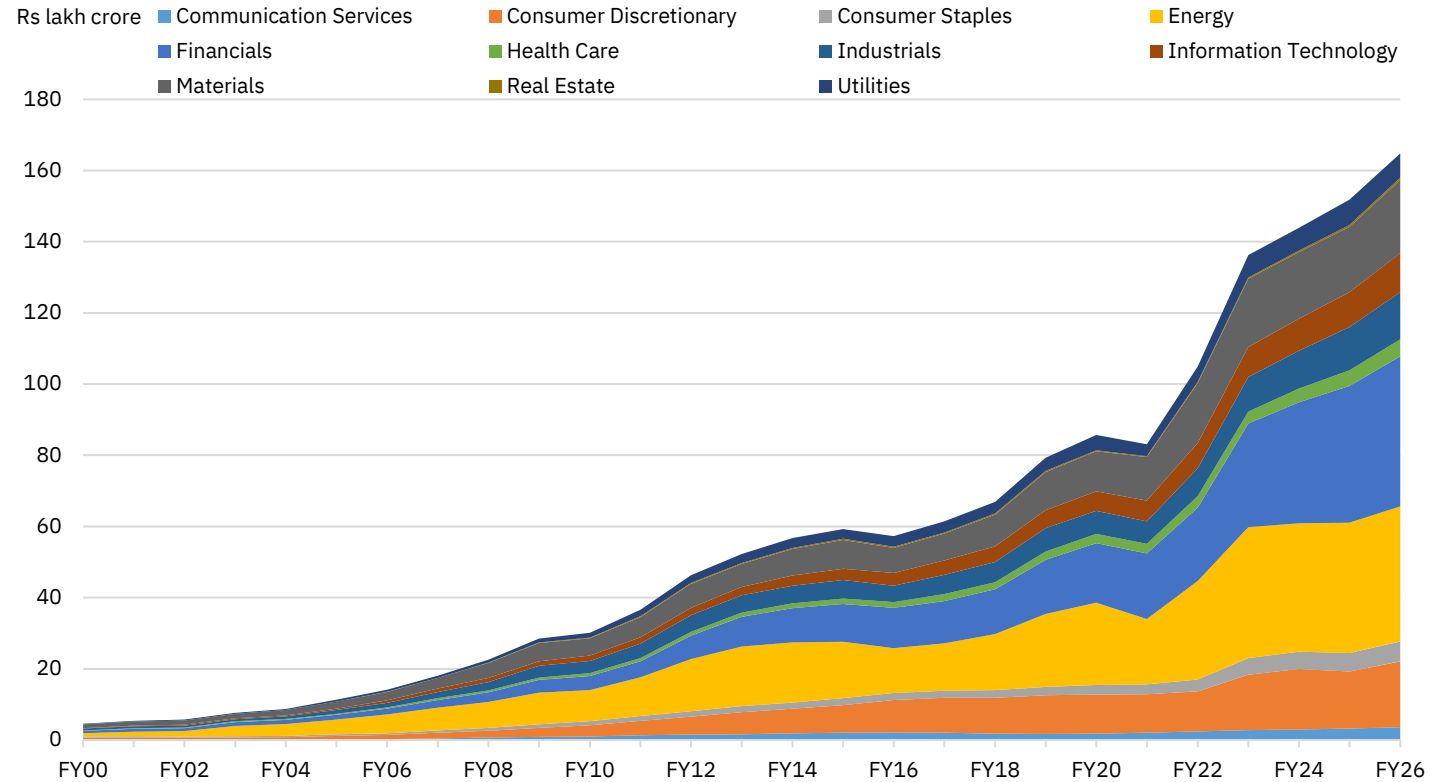
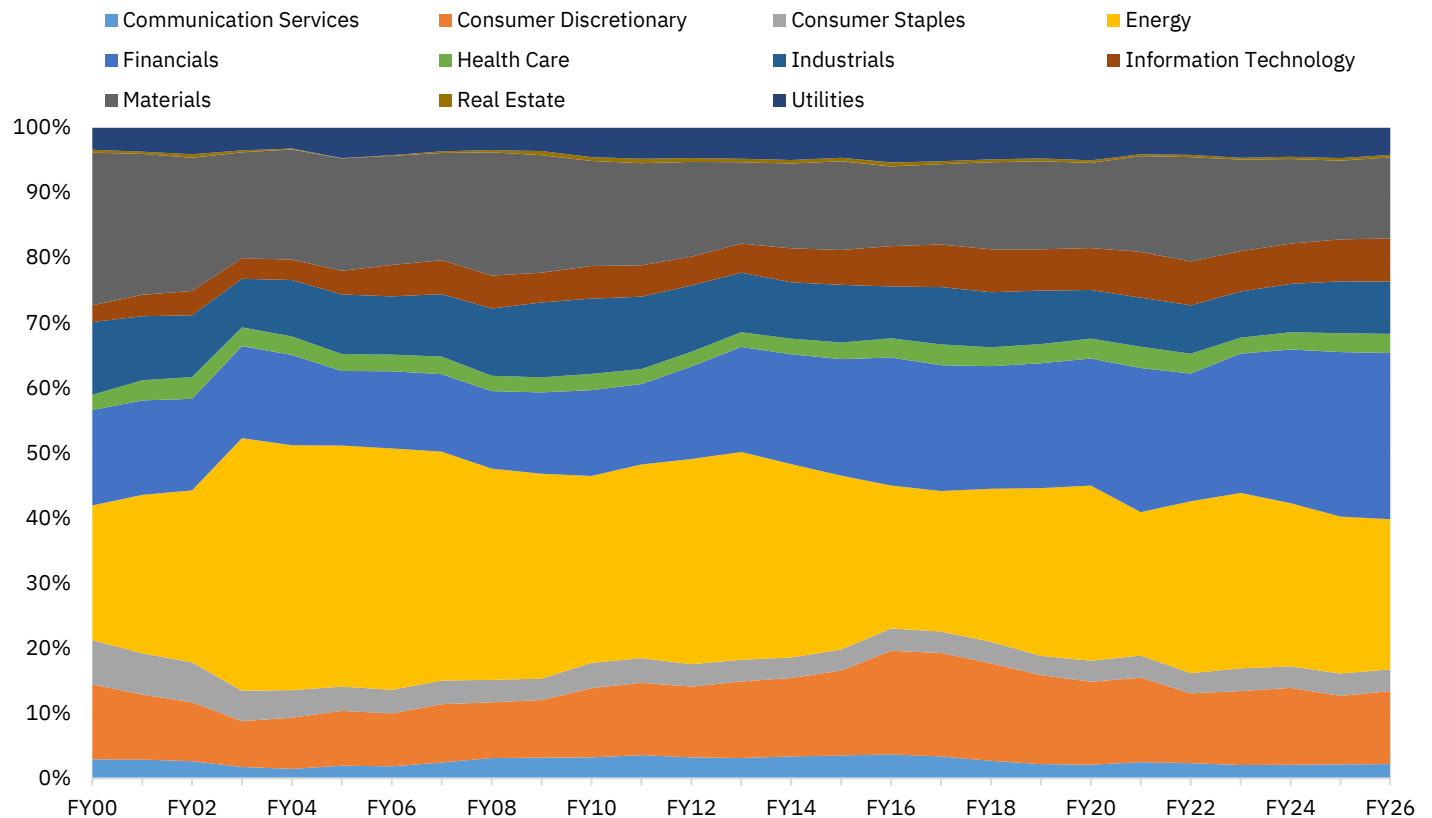
Table 6: Sector-wise share of Nifty 500 companies in terms of net sales over years

Sectors	FY00		FY05		FY10		FY15		FY20		FY26	
	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)
Comm Svcs	0.1	2.9	0.2	1.9	1.0	3.2	2.1	3.5	1.8	2.1	3.6	2.2
Cons Disc	0.5	11.5	1.0	8.5	3.2	10.6	7.7	13.1	10.9	12.7	18.5	11.2
Cons Staples	0.3	6.8	0.4	3.7	1.2	3.9	1.9	3.2	2.8	3.2	5.6	3.4
Energy	1.0	20.7	4.2	37.1	8.7	28.8	15.8	26.7	23.1	26.9	38.0	23.1
Financials	0.7	14.6	1.3	11.4	4.0	13.2	10.6	17.9	16.7	19.5	42.1	25.6
Health Care	0.1	2.4	0.3	2.6	0.8	2.5	1.5	2.6	2.6	3.1	4.8	2.9
Industrials	0.5	11.2	1.0	9.1	3.5	11.6	5.3	8.9	6.4	7.5	13.2	8.0
IT	0.1	2.6	0.4	3.7	1.5	5.0	3.2	5.4	5.5	6.4	11.0	6.7
Materials	1.1	23.5	2.0	17.3	4.9	16.1	8.1	13.6	11.2	13.1	20.5	12.4
Realty	0.0	0.4	0.0	0.1	0.2	0.6	0.3	0.6	0.3	0.4	0.7	0.4
Utilities	0.2	3.3	0.5	4.6	1.3	4.5	2.7	4.6	4.3	5.0	6.8	4.1
Total	4.6		11.3		30.2		59.3		85.7		164.8	

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Note: Above table is based on Nifty 500 composition as of end of respective periods.

2. Number of companies across financial years varies based on data availability.

Figure 19: Sector-wise net sales composition across financial years (Absolute terms)

Figure 20: Sector-wise contribution to aggregate sales across financial years


Operating profitability has broadened across sectors over time: EBITDA contribution across sectors in the Nifty 500 (ex-Financials) universe reflects both changes in sectoral revenue, operating profitability and lower input cost intensity. Energy remained the largest contributor to aggregate EBITDA throughout the period, with its share rising to 42% in FY03, driven by the regulatory changes in the sector before moderating to 24% in FY26. While its contribution has remained elevated, EBITDA margins displayed cyclical movements, improving from 10.5% in FY00 to peaking at 16.5% in FY03 before easing during commodity downturns and recovering to 15.3% in FY26. Materials, another commodity-linked sector, witnessed a steady decline in its share of aggregate EBITDA from 28% in FY00 to 16% in FY26, alongside contraction in EBITDA margins from a peak of 28% in FY07 to 18.7% in FY26, driven by a global surge in commodity prices and heightened geopolitical tensions in the last several years. This downward trend highlights the waning dominance of commodity-oriented sectors, that are highly correlated to business cycles and geopolitical landscape, in corporate operating profits of the Nifty 500 universe.

Other sectors, on the other hand, strengthened their contribution to aggregate operating profits through sustained margin expansion and improvements in operating efficiency. IT sector more than doubled its share in aggregate EBITDA from 4.2% in FY00 to peaking at 11% in FY20 and FY21, when the sector witnessed high demand for digitisation services in the aftermath of the Covid-induced disruptions in the economy. The sector has sustained its sector contribution at 10% during the post Covid-19 normalisation period, while maintaining steady operating margins of over 20%, reflecting the asset-light nature of the sector. Health Care also witnessed a steady improvement, with EBITDA margins increasing from 20.1% to 27.3%, supported by a sharp decline in raw material intensity from 48.0% in FY00 to 27.8% in FY26. Industrials saw its operating margins rise from 14.3% in FY00 to over 20% in FY25 and FY26 despite moderation in their aggregate share of EBITDA, indicating improved operational efficiency alongside recent recovery in manufacturing and capital expenditure.

Utilities consistently remained among the highest-margin sectors, with EBITDA margins exceeding 25% in most years, while their contribution to aggregate EBITDA increased from 6.2% to 9.3% in the last 26 years, supported by the sector's regulated and largely monopolistic structure, which enables the pass-through of input cost increases to customers. In addition, improved operating scale over the period further strengthened profitability and expanded the sector's contribution to overall earnings. In contrast, Consumer Discretionary and Consumer Staples maintained relatively stable operating margins over the period, suggesting that the changes in their EBITDA contribution were driven primarily by shifts in their revenue share and demand environment in the economy rather than operating cost efficiency.

At the aggregate level, raw material intensity—defined as the ratio of raw material costs to net revenues—for the Nifty 500 (excluding Financials) declined from 56.9% in FY00 to 52.5% in FY26, indicating improved cost efficiencies over time.

Table 7: Sector-wise share of Nifty 500 companies (ex-Financials) in terms of EBITDA across years

Sectors	FY00		FY05		FY10		FY15		FY20		FY26	
	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)
Comm Svcs	0.05	8.2	0.07	3.8	0.33	6.9	0.68	8.3	0.70	6.1	1.82	7.6
Cons Disc	0.07	12.0	0.14	7.4	0.44	9.2	1.11	13.5	1.18	10.2	2.48	10.4
Cons Staples	0.05	8.5	0.08	4.3	0.22	4.7	0.35	4.2	0.63	5.4	1.02	4.3
Energy	0.10	16.3	0.61	32.8	1.12	23.3	1.62	19.7	2.26	19.5	5.84	24.5
Health Care	0.02	3.5	0.06	3.5	0.20	4.2	0.39	4.7	0.64	5.5	1.31	5.5
Industrials	0.07	11.9	0.13	7.0	0.54	11.3	0.84	10.2	1.09	9.4	2.67	11.2
IT	0.03	4.2	0.09	5.0	0.35	7.4	0.84	10.2	1.29	11.1	2.39	10.0
Materials	0.18	28.5	0.47	25.5	1.09	22.7	1.50	18.3	2.13	18.4	3.84	16.1
Realty	0.00	0.7	0.00	0.1	0.09	1.8	0.12	1.5	0.12	1.0	0.27	1.1
Utilities	0.04	6.2	0.20	10.8	0.40	8.4	0.76	9.3	1.55	13.4	2.23	9.3
Total	0.61		1.85		4.79		8.20		11.60		23.86	

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Note: Above table is based on Nifty 500 composition as of end of respective periods.

2. Number of companies across financial years varies based on data availability.

Table 8: Sector-wise EBITDA margins of Nifty 500 companies (ex-Financials) across years

Sectors	FY00	FY05	FY10	FY15	FY20	FY26
Comm Svcs	37.8%	32.1%	34.2%	32.6%	39.0%	50.7%
Cons Disc	14.0%	14.3%	13.8%	14.3%	10.8%	13.4%
Cons Staples	16.7%	19.1%	19.1%	18.0%	22.8%	18.2%
Energy	10.5%	14.5%	12.9%	10.2%	9.8%	15.3%
Health Care	20.1%	21.6%	26.2%	25.4%	24.4%	27.3%
Industrials	14.3%	12.5%	15.6%	15.9%	17.0%	20.2%
IT	21.6%	22.2%	23.4%	26.3%	23.5%	21.7%
Materials	16.3%	24.2%	22.4%	18.6%	19.0%	18.7%
Realty	20.7%	14.3%	45.6%	36.5%	36.2%	38.7%
Utilities	24.9%	38.2%	29.9%	28.1%	36.4%	32.7%
Total	15.7%	18.5%	18.3%	16.9%	16.8%	19.4%

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Note: 1. Above table is based on Nifty 500 composition as of end of respective periods.

2. Number of companies across financial years varies based on data availability.

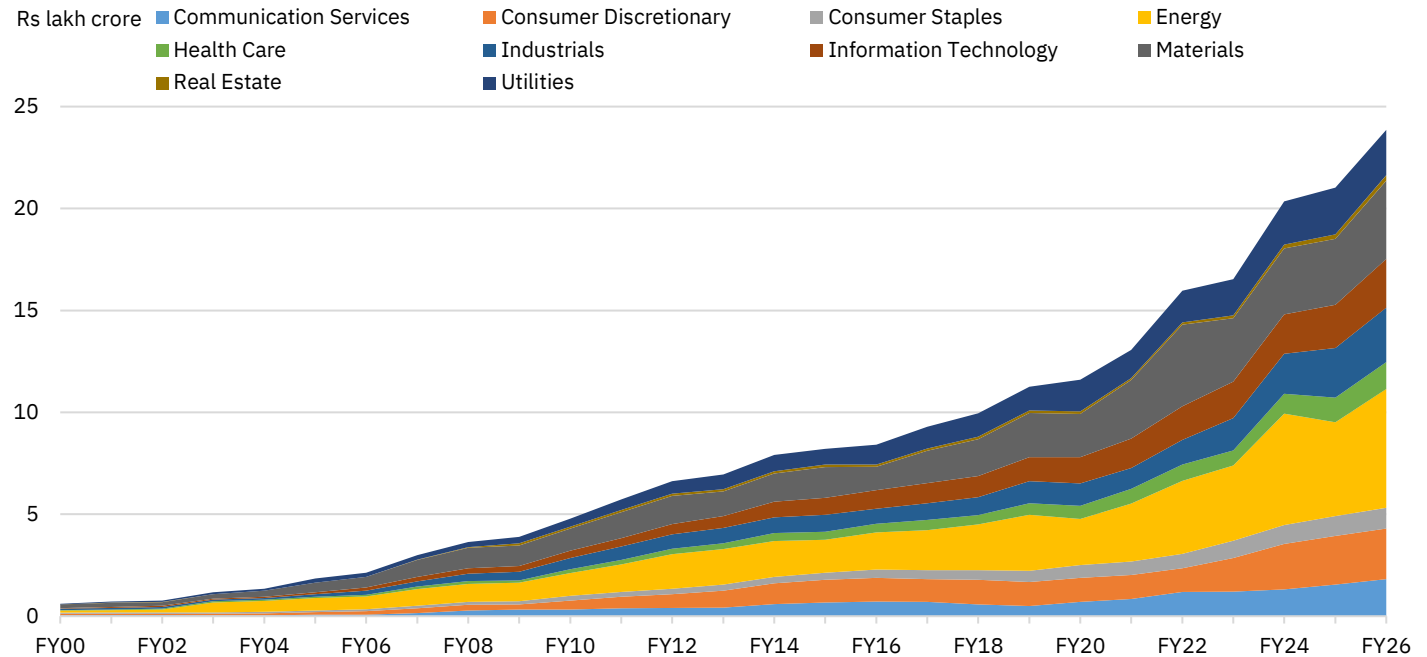
Table 9: Sector-wise raw material intensity (%) of Nifty 500 (ex-Financials) across years

Sectors	FY00	FY05	FY10	FY15	FY20	FY26
Comm Svcs	1.8	5.4	2.9	2.2	2.4	1.0
Cons Disc	52.9	64.6	66.5	65.2	67.2	63.9
Cons Staples	58.5	53.6	58.5	56.3	54.6	63.1
Energy	77.7	78.2	81.0	76.6	75.0	71.0
Health Care	48.0	37.5	39.3	34.0	31.2	27.8
Industrials	48.1	61.0	53.7	49.8	38.6	42.9
IT	34.3	26.8	21.8	14.5	10.2	15.1
Materials	48.0	37.5	39.3	34.0	31.2	27.8
Realty	20.1	67.2	6.0	18.7	12.3	33.8
Utilities	51.0	56.5	58.1	58.8	51.4	52.6
Total	56.9	64.6	61.0	57.2	54.9	52.5

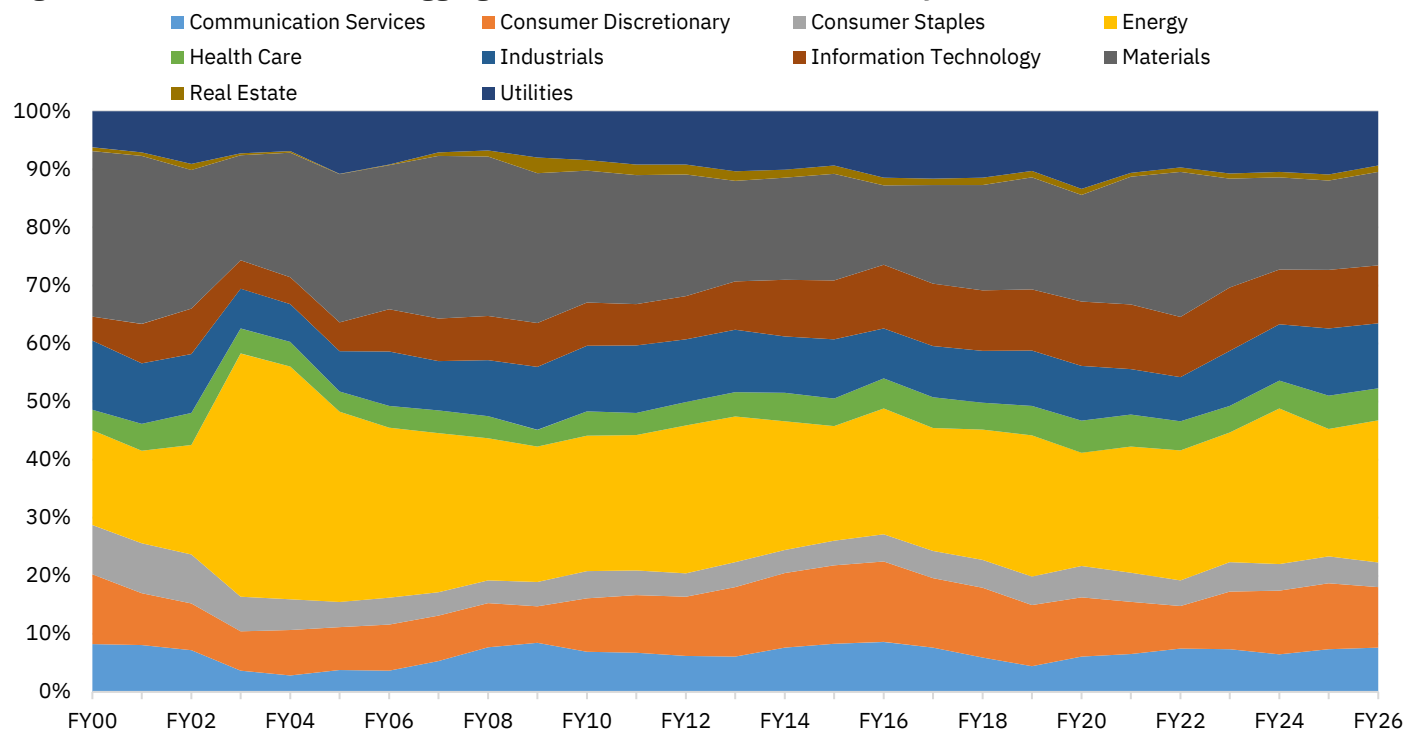
Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Note: Above table is based on Nifty 500 composition as of end of respective periods.

2. Number of companies across financial years varies based on data availability. 3. Raw material intensity is calculated as the ratio of raw material costs to net sales.

Figure 21: Sector-wise EBITDA composition across years (Absolute terms)


Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: 1) Data for EBITDA is shown ex- financials.

Figure 22: Sector-wise share in aggregate EBITDA (ex-Financials) across years


Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: 1) Data for EBITDA is shown ex- financials.

PAT contribution has undergone a more pronounced shift than their revenue share:

Financials consolidated their position as the dominant contributor to corporate profitability, with their share in Nifty 500 aggregate PAT increasing from 25% in FY00 to 38% in FY26. The sector, however, recorded losses at an aggregate level in FY18 amid high provisions and mark-to-market losses on the investment book. The sector's PAT margin also strengthened from 10.2% to 16.4%, despite moderating during FY15-FY20

amid the twin-balance sheet and NBFC crises, before recovering with improved asset quality, stronger balance sheets and sustained credit growth. Energy and Materials sector were also major contributor to aggregate profits, although their share and margins fluctuated with global commodity cycles.

IT sector emerged as one of the major contributors, with its share in aggregate PAT rising from 5.4% in FY00 to a peak of 17% in FY20 before easing to 8.5% in FY26, weighed down by AI-driven disruption, falling tech spending, and global economic uncertainties. That said, the sector continued to enjoy the highest PAT margins among other sectors during the last 26 years, consistently exceeding 13%, reflecting its asset-light business model, high operating leverage and strong export competitiveness. Health Care also maintained healthy profitability, with PAT margins rising from 11.5% in FY00 to 15.6% in FY26, accompanied with a steady increase in its contribution to aggregate profits.

Industrials exhibited a notable recovery, with PAT margins rising from 2.1% in FY15 to 8.9% in FY26 alongside a rise in profit contribution, aided by the revival in manufacturing activity and capital expenditure. Utilities also strengthened their earnings profile, with PAT margins improving to 13.5% in FY26, reflecting the sector's operating efficiency.

Table 10: Sector-wise share of Nifty 500 companies in terms of profit after tax (PAT) across years

Sectors	FY00		FY05		FY10		FY15		FY20		FY26	
	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)	Rs lakh crore	(%)
Comm Svcs	0.03	11.7	0.03	2.6	0.14	4.8	0.15	3.4	-0.15	-3.1	0.26	1.5
Cons Disc	0.01	5.2	0.06	5.2	0.18	6.1	0.40	9.1	0.27	5.5	1.07	5.9
Cons Staples	0.03	9.9	0.04	3.8	0.13	4.2	0.19	4.3	0.38	7.8	0.66	3.7
Energy	0.04	15.7	0.31	27.7	0.50	16.6	0.74	17.0	0.75	15.2	2.87	15.9
Financials	0.07	24.9	0.18	15.7	0.66	21.8	1.18	27.1	1.06	21.6	6.92	38.5
Health Care	0.01	4.5	0.04	3.3	0.12	4.0	0.22	5.0	0.28	5.7	0.75	4.2
Industrials	0.03	9.6	0.07	6.5	0.24	8.0	0.11	2.5	0.31	6.4	1.17	6.5
IT	0.01	5.4	0.06	5.4	0.25	8.5	0.57	13.1	0.84	17.0	1.53	8.5
Materials	0.02	7.7	0.24	21.0	0.53	17.5	0.52	11.9	0.69	14.0	1.68	9.3
Realty	0.00	0.1	0.00	0.0	0.05	1.5	0.04	1.0	0.03	0.7	0.16	0.9
Utilities	0.01	5.4	0.10	8.8	0.21	7.1	0.24	5.5	0.45	9.1	0.92	5.1
Total	0.28		1.14		3.01		4.36		4.91		17.99	

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Note: Above table is based on Nifty 500 composition as of end of respective periods.

2. Number of companies across financial years varies based on data availability.

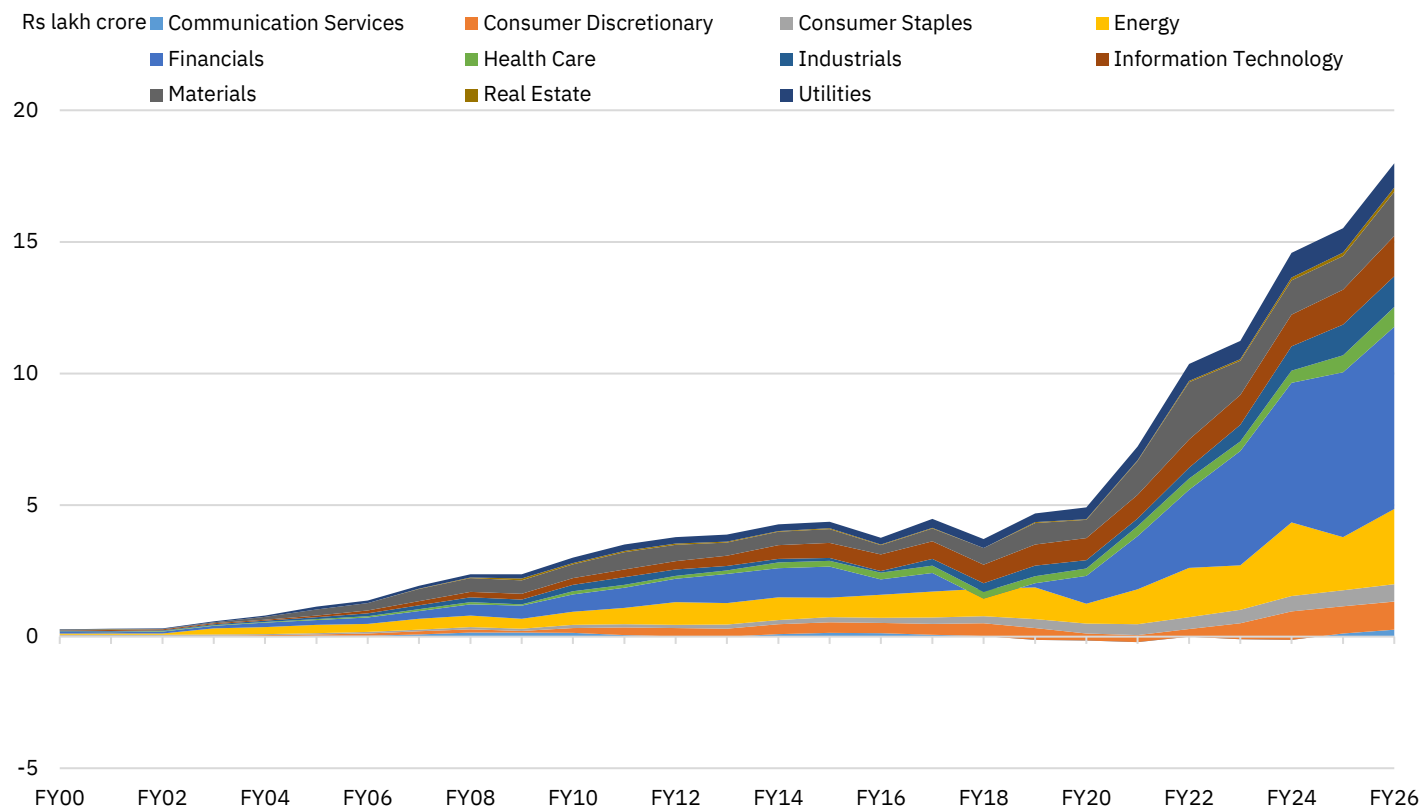
Table 11: Sector-wise PAT margins of Nifty 500 companies across years

Sectors	FY00	FY05	FY10	FY15	FY20	FY26
Comm Svcs	24.1%	13.4%	14.8%	7.1%	-8.4%	7.3%
Cons Disc	2.7%	6.2%	5.7%	5.2%	2.5%	5.8%
Cons Staples	8.7%	10.4%	10.7%	9.8%	13.8%	11.8%
Energy	4.5%	7.5%	5.7%	4.7%	3.2%	7.5%
Financials	10.2%	13.8%	16.5%	11.1%	6.3%	16.4%
Health Care	11.5%	12.5%	15.6%	14.4%	10.7%	15.6%
Industrials	5.2%	7.2%	6.9%	2.1%	4.9%	8.9%
IT	12.5%	14.9%	16.7%	18.0%	15.2%	13.9%
Materials	2.0%	12.2%	10.8%	6.5%	6.1%	8.2%
Realty	1.8%	6.1%	24.5%	13.0%	10.3%	23.4%
Utilities	9.6%	19.2%	15.8%	8.9%	10.5%	13.5%
Total	6.0%	10.1%	10.0%	7.4%	5.7%	10.9%

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

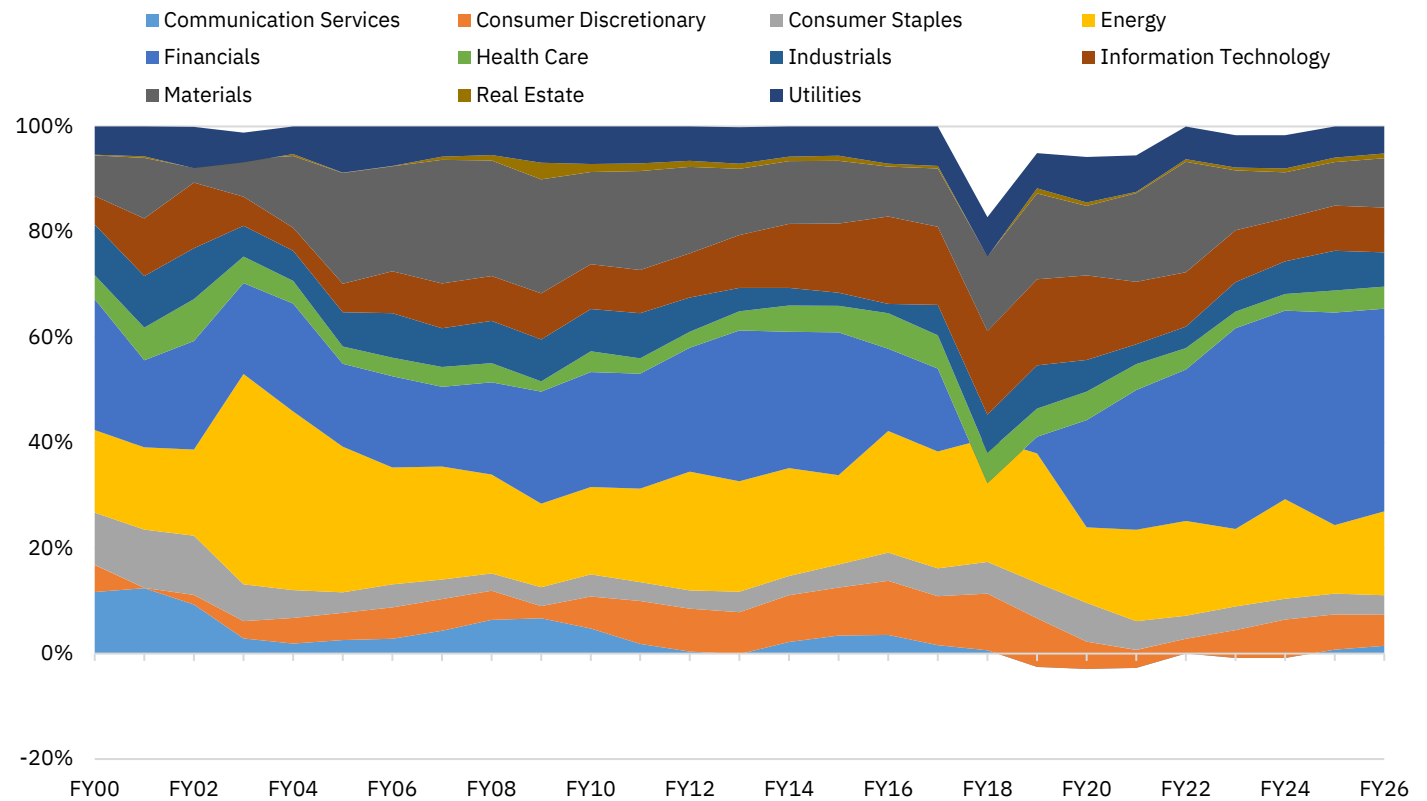
Note: Above table is based on Nifty 500 composition as of end of respective periods.

2. Number of companies across financial years varies based on data availability.

Figure 23: Sector-wise PAT composition across financial years (Absolute terms)


Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: 1) Data for EBITDA is shown ex- financials.

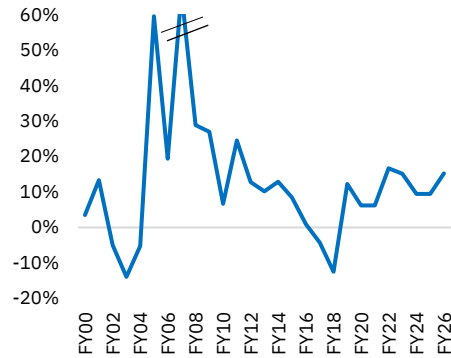
Figure 24: Sector-wise share in aggregate PAT across financial years



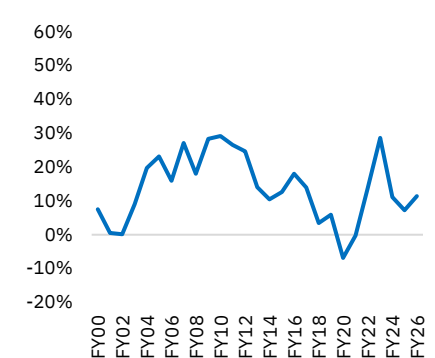
Source: LSEG Workspace, CMIE Prowess, NSE EPR. Note: 1) Data for EBITDA is shown ex- financials.

Sectoral trends in sales growth

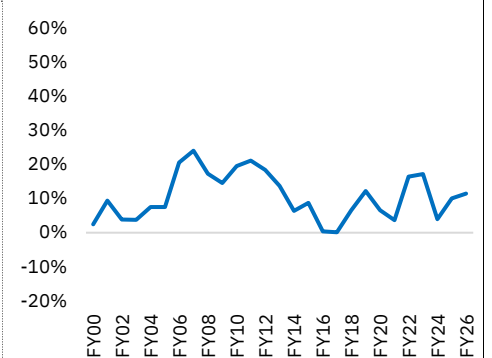
Communication Services



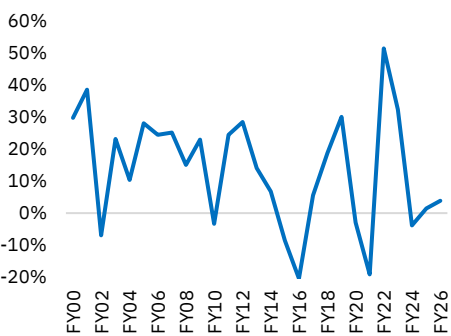
Consumer Discretionary



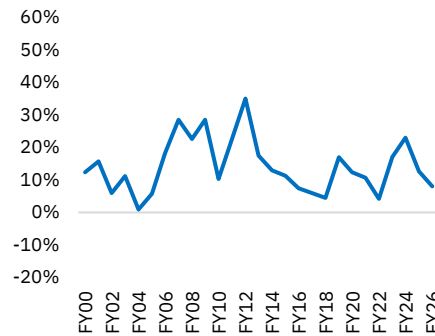
Consumer Staples



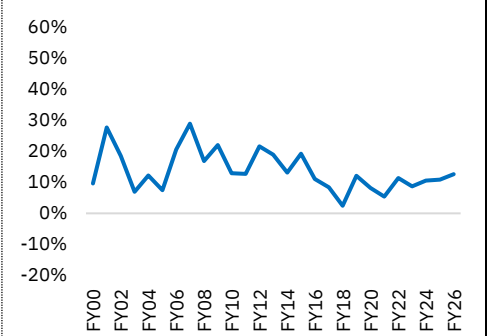
Energy



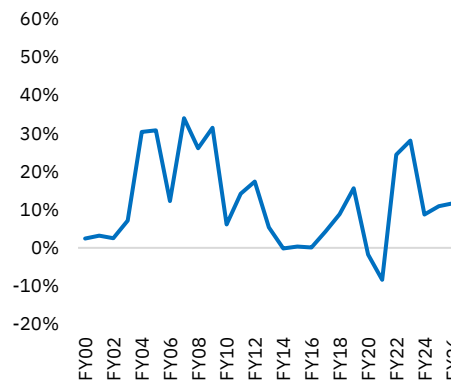
Financials



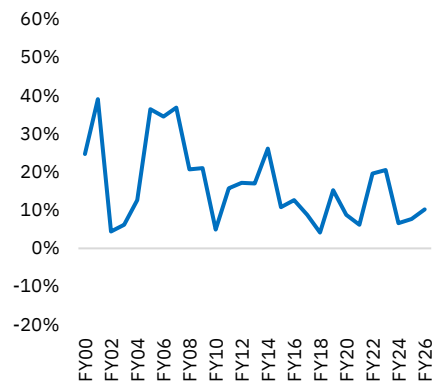
Health Care



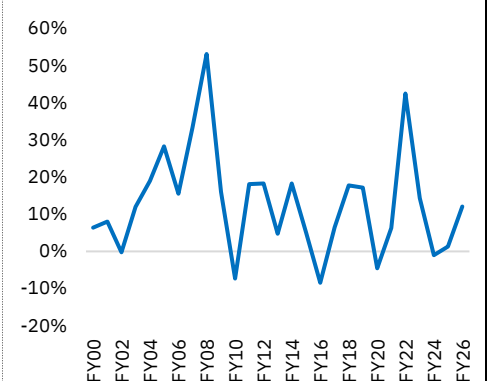
Industrials



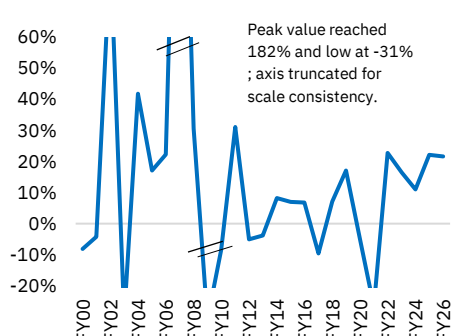
Information Technology



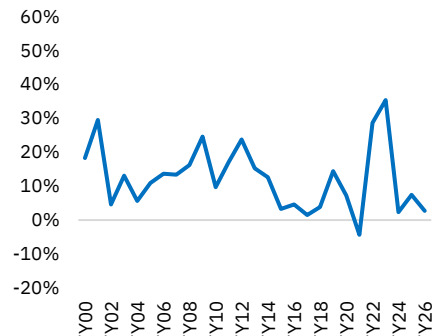
Materials



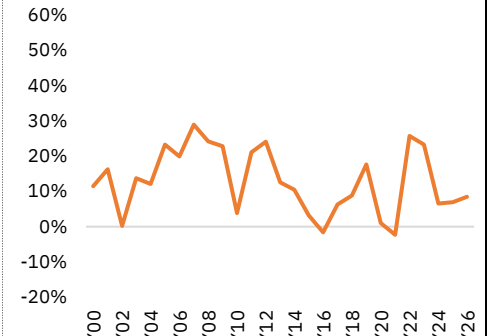
Real Estate



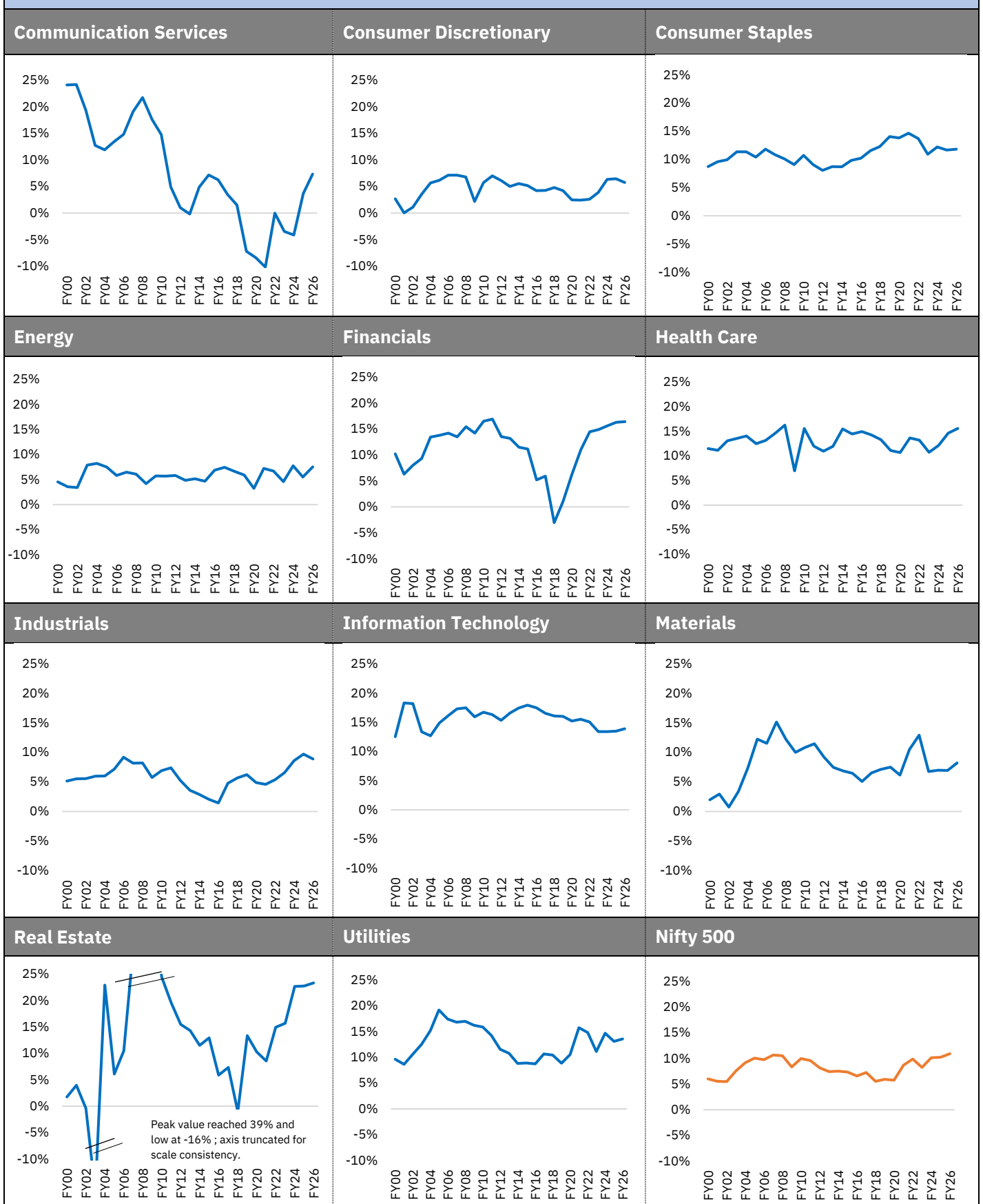
Utilities



Nifty 500

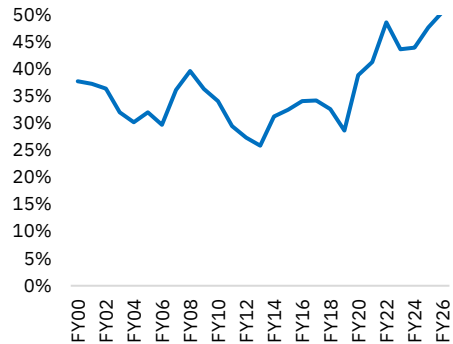


Sectoral trends in PAT margin

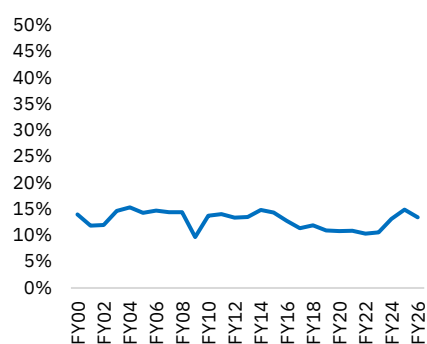


Sectoral trends in EBITDA margin

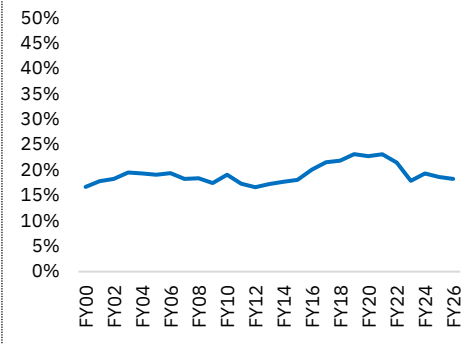
Communication Services



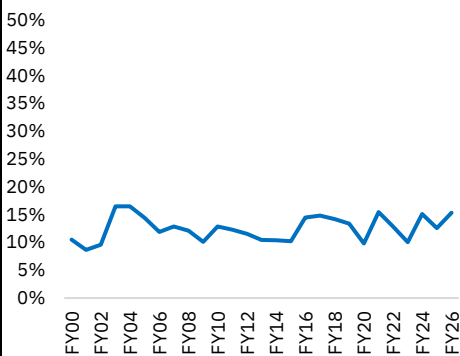
Consumer Discretionary



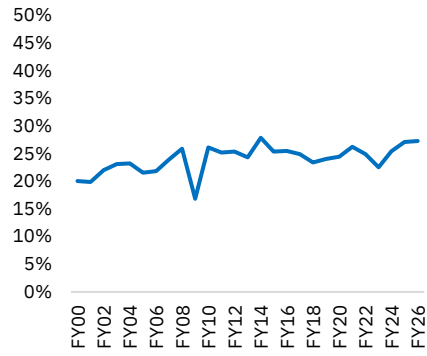
Consumer Staples



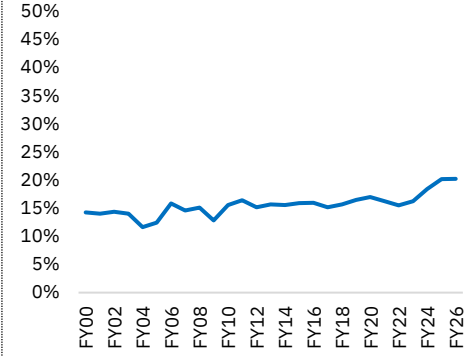
Energy



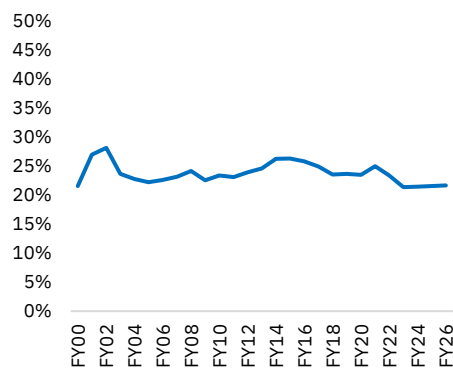
Health Care



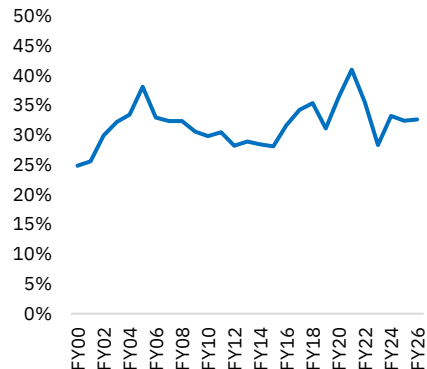
Industrials



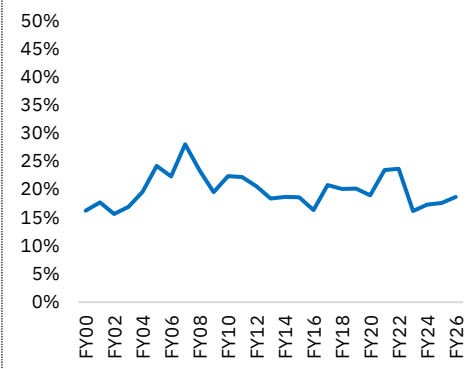
Information Technology



Utilities



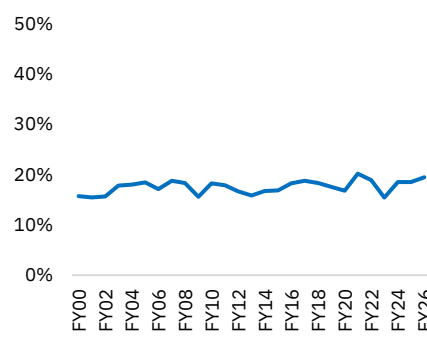
Materials



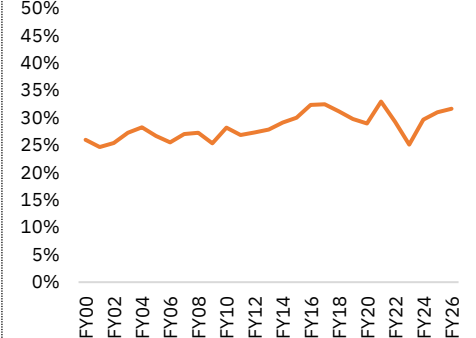
Real Estate



Nifty 500 ex - financials



Nifty 500



Sectoral growth profile reflects broader improvement in revenue and profitability

over time: The sectoral growth matrix, based on five-year net sales CAGR, PAT CAGR and average market capitalisation, highlights a broad-based strengthening in sectoral growth by FY26 compared with earlier periods. During FY01-FY05, earnings growth was highly dispersed across sectors, with Materials recording exceptionally strong PAT growth despite moderate sales growth, reflecting the commodity boom of the early 2000s. Energy and Information Technology combined strong revenue growth with healthy profit expansion, while Communication Services recorded negative earnings growth despite double-digit sales growth, highlighting weak profitability conversion.

During FY11–FY15, sectoral performance became more balanced, with Financials, Consumer Discretionary, Health Care and Information Technology occupying the upper-right quadrant, reflecting simultaneous strength in both revenue and earnings growth. In contrast, Industrials, Utilities and Real Estate experienced weaker earnings conversion despite reasonable sales growth, indicating the impact of the investment slowdown and stressed corporate balance sheets post the GFC. Materials also witnessed sharp moderation in PAT growth, reflecting the fading of the commodity upcycle.

During the FY22-FY26 period, revenue growth across sectors has become more tightly clustered, suggesting a more uniform growth environment than in earlier periods. However, in terms of profitability, Industrials, Financials and Information Technology combined healthy double-digit sales growth with strong PAT expansion, while Consumer Discretionary also recorded robust earnings growth despite relatively moderate revenue growth, indicating improving profitability.

Real Estate emerged as the strongest-performing sector, recording the highest five-year sales CAGR (24.8%) and PAT CAGR (52.4%) during the FY22-FY26 period, reflecting a sharp recovery in both business activity and earnings. Industrials witnessed a notable turnaround, with PAT CAGR improving from -14.8% in FY15 to 32.5% in FY26, accompanied by an acceleration in sales growth to 16.1%, indicating a broad recovery in operating performance. Financials continued to combine strong revenue and earnings growth, recording double-digit sales and PAT CAGRs of 18.0% and 27.8%, respectively, while Energy maintained healthy growth across both metrics (15.7% sales CAGR and 16.7% PAT CAGR).

Among the larger sectors by market capitalisation, Financials remained the dominant sector with an average market capitalisation of approximately Rs 78.3 lakh crore during FY22-FY26 followed by Industrials, Materials and Information Technology, each with market capitalisation exceeding Rs 30 lakh crore. However, larger market capitalisation did not necessarily correspond to the highest growth rates. While Financials continued to deliver robust growth, Information Technology and Health Care exhibited relatively moderate sales and earnings growth compared with earlier periods, reflecting a gradual transition towards a more mature growth trajectory. Consumer Staples also maintained steady, balanced growth, reinforcing its relatively defensive earnings profile.

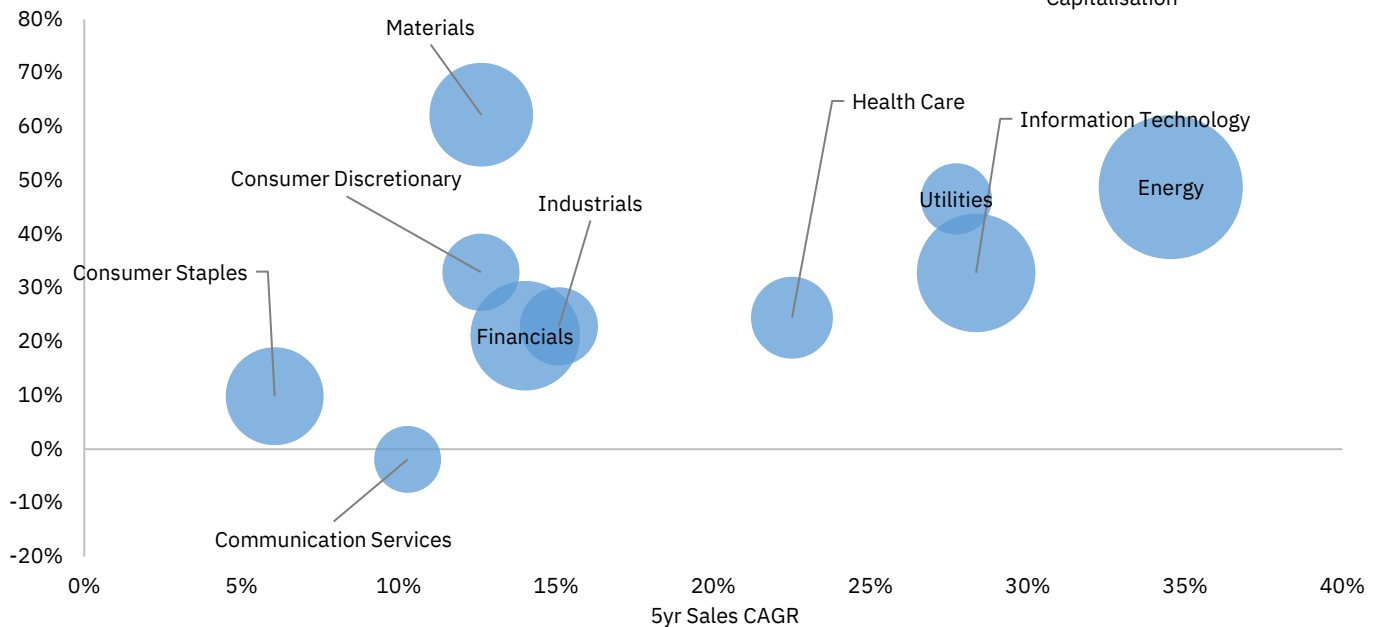
At the aggregate level, the Nifty 500 recorded a five-year sales CAGR of 14.7% and PAT CAGR of 20.0% during FY22-FY26. Overall, the FY22-FY26 matrix indicates a more balanced sectoral growth profile, with cyclical sectors strengthening alongside established large-cap sectors, contributing to a wider dispersion of earnings growth across the market.

Figure 25: Nifty 500 Sector-wise growth quality matrix: Net sales vs. PAT CAGR during FY01-FY05

5yr PAT CAGR

FY01-FY05

Bubble size = 5yr average Market Capitalisation



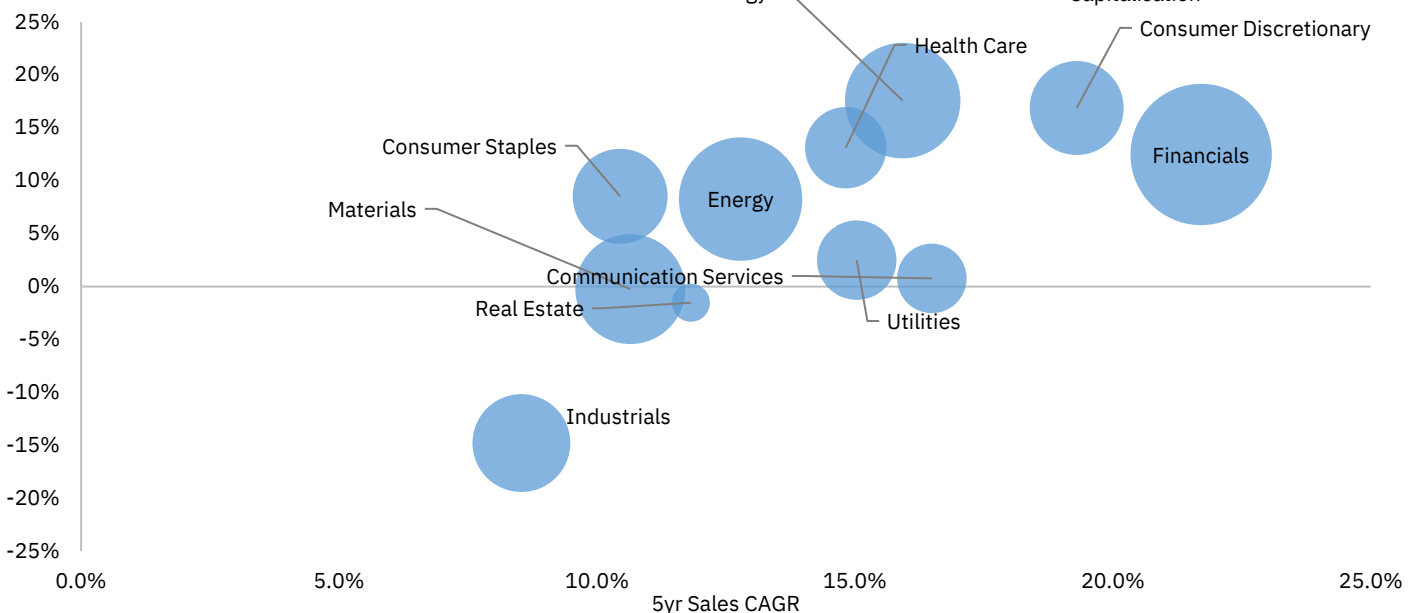
Source: CMIE Prowess, NSE EPR. Note: 1) Sales and PAT growth represent the five-year average annual growth. 2) Bubble size denotes sectoral market capitalization (Rs. crore) as of 31 March 2005.

Figure 26: Nifty 500 Sector-wise growth quality matrix: Net sales vs. PAT CAGR during FY11-FY15

5yr PAT CAGR

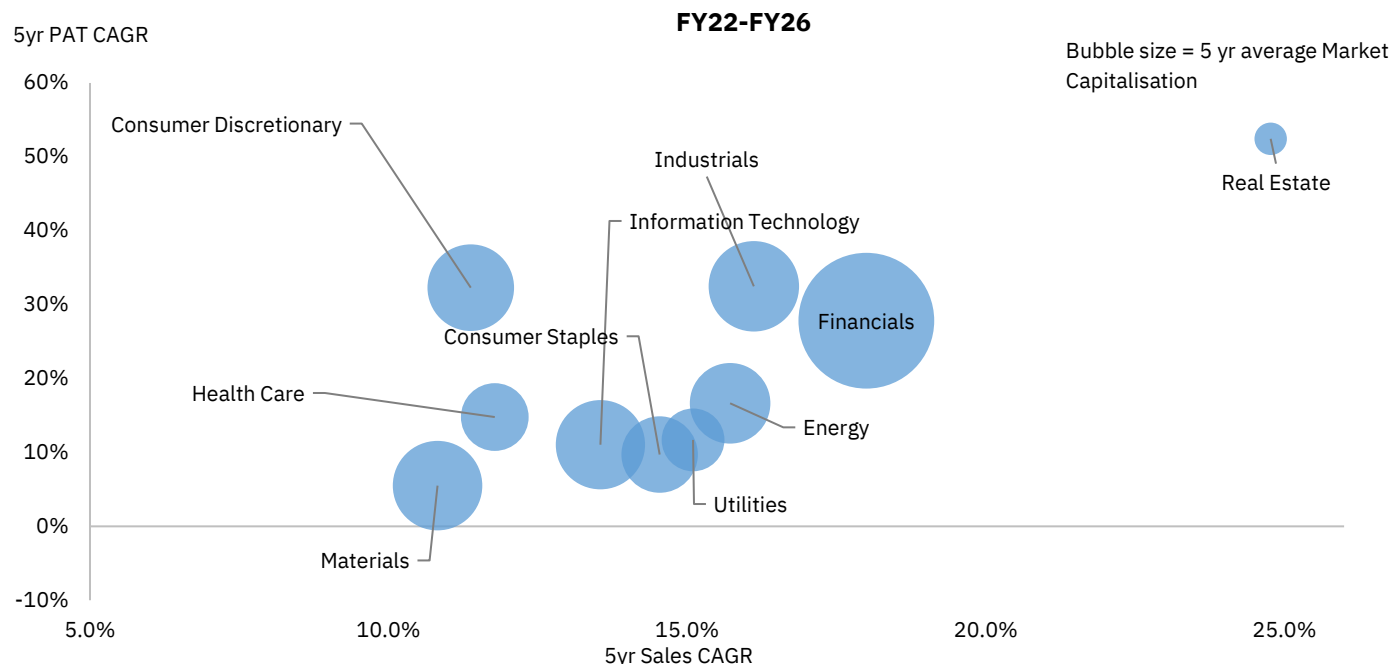
FY11-FY15

Bubble size = 5yr average Market Capitalisation



Source: CMIE Prowess, NSE EPR. Note: 1) Sales and PAT growth represent the five-year CAGR. 2) Bubble size denotes sectoral market capitalization (Rs. Crore) as of 31 March 2015.

Figure 27: Nifty 500 Sector-wise growth quality matrix: net sales growth vs. PAT Growth (FY22-FY26)

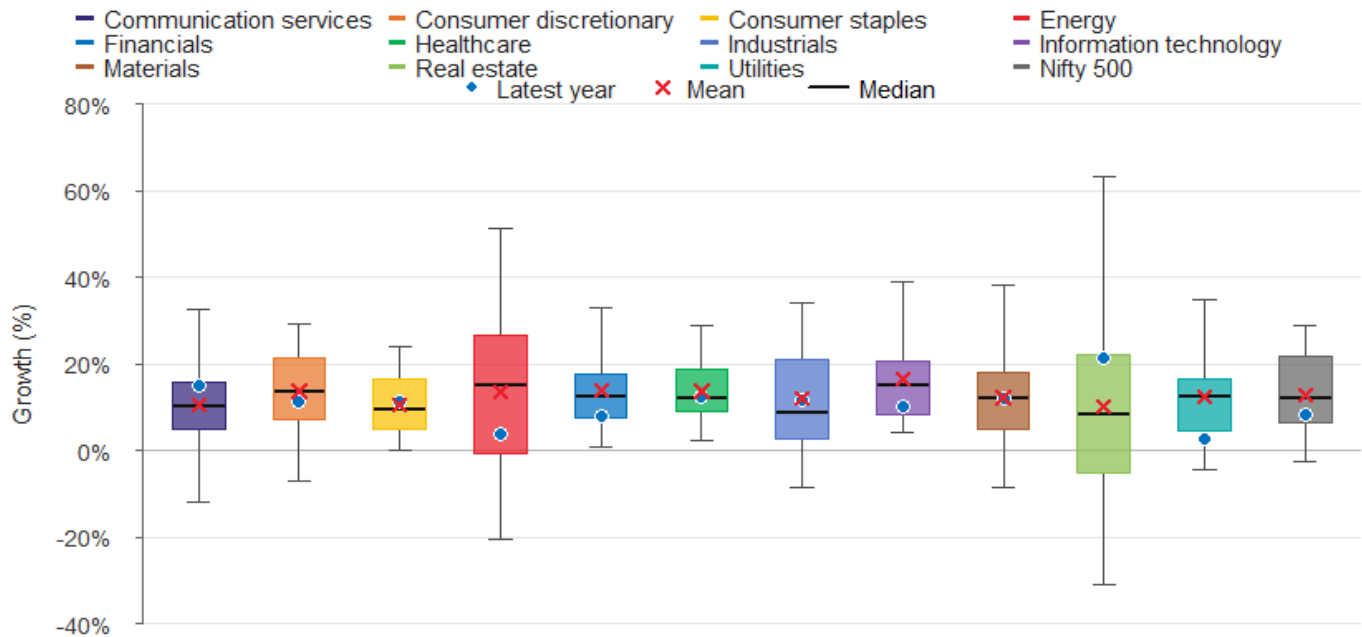


Source: CMIE Prowess, NSE EPR. Note: 1) Sales and PAT growth represent the five-year average annual growth. 2) Bubble size denotes sectoral market capitalization (Rs. crore) as of 31 March 2026.

Sales growth remained relatively stable for Consumer Staples and Health Care; Realty and Energy displayed higher variability: Our analysis of inter-quartile distribution of annual sales growth across sectors over FY00–FY26 indicates varying degrees of growth consistency. Real Estate exhibited the widest dispersion, with annual sales growth ranging from -31.0% to 182.9%, reflecting pronounced cyclical, while Energy also displayed elevated volatility, ranging from -20% to 51%. Among sectors with narrower inter-quartile ranges over the period, Financials and Health Care recorded relatively higher median sales growth, while Consumer Staples and Utilities recorded more stable sales growth.

The latest observation (FY26) remained above the historical median for sectors such as Communication Services, Industrials, Health Care and Real Estate, suggesting an improvement in revenue growth relative to their long-term trend. Conversely, the latest sales growth for Energy (3.8%) remained well below its historical average, indicating a moderation from the stronger growth recorded in earlier years, partly reflecting the impact of heightened geopolitical tensions last year.

Overall, the box plot suggests that while cyclical sectors continue to exhibit higher variability, sales growth across most sectors remained broadly in line with or above their historical distributions in FY26.

Figure 28: Sector-wise Sales growth distribution for Nifty 500 (FY2000–FY2026)


Source: CMIE Prowess, NSE EPR.

EBITDA performance was shaped by differences in margin strength across sectors:

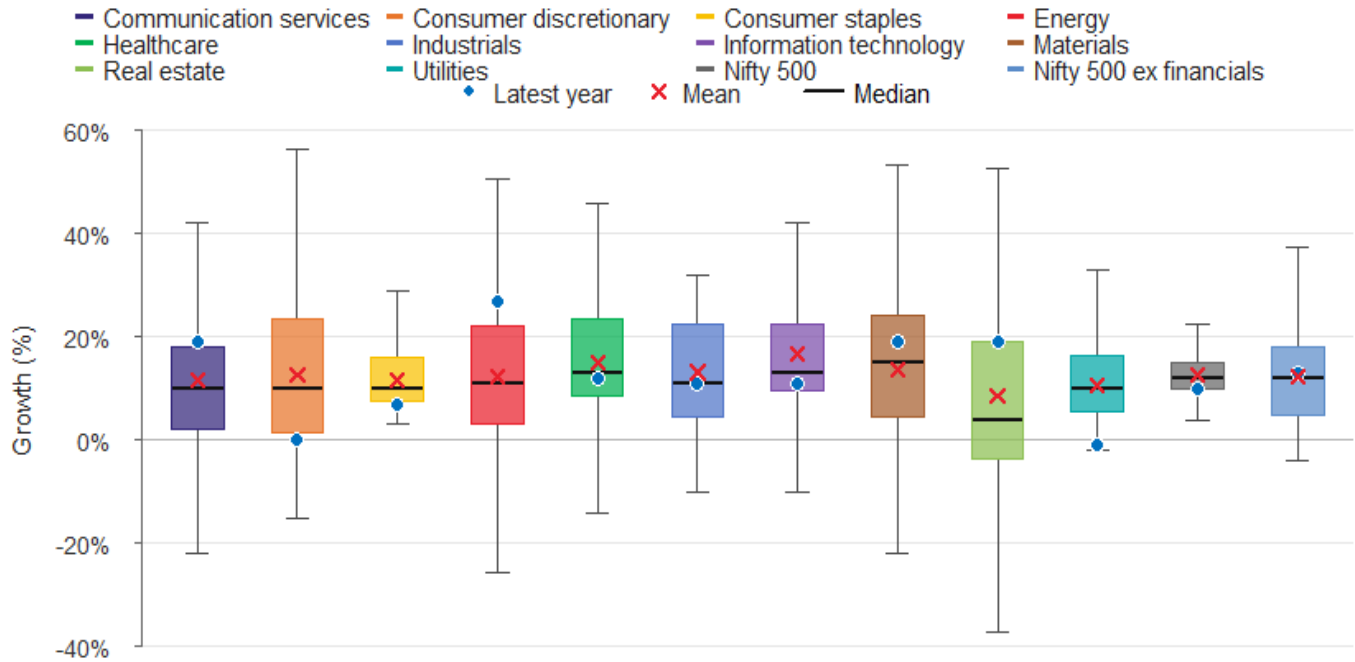
The historical distribution of EBITDA growth and margins over FY00–FY26 highlights distinct operating performance across sectors. Real Estate exhibited the highest variability in operating earnings, with EBITDA growth ranging from -51.1% to 453.5% (Mean/median over the last 26 years: 8.68%/4%), accompanied by a wide EBITDA margin band of 14.3%–56.0% (Mean/Median: 35.4%/37%), reflecting its pronounced cyclical nature. Energy, Materials and Consumer Discretionary also recorded greater variability in EBITDA growth rates, indicating greater sensitivity to economic and commodity cycles. Communication Services also recorded elevated volatility in EBITDA growth, while maintaining the highest operating margins (Mean/Median: 36.1%/34% vs. 28.4%/28% for the overall Nifty 500 universe), reaching 50.7% in FY26. In contrast, Consumer Staples, Health Care and Information Technology exhibited relatively narrower distributions for both EBITDA growth and margins, indicating greater stability in operating performance across business cycles.

EBITDA margins displayed even greater structural differences than EBITDA growth. IT consistently recorded higher margins within a tighter range, with the median exceeding 20% (vs. 28% for Nifty 500), reflecting its asset-light business model and strong operating leverage. Health Care, and Utilities also maintained relatively high and stable margins, while Consumer Staples recorded moderate but resilient profitability. In contrast, Consumer Discretionary, Industrials and Energy operated with lower margins, even as the dispersion over years remained relatively benign. At the aggregate level, the Nifty 500 (ex-Financials) universe displayed relatively stable margin distributions, suggesting that despite sector-specific differences, overall corporate profitability has remained broadly resilient over the past two and a half decades.

The latest observation (FY26) remained at or above the historical median for EBITDA margins across most sectors, while EBITDA growth for Energy (26.5%), Materials (18.5%) and Real Estate (19.2%) remained above their respective long-term medians, indicating

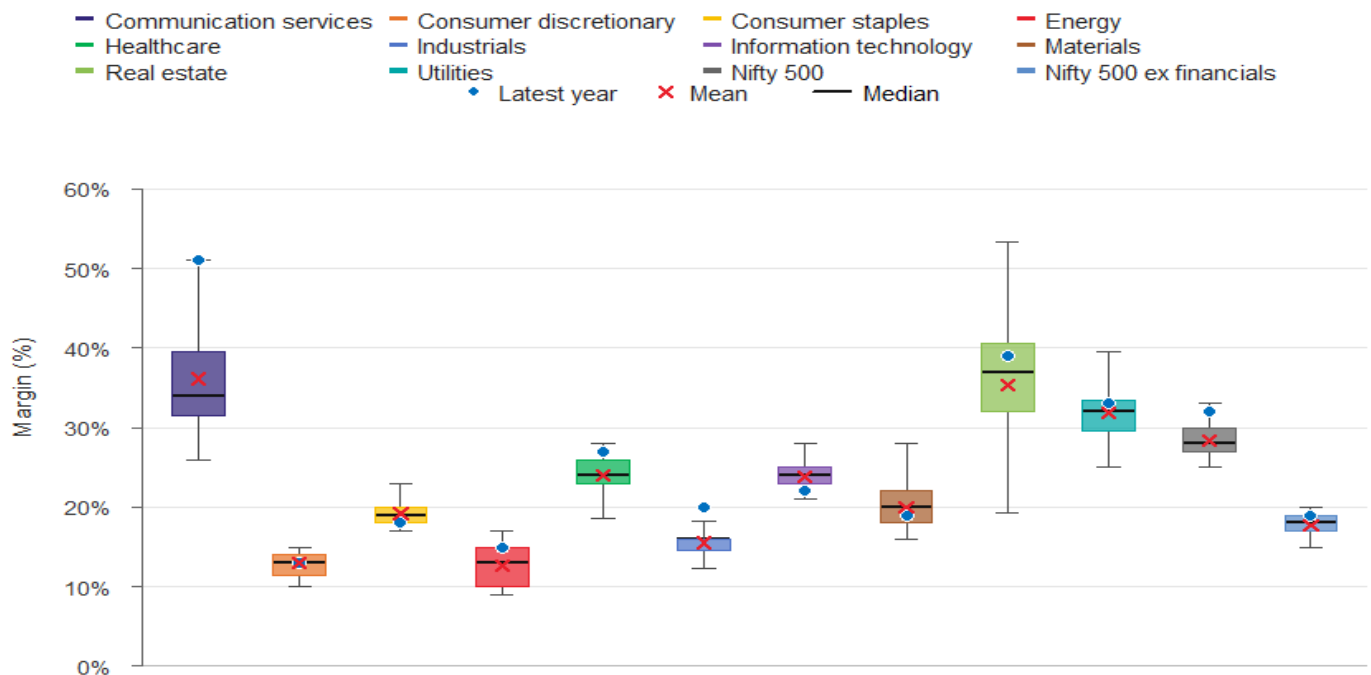
an improvement in operating profitability relative to historical trends. At the aggregate level, the Nifty 500 (ex-Financials) reported EBITDA growth of 13.4% and an EBITDA margin of 19.4% in FY26, both broadly in line with their historical distributions, reflecting resilient operating performance across the broader listed universe.

Figure 29: Sector-wise EBITDA growth distribution for Nifty 500 (FY00–FY26)



Source: CMIE Prowess, NSE EPR.

Figure 30: Sector-wise EBITDA margin distribution for Nifty 500 (FY00–FY26)

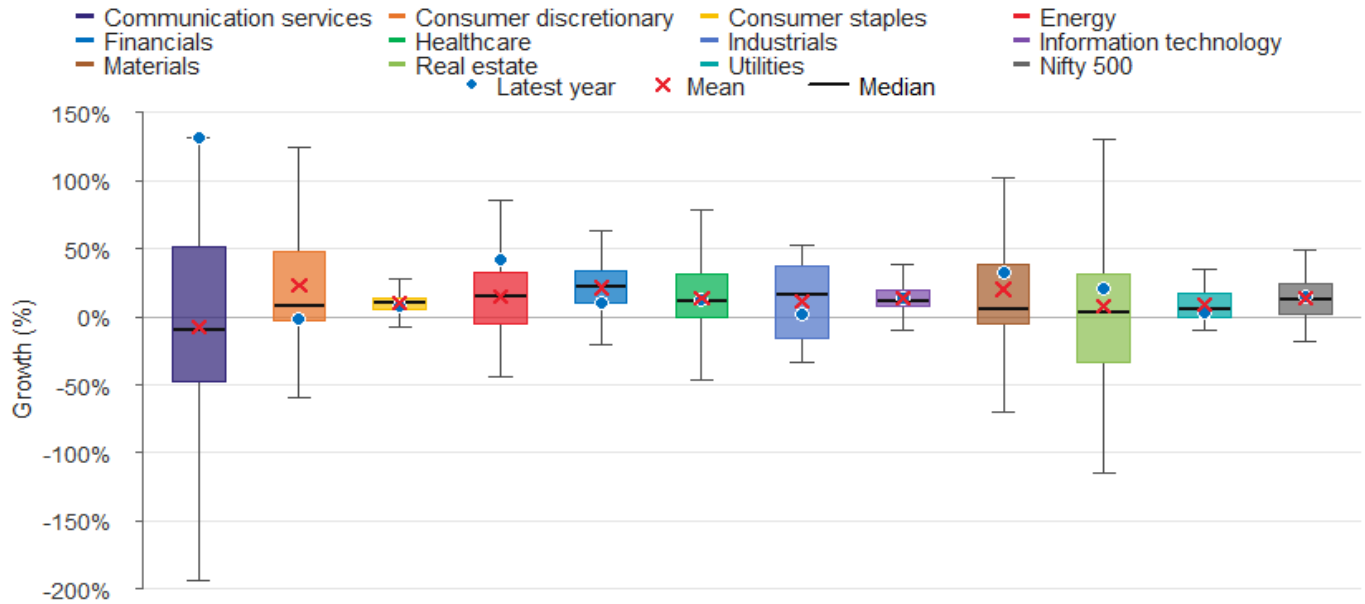


Source: CMIE Prowess, NSE EPR.

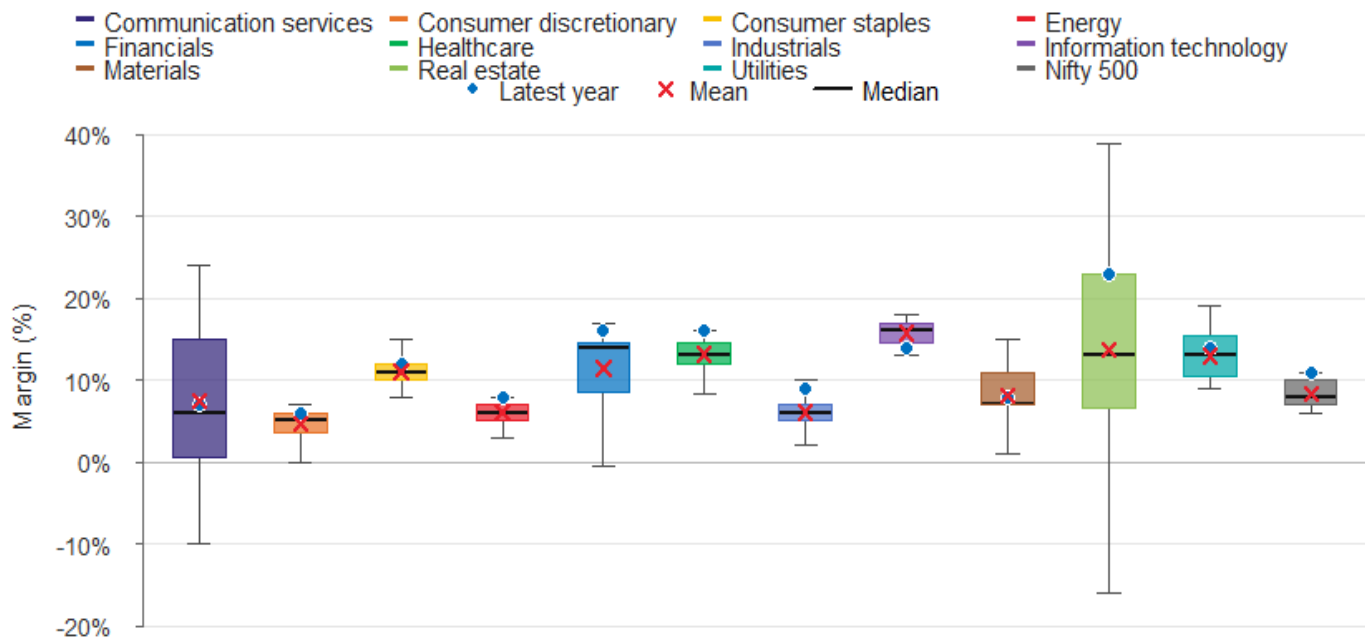
Sectoral profitability remained resilient despite varying margin cycles: The Nifty 500 PAT margin improved steadily from 6.0% in FY00 to 10.9% in FY26, even as the range remained wide at 6%-11% during the past 26 years. PAT growth also varied from -18% (in FY18) to 49% (FY21) during this period, averaging at 13.48%, with the current growth rate at 15% in FY26, indicating that profitability has strengthened over the period despite cyclical fluctuations. Cyclical sectors such as Communication Services, Materials, Industrials, Energy and Consumer Discretionary exhibited greater variability in PAT growth outcomes. Financials and Health Care recorded the most consistent improvement in profitability, with PAT margins increasing to 16.4% from 10.2% and 15.6% from 11.5%, respectively, while maintaining positive PAT growth of 10% and 12% in FY26. Consumer Staples also exhibited a stable profitability profile, reflecting the sector's defensive earnings characteristics.

Among cyclical sectors, Energy saw a broad-based improvement in profitability, with PAT margins rising from 4.5% in FY00 to 7.5% in FY26, alongside 42% PAT growth in FY26 (mean/median over the last 26 years: 13.26%/12%), aided by stronger commodity-linked earnings. Materials also recorded healthy earnings momentum, with PAT growth of 33% (mean: 22.71%) and PAT margins improving to 8.2% (mean: 8.03%). Real Estate reported the highest PAT margin at 23.4% and PAT growth of 21%, although both profitability and earnings remained comparatively more volatile, ranging from -16% to 39% (mean: 13.8%) and -115% to 156% (mean: 11.64%) during the last 26 years. In contrast, IT demonstrated a gradual moderation in earnings growth, with PAT growth easing from 62% in FY00 to 14% in FY26, while maintaining robust double-digit profit margins, suggesting a transition towards a more mature earnings profile. Consumer Staples and Utilities recorded relatively stable profitability with limited dispersion. At the aggregate level, the Nifty 500 maintained a relatively stable PAT margin distribution despite periodic fluctuations in earnings growth, indicating that long-term profitability has remained resilient.

The latest observation (FY26) remained above the historical median for Financials (16.4%), Health Care (15.6%), Real Estate (23.4%) and Industrials (8.9%), indicating sustained improvement in sectoral profitability relative to their long-term distributions. Information Technology continued to report one of the highest and most consistent PAT margins (13.9%), while Consumer Staples maintained stable margins at 11.8%, reflecting the defensive nature of the sector. Overall, the FY26 distribution suggests that profitability across most sectors remained broadly in line with or above historical averages, despite differences in margin volatility.

Figure 31: Sector-wise PAT growth Distribution for Nifty 500 (FY00–FY26)


Source: CMIE Prowess, NSE EPR.

Figure 32: Sector-wise PAT margin growth Distribution for Nifty 500 (FY00–FY26)


Source: CMIE Prowess, NSE EPR.

FY26 corporate performance: A snapshot

Table 12: Sector-wise growth of net sales, EBITDA and PAT of Nifty 50 and Nifty 500 companies in FY26

Sectors	Nifty 50			Nifty 500		
	Net sales (% YoY)	EBITDA (% YoY)	PAT (% YoY)	Net sales (% YoY)	EBITDA (% YoY)	PAT (% YoY)
Communication Services	22.0%	24.8%	31.1%	15.3%	18.7%	132.5%
Consumer Discretionary	9.5%	-8.7%	-13.0%	11.4%	-0.2%	-1.5%
Consumer Staples	6.6%	4.4%	7.1%	11.4%	6.5%	8.3%
Energy	5.5%	10.6%	13.9%	3.8%	26.5%	41.8%
Financials	7.4%	6.4%	6.9%	8.0%	7.0%	9.7%
Health Care	8.7%	1.6%	-2.5%	12.7%	12.3%	11.9%
Industrials	10.0%	12.5%	-11.6%	11.7%	11.3%	1.7%
Information Technology	7.1%	6.8%	9.3%	10.2%	10.8%	13.9%
Materials	12.2%	26.3%	58.1%	12.1%	18.5%	32.8%
Real Estate	NA	NA	NA	21.6%	19.2%	21.4%
Utilities	0.1%	-9.2%	9.8%	2.8%	-1.2%	3.0%
Total	8.1%	7.4%	9.1%	8.5%	9.9%	15.4%
Total Ex-Energy	8.9%	6.9%	8.0%	10.0%	8.1%	11.4%
Total Ex-Financials	8.2%	8.5%	10.3%	8.7%	13.4%	19.2%
Total Ex-Energy Ex-Fin	9.6%	7.6%	8.9%	11.0%	9.8%	12.9%

Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.

2. FY26 aggregate is calculated using interim financials data.

Table 13: Sector-wise margin performance of Nifty 50 and Nifty 500 companies in FY26

Sectors	Nifty 50				Nifty 500			
	EBITDA margin (%)	EBITDA margin chg. (bps)	PAT margin (%)	PAT margin chg. (bps)	EBITDA margin (%)	EBITDA margin chg. (bps)	PAT margin (%)	PAT margin chg. (bps)
Communication Services	58.2%	133	17.7%	123	50.7%	146	7.3%	369
Consumer Discretionary	13.8%	-275	6.1%	167	13.4%	-156	5.8%	-76
Consumer Staples	28.8%	-58	19.8%	9	18.2%	-84	11.8%	-34
Energy	20.3%	94	9.4%	70	15.3%	275	7.5%	202
Financials	75.0%	-71	18.7%	-9	67.2%	-64	16.4%	25
Health Care	26.7%	-189	16.0%	-184	27.3%	-8	15.6%	-10
Industrials	22.0%	48	7.3%	-178	20.2%	-7	8.9%	-87
Information Technology	25.2%	-6	16.5%	35	21.7%	13	13.9%	45
Materials	17.0%	189	6.5%	189	18.7%	101	8.2%	128
Real Estate	NA	NA	NA	NA	38.7%	-81	23.4%	-4
Utilities	40.2%	-411	18.6%	165	32.7%	-131	13.5%	3
Total	34.0%	-19	12.2%	68	31.7%	39	10.9%	65
Total Ex-Energy	38.6%	-73	13.0%	70	36.6%	-65	11.9%	15
Total Ex-Financials	22.0%	5	10.2%	81	19.4%	82	9.0%	80
Total Ex-Energy Ex-Fin	22.8%	-41	10.6%	90	21.3%	-24	9.7%	17

Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.

2. FY26 aggregate is calculated using interim financials data.

Figure 33: Sector-wise net sales growth (% YoY) of Nifty 50 companies in FY26

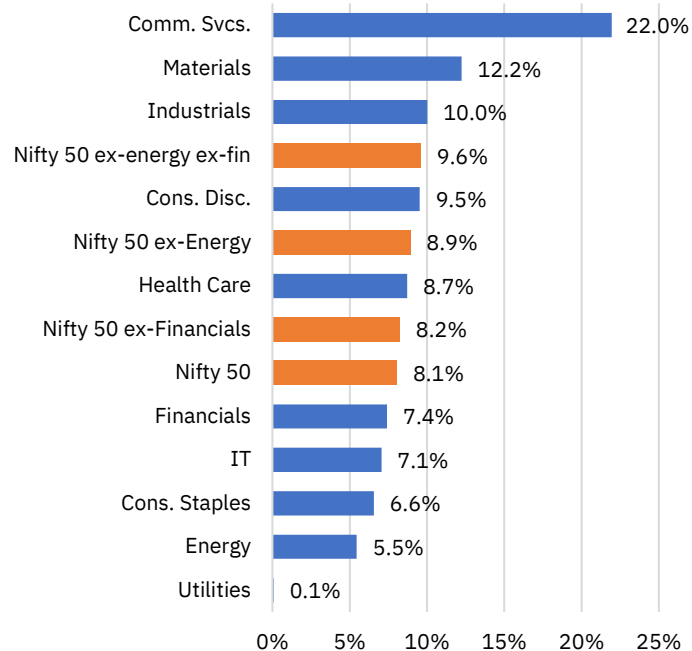
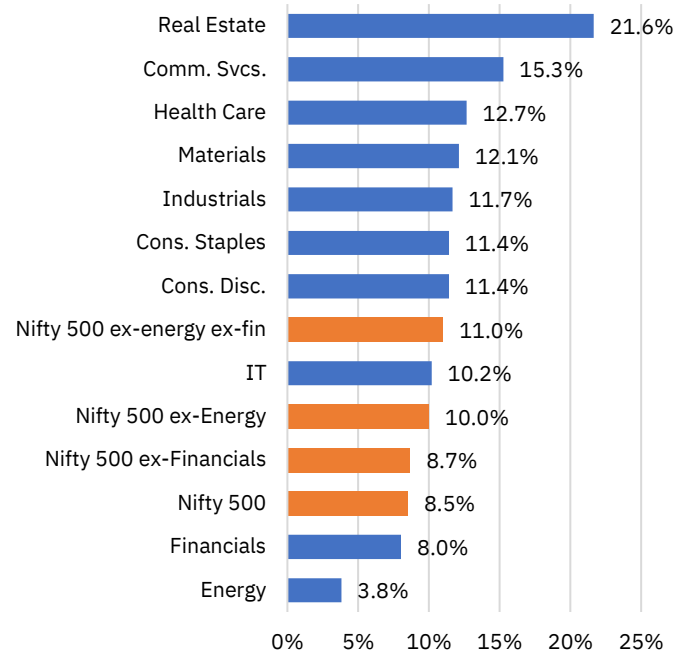


Figure 34: Sector-wise net sales growth (% YoY) of Nifty 500 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.

2. FY26 aggregate is calculated using interim financials data.

Figure 35: Sector-wise EBITDA growth (% YoY) of Nifty 50 companies in FY26

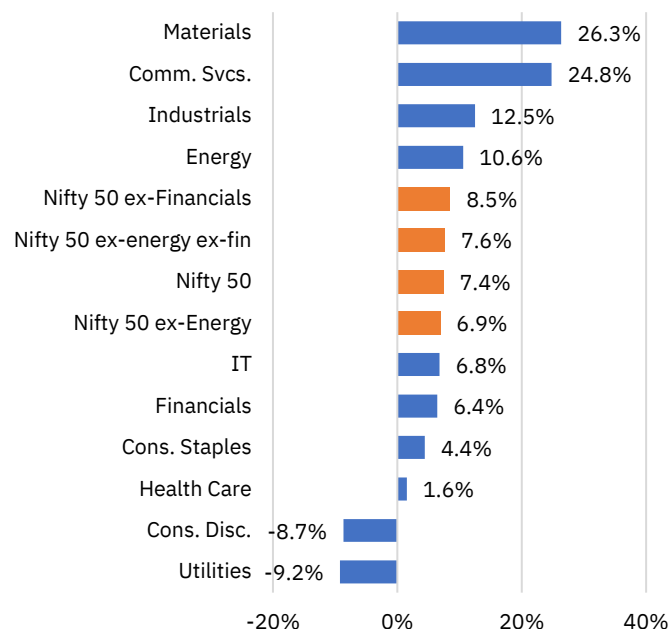
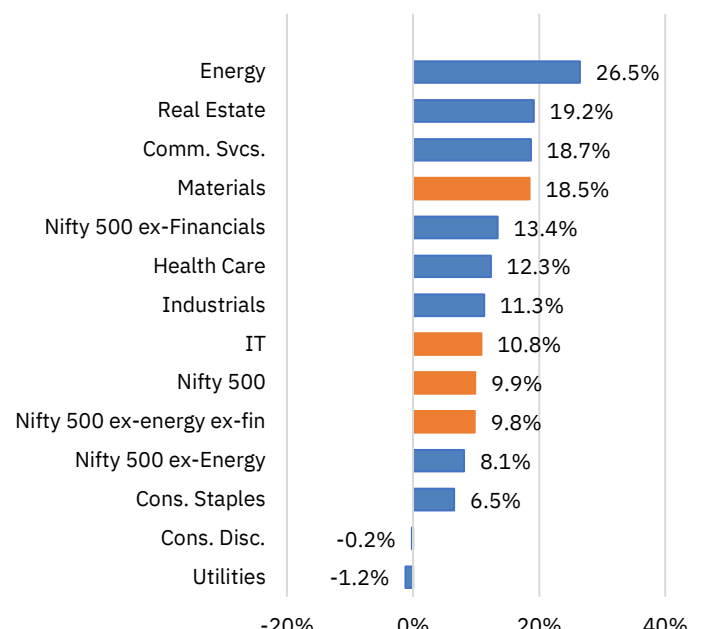


Figure 36: Sector-wise EBITDA growth (% YoY) of Nifty 500 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.

2. FY26 aggregate is calculated using interim financials data.

Figure 37: Sector-wise EBITDA margin of Nifty 50 companies in FY26

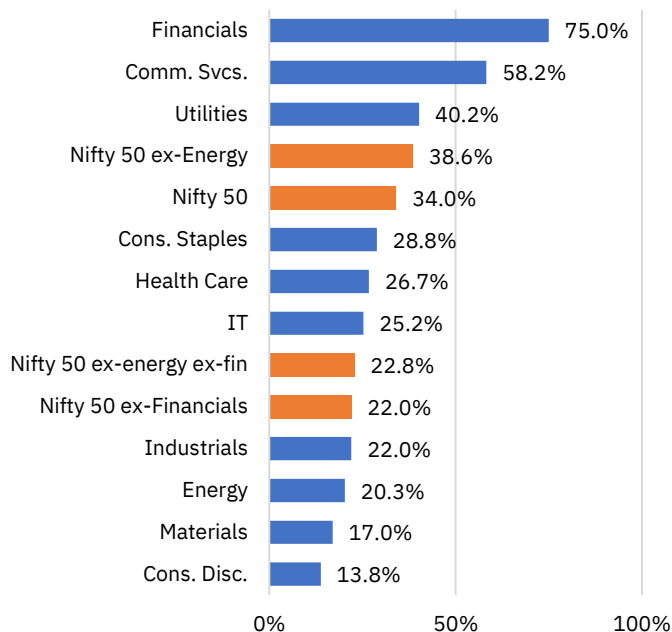
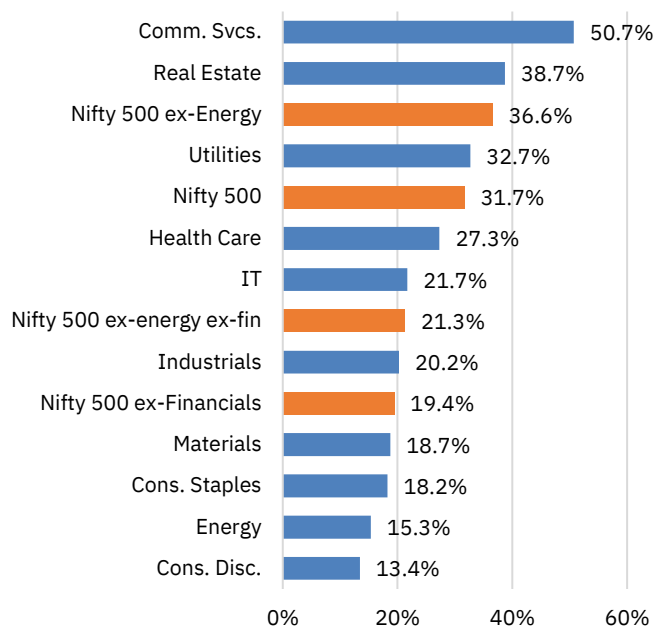


Figure 38: Sector-wise EBITDA margin of Nifty 500 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.

2. FY26 aggregate is calculated using interim financials data.

Figure 39: Sector-wise PAT growth (% YoY) of Nifty 50 companies in FY26

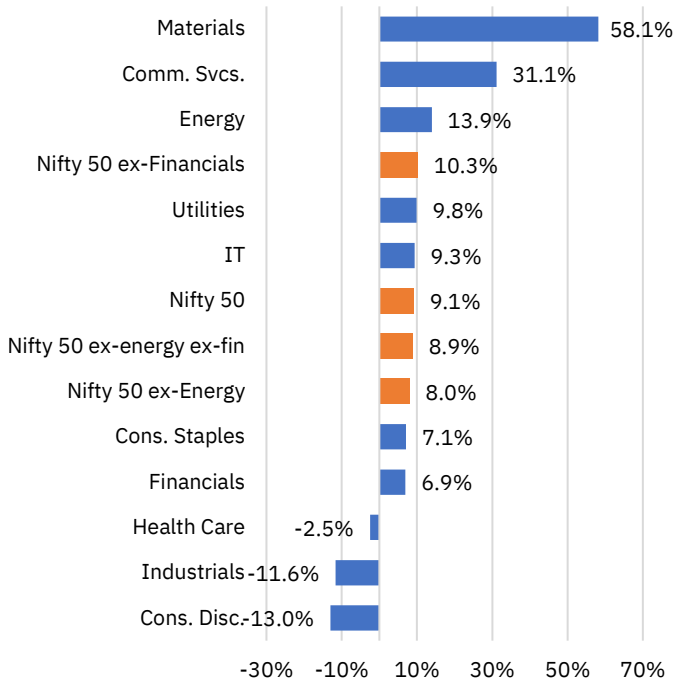
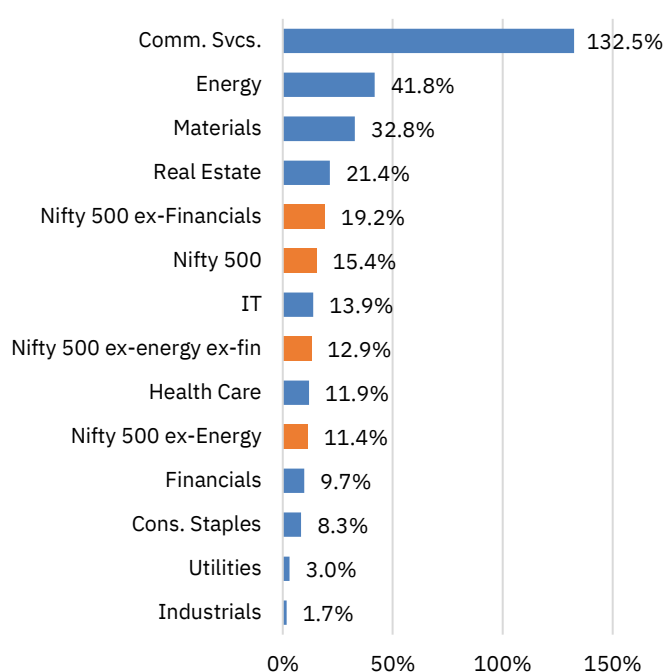


Figure 40: Sector-wise PAT growth (% YoY) of Nifty 500 companies in FY26

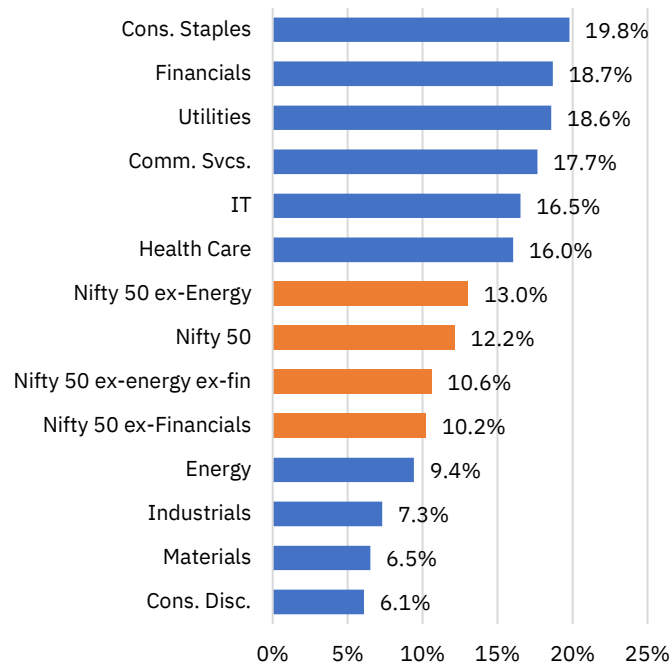


Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.

2. FY26 aggregate is calculated using interim financials data.

Figure 41: Sector-wise PAT margin (%) of Nifty 50 companies in FY26



Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. The above table provides data for companies in the Nifty 50 index as on end of FY26.

2. FY26 aggregate is calculated using interim financials data.

Figure 42: Sector-wise PAT margin (%) of Nifty 500 companies in FY26

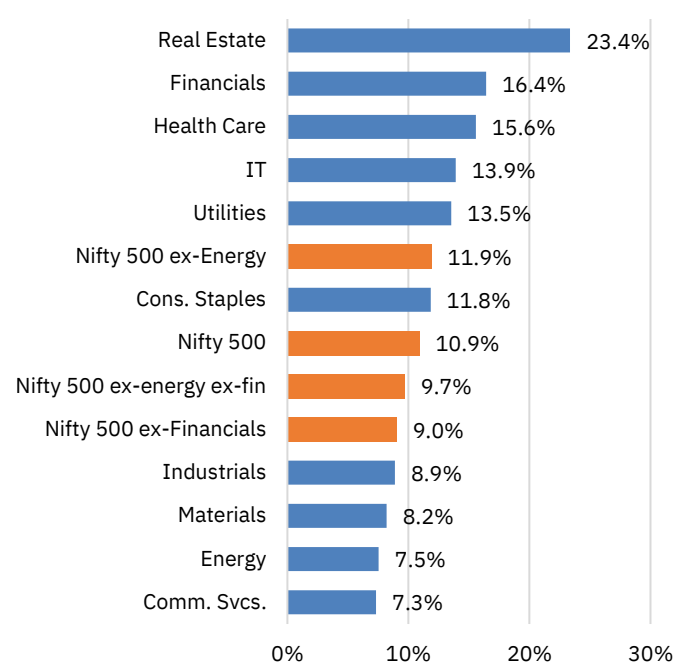
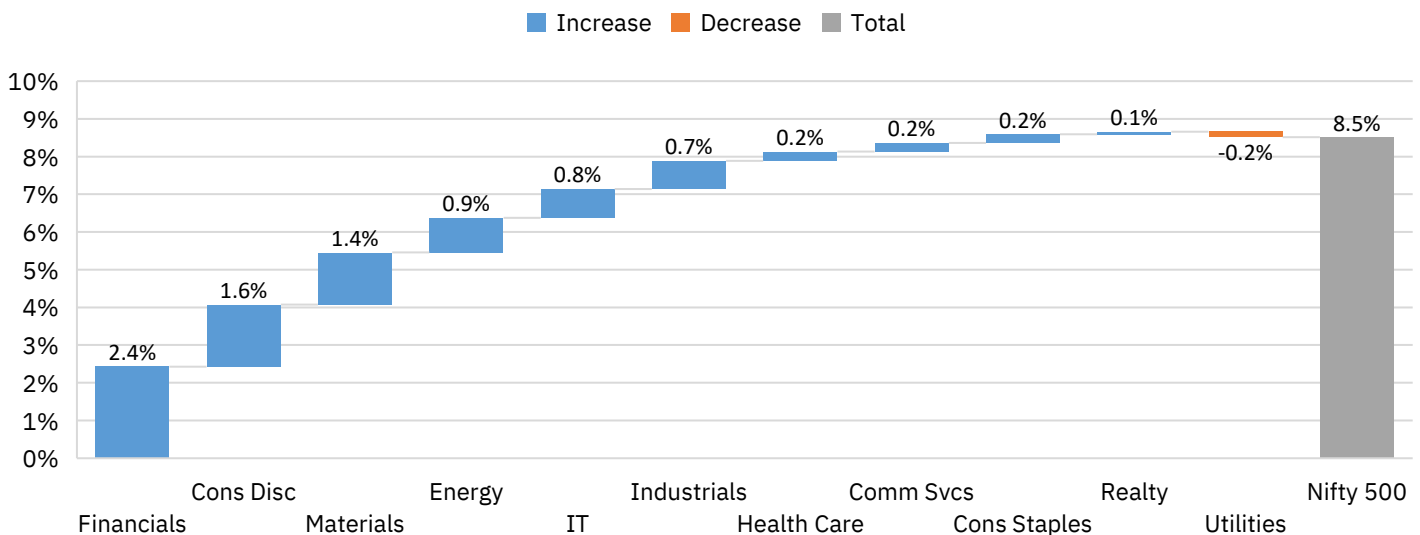


Figure 43: Sector-wise Contribution to Nifty 500 Sales Growth in FY26 (% YoY)

Sector-wise contribution to the overall Sales growth in Nifty 500 (%YoY) in FY26

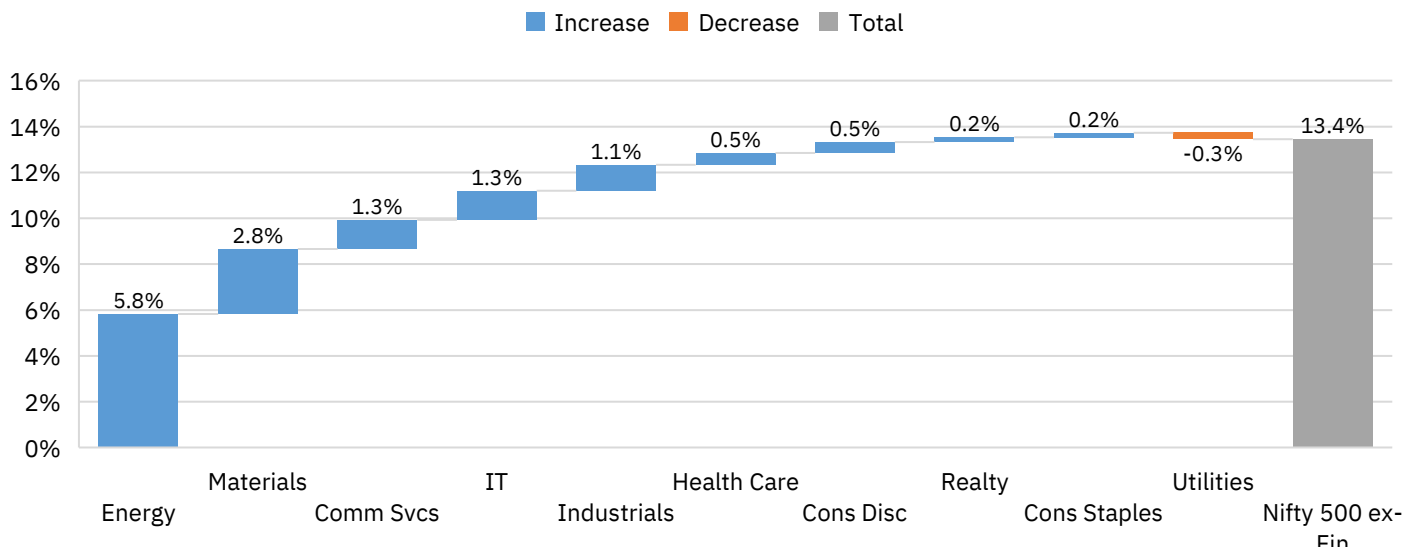


Source: CMIE Prowess, LSEG workspace, NSE EPR

Note: FY26 aggregate is calculated using interim financials data.

Figure 44: Sector-wise Contribution to Nifty 500 EBITDA Growth in FY26 (% YoY)

Sector-wise contribution to the overall EBITDA growth in Nifty 500 (%YoY) in FY26



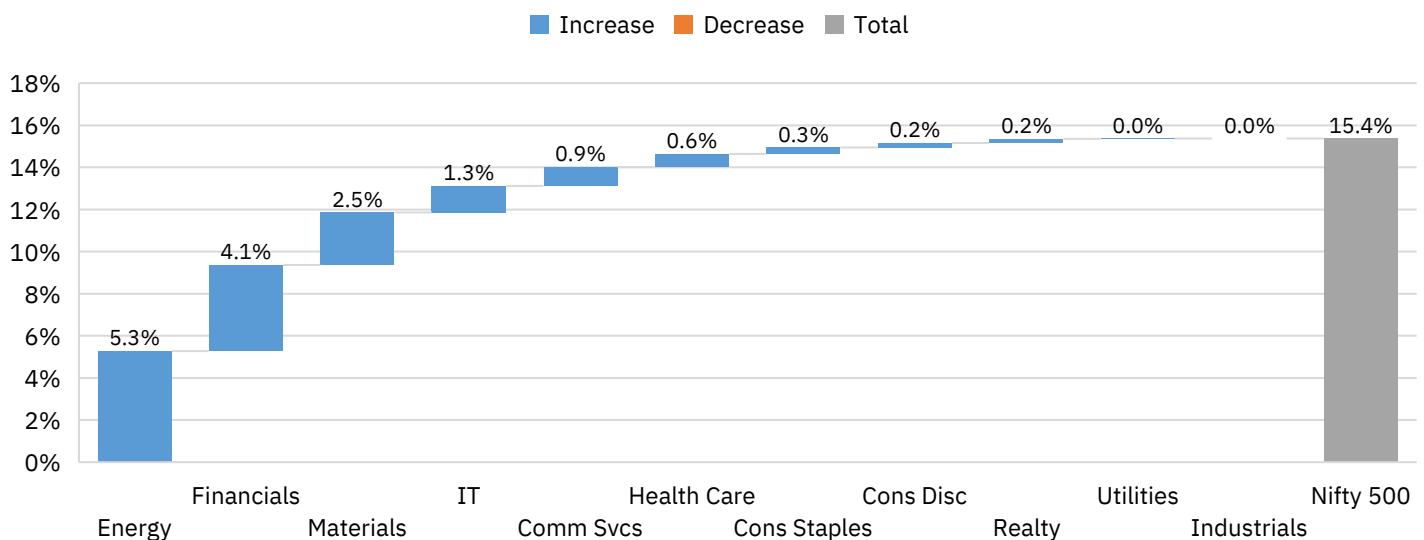
Source: CMIE Prowess, LSEG workspace, NSE EPR.

Note: 1. EBITDA growth is shown ex financials.

2. FY26 aggregate is calculated using interim financials data.

Figure 45: Sector-wise Contribution to Nifty 500 PAT Growth in FY26 (% YoY)

Sector-wise contribution to the overall PAT growth in Nifty 500 (%YoY) in FY26

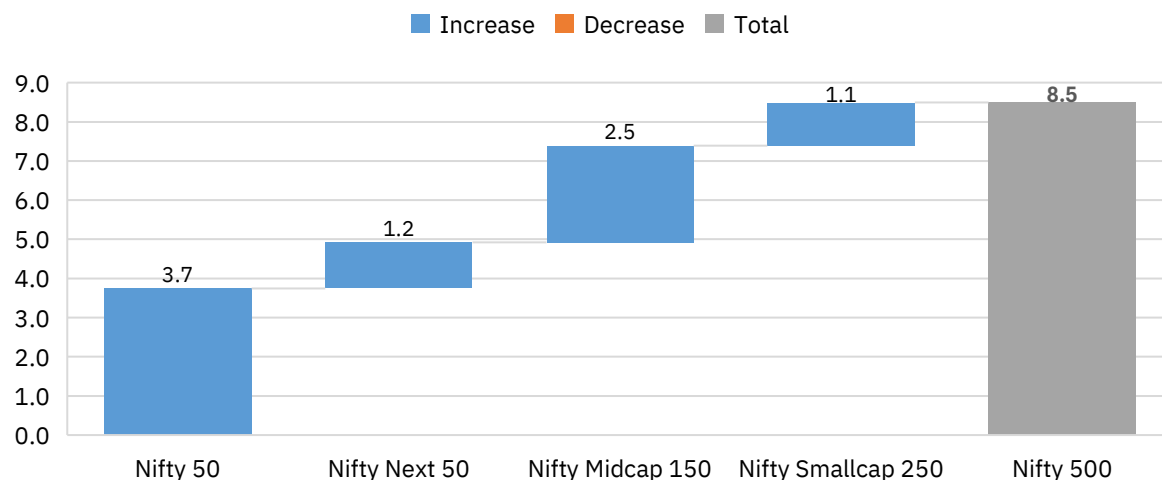


Source: CMIE Prowess, LSEG workspace, NSE EPR

Note: 1. FY26 aggregate is calculated using interim financials data.

Figure 46: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in FY26

Contribution of Nifty index constituents to the overall net sales growth (%YoY) in FY26



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data based on interim financials for companies in the Nifty 500 index as of March 31st, 2026.

Table 14: Segment-wise distribution of companies based on YoY aggregate and median topline growth in FY26

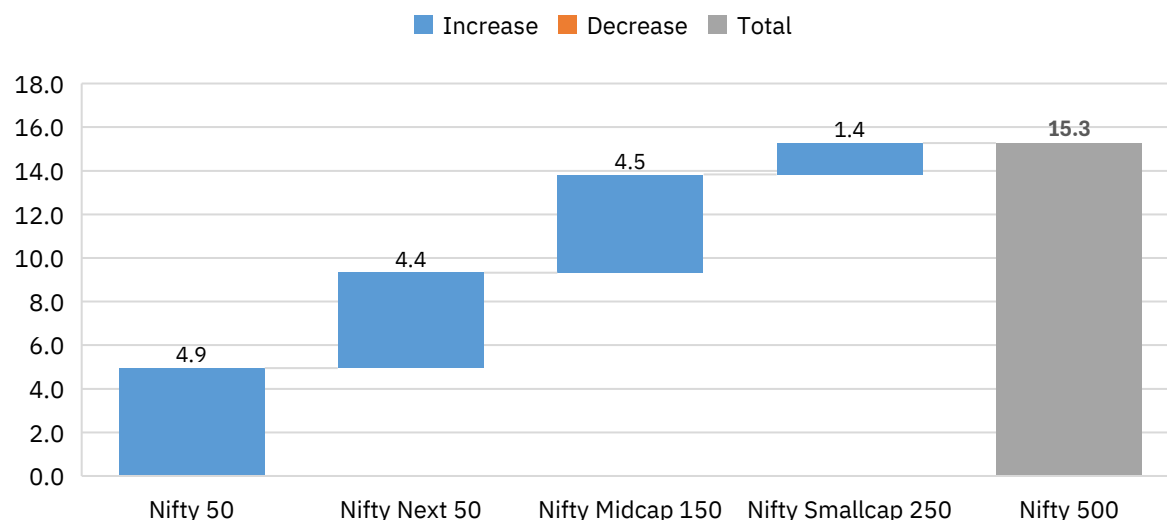
Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median
Nifty 50	3	21	18	5	0	1	2	11.2%
Nifty Next 50	5	17	17	6	1	0	2	11.2%
Nifty Midcap 150	9	46	54	21	5	4	8	13.1%
Nifty Smallcap 250	42	69	60	40	9	12	10	12.0%
Nifty 500	59	153	149	72	15	17	22	12.2%

Source: CMIE Prowess, LSEG Workspace, NSE

Note: 1. The above table provides data based on interim financials for companies in the Nifty 500 index as of March 31st, 2026.

Figure 47: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in FY26

Contribution of Nifty index constituents to the overall PAT growth (%YoY) in FY26



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data based on interim financials for companies in the Nifty 500 index as of March 31st, 2026.

Table 15: Segment-wise distribution of companies based on YoY aggregate and median PAT growth across Nifty 500 constituents in FY26

Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median (%)
Nifty 50	11	12	12	4	7	1	3	13.6%
Nifty Next 50	11	8	14	6	3	1	5	11.9%
Nifty Midcap 150	27	24	26	15	16	5	30	18.1%
Nifty Smallcap 250	71	28	33	27	13	12	41	14.8%
Nifty 500	120	72	85	52	39	19	79	14.9%

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data based on interim financials for companies in the Nifty 500 index as of March 31st, 2026.

Table 16: Segment-wise distribution of companies based on PAT margin across Nifty 500 constituents in FY26

Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median (%)
Nifty 50	1	20	15	11	2	1	0	14.1%
Nifty Next 50	0	14	19	10	2	0	3	15.4%
Nifty Midcap 150	2	53	55	24	6	1	6	12.2%
Nifty Smallcap 250	17	102	65	42	11	3	2	10.1%
Nifty 500	20	189	154	87	21	5	11	11.6%

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data based on interim financials for companies in the Nifty 500 index as of March 31st, 2026.

Earnings concentration analysis

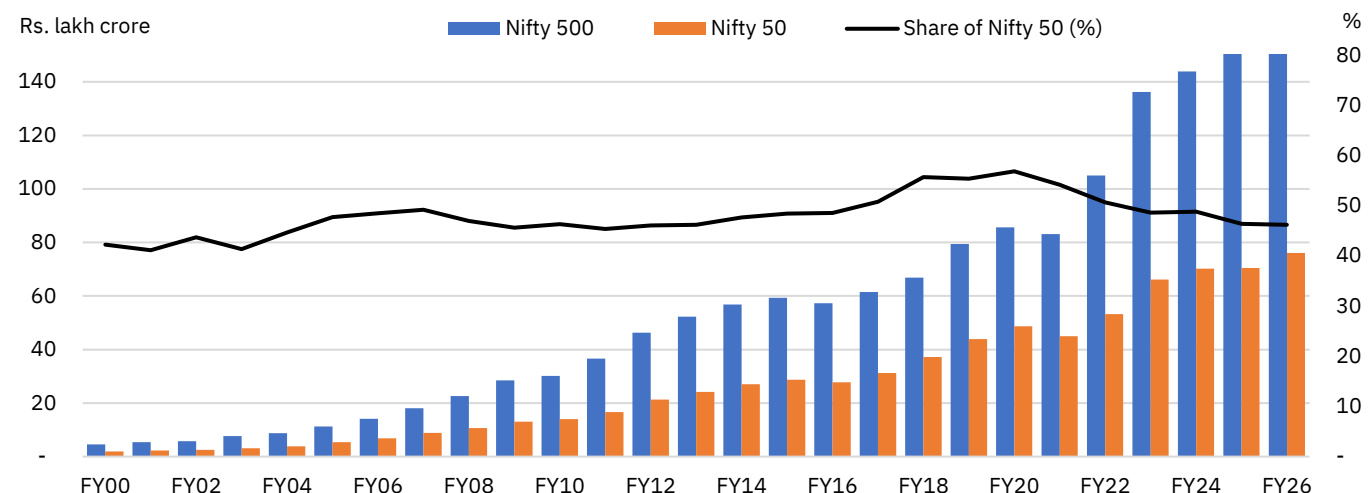
To assess the breadth and resilience of India Inc.'s earnings base, we analyse concentration trends across the Nifty 50, Nifty 500, and the Nifty 500 ex-Nifty 50 universes using the Herfindahl–Hirschman Index (HHI). The HHI provides a quantitative measure of how evenly revenues and profits are distributed across listed firms: higher values indicate greater concentration in a few companies, while lower readings signal broader participation. By computing the HHI for sales, EBITDA, and PAT across these three cohorts over the past decade, we evaluate whether India's corporate growth cycle is becoming more top-heavy or more broad-based, and how this dispersion has evolved across large, mid-, and small-cap segments.

Declining concentration of Nifty 50 reflects broadening corporate performance: The contribution of the Nifty 50 to the Nifty 500 across key corporate performance indicators has moderated over the past few years, pointing to a gradual broadening of corporate activity beyond the largest listed companies. While the Nifty 50 universe continues to account for a significant share of aggregate revenues and earnings, underscoring the continued importance of India's largest companies, its dominance has eased, reflecting the increasing contribution of the remaining constituents of the Nifty 500. The moderation is particularly evident in EBITDA and PAT, suggesting that profitability has become progressively diversified beyond the top 50 cohort.

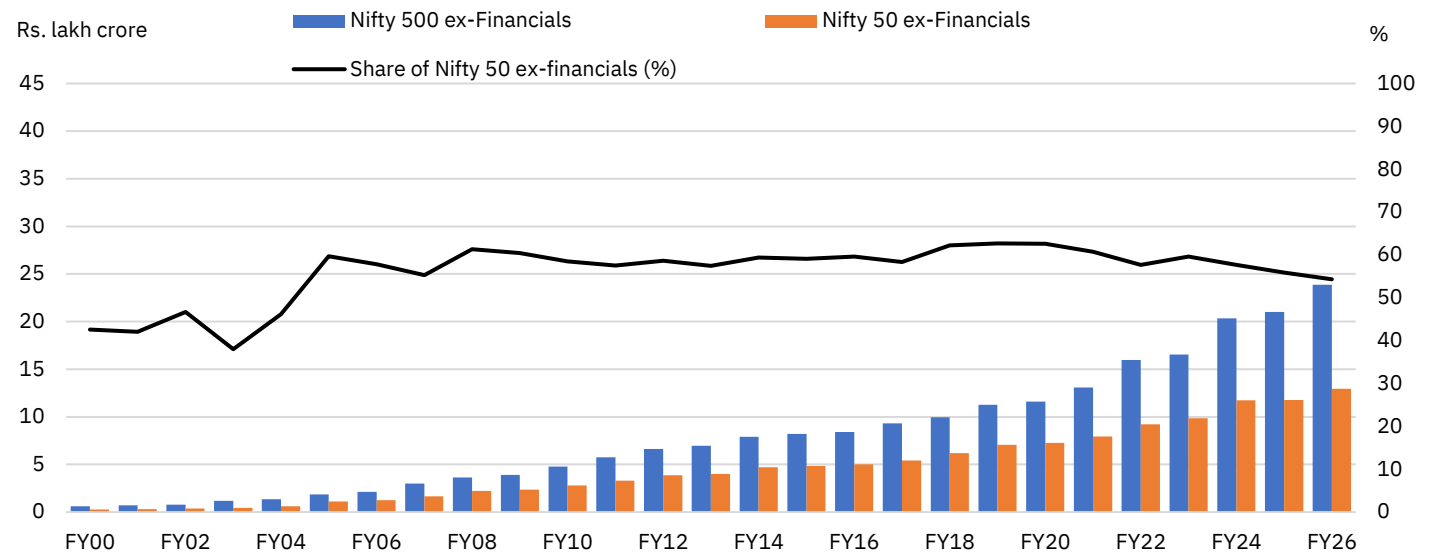
The Nifty 50's share in aggregate revenues rose from 42% in FY00 to a peak of 57% in FY20, before declining to 46% in FY26. Similarly, its share aggregate profits moderated sharply from 87% in FY18 to 51% in FY26, while its contribution to aggregate operating earnings declined from a peak of 58% in FY00 to 49.6% in FY26.

The declining concentration across these key metrics suggests that growth is becoming increasingly broad-based, with the remaining companies in the Nifty 500 registering stronger growth relative to the index heavyweights in recent years. This trend reflects improving business performance across a wider cross-section of listed companies, resulting in a more balanced distribution of revenues and earnings. The broadening of corporate performance also highlights the increasing depth and diversification of India's listed universe and their role in driving growth and profitability.

Figure 48: Trends in the share of Nifty 50 universe in Nifty 500 net sales

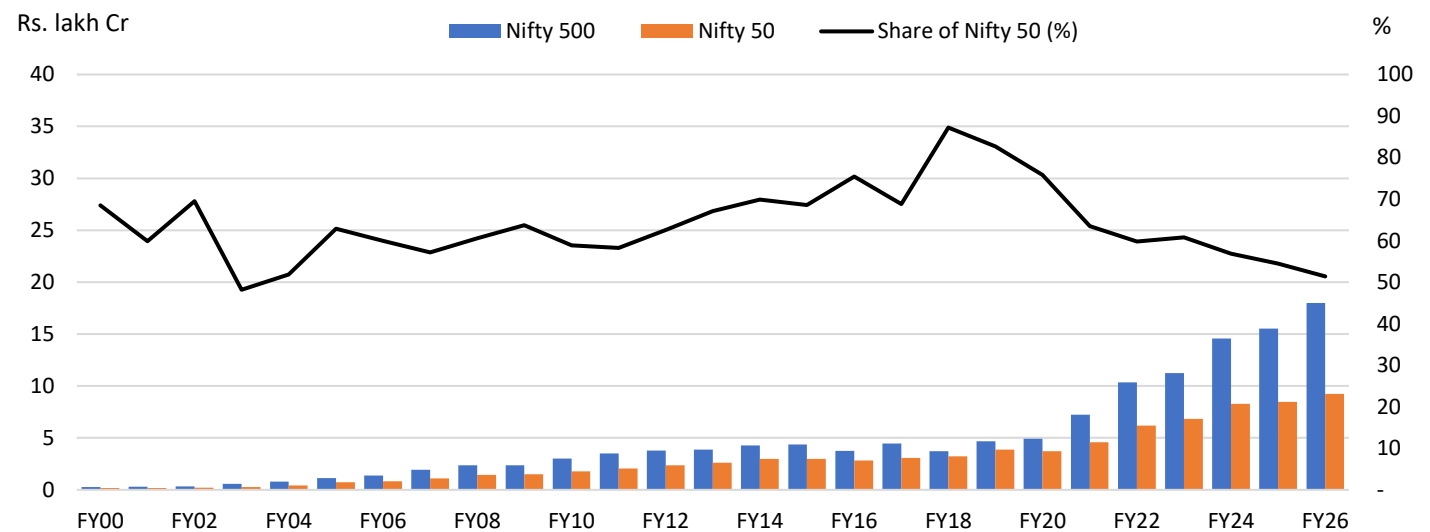


Source: CMIE Prowess, NSE EPR.

Figure 49: Trends in the share of Nifty 50 universe in Nifty 500 EBITDA


Source: CMIE Prowess, NSE EPR.

Note: Nifty 500 and Nifty 50 universe excludes Financial companies.

Figure 50: Trends in the share of Nifty 50 universe in Nifty 500 PAT


Source: CMIE Prowess, NSE EPR.

Revenue concentration has moderated across most sectors over time: The aggregate HHI for both the Nifty 50 and Nifty 500 declines steadily from the early 2000s, indicating that revenue has become less concentrated over the years. The decline was more pronounced for the broader Nifty 500 universe, suggesting that revenue growth has increasingly been shared by a wider set of companies beyond the top 50 cohort.

The broadening in revenue distribution was evident across several sectors within the Nifty 500. Financials recorded one of the sharpest declines in HHI, from 1,552 in FY00 to 295 in FY26, followed by Utilities (3,424 to 820), Consumer Staples (1,384 to 454), Energy (2,421 to 971) and Information Technology (955 to 686), indicating that revenues became progressively less dependent on a few dominant companies. Although concentration moderated significantly, Communication Services continued to remain structurally concentrated, with HHI declining from 4,324 in FY00 to 1,896 in FY26, while

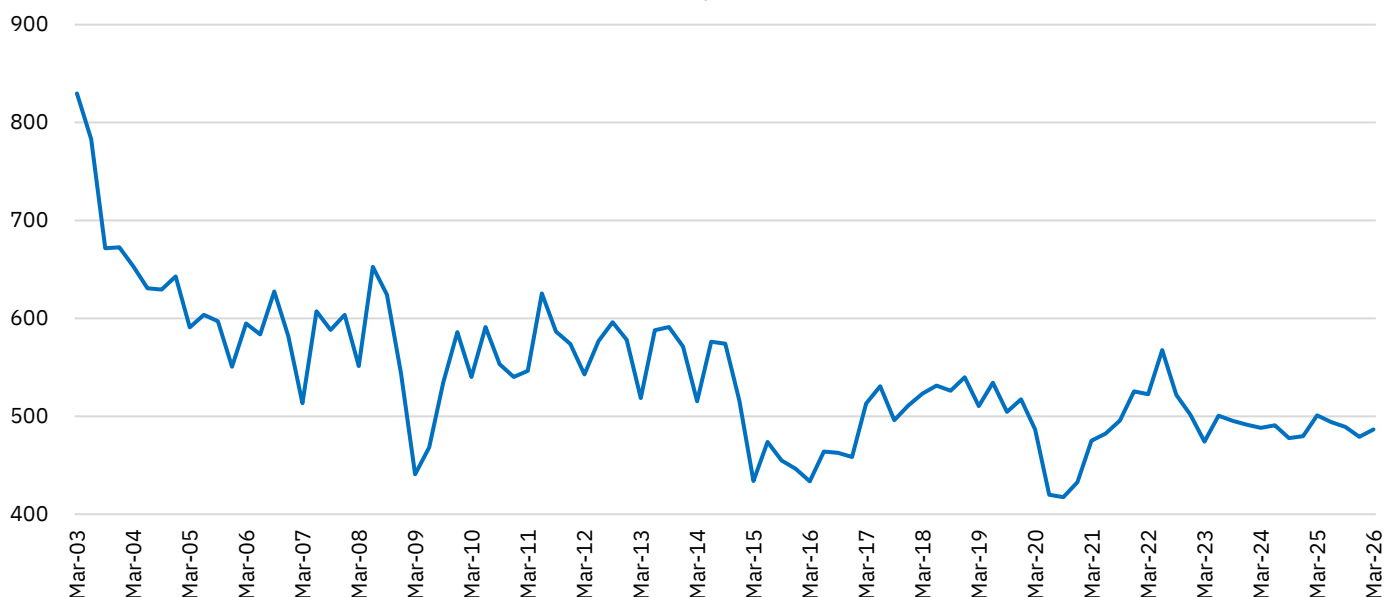
Real Estate also witnessed a substantial reduction from 1,830 to 811, despite considerable volatility during the period.

In contrast, Health Care (250), Financials (295), Materials (299), Industrials (316) and Consumer Discretionary (365) exhibited comparatively low concentration levels, reflecting a wider distribution of revenues across constituent companies. Overall, the persistent decline in HHI across the Nifty 500, Nifty 50 and Nifty 500 excluding Nifty 50 points to a structural broadening of revenue generation across the Indian corporate sector over the past 26 years.

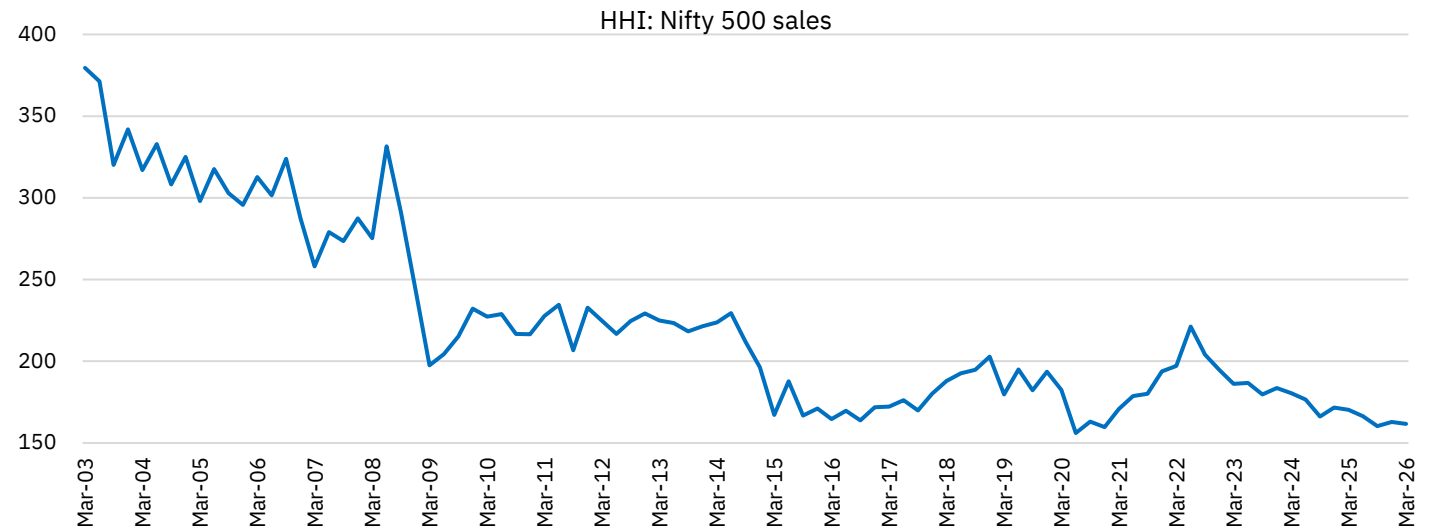
The CR4 analysis broadly supports the HHI results, while highlighting meaningful differences across sectors. Communication Services (87.4%), Energy (77.8%) and Utilities (65.4%) continued to exhibit the highest concentration, with the four largest companies accounting for a substantial share of sectoral revenues throughout the period. Financials recorded one of the sharpest declines in concentration, reflecting the emergence and expansion of a broader set of banks and financial institutions. Consumer Discretionary concentration rose gradually to a peak in FY14 before declining to early-2000s levels, indicating greater competitive depth. Information Technology also experienced a rise in revenue concentration until the late 2010s, followed by a modest easing in recent years.

Figure 51: HHI Index for net sales for Nifty 50 companies

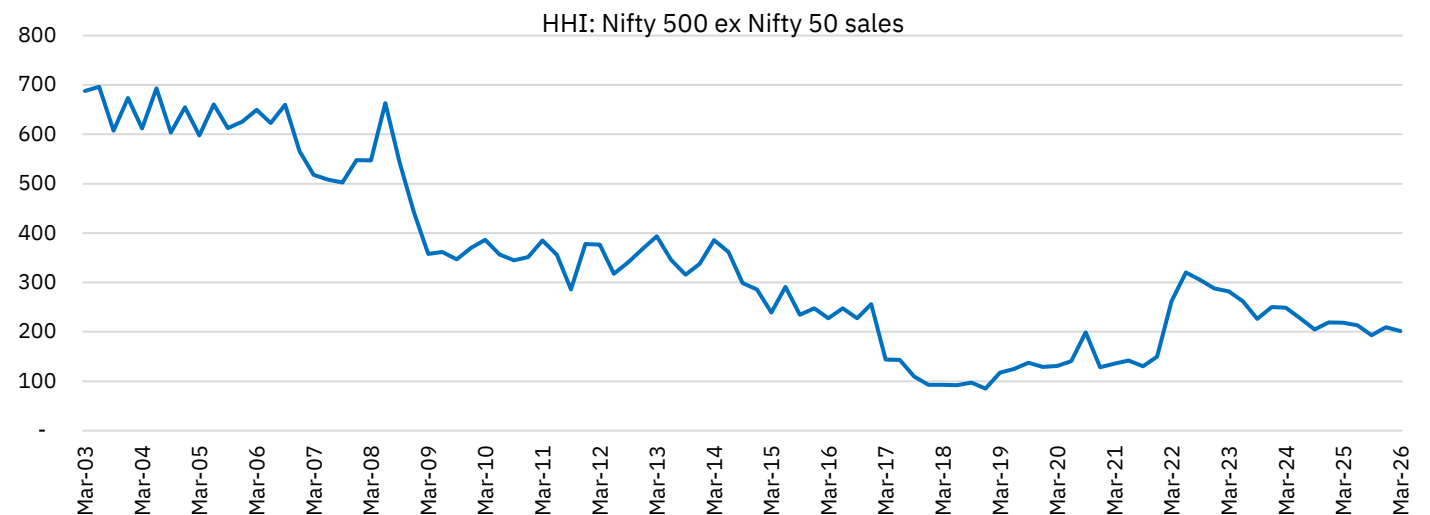
HHI: Nifty 50 sales



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Figure 52: HHI Index for net sales for Nifty 500 companies


Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Figure 53: HHI Index for net sales for Nifty 500 excluding Nifty 50 companies


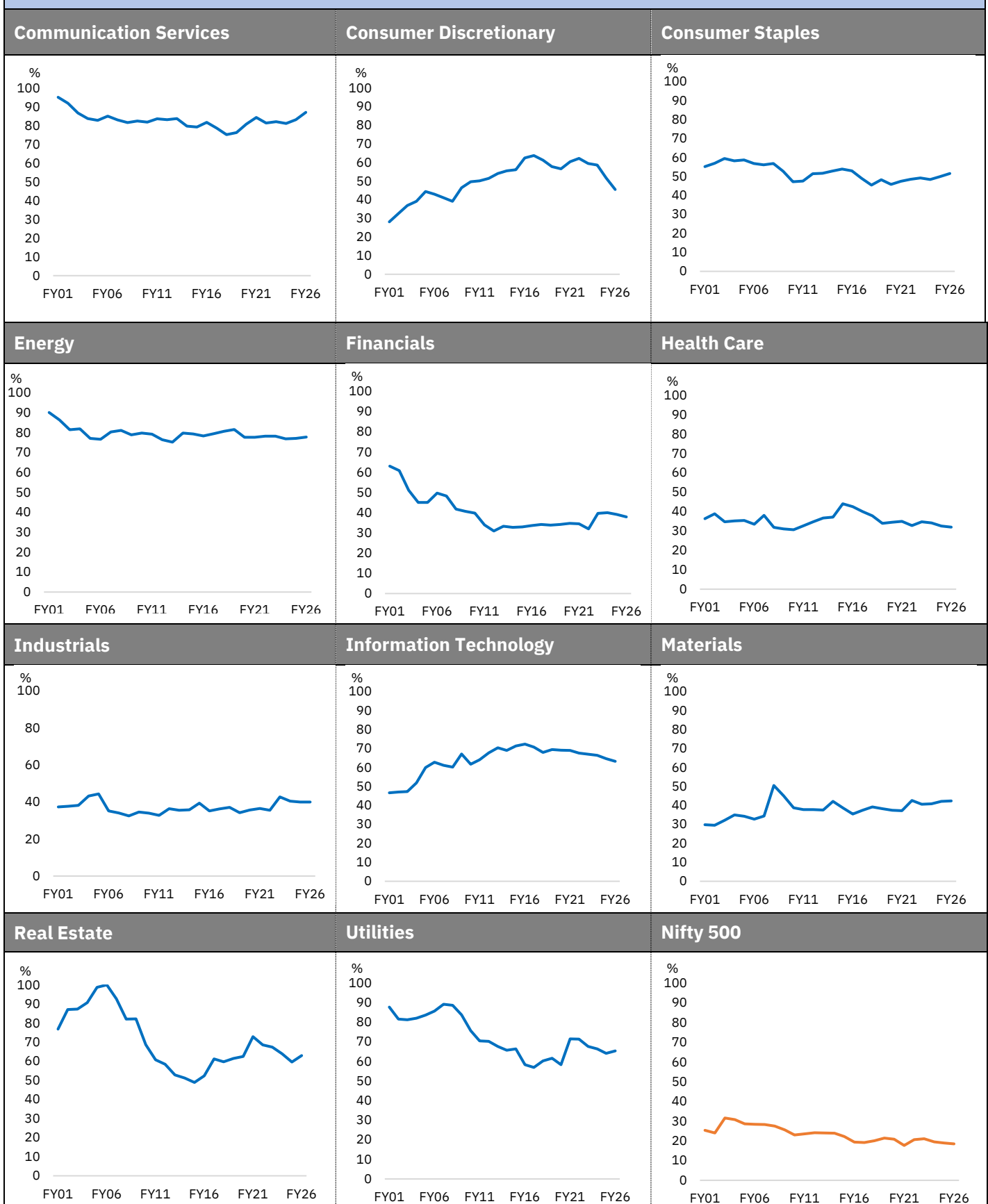
Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Table 17: Sector-wise HHI for net sales for Nifty 500 companies

Sectors	FY00	FY02	FY04	FY06	FY08	FY10	FY12	FY14	FY16	FY18	FY20	FY22	FY24	FY26
Comm. Svcs	4,324	3,541	2,979	2,086	1,475	1,515	1,531	1,394	1,412	1,376	1,485	1,392	1,495	1,896
Cons. Disc,	389	441	591	606	549	869	999	1,046	979	950	549	630	599	365
Cons. Staples	1,384	1,260	1,246	921	852	607	693	744	688	551	457	502	440	454
Energy	2,421	1,978	2,069	1,864	1,992	1,886	1,690	1,782	1,478	1,546	948	972	936	971
Financials	1,552	1,636	843	974	780	732	436	514	520	518	308	260	322	295
Healthcare	560	580	507	388	324	305	334	369	416	344	282	244	258	250
Industrials	538	533	577	453	356	346	362	341	495	488	312	290	311	316
IT	955	702	745	719	641	643	735	852	927	810	848	800	793	686
Materials	371	340	455	338	900	460	408	454	327	351	262	313	287	299
Real Estate	1,830	4,190	3,036	4,513	1,874	1,156	921	650	702	669	740	855	798	811
Utilities	3,424	2,598	2,607	2,799	3,014	1,643	1,120	1,056	908	1,029	734	925	841	820

Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: HHI calculates for annual financials data is calculated using interim financials.

Sector-wise revenue concentration of the top four companies

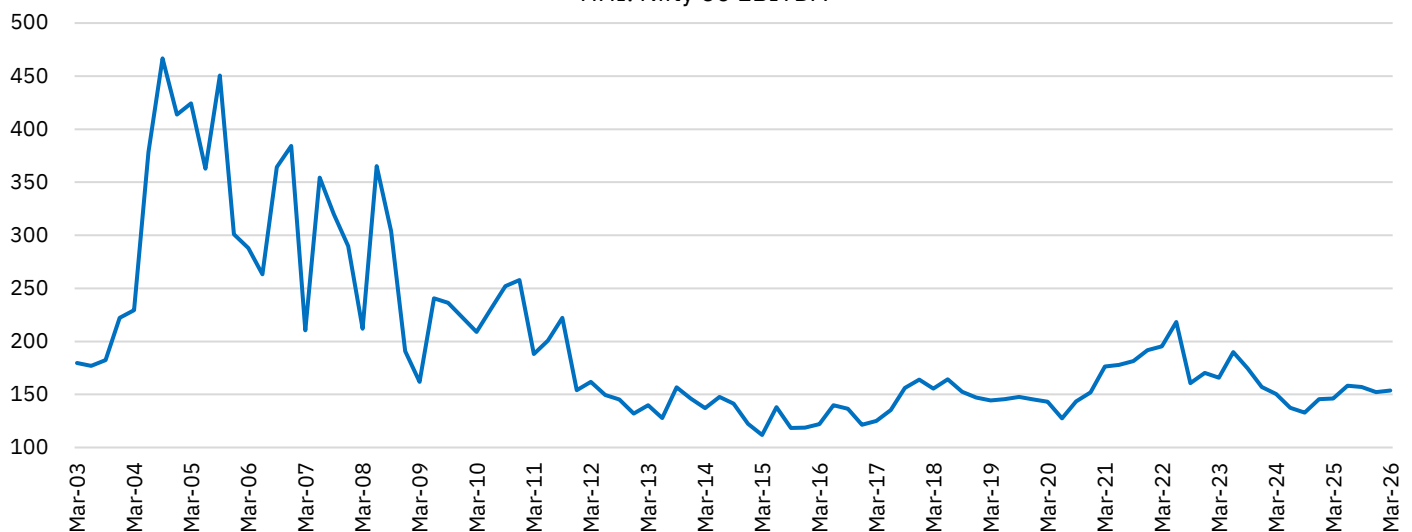


Trends in EBITDA reflects a broader distribution of operating profits: HHI for Nifty 500 and Nifty 50 EBITDA has witnessed a sustained decline in the last 26 years, indicating that EBITDA generation has become more broad-based. Although concentration increased temporarily during FY21-FY23, reflecting the post-pandemic earnings recovery among larger companies, the indices subsequently moderated, with FY26 remaining well below historical peaks. The decline in EBITDA concentration was evident across several sectors. Consumer Staples (1,824 to 708), Utilities (2,672 to 719), Energy (2,948 to 1,039), Health Care (536 to 262) and Industrials (584 to 293) witnessed sharpest declines in EBITDA concentration, with IT and Consumer Discretionary witnessing high concentration during FY12-FY18 before reverting to early 2000s' levels.

Real Estate witnessed a pronounced moderation from 4,229 in FY00 to 831 in FY26, despite experiencing significant volatility and peaking at 6,826 in FY07. In contrast, Communication Services remained structurally concentrated, although its HHI nearly halved from 4,472 in FY00 to 2,322 in FY26, followed by Energy (1,039) and Information Technology (918). In comparison, Health Care (262), Materials (282), Industrials (293), Financials (312) and Consumer Discretionary (329) exhibited the lowest EBITDA concentration, indicating a relatively broader distribution of operating profits across constituent companies.

Figure 54: HHI Index for EBITDA for Nifty 50 companies (ex-Financials)

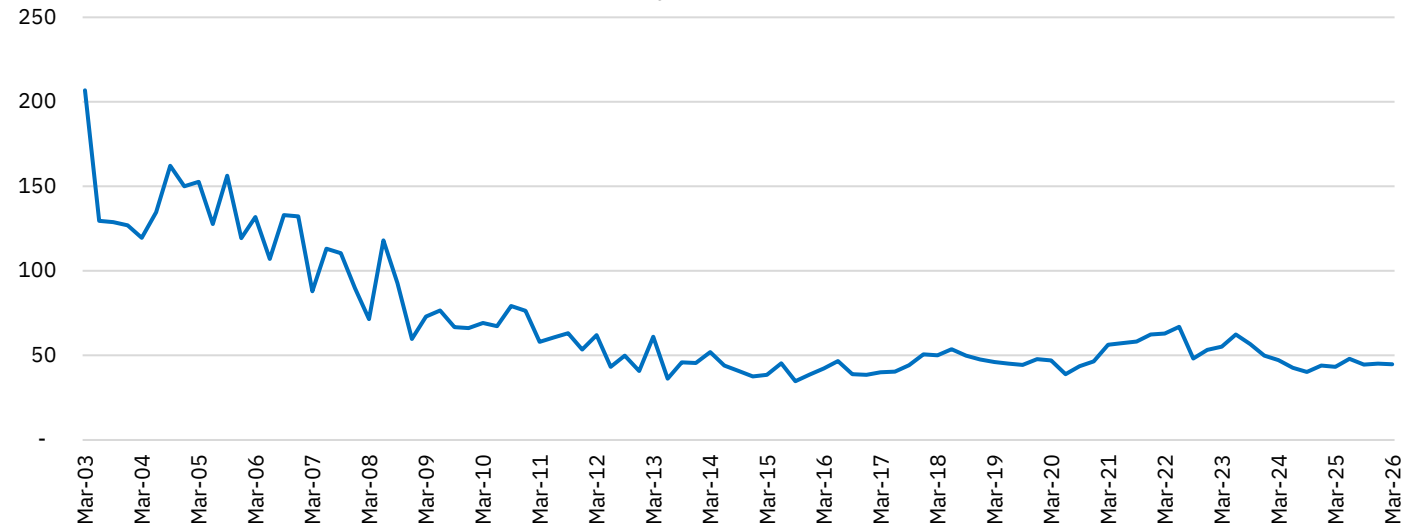
HHI: Nifty 50 EBITDA



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Figure 55: HHI Index for EBITDA for Nifty 500 companies (ex-Financials)

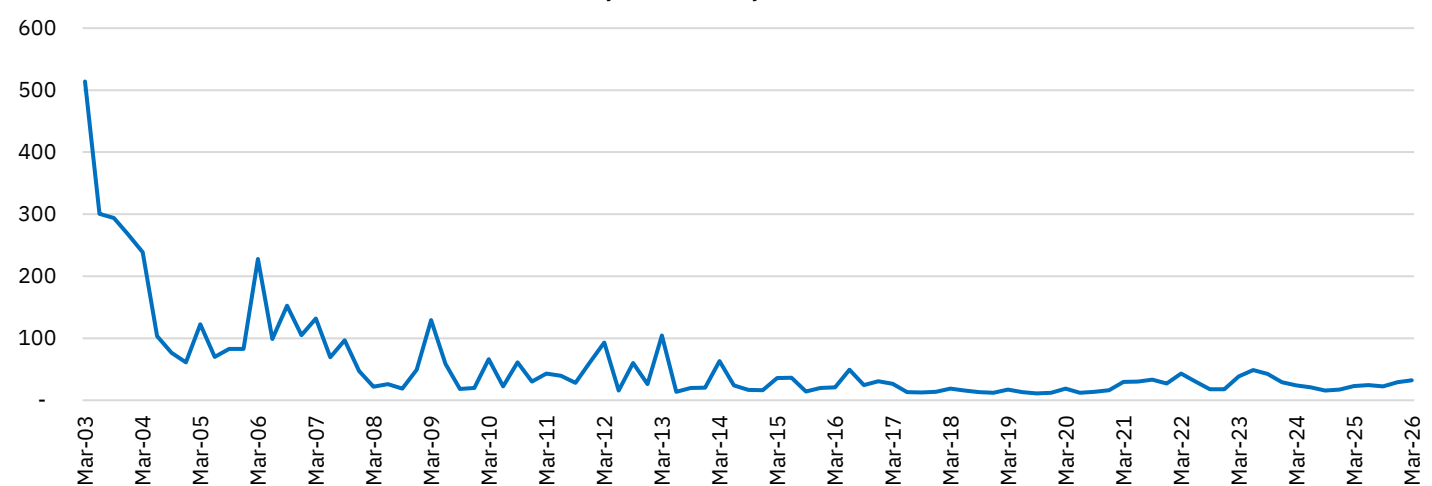
HHI: Nifty 500 EBITDA



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Figure 56: HHI Index for EBITDA for Nifty 500 excluding Nifty 50 companies (ex-Financials)

HHI: Nifty 500 ex Nifty 50 EBITDA



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Table 18: Sector-wise HHI for EBITDA for Nifty 500 companies (ex-Financials)

Sectors	FY00	FY02	FY04	FY06	FY08	FY10	FY12	FY14	FY16	FY18	FY20	FY22	FY24	FY26
Comm. Svcs	4,472	3,934	4,352	2,493	1,676	1,912	1,886	1,492	1,616	1,731	1,659	1,588	2,060	2,322
Cons.Disc,	325	420	590	602	510	680	1,057	1,124	1,044	861	352	442	577	329
Cons.Staples	1,824	2,116	2,362	1,496	1,408	946	1,253	1,727	1,381	1,153	934	877	800	708
Energy	2,948	2,283	2,276	3,112	2,594	2,393	1,460	1,297	1,273	1,571	1,462	1,100	985	1,039
Financials	1,528	1,739	872	961	776	719	436	495	527	542	330	313	330	312
Healthcare	536	692	536	333	349	412	380	499	480	368	306	269	273	262
Industrials	584	572	645	501	383	411	437	416	444	527	391	356	322	293
IT	905	931	978	928	838	856	1,040	1,091	1,185	1,046	1,085	1,003	1,089	918
Materials	300	284	578	475	605	334	370	471	387	422	265	378	276	282
Real Estate	4,229	4,833	5,195	4,642	2,282	1,377	1,058	875	977	950	767	796	841	831
Utilities	2,672	2,295	2,402	3,223	3,346	1,658	919	925	817	1,029	840	955	786	719

Source: CMIE Prowess, LSEG Workspace, NSE EPR. Note: HHI calculates for annual financials data is calculated using interim financials.

PAT concentration mirrors trends in revenue and EBITDA over the last two decades:

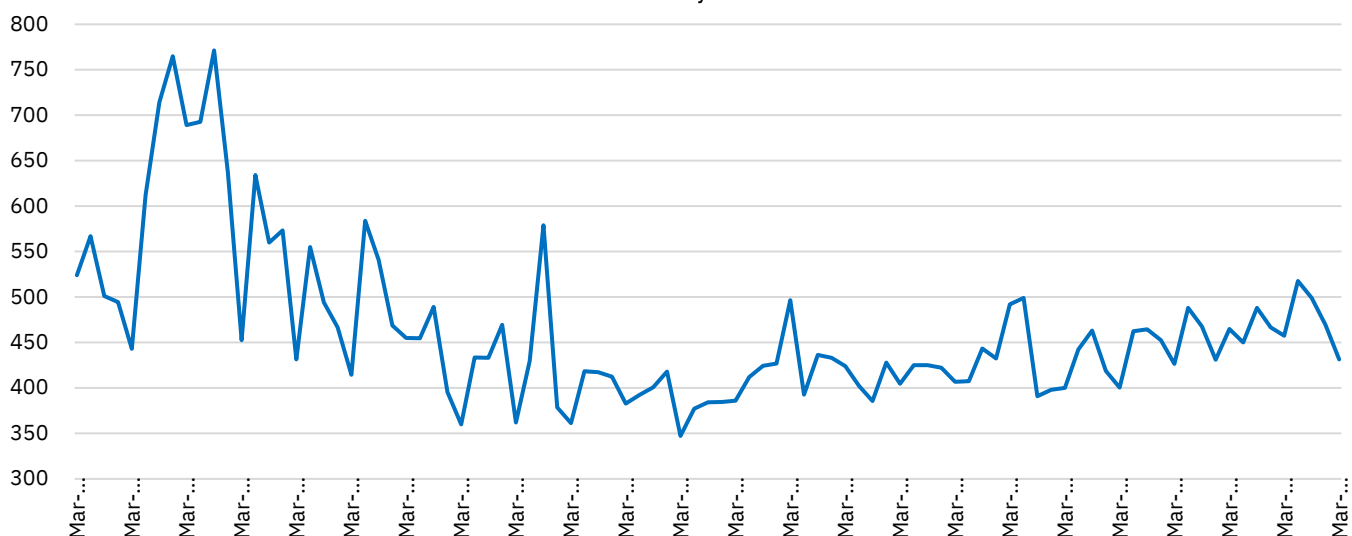
HHI for Nifty 500 profit after tax (PAT) declined from 225 in FY00 to 80 in FY26, despite touching a cyclical high of 438 in FY03. The sustained decline in the index reflects a gradual broadening of corporate profitability, with earnings becoming less concentrated among a handful of large companies and increasingly distributed across a wider set of listed firms. A similar trend is visible across market segments. The Nifty 50 PAT HHI declined from 602 in FY00 to 248 in FY26, indicating lower earnings concentration even among the largest companies, while the Nifty 500 excluding the Nifty 50 recorded a sharper moderation from 476 to 197 over the same period, suggesting that profit generation has broadened materially across the broader listed universe.

The structural decline in earnings concentration was supported by broad-based moderation across most sectors. Financials recorded one of the steepest reductions in HHI, declining from 1,431 in FY00 to 284 in FY26, followed by Utilities (3,716 to 834), Energy (3,368 to 934), Consumer Staples (2,422 to 790) and Health Care (572 to 283). These trends indicate that sectoral profitability has become progressively less reliant on a few dominant companies. While Information Technology (1,083 to 978) also witnessed a moderation in concentration, it continued to remain relatively concentrated compared with several other sectors.

At the sectoral level, Communication Services remained the most concentrated sector in FY26, with a PAT HHI of 2,547, reflecting the continued dominance of a limited number of companies in sectoral earnings. In contrast, Materials (268), Health Care (283), Financials (284) and Industrials (285) exhibited the lowest concentration levels, indicating a relatively wider distribution of profits across constituent companies. Overall, the persistent decline in the aggregate PAT HHI across the Nifty 500, together with the moderation observed in both the Nifty 50 and the Nifty 500 excluding the Nifty 50, highlights a structural broadening of corporate profitability and a more diversified earnings base within the Indian listed equity universe.

Figure 57: HHI Index for PAT for Nifty 50 companies

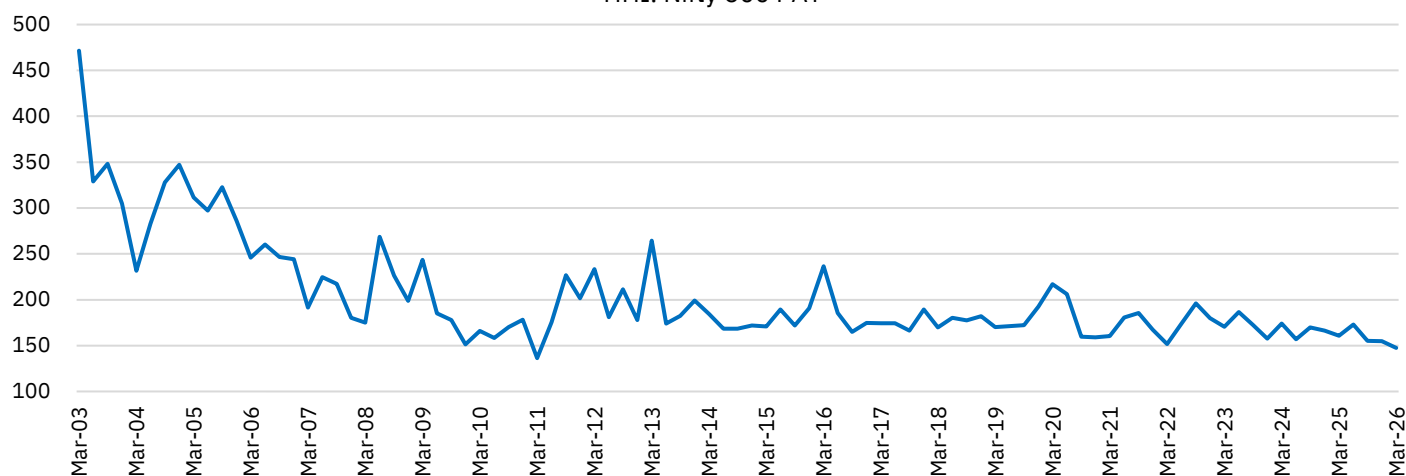
HHI: Nifty 50 PAT



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Figure 58: HHI Index for PAT for Nifty 500 companies

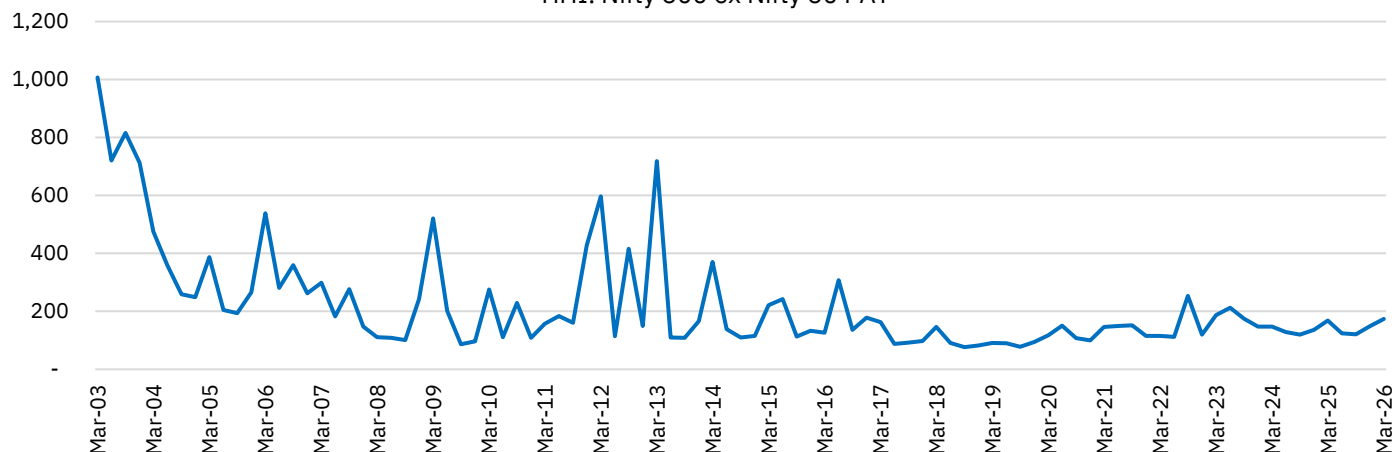
HHI: Nifty 500 PAT



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Figure 59: HHI Index for PAT for Nifty 500 excluding Nifty 50 companies

HHI: Nifty 500 ex Nifty 50 PAT



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Table 19: Sector-wise HHI for PAT for Nifty 500 companies

Sectors	FY00	FY02	FY04	FY06	FY08	FY10	FY12	FY14	FY16	FY18	FY20	FY22	FY24	FY26
Comm. Svcs	4,472	4,047	4,152	2,514	1,807	2,371	2,155	1,441	1,398	1,077	1,046	1,299	1,451	2,547
Cons.Disc,	420	947	769	788	600	701	1,391	1,249	813	507	356	346	570	343
Cons.Staples	2,422	2,776	2,773	1,680	1,758	1,113	1,770	2,071	1,545	1,267	1,040	974	932	790
Energy	3,368	2,570	2,195	3,215	2,707	2,569	1,560	1,386	1,361	1,550	1,717	1,054	871	934
Financials	1,431	1,354	646	765	623	528	403	425	543	524	419	332	296	284
Healthcare	572	948	648	402	434	440	569	749	558	460	311	298	340	283
Industrials	750	632	750	537	444	570	822	683	569	538	374	329	292	285
IT	1,083	1,192	1,106	1,038	910	940	1,154	1,199	1,283	1,107	1,160	1,035	1,170	978
Materials	436	460	869	532	561	392	415	617	983	411	238	393	245	268
Real Estate	3,939	3,201	7,089	4,558	2,110	1,209	866	562	658	1,599	1,194	1,010	949	985
Utilities	3,716	2,918	3,052	3,488	2,961	1,758	1,096	1,617	1,107	1,296	756	883	776	834

Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Note: HHI calculates for annual financials data is calculated using interim financials.

Macroeconomy

Partial relief, not normalisation

The global macro environment became less adverse in June/July than feared in April/May as partial re-opening of the Strait of Hormuz and intermittent US-Iran de-escalation helped crude oil prices retreat from their earlier peak. However, it remained fragile as renewed US-Iran hostilities, following the collapse of the interim ceasefire in early July kept energy prices volatile, while inflation expectations remained sensitive to food and commodity prices. Major central banks largely maintained a cautious policy stance, with the Fed and BoE remaining on hold, while the BoJ and RBNZ (Reserve Bank of New Zealand) continued to tighten policy amid persistent inflation risks. Reflecting this mixed environment, the IMF's Jul-26 update of World Economic Outlook projects global growth at 3.0% in 2026, improving to 3.4% in 2027, while revising headline inflation higher to 4.7% in 2026 before moderating to 3.9% in 2027. Growth is increasingly dependent on a narrow set of supportive factors, AI-led investment, technology exports, fiscal support and favourable terms of trade for energy exporters.

The Indian economy appears to have weathered a challenging Q1FY27 as indicated by the high-frequency indicators. PMIs, auto sales, fuel consumption, bank credit and power demand remained broadly supportive, although select sectors such as aviation witnessed temporary disruptions. The key domestic risk going forward remains the below normal monsoon. As of July 16th, 2026, cumulative rainfall was 24% below normal, reducing kharif sowing by 16%² from corresponding period last year and posing risks to farm produce and incomes and consequently rural demand in the coming quarters. The resilience in growth, however, has come with a fiscal cost. Lower excise duty collections (-19.7% YoY during Apr-May'26) following duty cuts on fuels and a sharp increase in subsidy expenditure (+47% YoY) pushed the fiscal deficit to 9.6% of the FY27 BE in the first two months of the fiscal (2MFY26: 0.8%). Easing in geopolitical tensions, together with coordinated measures by the Government and the RBI to support the external sector, helped the rupee recover from its record lows. A possible bond index inclusion and expected FCNR(B) inflows are also likely to provide continued support to the currency and bond yields. As of July 17th, 2026, total forex inflows including FCNR (B) deposits, OFCBs and ECBs inflows amounted to a cumulative US\$ 20.7bn.

- CPI inflation rose to an 18-month high driven by food and fuel:** Headline retail inflation accelerated to an 18-month high of 4.4% YoY in June from 3.9% YoY in May driven by food and beverages (5.1% YoY), restaurants and accommodation services (6.9% YoY), transport (4.3% YoY) alongside double-digit inflation in personal care & miscellaneous (16.7% YoY). Transport inflation was led by higher petrol (7.5% YoY) and diesel (8.4% YoY) prices, reflecting the multiple price hikes (Rs 7.5 per litre) seen from the second half of May. The acceleration in food inflation reflects the combined impact of summer heat and delayed onset of SW monsoon. Core inflation³ was marginally lower at 3.8% YoY while super-core inched up marginally, albeit remained benign at 2.4% YoY, pointing to limited demand side pressures.
- WPI rebased for a better measure of inflation:** The base year for WPI was revised to 2022-23 along with updating the commodity basket, weights and compilation methodology to better reflect India's current production structure. This was in-line with the other revisions in GDP, CPI and IIP. The revised basket includes 37% more items and green energy sources such as solar and wind power have been newly incorporated under the Electricity group. Analysing the trend, WPI inflation moderated to 0.4% in FY26 from 1.7% in FY25, before accelerating to an average

² The data for kharif sowing is available as of July 10th, 2026 at the time of publication

³ Core inflation defined here is the retail inflation excluding food, pan & tobacco and fuel. As per RBI, fuel represents two categories, viz., 'electricity, gas and other fuels'; and 'Fuels and lubricants for personal transport equipment' which includes 'petrol', 'diesel', and 'other natural gas (CNG)' while super-core inflation further excludes gold/diamond/platinum jewellery and silver jewellery also

of 9.3% in FY27 so far, with the June print reaching 9.9% amid higher crude oil, natural gas and manufactured-product prices.

- A structural shift in India's producer price statistics:** To align with the international standards, the government introduced Producer Price Index with base year 2022–23 to provide a comprehensive measure of production-side inflation and for a better assessment of the price transmission. The index comprises of output PPI (OPPI), a trial input PPI (IPPI) and services PPI (SPPI) to capture the different segments. PPI is gradually expected to replace WPI in the next five years with OPPI and IPPI being used as deflators to compute real GDP/GVA. OPPI and WPI moved in tandem with OPPI rising by 9.6% YoY in June 2026 (WPI: 9.7%), primarily driven by strong manufacturing (11.0% YoY) and mining (15.5% YoY) inflation amid elevated global commodity prices.
- IIP growth accelerated to a five-month high led by electricity:** Industrial activity strengthened, with IIP growth inching up to a five-month high of 5.1% YoY driven by electricity (two-year high; 9.9% YoY) and manufacturing (+5.5% YoY) with the former led by double-digit growth in renewables and 8.8% YoY acceleration in non-renewables. Within manufacturing, 16 of the 23 sub-industries groups recorded growth, led by electrical equipment (20.8% YoY), motor vehicles (14.5% YoY), computers and electronics & optical products (11.4% YoY). On a use-based classification, capital goods registered double-digit growth of 12.9% YoY, reflecting strengthening investment activity followed by consumer durables (7.2% YoY), indicating stable consumption demand. In contrast, core sector growth has decelerated to a seven-month low of 0.5% as the gains in cement and electricity has been offset by contraction in five sectors.
- Bank credit growth expanded at the fastest pace in two years:** Outstanding bank credit grew by 18.6% YoY in June, while deposits grew at 13.3% YoY (as per latest RBI Weekly Statistical Supplement). Consequently, the CD ratio remained elevated at 82.6%, reflecting sustained credit-deposit gap. Sector-wise classification showed broad-based expansion in credit growth in May 2026, with industry credit expanding by 17.5% YoY, personal loans by 15.4% and services credit by 20.4% YoY, supported by robust lending to NBFCs (33.7% YoY), HFCs (19.7% YoY) and PFIs (71.8% YoY). Due to a high CD ratio, banks' reliance on market borrowings remained elevated, with outstanding CDs rising to Rs 6.7 lakh crore, while fresh CD issuances amounting to Rs 1.7 lakh crore (+35.7% YoY) in June 2026.
- Fiscal deficit at 9.6% of FY27 BE due to excise duty cuts and surge in subsidy:** The Centre's fiscal deficit during April–May FY27 stood at Rs 1.6 lakh crore, accounting for 9.6% of the FY27 BE, compared with 0.8% in the corresponding period last year. On the receipts side, net tax revenues reached 12.1% of the BE (vs. 13.1% of BE in 2MFY26) as indirect taxes fell by 5.5% YoY in the first two months led by a fall in excise duty and GST collection, even as direct tax collection grew by 10.5% YoY. On the expenditure side, total government spending increased by 18% YoY in 2MFY27, driven by a 20% rise in revenue expenditure (15.3% of BE) and a 13% increase in capex (20.5% of BE). Revenue expenditure growth was led by higher subsidy (47% YoY) and interest payments (23%).
- Trade deficit widened to five-month high driven by lower exports:** India's merchandise trade deficit widened to a five-month high at US\$ 30.4bn in June (vs US\$ 28.2bn in May), as exports declined (- 10.6% MoM) faster than imports (-3.5%

MoM) on a sequential basis. Merchandise exports stood at US\$ 40bn while imports at US\$ 70.8bn were driven by record-high non-oil-non-gold imports of US\$49 bn (+28.9% YoY) and large oil imports. Services surplus also narrowed slightly to US\$ 15 bn (-6.8% YoY), primarily due to a rise in services imports to US\$ 17.9 bn (+12.7% YoY) and softer services export (US\$ 33 bn, 2.9% YoY). Overall, India's combined trade deficit stood at US\$ 15bn. India's FX reserves stood at US\$ 675 bn as of July 10, 2026, providing import cover of 10 months.

On a quarterly basis, India's merchandise trade deficit widened to US\$ 87bn in Q1FY27 (vs US\$ 69bn in Q1FY26) with exports increasing by 15.9% YoY and imports by 19.9% YoY. Higher oil imports of US\$ 60bn (+23.0% YoY) and gold imports of US\$ 11bn (+47.0% YoY) led this increase.

- Financial sector remains resilient, underpinned by strong fundamentals:** The RBI's June 2026 Financial Stability Report reaffirms the resilience of India's banking sector amid elevated global uncertainty. Scheduled commercial banks remain well capitalised, profitable and liquid, with the GNPA ratio declining to a multi-decadal low of 1.8% and the NNPA ratio at 0.4% as of March 2026. Capital buffers have strengthened, with CRAR at 17.7% and CET1 at 15.3%. Under stress tests, GNPA is projected to rise to 1.9% under the baseline and 3.8%–4.1% under adverse scenarios by March 2028, while CRAR may ease to 15.6% and 13.3%–13.0%, respectively, remaining above regulatory requirements.
- Monsoon deficit widens by mid-July; kharif sowing impacted:** As of July 16th, cumulative rainfall was 24% below the long-period average (LPA), improving sharply from a deficit of 40% as of June 30, though conditions have weakened somewhat from the 14% deficit recorded on July 9. Regionally, the deficit was highest in East and Northeast India (36%), followed by South Peninsula (27%) and Northwest India (22%). Of the 36 subdivisions, 12 remained in the deficient category (35% area), while 23 were in the normal range, covering around 65% of the country's area. Reservoir conditions remained broadly comfortable. For the week ended July 9th, current live storage stood at 33% of full reservoir capacity, (vs. 52% a year ago), and was marginally above the 10-year average. Meanwhile, kharif sowing remained below last year's pace, with the total sown area of agriculture products as of July 10th covering 48% of the normal sowing area and 16% lower than the corresponding period last year.
- Global growth caught between war and technology:** The IMF, in its July 2026 World Economic Outlook update, projected global growth at 3.0% in 2026 and 3.4% in 2027, below the 3.5% average recorded in 2024–25. Higher energy prices and supply disruptions are weighing on energy-importing economies, while technology-intensive economies and energy exporters are benefiting. China's growth forecast was revised upward to 5%, while India's was lowered to 6.4% in FY27 and 20bps higher to 6.7% in FY28; nevertheless, India is expected to remain the fastest-growing major economy. Risks remain tilted to the downside, including renewed conflict, trade fragmentation, commodity volatility and a correction in technology valuations. Upside risks include faster energy-market normalisation, stronger AI investment and structural reforms.

Table 20: High frequency indicators

Indicators		Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Consumption								
Auto volumes - passenger (domestic)	YoY%	36.6	-5.1	-3.8	6.7	32.7	28.8	
2W volumes (domestic)	YoY%	39.4	26.2	35.2	19.3	28.4	14.8	
Tractor volumes	YoY%	37.1	43.0	34.2	29.1	26.8	19.6	11.9
Vehicle registrations	YoY%	15.9	18.1	26.5	26.2	13.7	11.1	21.5
Personal loans	YoY%	14.4	14.9	15.2	16.2	16.0	15.4	
IIP-Consumer durables	YoY%	7.4	-0.3	4.2	2.4	5.6	7.2	
IIP-Consumer non-durables	YoY%	5.9	-1.2	1.6	-0.6	0.2	3.6	
Petrol Consumption	YoY%	7.1	6.1	6.1	7.6	6.8	3.4	7.5
Diesel Consumption	YoY%	5.2	3.3	4.3	8.1	0.8	1.6	6.2
GST collections	Rs lakh cr	1.8	2.0	1.9	2.0	2.4	1.9	1.9
MGNREGA Work Demand	YoY%	-28.6	-25.0	-10.9	-21.8	-36.0	-27.6	-17.4
CPI	YoY%	1.2	2.7	3.2	3.4	3.5	3.9	4.4
WPI	YoY%	0.3	1.2	2.2	4.0	8.4	9.7	9.9
Investment								
IIP-Capital goods	YoY%	12.9	12.4	16.5	8.5	12.0	12.9	
Central government capex	YoY%	-24.5	-24.5	59.6	-41.8	18.8	-0.6	
IIP- Infra/ construction goods	YoY%	12.3	12.9	10.1	5.2	6.1	5.9	
External sector								
Merchandise exports	YoY%	1.2	0.4	-0.8	-7.4	14.2	18.0	15.5
Merchandise imports	YoY%	10.3	19.9	25.0	-6.2	10.0	20.6	31.0
Non-POL, Non-gold and silver imports	YoY%	13.6	3.1	14.7	9.6	14.1	9.9	29.5
Services (net)	YoY%	18.3	19.3	4.1	15.7	16.7	-0.3	-6.8
Foreign exchange reserves	US\$ bn	697	723.8	728.5	688.1	698.5	682.3	666.9
Business activity								
IIP	YoY%	6.7	4.2	4.4	3.0	4.9	5.1	
IIP-Manufacturing	YoY%	7.7	4.6	5.7	4.0	6.1	5.5	
Core sector: Coal	YoY%	3.6	3.1	2.3	-4.0	-8.8	-9.3	
Core sector: Steel	YoY%	10.1	11.5	7.6	7.7	5.5	5.0	
Core sector: Cement	YoY%	13.8	11.3	8.9	4.7	8.2	8.4	
Core sector: Electricity	YoY%	6.3	5.2	2.3	0.8	5.6	8.7	
Manufacturing PMI	Index	55.0	55.4	56.9	53.9	54.7	55.0	54.2
Domestic cargo traffic	YoY%	4.3	8.7	18.5	10.8	7.0	10.7	
International cargo traffic	YoY%	12.6	8.4	17.6	-6.0	11.6	10.4	
Port cargo	YoY%	8.0	3.7	4.3	-1.5	1.4	3.9	
E-way bills	YoY%	23.6	15.8	18.8	12.9	11.8	11.0	14.5
Services/ banking								
Services PMI	Index	58.0	58.5	58.1	57.5	58.8	59.8	57.4
Domestic passengers traffic	YoY%	-4.9	3.1	-0.1	-1.3	-2.9	7.7	
International passengers traffic	YoY%	6.0	7.1	3.0	-18.5	-16.1	-9.1	
Bank deposit	YoY%	12.7	10.6	11.3	16.2	13.3	12.2	13.3
Bank credit	YoY%	14.5	13.4	14.0	17.1	16.5	17.7	18.6
Banking system liquidity (Net injection+)/absorption (-))	Rs lakh cr	-0.5	-1.8	-2.8	-3.1	-2.6	-1.4	-1.8

Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Port cargo traffic is cargo traffic including transshipment for all commodities. 2) Bank credit and deposit growth for end-June 2026 corresponds to RBI WSS.

Industrial activity indicators displaying mixed signals

Figure 60: Monthly trends in headline IIP growth and three-month moving average



Source: CEIC, NSE EPR Notes: 1) The YoY growth plotted above is based on the new base year 2022-23 2) The recent data has been captured till May 2026

Table 21: Sub-component wise YoY growth in the last 12 months

	Smallest Value Largest Value												
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
IIP	3.4	2.2	5.4	4.7	6.1	-0.9	7.0	6.7	4.1	4.4	3.0	4.9	5.1
Mining & quarrying	5.8	4.1	10.7	15.8	15.7	2.8	3.3	0.8	-0.5	-2.4	-2.6	-3.8	-1.6
Manufacturing	4.2	2.4	5.1	3.6	5.5	-0.7	8.8	7.7	4.6	5.7	4.0	6.1	5.5
Electricity & Gas Supply	-5.1	-2.0	2.4	3.7	3.3	-7.0	-1.6	5.9	5.6	1.9	1.2	4.6	9.9
Water Supply+	8.5	7.9	7.5	6.9	6.2	6.0	4.3	4.4	5.1	5.6	6.4	6.6	5.5
Primary Goods	0.7	2.1	4.8	7.6	6.6	0.4	1.1	2.4	1.9	0.0	0.2	0.8	2.6
Capital Goods	9.5	3.4	5.9	6.0	13.2	5.4	16.6	12.9	12.4	16.5	8.5	12.0	12.9
Intermediate Goods	4.8	3.1	3.5	3.3	6.4	1.2	8.2	7.7	5.6	4.7	6.0	10.3	5.8
Infrastructure & Construction G...	5.7	6.6	11.2	9.2	9.8	5.1	12.0	12.3	12.9	10.1	5.2	6.0	5.9
Consumer Durables Goods	1.9	1.4	3.9	0.9	4.6	-6.0	13.0	7.4	-0.2	4.2	2.4	5.6	7.2
Consumer Non Durables Goods	3.3	-2.0	5.8	0.1	-0.5	-9.4	3.9	5.9	-1.2	1.6	-0.6	0.2	3.6

Source: CEIC, NSE EPR Notes: 1) The YoY growth plotted above is based on the new base year 2022-23 2) Water Supply+ means water supply, sewerage and waste management.

Figure 61: Trends in YoY growth for sector-based classification

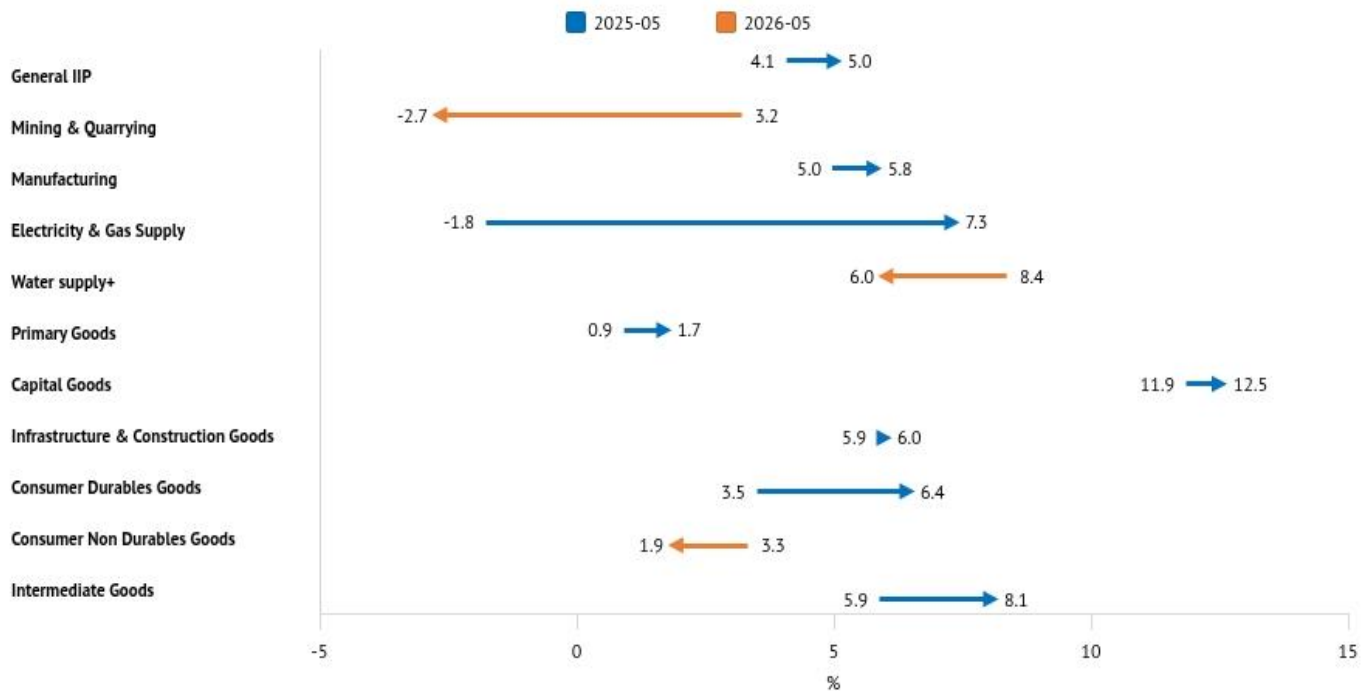


Figure 62: Trends in YoY growth for use-based classification



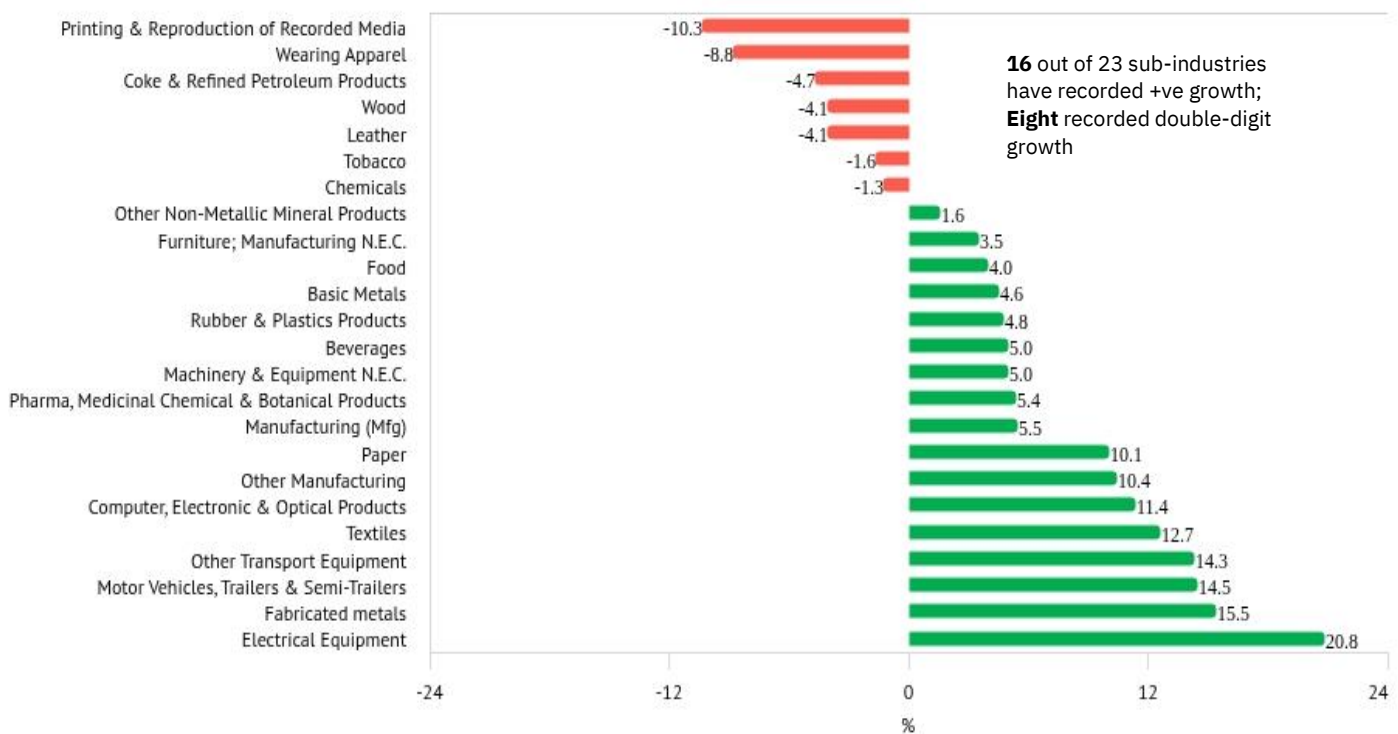
Source: CEIC, NSE EPR Notes: 1) Full forms: M&Q= Mining & Quarrying, Elec. = Electricity & Gas Supply, Water+ = Water supply, sewerage and waste management, Prim. = Primary goods, Cap. = Capital goods, Inter. = Intermediate goods, I & C= Infrastructure & Construction, CD = Consumer Durables, CND= Consumer Non-durables

Figure 63: Comparison of year-to-date growth rates across categories



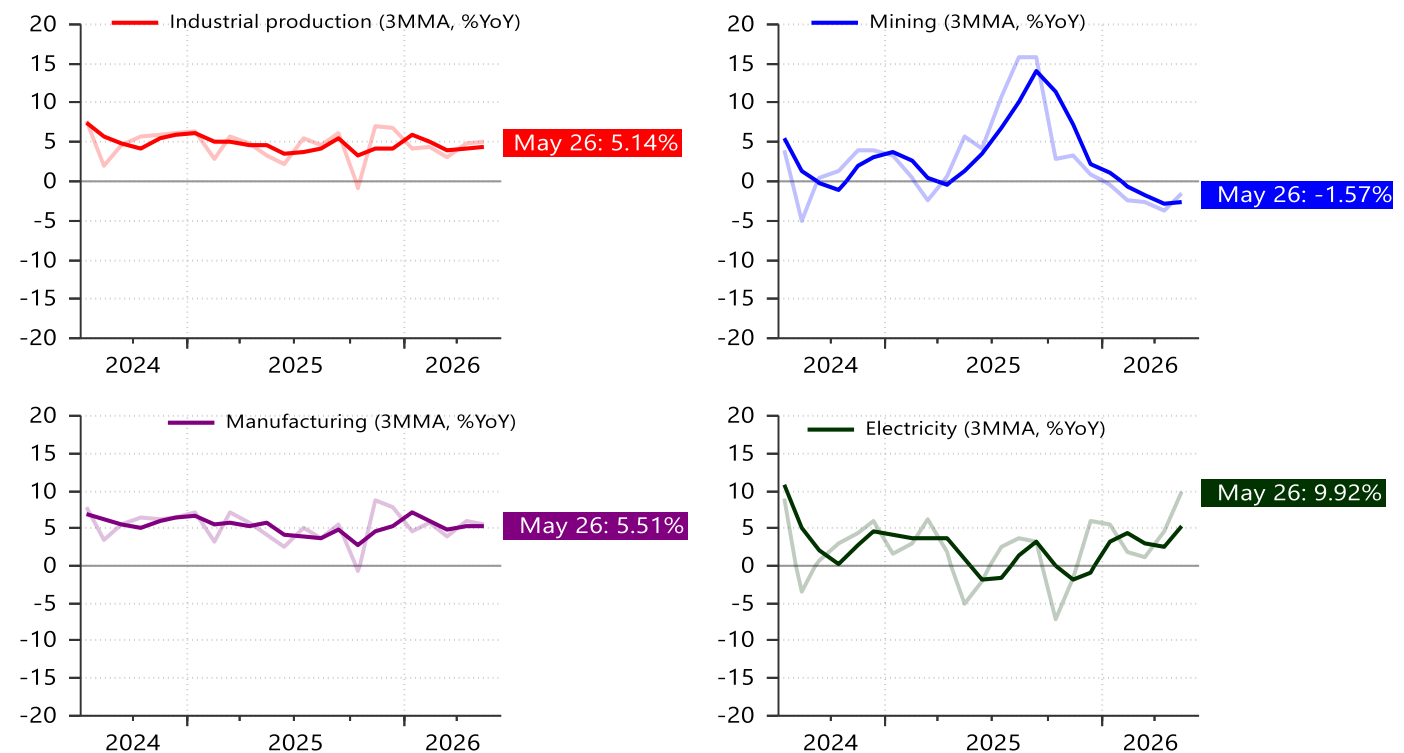
Source: CEIC, NSE EPR Notes: 1) The YoY growth plotted above is based on the new base year 2022-23 2) Water Supply means water supply, sewerage and waste management.

Figure 64: Sub-industries wise break of manufacturing IIP growth rates (YoY%)– May 2026

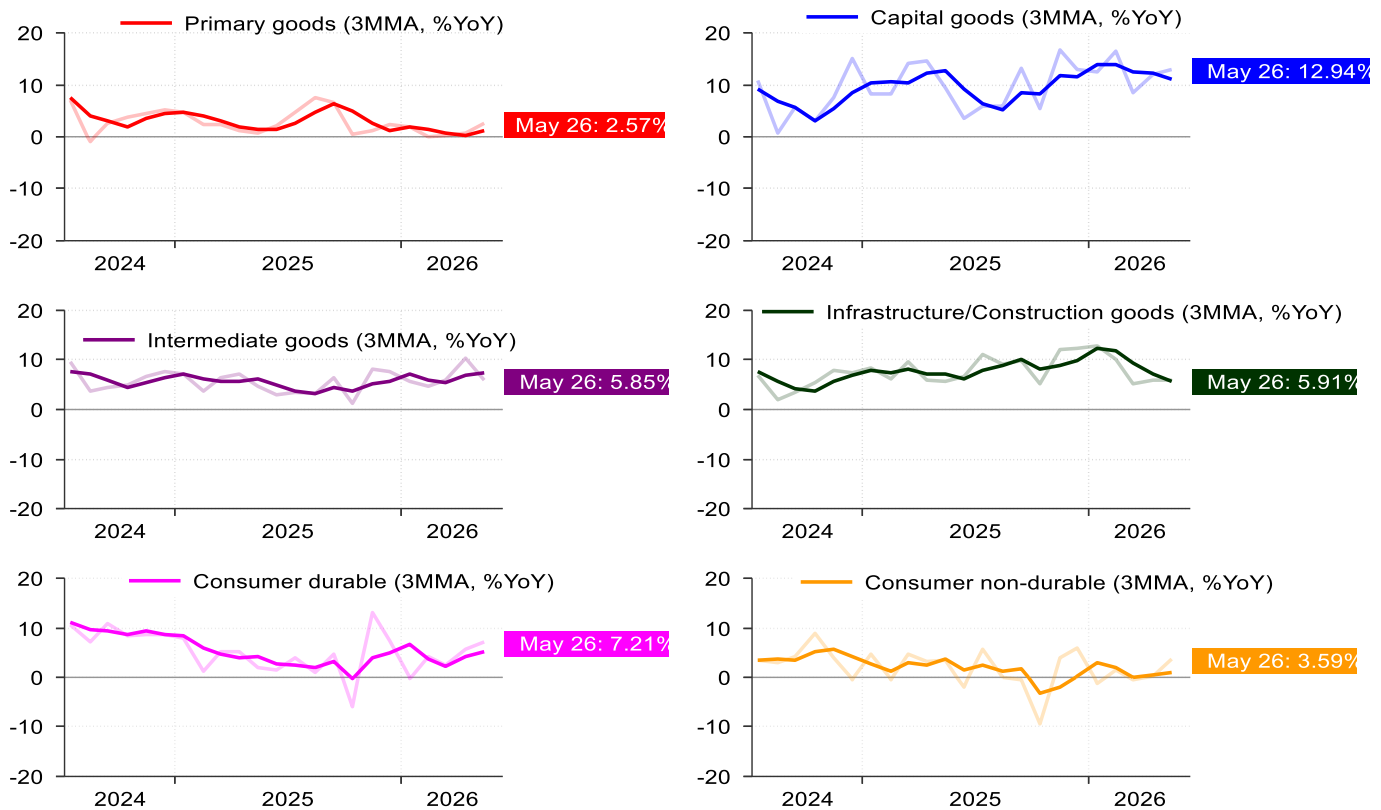


Source: CEIC, NSE EPR. Notes: 1) The YoY growth plotted above is based on the new base year 2022-23

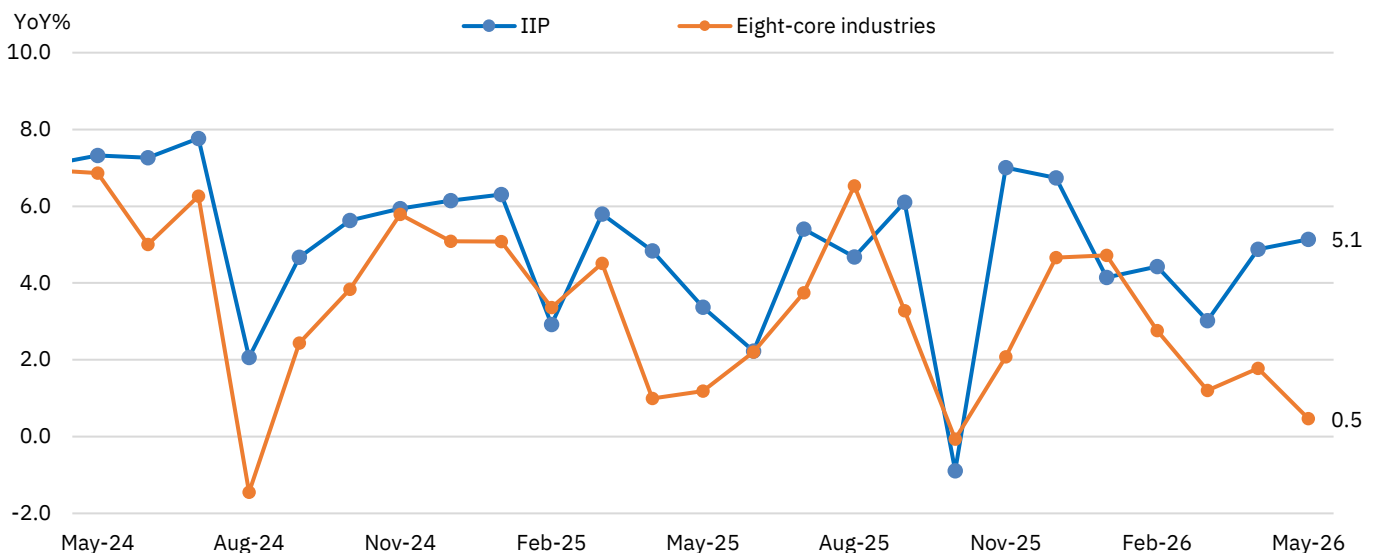
Figure 65: India industrial production (3MMA)



Source: LSEG Workspace, NSE EPR.

Figure 66: India industrial production use-based goods (3MMA)


Source: LSEG Workspace, NSE EPR.

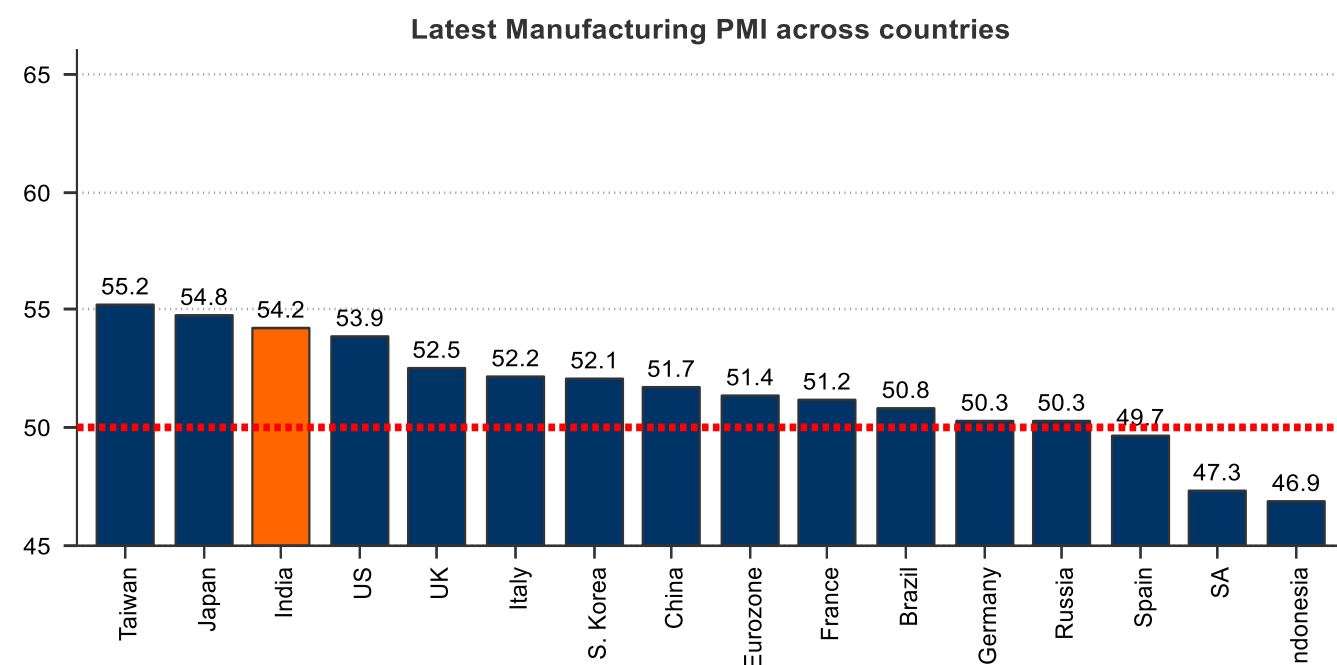
Figure 67: Monthly trends in Eight core industries and IIP growth (% YoY)


Source: CEIC, NSE EPR. Notes: 1) The YoY growth for IIP is based on the new base year 2022-23 and Eight core is based on old base year 2011-12.

Table 22: Sector-wise core sector growth for May 2026 (%YoY)

Indicator	Weight	May-26	Apr-26	May-25	FY26TD	FY27TD
Eight-core industries	100.0	0.5	1.8	1.2	1.1	1.1
Coal	10.3	-9.3	-8.8	2.8	3.1	-9.1
Crude oil	9.0	-4.6	-3.9	-1.8	-2.3	-4.2
Natural gas	6.9	-4.9	-4.2	-3.6	-2.3	-4.5
Petroleum	28.0	-8.7	-0.5	1.1	-1.7	-4.7
Fertilisers	2.6	-0.9	-8.6	-5.9	-5.1	-4.5
Steel	17.9	5.0	5.5	7.4	5.9	5.2
Cement	5.4	8.4	8.2	9.7	8.0	8.3
Electricity	19.9	8.7	5.6	-4.7	-1.6	7.1

Source: CEIC, NSE EPR. Notes 1) FY26TD and FY27TD is for the period April-May. 2) Eight core industry YoY% is based on the base year 2011-12.

Figure 68: Manufacturing PMI across countries


Source: LSEG Workspace, NSE EPR. The data is as of June 2026.

Table 23: Services PMI across countries in the last one year

	Smallest Value Largest Value												
	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Australia	51.8	54.1	55.8	52.4	52.5	52.8	51.1	56.3	52.8	46.3	50.7	48.7	50.5
Brazil	49.3	46.3	49.3	46.3	47.7	50.1	53.7	51.3	53.1	50.1	52.3	50.4	51.3
Canada	44.3	49.3	48.6	46.3	50.5	44.3	46.5	45.8	46.5	47.2	49.2	50.6	47.1
China	50.6	52.6	53.0	52.9	52.6	52.1	52.0	52.3	56.7	52.1	52.6	54.4	54.1
France	49.6	48.5	49.8	48.5	48.0	51.4	50.1	48.4	49.6	48.8	46.5	44.3	46.8
Germany	49.7	50.6	49.3	51.5	54.6	53.1	52.7	52.4	53.5	50.9	46.9	48.1	48.6
India	60.4	60.5	62.9	60.9	58.9	59.8	58.0	58.5	58.1	57.5	58.8	59.8	57.4
Japan	51.7	53.6	53.1	53.3	53.1	53.2	51.6	53.7	53.8	53.4	51.0	50.0	52.2
Russian Federation	49.2	48.6	50.0	47.0	51.7	52.2	52.3	53.1	51.3	49.5	49.7	48.7	48.2
United Kingdom	52.8	51.8	54.2	50.8	52.3	51.3	51.4	54.0	53.9	50.5	52.7	49.3	48.8
United States	52.9	55.7	54.5	54.2	54.8	54.1	52.5	52.7	51.7	49.8	51.0	50.7	51.2

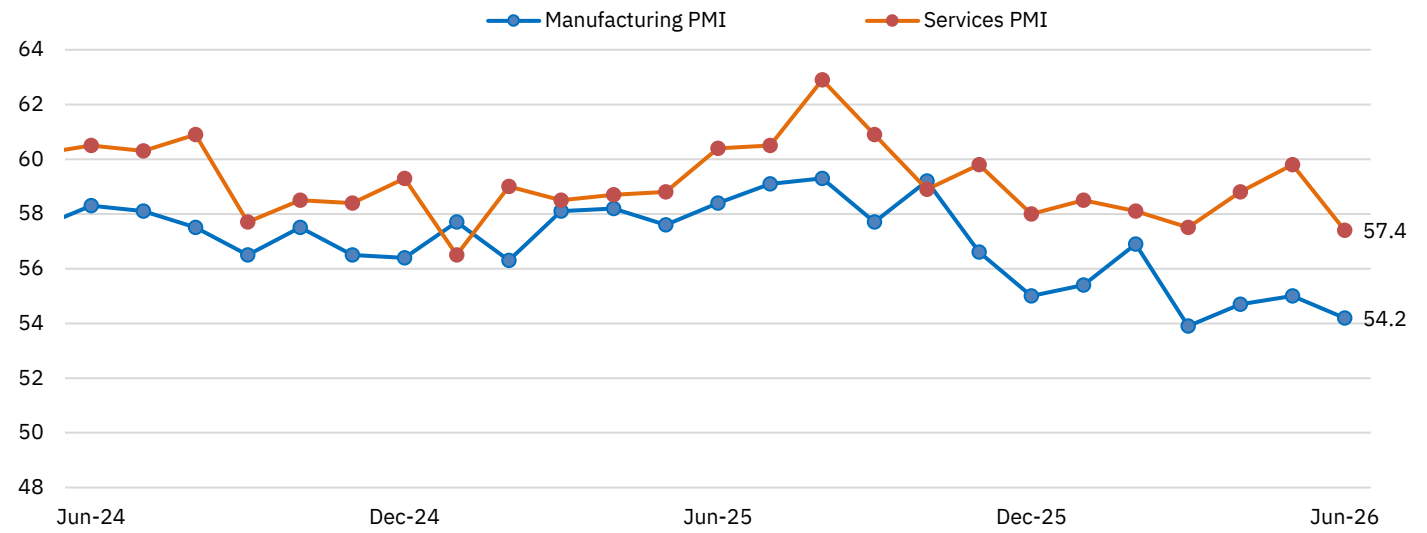
Source: CEIC, NSE EPR.

Table 24: Manufacturing PMI across countries in the last one year

	Smallest Value Largest Value												
	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Australia	50.6	51.3	53.0	51.4	49.7	51.6	51.6	52.3	51.0	49.8	51.3	50.7	51.5
Brazil	48.3	48.2	47.7	46.5	48.2	48.8	47.6	47.0	47.3	49.0	52.6	49.1	50.8
Canada	45.6	46.1	48.3	47.7	49.6	48.4	48.6	50.4	51.0	50.0	53.3	52.9	53.0
China	50.4	49.5	50.5	51.2	50.6	49.9	50.1	50.3	52.1	50.8	52.2	51.8	51.7
France	48.1	48.2	50.4	48.2	48.8	47.8	50.7	51.2	50.1	50.0	52.8	49.7	51.2
Germany	49.0	49.1	49.8	49.5	49.6	48.2	47.0	49.1	50.9	52.2	51.4	50.1	50.3
India	58.4	59.1	59.3	57.7	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2
Indonesia	46.9	49.2	51.5	50.4	51.2	53.3	51.2	52.6	53.8	50.1	49.1	50.0	46.9
Japan	50.1	48.9	49.7	48.5	48.2	48.7	50.0	51.5	53.0	51.6	55.1	54.5	54.8
Korea	48.7	48.0	48.3	50.7	49.4	49.4	50.1	51.2	51.1	52.6	53.6	54.8	52.1
Malaysia	49.3	49.7	49.9	49.8	49.5	50.1	50.1	50.2	49.3	50.7	51.6	49.9	50.7
Mexico	46.3	49.1	50.2	49.6	49.5	47.3	46.1	46.3	47.1	48.9	47.7	49.6	51.3
Russia	47.5	47.0	48.7	48.2	48.0	48.3	48.1	49.4	49.5	48.3	48.1	48.8	50.3
United Kingdom	47.7	48.0	47.0	46.2	49.7	50.2	50.6	51.8	51.7	51.0	53.7	53.9	52.5
United States	52.9	49.8	53.0	52.0	52.5	52.2	51.8	52.4	51.6	52.3	54.5	55.1	53.9

Source: CEIC, NSE EPR.

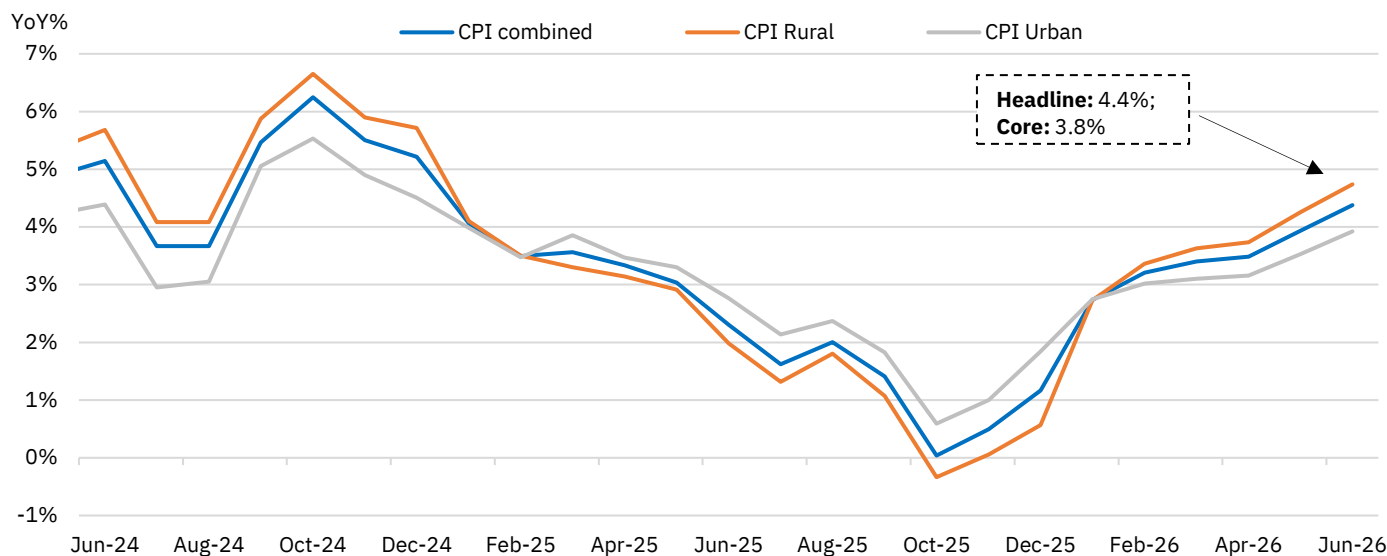
Figure 69: India's Manufacturing and Services PMI monthly trend in the last two years



Source: CEIC, NSE EPR.

Inflation rises to 18-month driven by food and fuel

Figure 70: Trends in monthly headline inflation

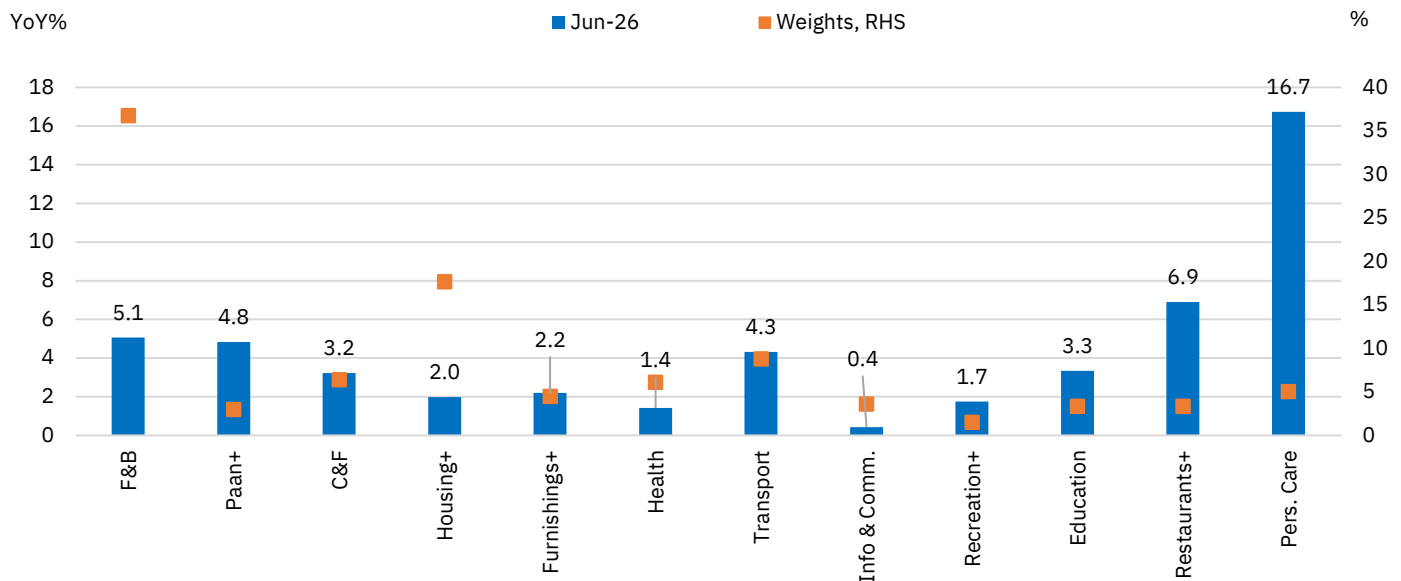


Source: CMIE Economic outlook, MOSPI, NSE EPR; Notes: 1) Core inflation defined here is the retail inflation excluding food, pan & tobacco and fuel. As per RBI, fuel represents two categories, viz., 'electricity, gas and other fuels'; and 'Fuels and lubricants for personal transport equipment' which includes 'petrol', 'diesel', and 'other natural gas (CNG)'.

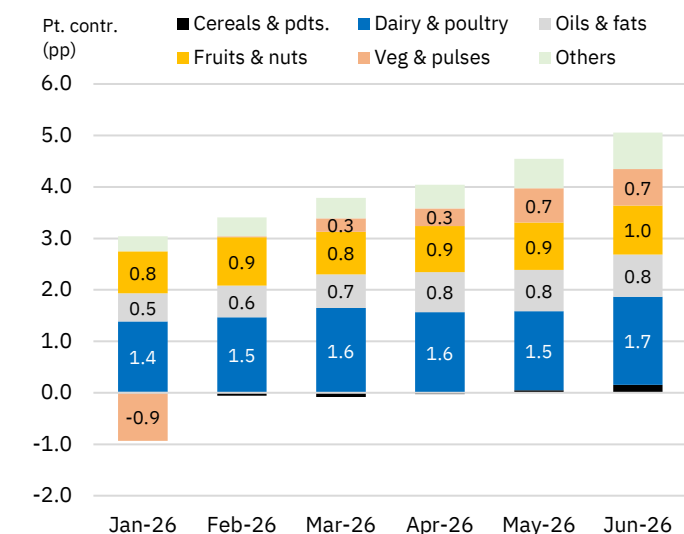
Table 25: Component-wise Consumer Price Inflation in June 2026

YOY%	Weight (%)	Jun-26	May-26
Headline CPI		4.4	3.9
Food & Beverages	36.8	5.1	4.5
Paan, tobacco and intoxicants	3.0	4.8	4.8
Clothing & Footwear	6.4	3.2	3.0
Housing, water, electricity, gas and other fuels	17.7	2.0	1.7
Furnishings, household equipment and routine household maintenance	4.5	2.2	1.9
Health	6.1	1.4	1.5
Transport	8.8	4.3	1.8
<i>Diesel</i>	0.3	8.4	3.4
<i>Petrol</i>	4.5	7.5	3.1
Information and communication	3.6	0.4	0.3
Recreation, sport and culture	1.5	1.7	2.0
Education services	3.3	3.3	3.0
Restaurants and accommodation services	3.3	6.9	5.7
Personal care, social protection and miscellaneous goods and services	5.0	16.7	18.5
Core Inflation¹	50.1	3.8	3.9

Source: CSO, NSE EPR; Notes: 1) Core inflation defined here is the retail inflation excluding food, pan & tobacco and fuel. As per RBI, fuel represents two categories, viz., 'electricity, gas and other fuels'; and 'Fuels and lubricants for personal transport equipment' which includes 'petrol', 'diesel', and 'other natural gas (CNG)'.

Figure 71: Division-wise headline inflation


Source: CMIE Economic outlook, MOSPI, NSE EPR; Notes: 1) F&B= Food and beverages; Paan+ = Paan, tobacco and intoxicants, C&F= Clothing & Footwear, Housing+ = Housing, water, electricity, gas and other fuels, Furnishings+ = Furnishings, household equipment and routine household maintenance, Recreation+ = Recreation, sport and culture, Restaurants+ = Restaurants and accommodation services, Pers. care= Personal care, social protection and miscellaneous goods and services

Figure 72: CPI food inflation contributors


Source: Ministry of Commerce, CMIE Economic Outlook, NSE EPR.

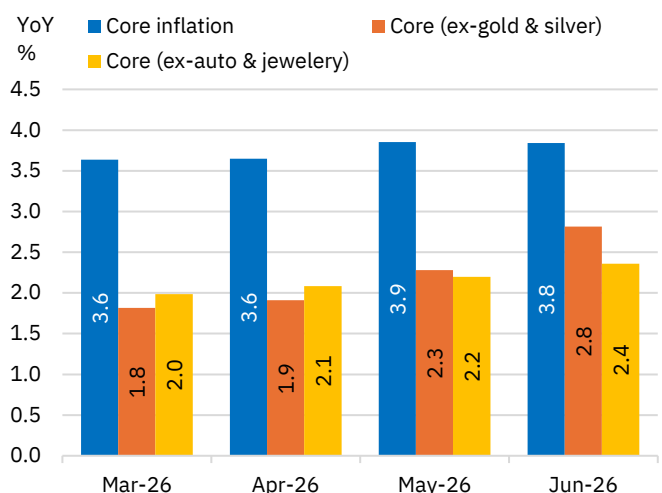
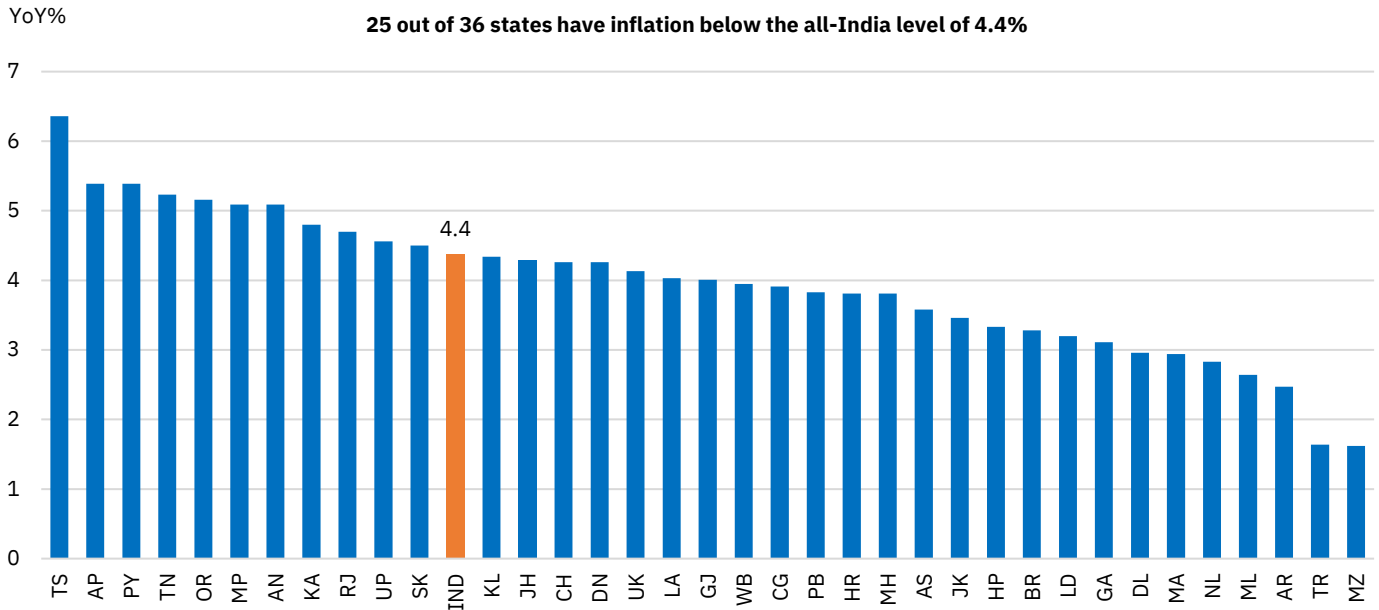
Figure 73: Core inflation growth under different baskets


Figure 74: State-wise headline inflation in June 2026



Source: CMIE States of India, MOSPI, NSE EPR; Notes: 1) TS= Telangana, AN= Andaman & Nicobar, KL= Kerala, PY= Puducherry, TN= Tamil Nadu, RJ= Rajasthan, SK= Sikkim, LD= Lakshadweep, KA= Karnataka, HP= Himachal Pradesh, AP= Andhra Pradesh, WB= West Bengal, IND= India, MP= Madhya Pradesh, PB= Punjab, UP= Uttar Pradesh, MH= Maharashtra, DN= Daman & Nagar Haveli & Daman & Diu, HR= Haryana, BR= Bihar, NL= Nagaland, CH= Chandigarh, GJ= Gujarat, DL= Delhi, UK= Uttarakhand, JH= Jharkhand, GA= Goa, LA= Ladakh, ML= Meghalaya, CG= Chhattisgarh, TR= Tripura, AR= Arunachal Pradesh, AS= Assam, MZ= Mizoram, MA= Manipur

WPI rebased: A more comprehensive measure of wholesale inflation

The Department for Promotion of Industry and Internal Trade (DPIIT) recently revised the base year of the Wholesale Price Index (WPI) from 2011–12 to 2022–23 while also making changes in the methodology to ensure the revised WPI remains representative of the current structure of the Indian economy and is in-line with the revisions in other variables namely, GDP, CPI and IIP. Over the past decade, since the last revision, the Indian economy has witnessed significant structural transformation through the expansion in manufacturing industries, emergence of renewable energy technologies, and greater integration into global value chains. The revised series seeks to capture these developments by updating the commodity basket, revising the weighting structure, strengthening the methodology for price collection and index compilation, and aligning the index with the latest National Industrial Classification (NIC) framework. Additionally, India has adopted a phased transition from WPI to Producer Price Index (PPI) over the next five years.

On the revised base, WPI inflation grew by 0.4% YoY in FY26 vs. 0.7% on the old base. Compared to FY25 which recorded a growth of 1.7% (new base), the moderation in FY26 was led by primary articles (largely food, -3.6% YoY) and fuel & power (-2.9%). Manufactured products, on the other hand, rose by 2.2% YoY led by electronic goods (4.2% vs 0.7% in FY25), base metals (1.1% vs. -1.3% in FY25) and electrical equipment (3.6% vs. 1.7%). On a monthly basis, WPI rose to an all-time of 9.9% YoY in June due to rising mineral oils (3.2% YoY) and higher inflation in manufactured products (4.7% YoY). For FY27 till date, WPI inflation is at 9.3% YoY. A surge in the prices of crude & natural gas led to this increase.

- Expansion & rationalisation of commodity basket:** A key feature of the revised WPI is the expansion and rationalisation of the commodity basket. The total number of commodities included in the overall index increased from 697 under the 2011–12 series to 957 under the 2022–23 series, representing an increase of approximately 37%. This was largely driven by a 42% expansion in the manufactured products category to 803 items. The broader commodity coverage enables WPI to better capture price movements across a larger share of economic activity, thereby improving its representativeness as an indicator of producer inflation.
- Changes in classification of energy commodities:** The revised series also introduced important changes to the classification and treatment of energy commodities. One of the most notable revisions is the relocation of Crude Petroleum & Natural Gas from the Primary Articles group to Fuel & Power, bringing all major energy commodities under a single classification. In addition, electricity generated through solar, wind, and nuclear sources has been explicitly incorporated within the Electricity component of the Fuel & Power group. These changes better reflect India's ongoing energy transition and the increasing contribution of renewable sources to electricity generation. The weight of Electricity group within Fuel & Power increased from 3.1% to 4.5% in the new base year, raising the overall weight of Fuel & Power category to 14.2% (from 13.1%).
- Revised calculation of the weights and overall Index:** Another significant methodological improvement relates to the derivation of commodity weights. Under the 2011–12 series, weights were assigned based on Net Traded Value ie. Gross Value of Output (GVO) + Imports – Exports, which may not accurately reflect domestic production patterns as they are based on trade flows. The revised series instead derives commodity weights using GVO which reflect the economic significance of commodities in a better way from the producer's perspective, as they represent domestic production.

- **Substantial revision of sub-category weights across the manufacturing sector:**

The changes within the manufacturing sector reflected noticeable restructuring. Although the overall share of manufacturing in the WPI basket has declined from 64.23 to 63.13, greater weights have been assigned to sub-categories such as fabricated metal products (4.1%), motor vehicles, trailers and semi-trailers (5.4%), rubber & plastic products (2.7%), basic pharmaceutical products (2.2%) wearing & apparel (1.3%). Industries such as manufacture of food products (9.02%), basic metals (8.41%), chemicals and chemical products (6.13%), motor vehicles (5.44%) and textiles (4.09%) continue to account for a substantial proportion of manufacturing activity.

- **WPI inflation at an all-time high in June 2026:** On the revised base, WPI inflation grew by 0.4% YoY in FY26 vs. 0.7% on the old base. Compared to FY25 which recorded a growth of 1.7% (new base), the moderation in FY26 was led by primary articles (largely food, -3.6% YoY) and fuel & power (-2.9%). Manufactured products, on the other hand, rose by 2.2% YoY led by electronic goods (4.2% vs 0.7% in FY25), base metals (1.1% vs. -1.3% in FY25) and electrical equipment (3.6% vs. 1.7%). On a monthly basis, WPI rose to an all-time of 9.9% YoY in June due to rising mineral oils (3.2% YoY) and higher inflation in manufactured products (4.7% YoY). For FY27 till date, WPI inflation is at 9.3% YoY. A surge in the prices of crude & natural gas led to this increase.

Table 26: Methodological changes in the previous and new WPI

	2011-12 Series	2022-23 Series
Commodity basket	697	957
Coverage of emerging industries	Limited representation of renewable technologies and modern electronics	Expanded coverage of renewable energy equipment, modern electronics and other emerging products
Derivation of Weights	Calculated using Net Traded Value (NTV)= Gross Value of Output + Imports - Exports	Gross Value of Output (GVO)
Price collection system	Existing reporting centers and manual/standard collection mechanisms	Improved sampling framework and strengthened price collection methodology
Commodity specifications	Detailed specifications introduced in 2011 revision	Specifications further updated for new-generation products
Alignment with international standards	Traditional WPI framework	Revised methodology aligned more closely with Producer Price Index (PPI) principles

Source: PIB

Table 27: Number of items in major groups of WPI (existing and revised series)

Major groups	2011-12 Series	2022-23 Series
Primary Articles	115	129
Fuel and power	18	25
Manufactured Products	564	803
Total	697	957

Source: Office of Economic Affairs, DPIIT.

Table 28: Comparison in weights in old vs new series

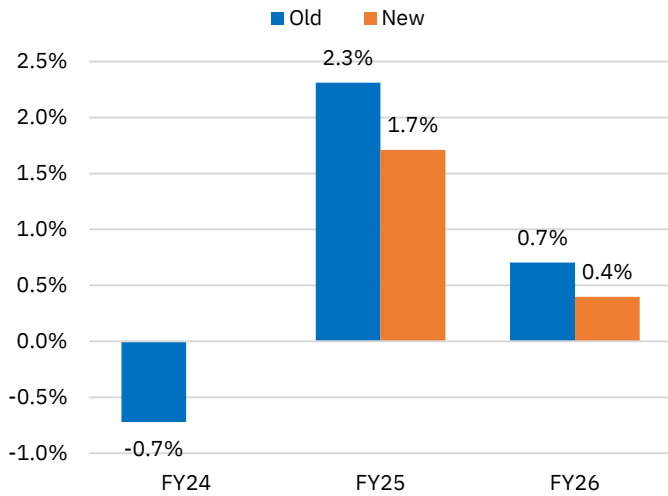
	Old (2011-12)	New (2022-23)	Change in weights
Primary Articles	22.6	22.8	0.1
Fuel and power	13.2	14.1	1.0
Manufactured Products	64.2	63.1	-1.1
Food Products	9.1	9.0	-0.1
Beverages	0.9	0.9	0.0
Tobacco products	0.5	0.3	-0.2
Textiles	4.9	4.1	-0.8
Wearing Apparel	0.8	1.3	0.5
Leather & related products	0.5	0.5	0.0
Wood and wood products	0.8	1.1	0.3
Paper and paper products	1.1	1.2	0.0
Printing and Reproduction of Recorded Media	0.7	0.4	-0.3
Chemical and Chemical Products	6.5	6.1	-0.3
Basic Pharmaceutical Products and pharmaceutical preparations	2.0	2.2	0.2
Rubber and plastic products	2.3	2.7	0.4
Other Non-Metallic Mineral products	3.2	2.8	-0.4
Basic Metals	9.6	8.4	-1.2
Fabricated Metal products (except machinery and equipment)	3.2	4.1	1.0
Computer, electronic and optical products	2.0	2.1	0.1
Electrical equipment	2.9	2.6	-0.3
Machinery and equipment	4.8	3.5	-1.3
Motor vehicles, trailers and semi-trailers	5.0	5.4	0.5
Other transport equipment	1.6	1.4	-0.3
Furniture	0.7	0.8	0.1
Other Manufacturing	1.1	2.0	1.0

Source: DPIIT, Office of the Economic Advisor.

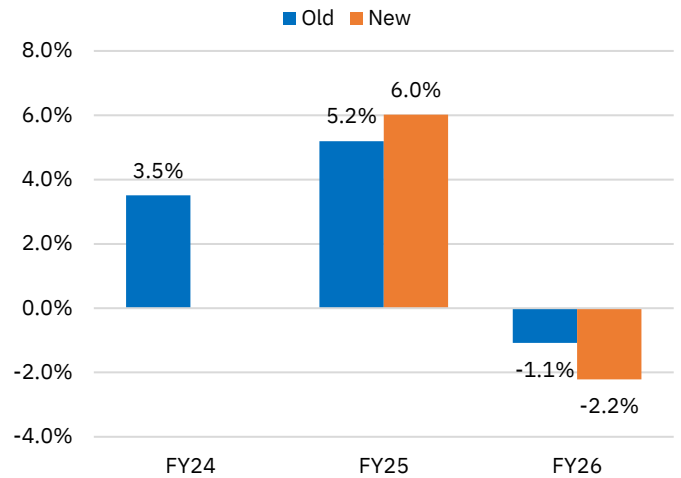
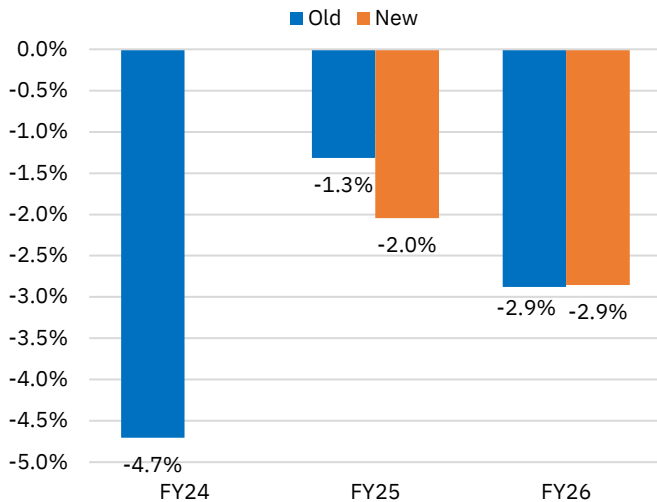
Table 29: Trend in Wholesale price inflation

Indicator	Weight	Jun-26	May-26	Jun-25	FY26TD	FY27TD
Headline WPI	100	9.9	9.7	-0.4	0.0	9.3
Food basket	25.0	6.1	4.5	-1.6	0.0	4.6
Primary articles	22.8	7.0	5.0	-3.0	-1.6	5.3
Food articles	16.0	5.5	3.6	-4.5	-2.6	3.9
Non-food articles	5.5	11.1	9.5	2.1	1.5	9.4
Minerals	1.3	9.4	4.9	-1.6	-0.9	7.5
Fuel & Power	14.1	27.4	30.3	-3.0	-4.0	27.6
Coal	0.7	-1.6	-2.3	-0.3	-0.4	-1.8
Mineral oils	8.2	46.5	49.8	-5.2	-5.8	45.7
Electricity	4.5	-0.8	-1.8	2.1	0.6	-1.7
Crude & Nat. gas	0.7	34.8	61.5	-11.1	-13.7	50.9
Manufacturing products	63.1	7.5	7.5	1.2	1.5	7.2

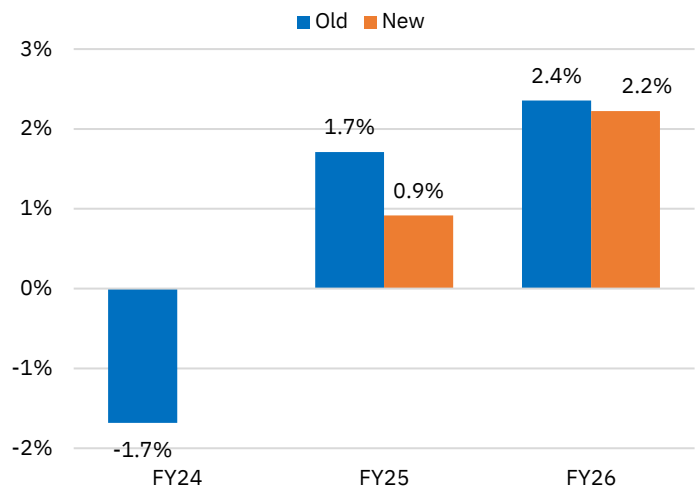
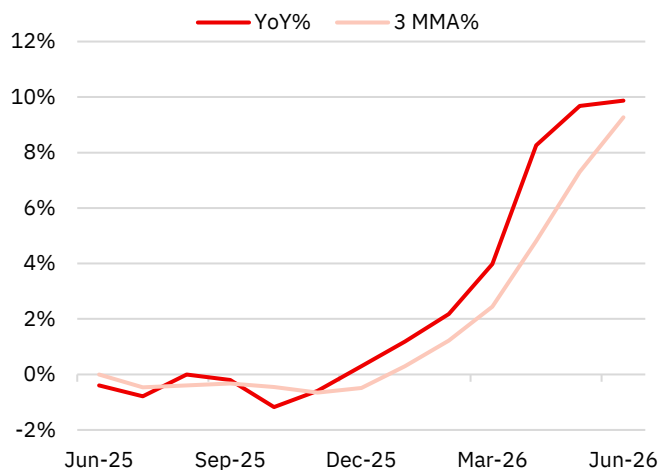
Source: DPIIT, NSE EPR. Note: YTD corresponds to April to June.

Figure 75: WPI inflation comparison (YoY)


Source: DPIIT, Office of Economic Affairs, NSE EPR

Figure 76: Primary Articles comparison (YoY)

Figure 77: Fuel & Power comparison (YoY)


Source: DPIIT, Office of Economic Affairs, NSE EPR

Figure 78: Manufactured Products comparison (YoY)

Figure 79: Monthly Trends of overall WPI inflation


Source: DPIIT, Office of Economic Affairs, NSE EPR.

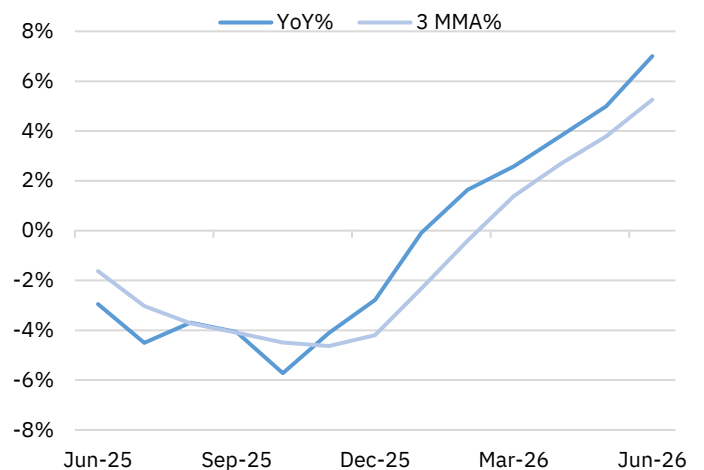
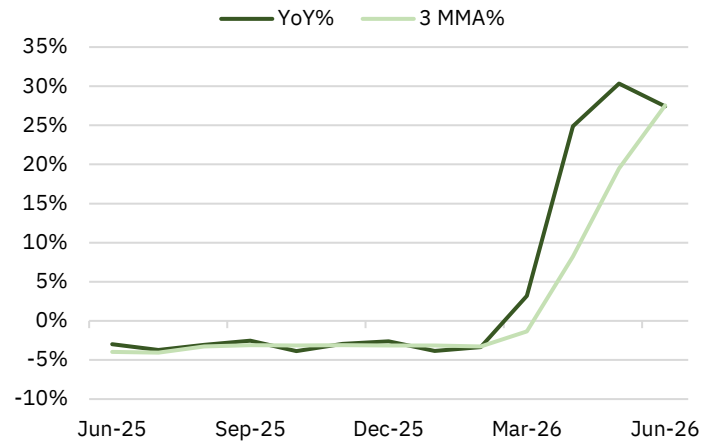
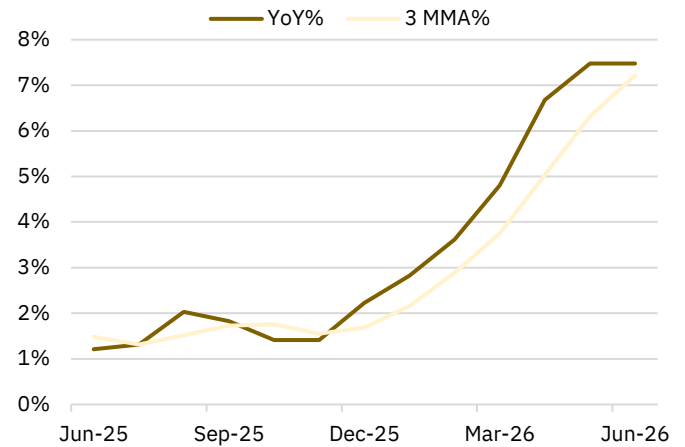
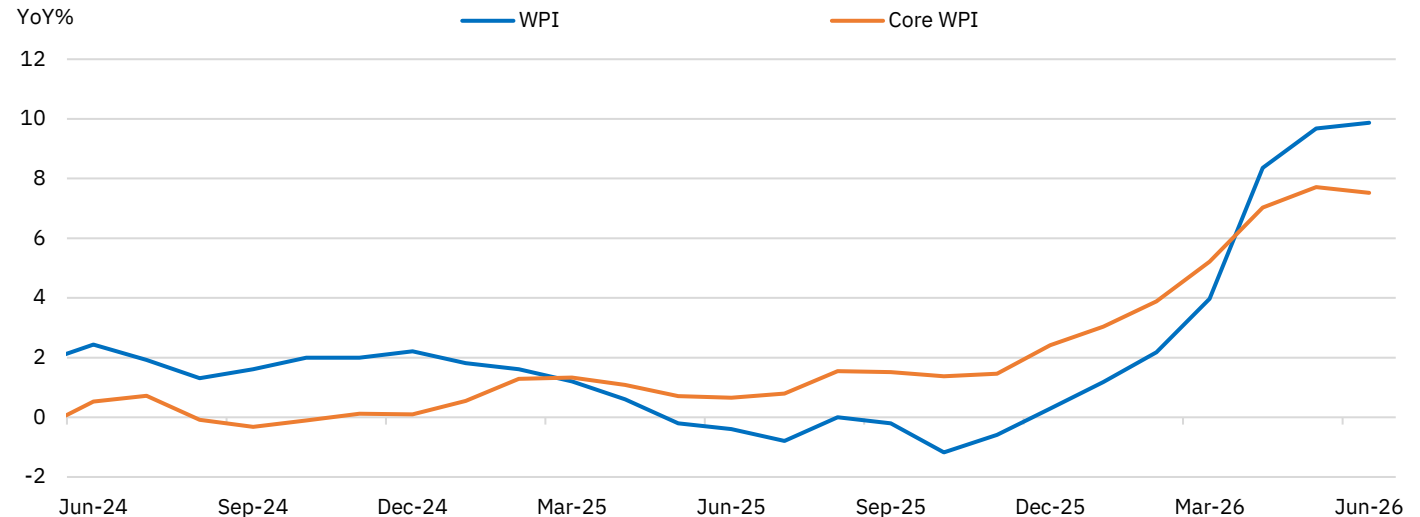
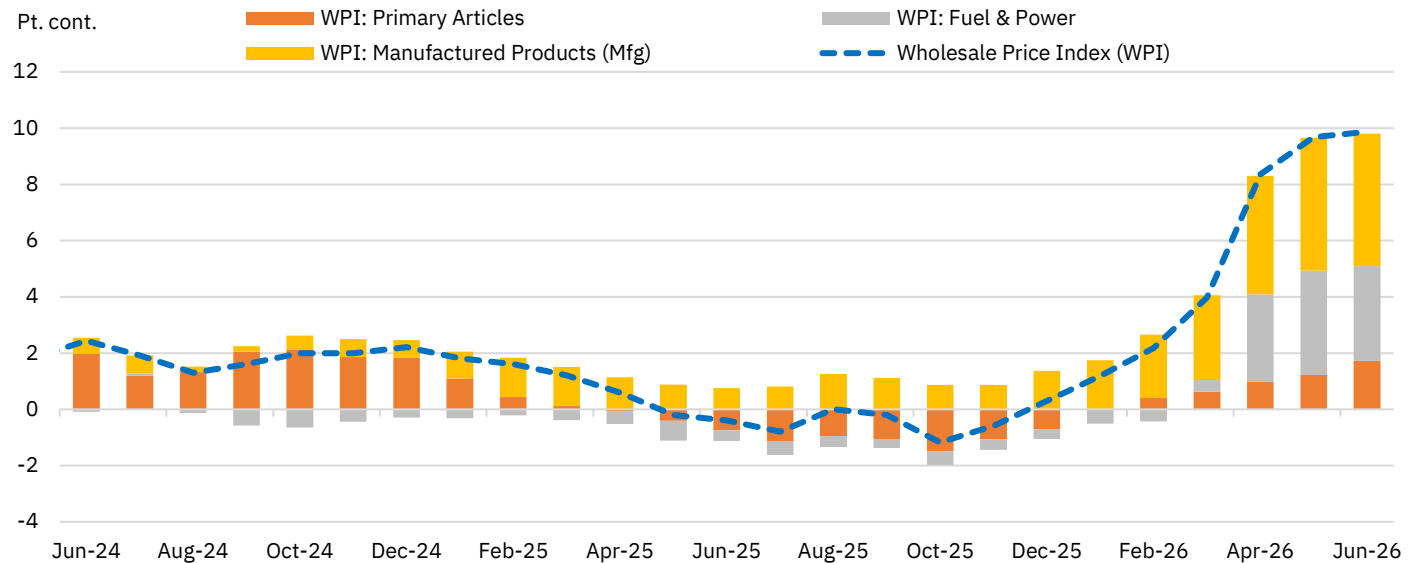
Figure 80: Monthly Trends of primary goods inflation


Figure 81: Trend in fuel & power inflation


Source: DPIIT, Office of Economic Affairs, NSE EPR.

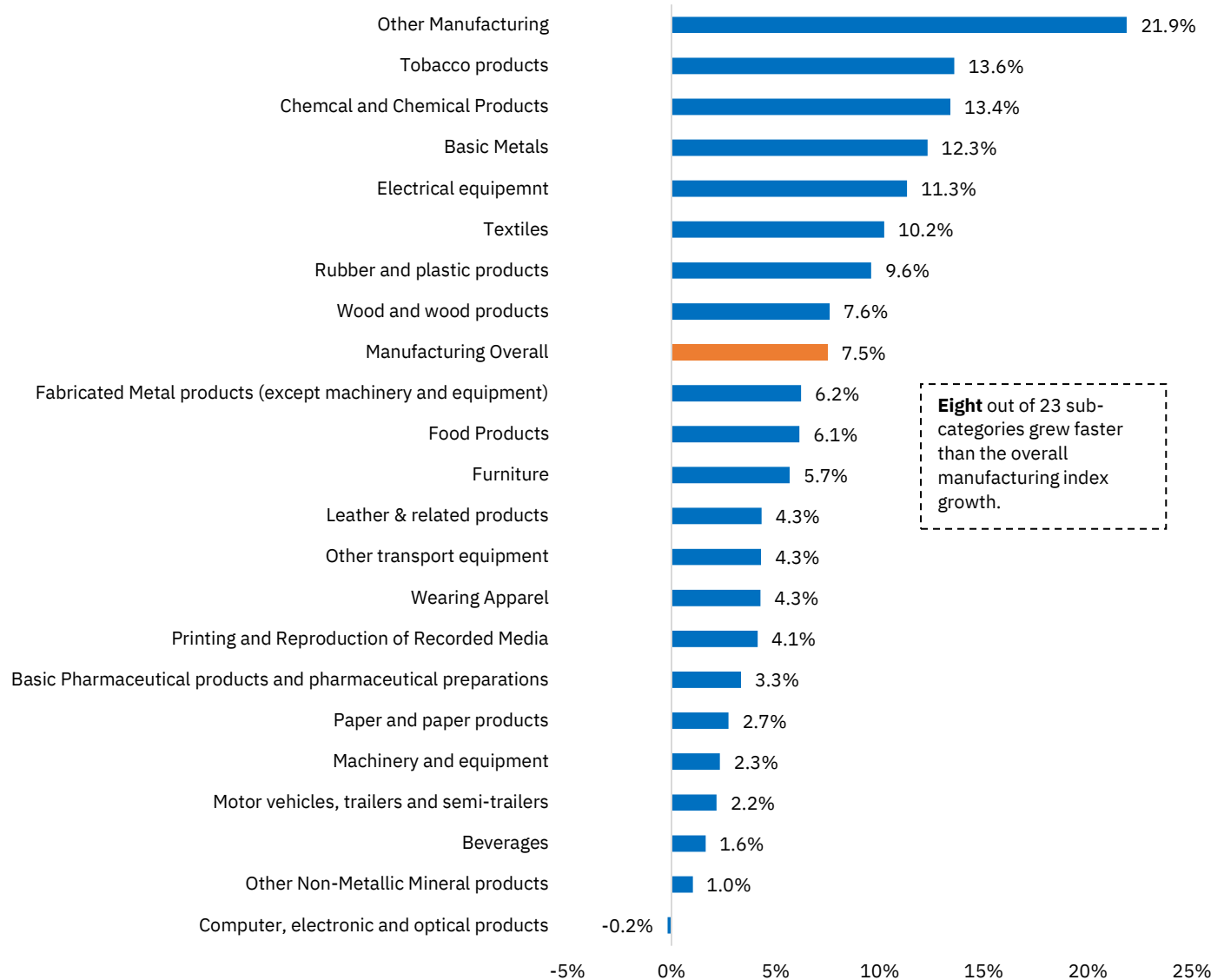
Figure 82: Trend in manufacturing inflation

Figure 83: YoY trends in WPI Index and Core WPI Index


Source: DPIIT, Office of Economic Affairs, NSE EPR Note: Core WPI is overall WPI excluding fuel and food components.

Figure 84: Contribution of sub-components to WPI inflation


Source: DPIIT, Office of Economic Affairs, NSE EPR

Figure 85: Manufacturing sub-categories growth in WPI in June 2026 (YoY%)



Source: DPIIT, Office of Economic Affairs, NSE EPR

Beyond WPI: India adopts a comprehensive producer price framework

The Ministry of Commerce & Industry's introduction of the Producer Price Index (PPI) framework, alongside the revision of the Wholesale Price Index (WPI) base year to 2022–23, marks another significant milestone in the modernisation of India's macroeconomic statistical system. Following recent methodological revisions to GDP, CPI and IIP, the new producer price framework reflects a broader effort to strengthen the representativeness of India's economic statistics and align them with internationally accepted standards. Moving beyond the wholesale price approach, the new framework introduces three complementary indices—the Output Producer Price Index (OPPI), Trial Input Producer Price Index (IPPI) and Service Producer Price Index (SPPI)—to separately measure producer output prices, manufacturing input costs and producer prices for selected services. Together with OPPI, the IPPI will enable a better assessment of input cost pass-through and will be used as deflators (double deflation) to compute real GVA/GDP.

Recent data indicate that producer price pressures remain elevated, with OPPI inflation rising to a series high of 9.6% YoY in June 2026, led primarily by manufacturing, particularly coke and refined petroleum products, basic metals, gems & jewellery and electrical equipment. In contrast, service producer inflation remained relatively mixed. As the new series matures and the coverage of Input PPI and Service PPI expands, the framework is expected to become an important leading indicator and gradually replace WPI in the next five years.

- A structural shift in India's producer price statistics, aligned with global standards...** Aligning with the internationally accepted methodologies followed by the OECD, Eurostat and the IMF, the introduction of the Producer Price Index (PPI) helps modernise India's producer price framework. Replacing the traditional WPI-centric approach, the new system comprises three complementary indices, viz. Output Producer Price Index (OPPI), Trial Input Producer Price Index (IPPI) and Service Producer Price Index (SPPI), to capture price movements across different stages of production which will eventually replace the traditional WPI-centric approach. Based on 2022–23 as the new base year, the framework uses Supply and Use Table⁴ (SUT)-based basic price⁵ valuation and the System of National Accounts (SNA)⁶ 2008, bringing India's producer price statistics in line with global best practices.

Unlike the WPI, the PPI measures prices at the producer level, excluding indirect taxes and trade and transport margins, thereby providing a more accurate measure of production-side inflation. The introduction of the SPPI, initially covers seven key service industries on a quarterly basis with broader coverage planned in subsequent phases.

- ...With the Input PPI strengthening analysis of production cost pressures:** The Trial Input Producer Price Index (IPPI), introduced from March 2026, tracks changes in the prices of goods used as inputs by the manufacturing sector, providing an early gauge of cost pressures. The index currently comprises 22 broad categories, with food products accounting for the highest weight (14.8%), followed by coke & refined petroleum products (12.3%), basic metals (11.3%) and motor vehicles (10.5%). Together with OPPI, the IPPI will enable a better assessment of

⁴ The Supply Table records the supply of goods and services from domestic production and imports, while the Use Table records their use as intermediate inputs and final demand.

⁵ The basic price is the amount receivable by the producer from the purchaser for a unit of a good or service produced minus any tax payable on that unit because of its production or sale (i.e., GST), and plus any subsidy receivable on that unit because of its production or sale.

⁶ SNA 2008: The internationally accepted statistical framework developed by the United Nations, IMF, World Bank, OECD and European Commission for compiling national economic accounts such as GDP, production, income, expenditure and price statistics. It recommends that producer price indices be based on basic prices and Supply and Use Tables (SUTs), ensuring consistency with national accounts.

input cost pass-through and will be used as deflators (double deflation⁷) to compute real GVA/GDP.

- **Gradual transition from WPI to PPI:** The WPI is set to be gradually replaced by PPI in over the next five years, shifting from a commodity-based to a production-based approach. While the WPI classifies commodities under Primary Articles (22.8%), Fuel & Power (14.1%) and Manufactured Products (63.1%), the OPPI follows an industry-based classification comprising Agriculture, Forestry & Fishing (22.2%), Mining & Quarrying (3.4%), Manufacturing (69.9%) and Electricity (4.5%). Despite these methodological changes, the inflation trends under the two indices remain perfectly aligned (Figure-1). Similarly, manufactured products WPI also moves in-line with the OPPI.
- **Output producer inflation climbs to a new high in June 2026** – OPPI remained elevated in June 2026 rising to 9.6% YoY from 9.4% in May, marking the highest reading since the introduction of the series. The increase was primarily driven by manufacturing (11% YoY), contributing to 7.5pp in inflation (due to coke & refined petroleum products, basic metals, gems & jewellery and electrical equipment). Agriculture, forestry and fishing (6.5% YoY) also contributed 1.6pp while electricity prices contracted (-0.7%).

Withing manufacturing, sharp rise in coke and refined petroleum products (45.9% YoY) remained the largest contributor, mirroring elevated global crude oil prices and higher refinery output prices. Prices also remained high for gems & jewellery (24.2% YoY), basic metals (12.6%) and electrical equipment (7.3%) while computer, electronic and optical products (-2.9%) remained in deflation for the fourth consecutive month.

- **Services inflation remains muted despite pockets of recovery:** Service producer inflation remained relatively subdued showing mixed trends across the covered service industries. Inflation in securities transaction rose by 0.5% YoY in Q4FY26 from -4.8% YoY in the previous quarter. Insurance and Railway passenger inflation also picked up in Q4FY26. That said, banking services remained in contraction for the fifth consecutive quarter, declining by 3.7% YoY.

⁷ In Double Deflation, input and output items are deflated by Input PPI and Output PPI respectively to compute Real GVA.

Changes in Methodology

Table 30: Methodological changes in new PPI

Area	Earlier WPI framework	New PPI framework
Price concept	Measured wholesale transaction prices	Measures producer prices at the factory gate (Output PPI), producer input costs (Input PPI) and producer prices for services (Service PPI)
Statistical framework	Single index (WPI)	Multi-index framework comprises Output PPI (OPPI), Trial Input PPI (IPPI) and Service PPI (SPPI)
Base year	2011-12	2022-23
Coverage	Goods only	Goods and selected services
Weighting methodology	Commodity weights based on Net Traded Value (NTV) ⁸	Output PPI weights derived from the Supply Table, Input PPI weights from the Use Table 2022-23 Supply and Use Tables (SUT) of 2022-23
Price valuation	Wholesale transaction prices including certain trade margins	Output PPI and Service PPI compiled at basic prices ⁹ (excluding net taxes and trade & transport margins); Input PPI compiled at purchasers' prices ¹⁰
Coverage of services	Not covered	Producer prices introduced seven service industries in the initial phase—Banking, Securities Transactions, Insurance, Pension Fund Management, Railways, Air passenger transport and Telecom
Input cost measurement	Not available	Trial Input PPI introduced to measure producer input costs and production cost pressures
Output price measurement	Captured indirectly through WPI	Output PPI directly measures prices received by producers for domestically produced goods
Compilation frequency	WPI released monthly	Output PPI and Input PPI released monthly; Service PPI released quarterly
Index coverage	Single measure of wholesale inflation	Separate indices for input inflation, producer output inflation and service producer inflation
International comparability	Limited alignment with international producer price standards	Harmonised with international Producer Price Index (PPI) methodology and SNA 2008 ¹¹ concepts through use of Supply and Use Tables and basic price valuation

Source: Ministry of Commerce & Industry, PIB

Table 31: Output producer price index for June 2026 (%YoY)

Indicator	Weight	Jun-26	May-26	Jun-25	FY27TD	FY26TD
Output Producer Price Index	100.0	9.6	9.4	-0.1	9.1	0.3
Agri, forestry & fishing	22.2	6.5	4.6	-2.5	4.9	-1.3
Manufacturing	69.9	11.0	11.3	0.7	10.7	3.5
Mining & Quarrying	3.4	15.5	19.0	-0.8	18.8	5.1
Electricity	4.5	-0.6	-2.0	2.1	-1.7	-1.7

Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Note: YTD corresponds to April-June.

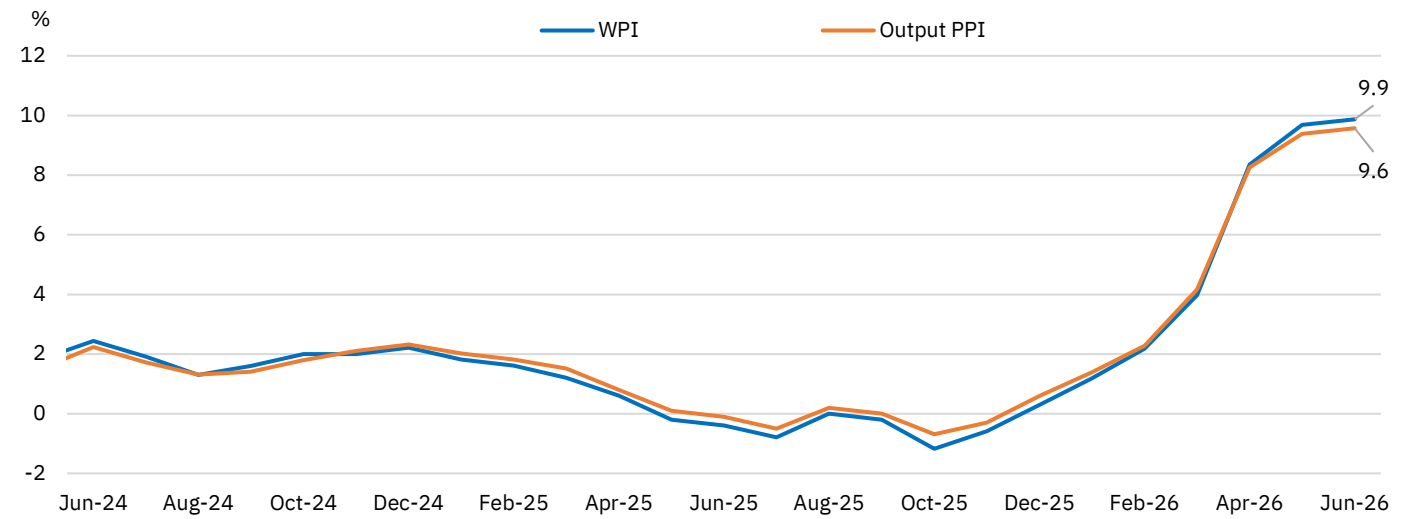
⁸ Net traded value is Gross value of output + Net imports

⁹ The basic price is the amount receivable by the producer from the purchaser for a unit of a good or service produced minus any tax payable on that unit because of its production or sale (i.e., GST), and plus any subsidy receivable on that unit because of its production or sale.

¹⁰ The amount paid by the purchaser, excluding any deductible VAT (on similar deductible tax viz. GST), to take delivery of a unit of a good or service at the time and place required by the purchaser. The Purchasers' price of a good includes any transport charges paid separately by the purchaser to take delivery at the required time and place.

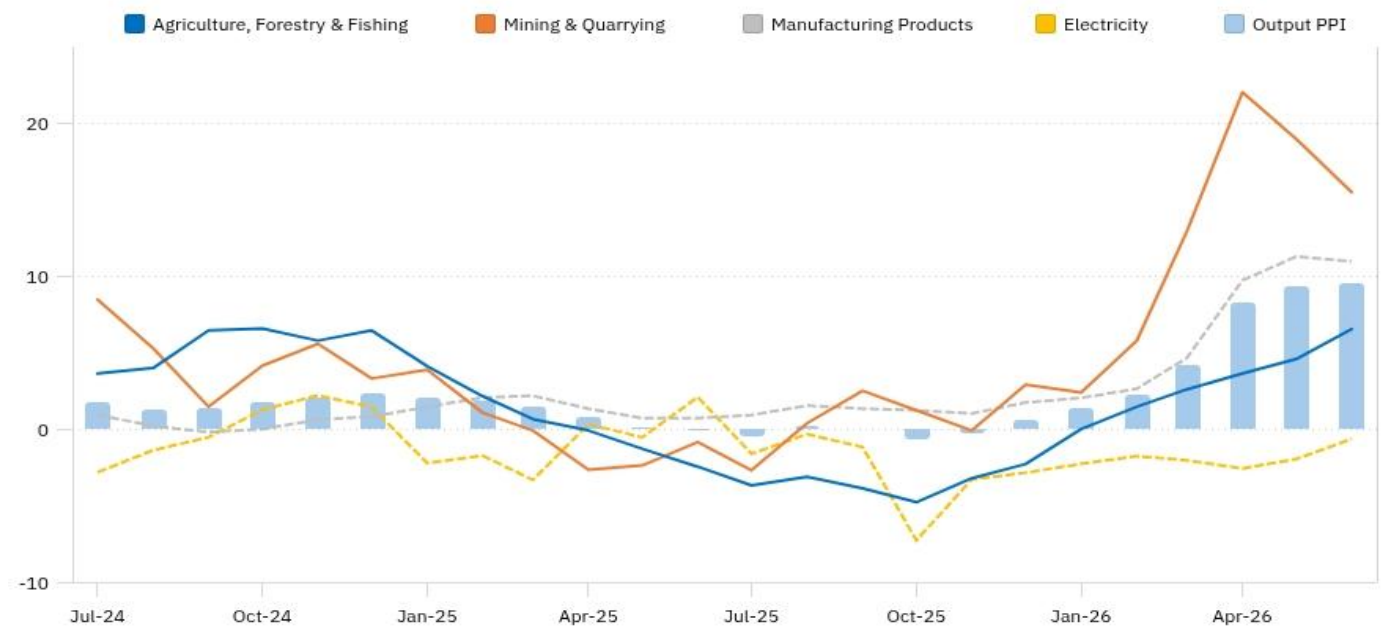
¹¹ SNA 2008: The internationally accepted statistical framework developed by the United Nations, IMF, World Bank, OECD and European Commission for compiling national economic accounts such as GDP, production, income, expenditure and price statistics. It recommends that producer price indices be based on basic prices and Supply and Use Tables (SUTs), ensuring consistency with national accounts.

Figure 86: Monthly trends in WPI vs output PPI (%YoY)



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) WPI index is based on revised base year 2022-23.

Figure 87: Monthly trends in Output Producer Price Index and its categories (YoY%)



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) Data for the series is till June 2026.

Figure 88: Monthly trends in Output Producer Price Index (YoY)



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) Data for the series is till June 2026.

Figure 89: Monthly trends in output PPI - Agriculture, forestry and fishing (YoY)

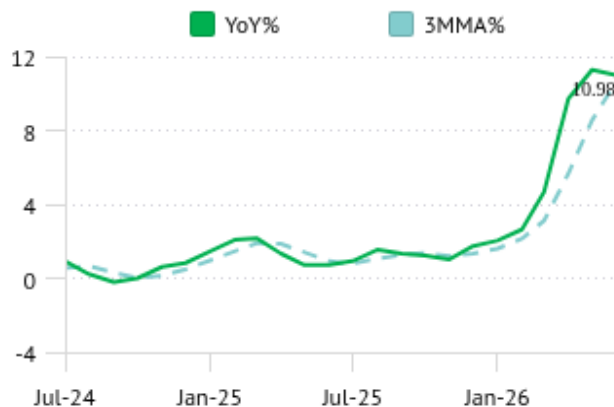


Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) Data for the series is till June 2026

Figure 90: Monthly trend in output PPI - Mining & quarrying (YoY)



Figure 91: Monthly trend in output PPI - Manufacturing (YoY)



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) Data for the series is till June 2026.

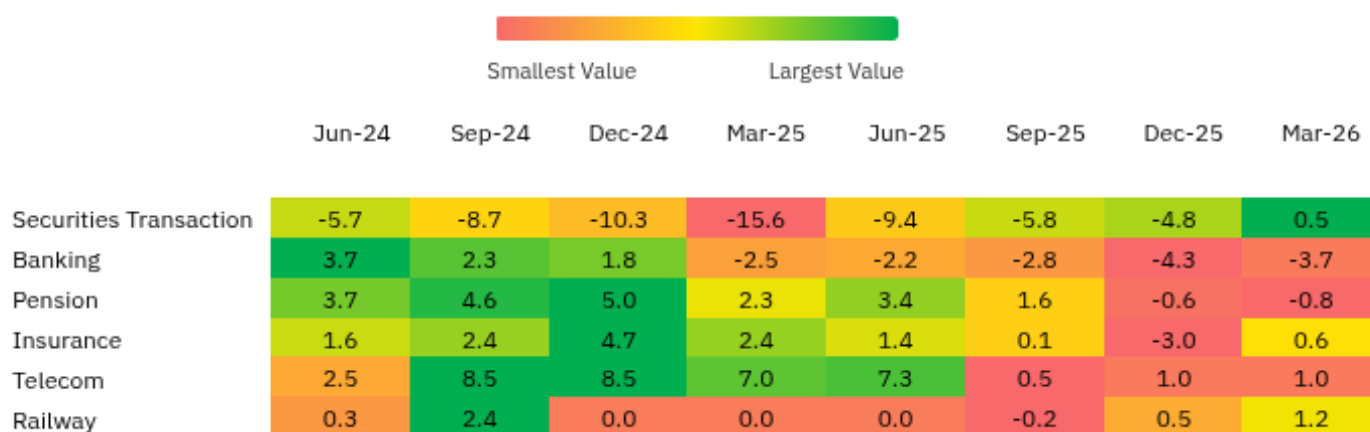
Figure 92: Monthly trend in output PPI - Electricity



Table 32: Breakup of Output PPI - Manufacturing (YoY %)

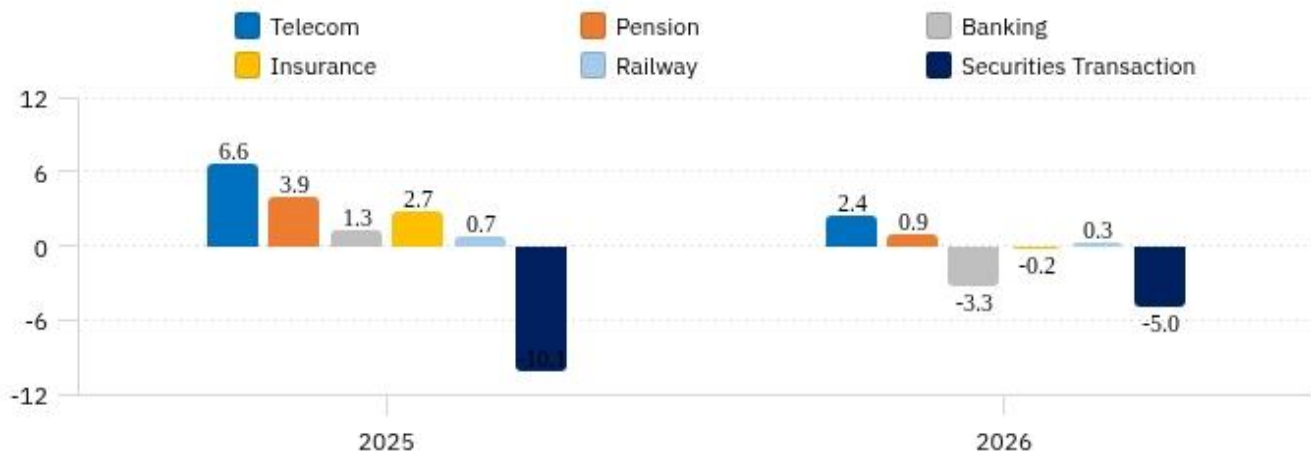
Indicator	Weight	Jun-26	May-26	Apr-26	Mar-26
Manufacturing Products	69.9	11.0	11.3	9.7	4.7
Food products	8.5	7.4	6.3	4.7	2.4
Beverages	0.8	1.3	1.7	0.5	-0.8
Tobacco products	0.3	16.8	16.2	14.3	14.4
Textiles	4.4	12.8	11.9	9.1	6.1
Wearing Apparel	1.2	2.6	4.1	2.6	2.5
Leather & Related Products	0.5	4.2	4.6	3.6	2.7
Wood & of Products of Wood & Cork	1.1	8.1	7.1	7.5	4.5
Paper & Paper Products	1.0	3.4	2.7	2.3	0.3
Printing & Reproduction of Recorded Media	0.3	3.8	4.0	4.0	2.3
Coke & Refined Petroleum Products	7.1	45.9	48.9	40.2	4.0
Chemicals & Chemical Products	5.7	12.8	13.1	13.3	6.0
Pharmaceuticals, Medicinal Chemical & Botanical Products	1.9	2.6	4.7	3.9	2.6
Rubber & Plastics Products	2.6	10.6	10.1	10.7	5.9
Other Non-Metallic Mineral Products	2.5	2.4	1.4	2.4	0.0
Basic Metals	7.5	12.6	12.9	10.7	7.7
Fabricated Metal Products, Except Machinery & Equipment	3.2	5.7	5.3	3.9	2.3
Computer, Electronic & Optical Products	1.8	-2.9	-1.0	-2.1	-1.7
Electrical Equipment	3.8	7.3	6.6	4.9	3.7
Machinery & Equipment	2.5	1.9	2.8	2.5	1.6
Motor Vehicles, Trailers & Semi-Trailers	4.4	1.9	2.3	1.3	1.5
Other Transport Equipment	1.3	4.2	4.1	3.5	2.7
Furniture	0.7	3.7	4.1	3.3	1.1
Other Manufacturing	6.8	11.6	12.1	12.8	13.8

Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR

Figure 93: Quarterly trend in service producer price index (YoY %)


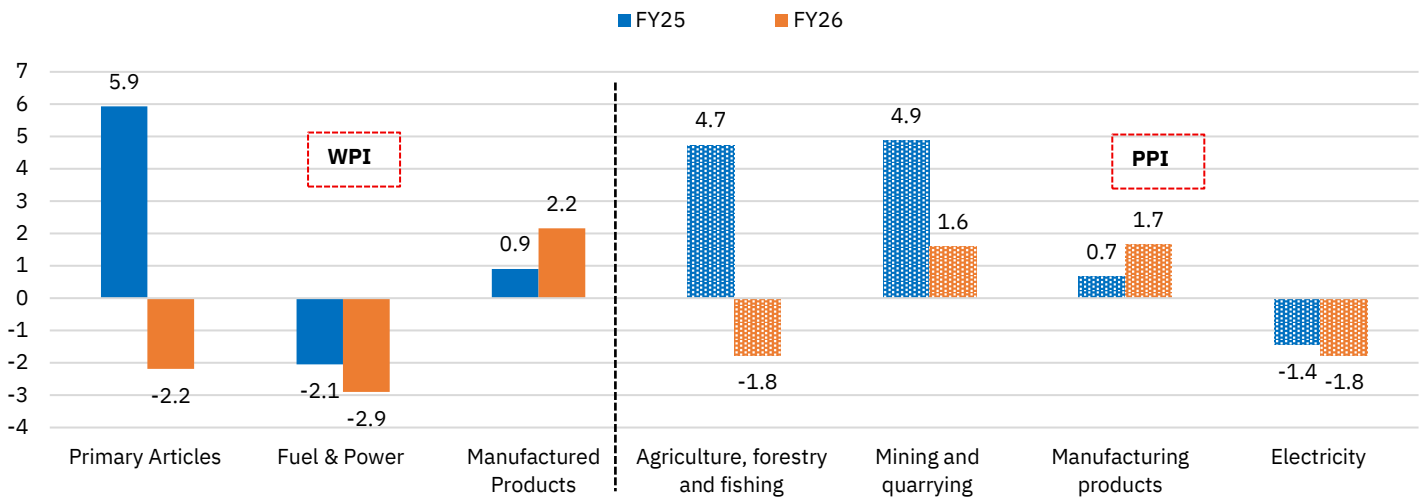
Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR

Figure 94: Annual trend in service producer price index (YoY %)



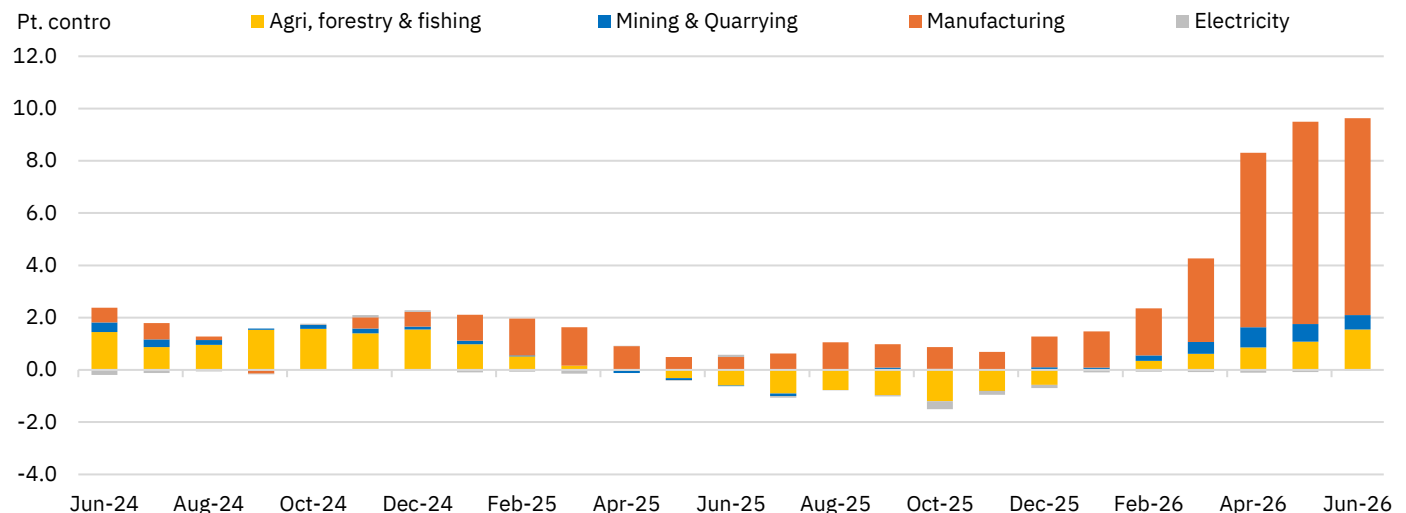
Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – Index for 2026 is as of March 2026 and YoY has been calculated against March 2025.

Figure 95: Annual trends in WPI and PPI in major groups (%YoY)



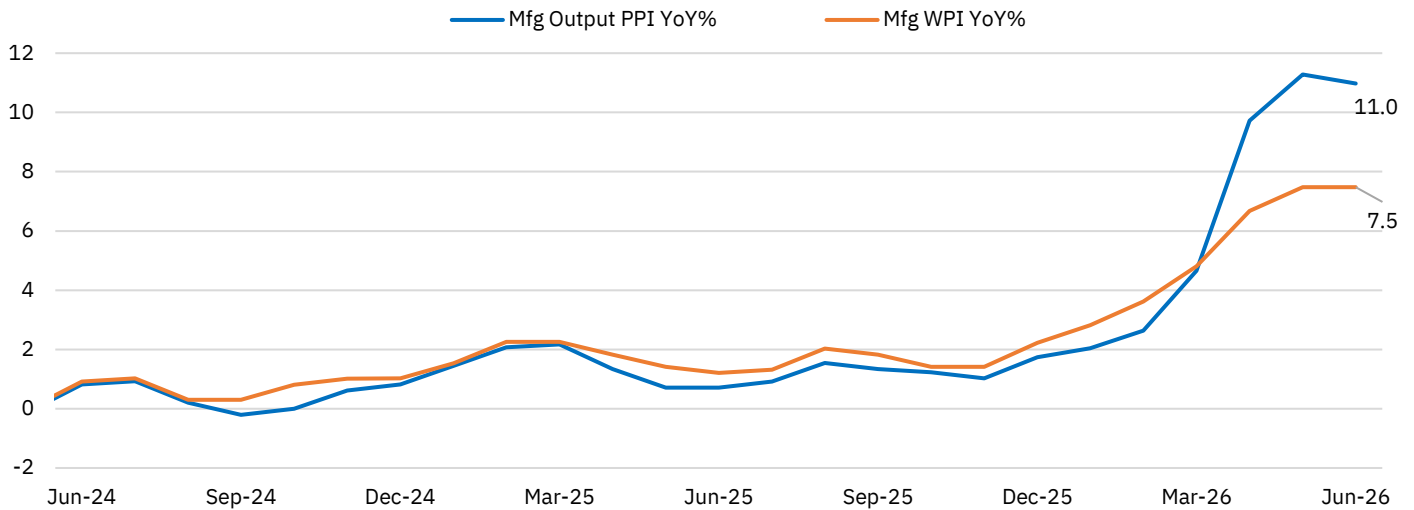
Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) WPI index is based on revised base year 2022-23.

Figure 96: Monthly point contribution to Output PPI



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR

Figure 97: Monthly trend of manufacturing in Output PPI vs WPI (YoY%)



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR.

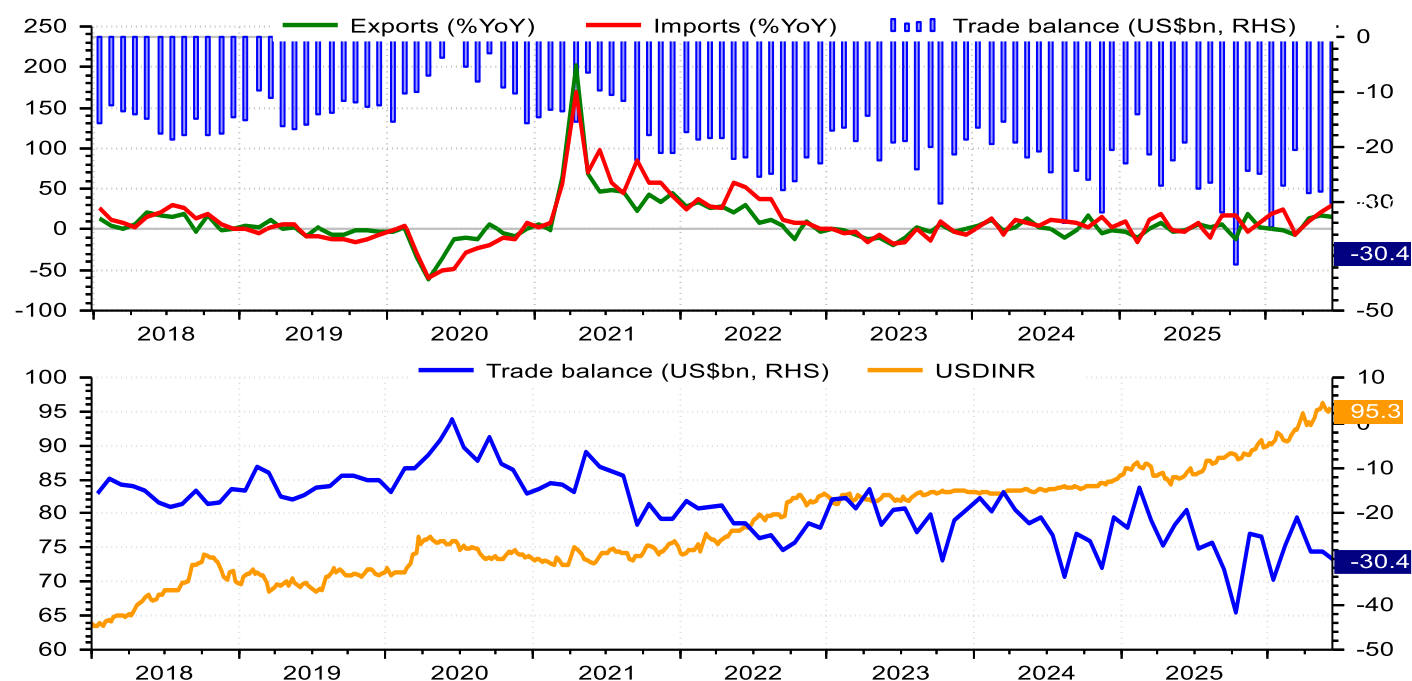
Trade deficit widens to five-month high driven by lower exports

Table 33: India's merchandise trade balance for June 2026

Period	Merchandise Exports		Merchandise Imports								Trade balance (US\$ bn)
	Total (US\$ bn)	%YoY	Total (US\$ bn)	%YoY	Oil imports (US\$ bn)	%YoY	Non-oil imports (US\$ bn)	%YoY	Gold imports (US\$ bn)	% YoY	
Jun-26	40.4	15.5	70.8	31.0	19.3	40.1	51.5	27.9	2.0	7.0	(30.4)
May-26	45.2	18.0	73.4	20.6	22.7	53.8	50.7	10.0	3.4	34.0	(28.2)
Jun-25	35.0	(1.3)	54.1	(3.4)	13.8	(8.4)	40.3	(8.4)	1.8	(25.7)	(19.1)
FY27TD	129.3	15.9	216.2	19.9	60.6	23.1	155.5	18.7	11.0	47.1	(86.8)
FY26TD	111.6	(2.2)	180.3	4.7	49.2	(4.4)	131.1	8.6	7.5	(10.3)	(68.7)

Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR. Note: YTD corresponds to April-June.

Figure 98: Monthly trends in India's merchandise imports, exports and trade balance



Source: LSEG Workspace, NSE EPR.

Figure 99: Non-oil, non-gold imports

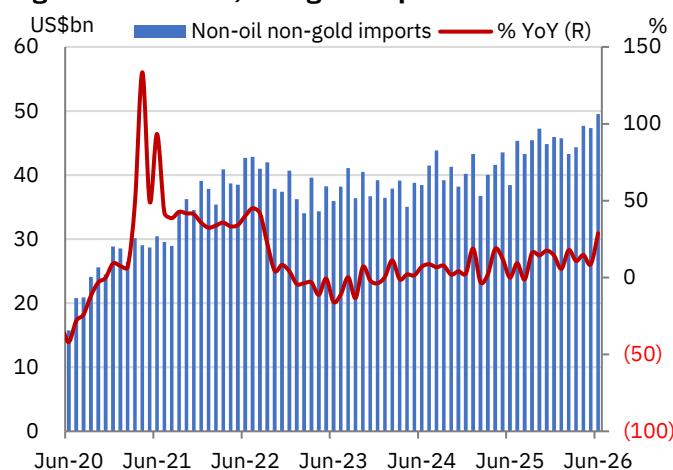
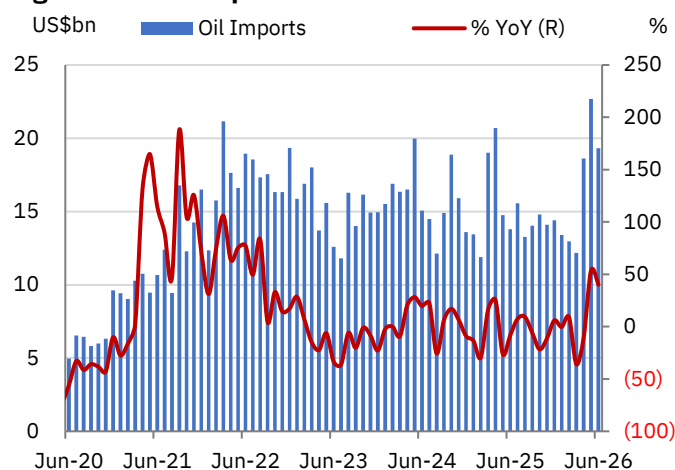
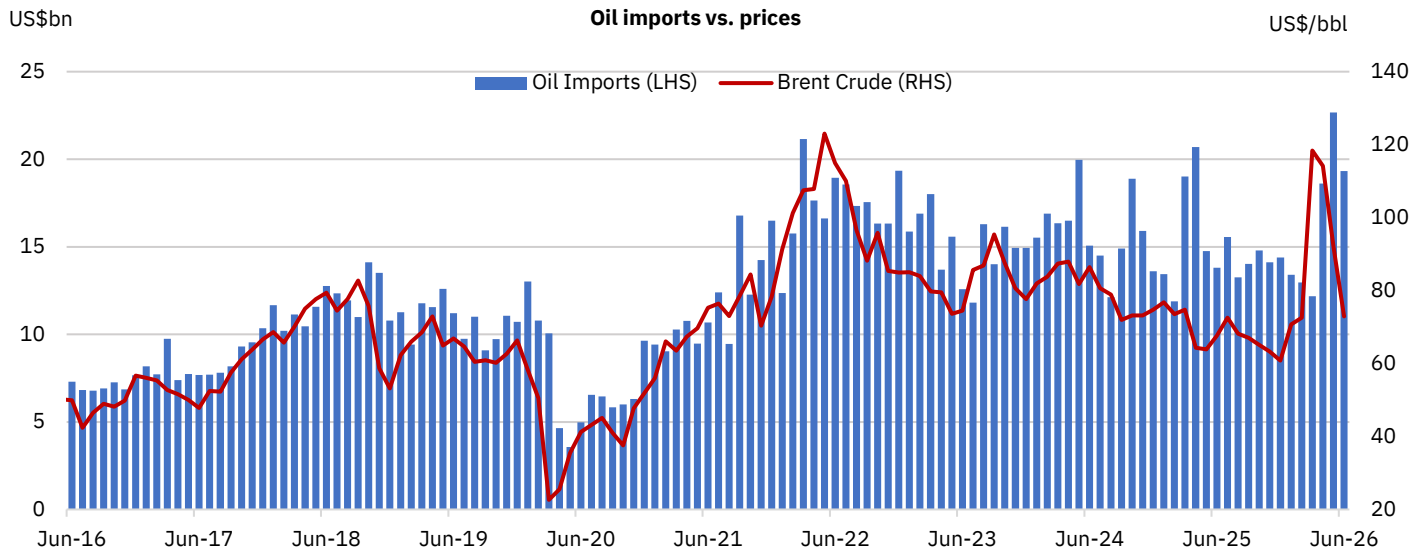
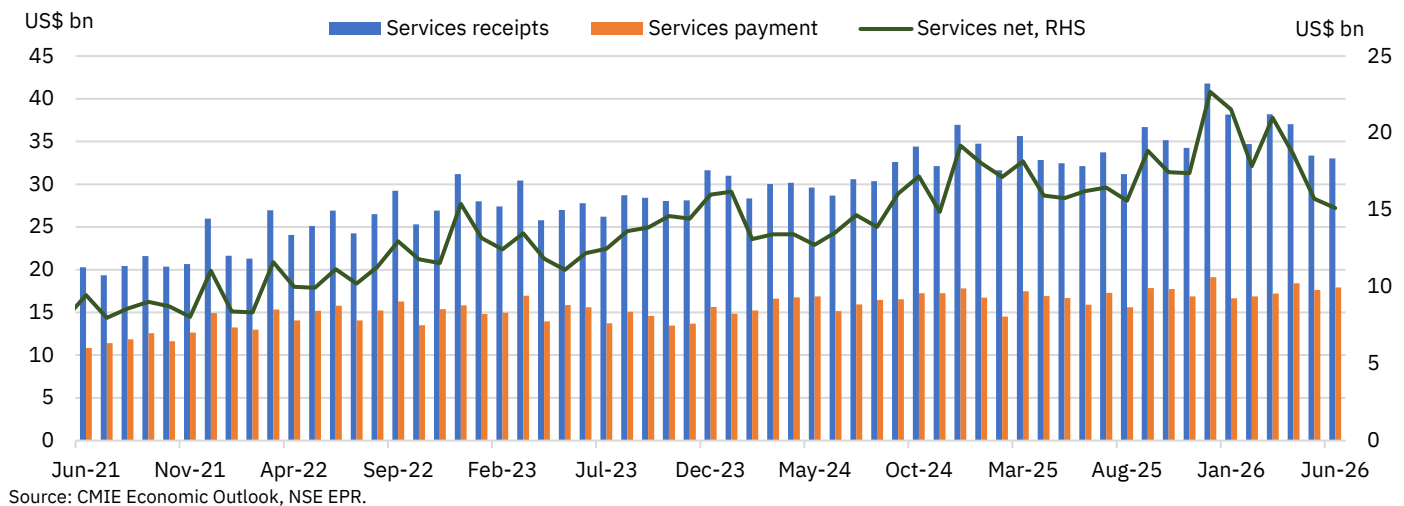
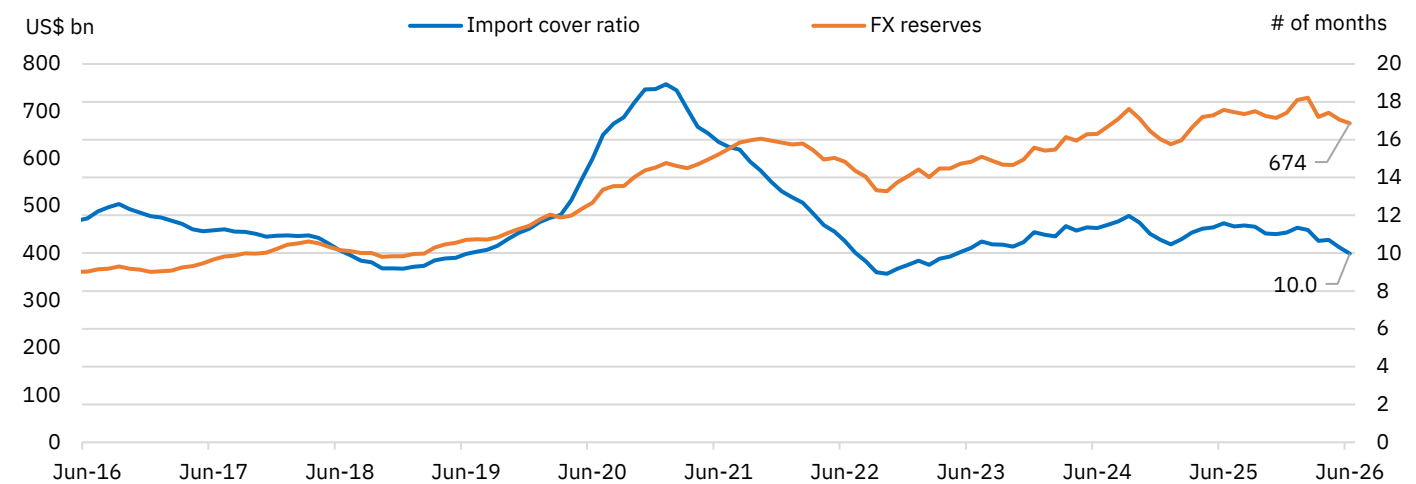


Figure 100: Oil imports trend



Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR.

Figure 101: Oil imports vs. Brent crude oil prices trend

Figure 102: Monthly trend in monthly services exports, imports and net balance

Figure 103: Forex reserves and import cover (months)


Fiscal deficit at 9.6% of FY27 BE during Apr-May 2026

Figure 104: Centre's gross fiscal trend (% GDP)

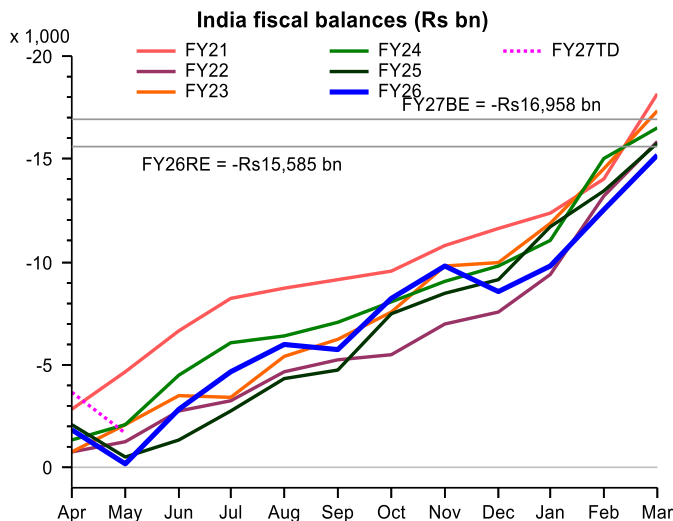
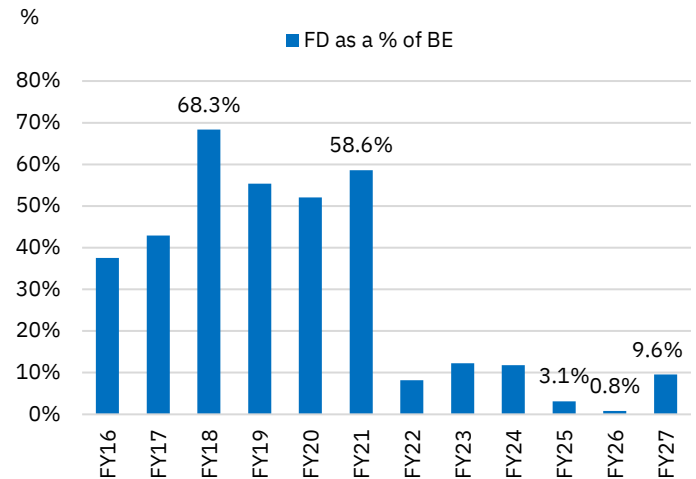


Figure 105: Gross fiscal deficit as % of budget targets during the month of Apr-May across years



Source: LSEG Workspace, CMIE Economic Outlook, CGA, NSE EPR.

Figure 106: Centre's gross fiscal trend (% GDP)

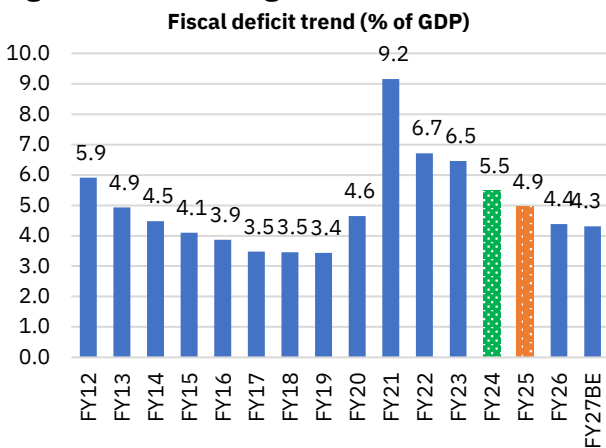
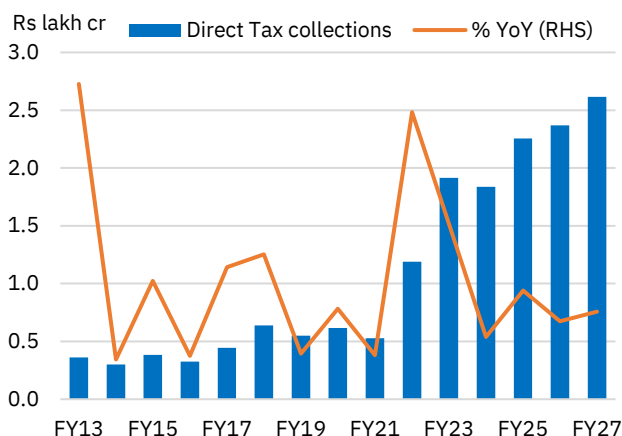


Table 34: Fiscal Balance Snapshot

Rs lakh crore	FY25	FY26	% YoY	FY27BE	% YoY
Net tax rev	25.0	26.2	4.9	28.7	9.3
Non-tax rev	5.4	6.8	26.5	6.7	-1.9
Non-debt cap rec.	0.4	0.8	100.3	1.2	41.4
Total receipts	30.8	33.9	10.0	36.5	7.8
Revenue Exp	36.0	38.4	6.5	41.3	7.5
Capital Exp	10.5	10.7	1.6	12.2	14.3
Total exp.	46.5	49.1	5.4	53.5	9.0
Fiscal deficit	15.7	15.2	-3.5	17.0	11.6
GDP	318.1	346.4	8.9	393.0	13.5
% of GDP	4.9	4.4		4.3	

Source: CMIE Economic Outlook, CGA, NSE. BE = Budget Estimates, PA = Provisional actuals; Note: 1) % YoY growth in FY27BE is over the provisional estimates of FY26 2) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts. 2) GDP for FY25 and FY26 are based on new base.

Figure 107: Direct tax collections during Apr-May



Source: CMIE Economic Outlook, CGA, NSE EPR.

Figure 108: Indirect tax collections during Apr-May

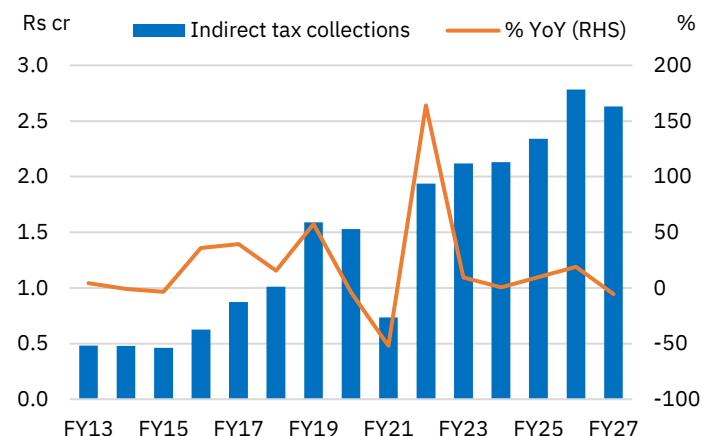
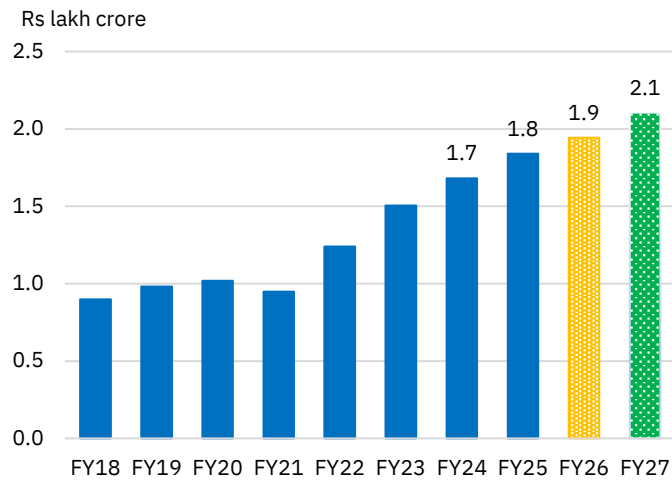
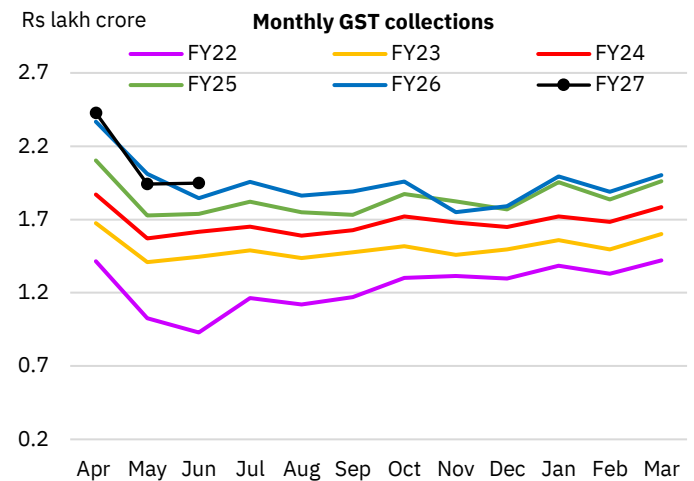
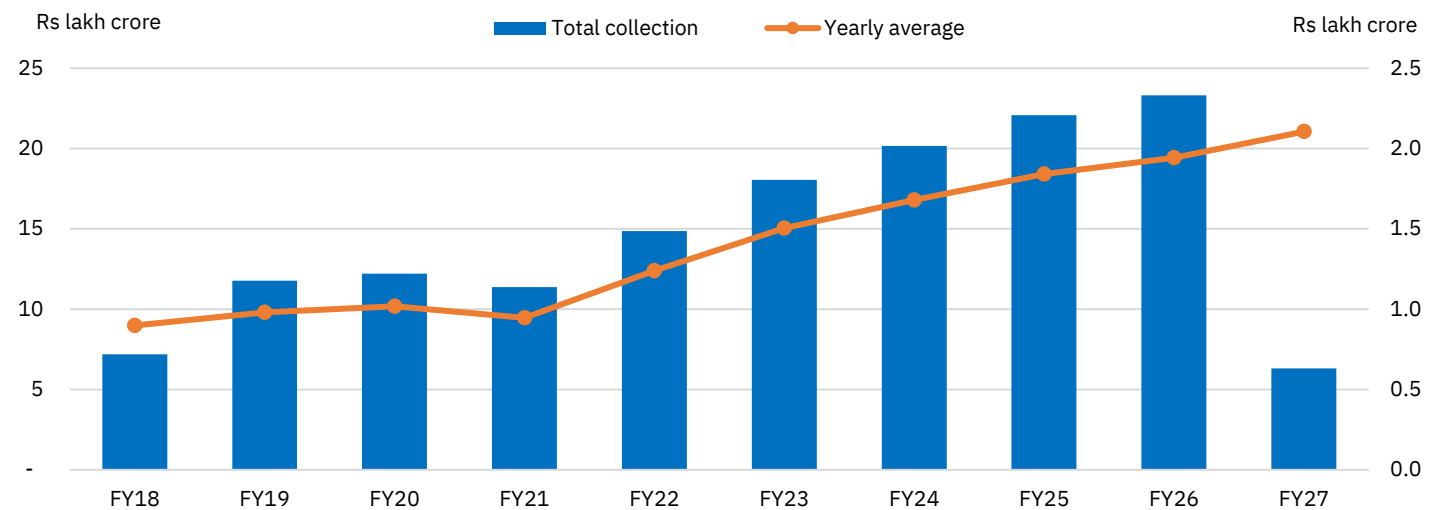


Figure 109: Monthly-run rate of GST collections


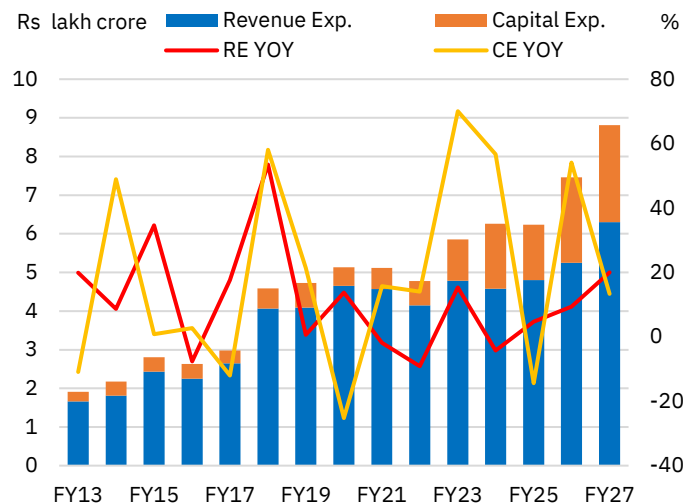
Source: CMIE Economic Outlook, CGA, PIB, NSE EPR. Data for FY27 is for April-June

Figure 110: Monthly GST collections trend


Source: CMIE Economic Outlook, NSE EPR.

Figure 111: GST collection trends


Source: CMIE Economic Outlook, CGA, NSE EPR. Data for FY27 is for April-June.

Figure 112: Revenue and capital exp during Apr-May


Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

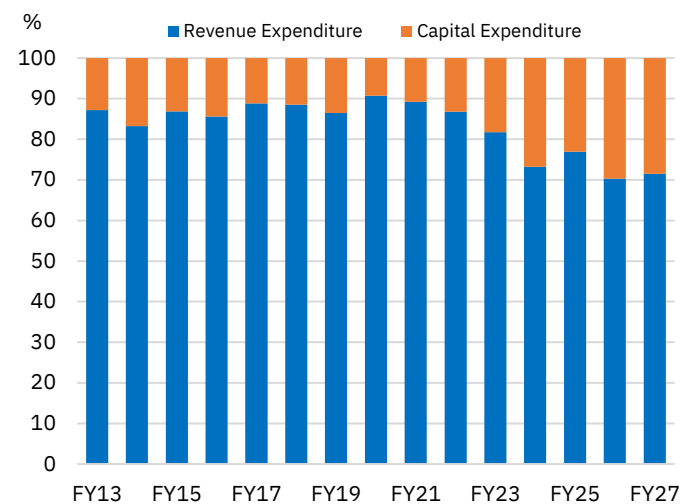
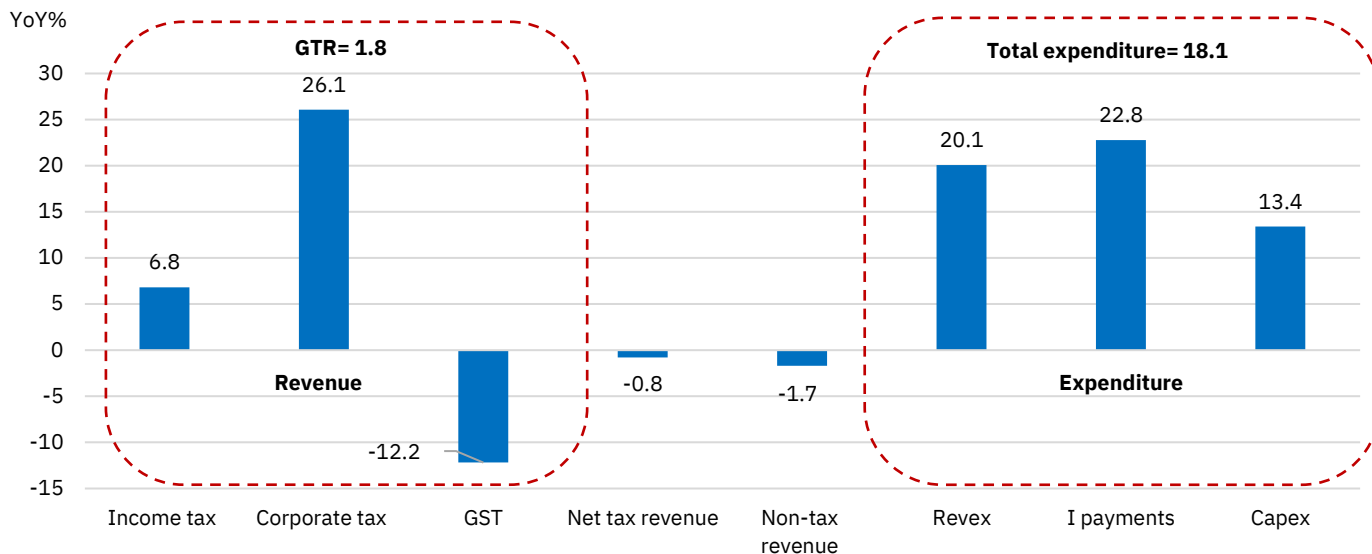
Figure 113: Expenditure mix during Apr-May


Figure 114: YoY% of receipts and expenditure for the month of Apr-May 2026


Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

Table 35: A snapshot of government finances for FY26-27 so far

Items	FY26TD	FY27TD	Realisation/utilisation rate		Avg. monthly required run-rate (Rs lakh crore)	
	Rs lakh crore	Rs lakh crore	2MFY26 (as % of RE)	2MFY27 (as % of BE)	10MFY26	10MFY27
Net tax revenues	3.5	3.5	13.1%	12.1%	2.3	2.5
Gross tax revenues	5.2	5.2	12.6%	11.9%	3.6	3.9
Of which:						
Direct Tax	2.4	2.6	9.8%	9.7%	2.2	2.4
Corporation tax	0.4	0.6	4.1%	4.6%	1.1	1.2
Income tax	1.9	2.0	14.6%	14.0%	1.1	1.3
Indirect Tax	2.8	2.6	16.8%	15.4%	1.4	1.4
Goods and service tax	2.1	1.9	19.9%	18.4%	0.9	0.8
Custom Duties	0.3	0.4	11.3%	14.8%	0.2	0.2
Excise Duties	0.3	0.2	7.8%	5.5%	0.3	0.4
States Share	-1.6	-1.8	11.7%	11.5%	-1.2	-1.4
Transferred to NCCD	0.0	0.0	8.9%	8.1%	0.0	0.0
Non-Tax Revenue	3.6	3.5	53.5%	52.7%	0.3	0.3
Dividends and profits	2.8	2.9	74.2%	73.9%	0.1	0.1
Other non-tax revenues	0.8	0.6	31.3%	26.7%	0.2	0.2
Total revenue receipts	7.1	7.0	21.2%	19.8%	2.6	2.8
Non-Debt Capital Receipts	0.3	0.2	39.4%	16.6%	0.0	0.1
Recovery of Loans	0.0	0.1	8.6%	15.7%	0.0	0.0
Misc. Receipts (include divestment)	0.2	0.1	66.8%	17.0%	0.0	0.1
Total Receipts	7.3	7.2	21.5%	19.7%	2.7	2.9
Revenue Expenditure	5.2	6.3	13.6%	15.3%	3.3	3.5
Interest Payments	1.5	1.8	11.6%	12.9%	1.1	1.2
Major subsidies	0.5	0.8	10.9%	16.6%	0.4	0.4
Food	0.3	0.4	12.3%	17.9%	0.2	0.2
Fertilizer	0.2	0.3	12.5%	20.2%	0.2	0.1
Petroleum	0.0	0.0	0.0%	2.3%	0.0	0.0
Other revenue expenditure	3.3	3.7	15.3%	16.5%	1.8	1.9
Capital Expenditure	2.2	2.5	20.2%	20.5%	0.9	1.0
Total Expenditure	7.5	8.8	15.0%	16.5%	4.2	4.5
Fiscal Deficit	0.1	1.6	0.8%	9.6%	1.5	1.5

Source: CMIE Economic Outlook, CGA, Budget Documents, NSE EPR.

Table 36: A snapshot of Government finances in financial year 2025-27

Items	FY25		FY26					FY27	
	Rs lakh crore	% YoY	BE (Rs lakh crore)	RE (Rs lakh crore)	PE (Rs lakh crore)	% YoY from RE	% YoY from BE	BE (Rs lakh crore)	% YoY over FY26PE
Net tax revenue	25.0	7.4	28.4	26.7	26.2	4.9	-7.6	28.7	9.4
Gross tax revenues	38.0	9.5	42.7	40.8	40.2	6.0	-5.8	44.0	9.3
Of which:									
Direct Tax	22.2	13.6	25.2	24.2	22.8	2.7	-9.4	27.0	18.3
Corporation tax	9.9	8.3	10.8	11.1	11.0	11.4	1.8	12.3	11.9
Income tax	12.4	18.2	14.4	13.1	11.8	-4.2	-17.8	14.7	24.2
Indirect Tax	15.7	4.3	17.5	16.6	12.2	-22.3	-30.1	17.1	55.6
Goods and service tax	10.3	7.3	11.8	10.5	6.1	-40.4	-48.2	10.2	-4.9
Custom Duties	2.3	0	2.4	2.6	2.6	13.4	10.2	2.7	2.1
Excise Duties	3.0	-1.7	3.2	3.4	3.4	13.9	6.8	3.9	14.1
States Share	12.9	13.9	-14.2	-13.9	13.9	8.2	-198.1	-15.3	-209.8
Transferred to NCCD	0.1	7.8	-0.1	-0.1	0.1	-14.2	-181.1	-0.1	-223.3
Non-Tax Revenue	5.4	33.5	5.8	6.7	6.8	26.5	17.1	6.7	-1.3
Dividends and profits	3.1	80.5	3.3	3.8	4.1	33.0	24.3	3.9	-4.9
Revenue receipts	30.4	11.3	34.2	33.4	33.0	8.7	-3.4	35.3	6.9
Non-Debt Capital Receipts	0.4	-30	0.8	0.6	0.8	100.3	4.7	1.2	43.3
Divestment proceeds	0.2	-48.1	0.5	0.3	0.6	243.8	18.3	0.8	35.3
Total Receipts	30.8	10.4	35	34.1	33.9	10.0	-3.3	36.5	7.8
Revenue Expenditure	36.0	3.1	39.4	38.7	38.4	6.5	-2.6	41.3	7.7
Interest Payments	11.2	4.9	12.8	12.7	12.4	11.4	-2.9	14	12.7
Subsidy outgo	4.2	-2.8	4.3	4.7	4.5	7.4	5.5	4.5	-0.8
Capital Expenditure	10.5	10.8	11.2	11	10.7	1.6	-4.5	12.2	14.1
Total Expenditure	46.5	4.7	50.7	49.6	49.1	5.4	-3.3	53.5	9.1
Fiscal Deficit	15.7	4.8	15.7	15.6	15.2	3.5	3.2	17	11.9
Fiscal Deficit/GDP	4.9		4.4	4.4	4.4			4.3	

Source: Budget Documents, NSE EPR. BE: Budget Estimates; RE: Revised Estimates; A = Actual. Notes: 1) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts. 2) GDP estimates for FY25 and FY26 (RE) and FY26(PE) are based on the revised new base year while GDP for FY27 is as per Budget Estimates.

Bank credit growth expanded at the fastest pace in two years

Figure 115: Outstanding bank credit and deposit

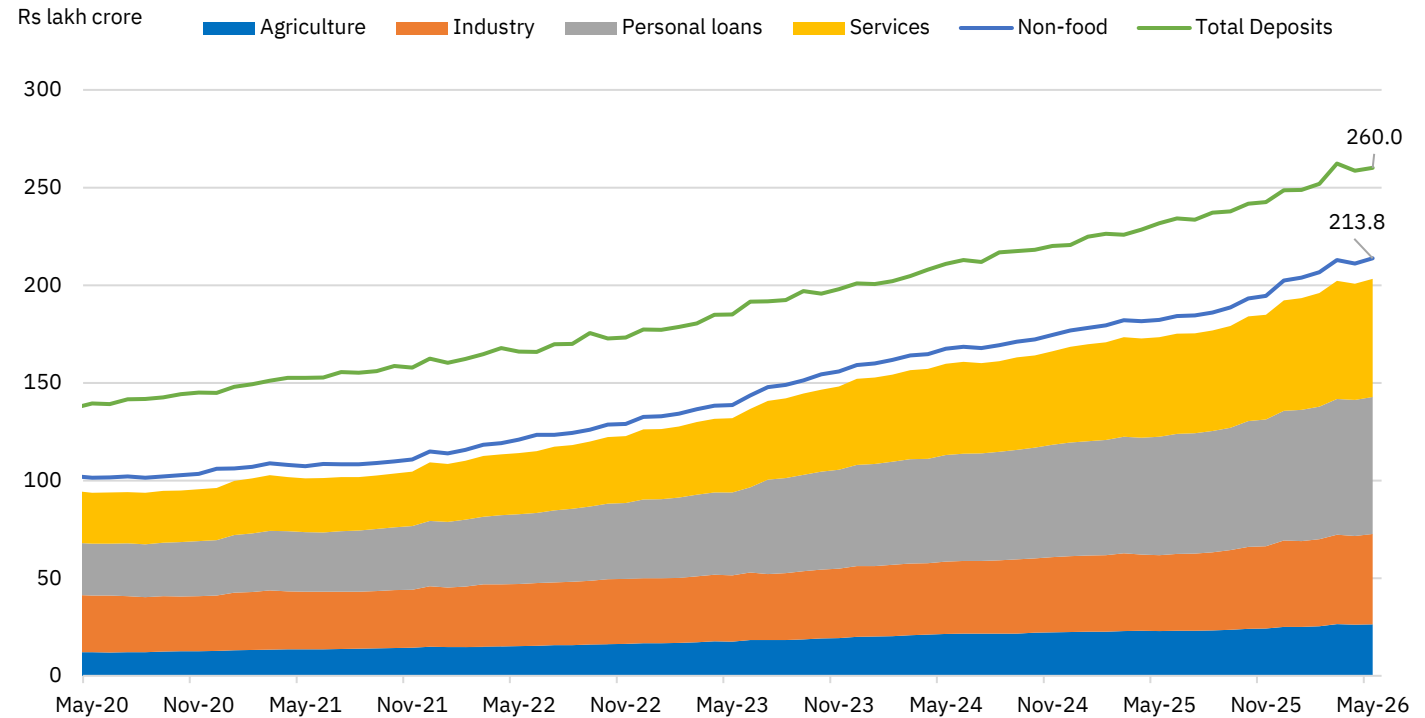


Figure 116: Growth in bank credit across key heads

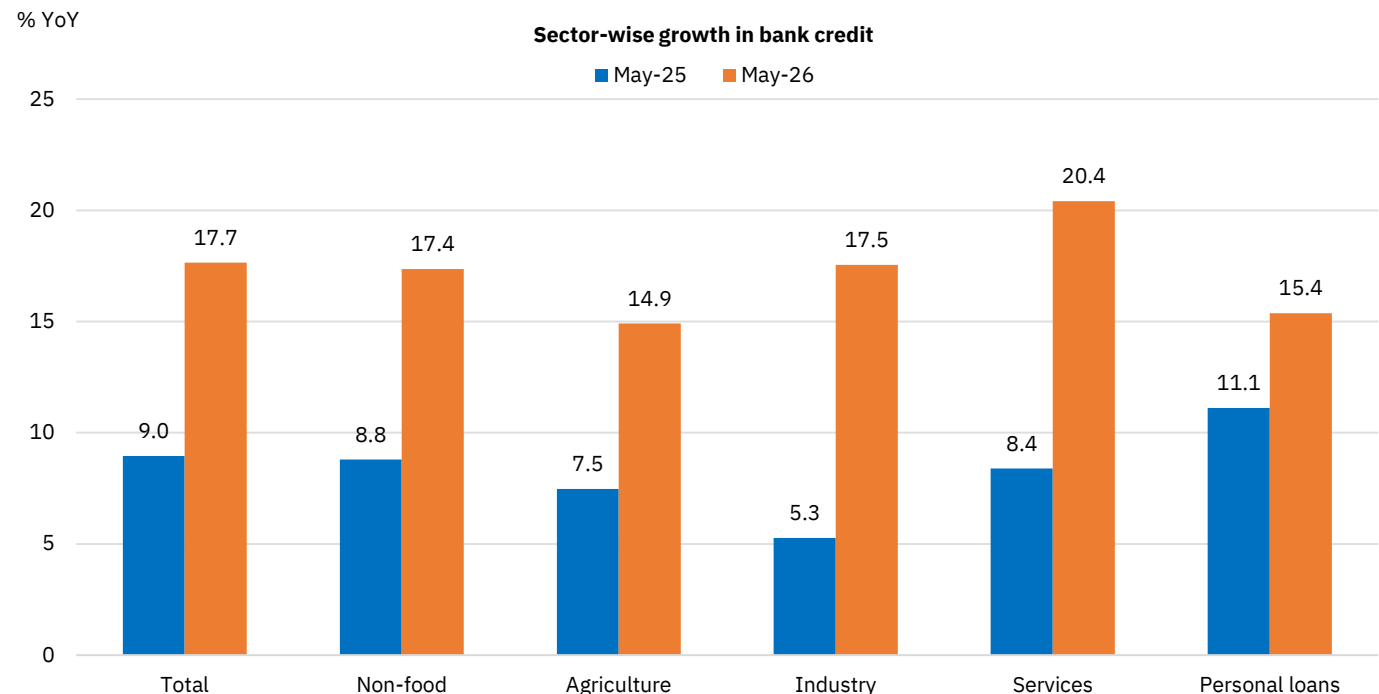
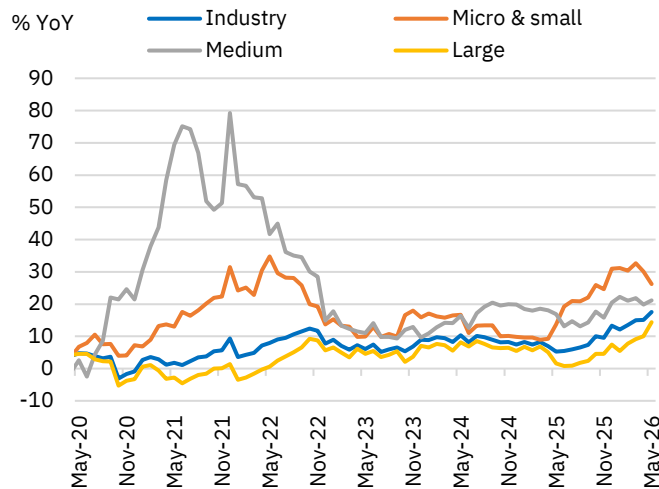
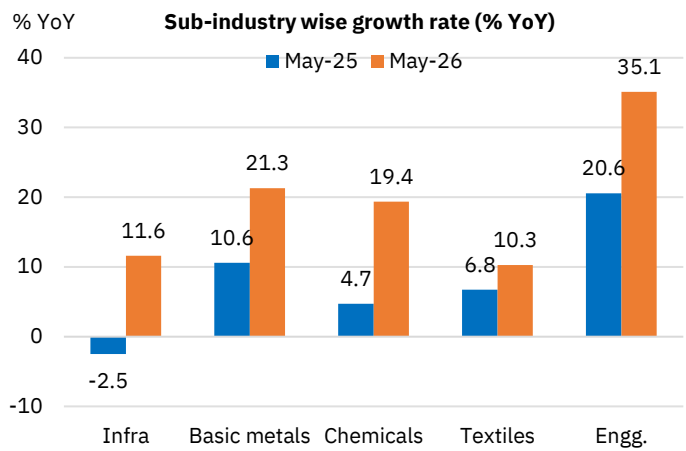
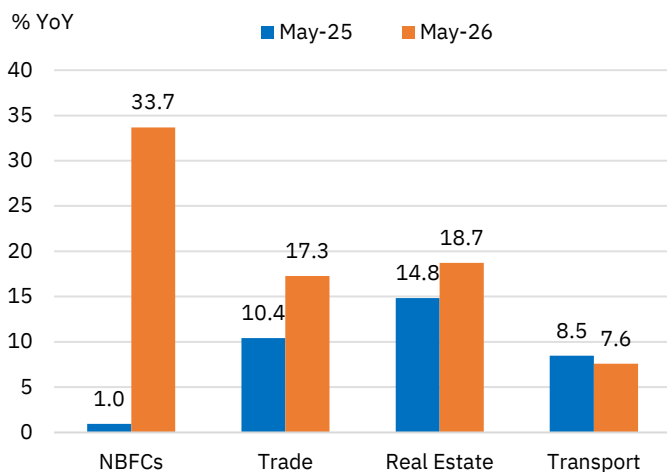
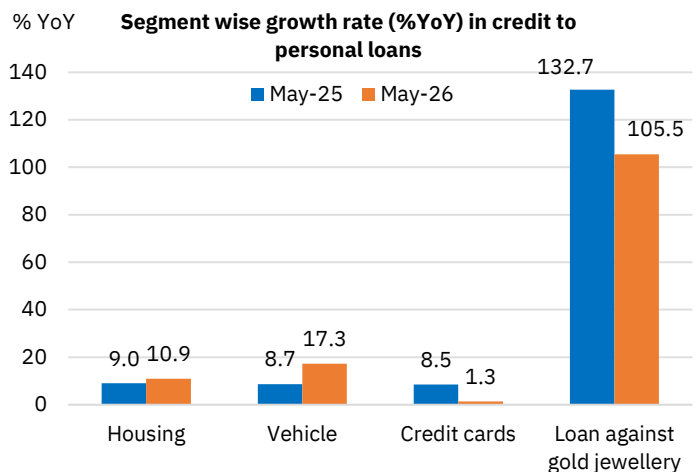
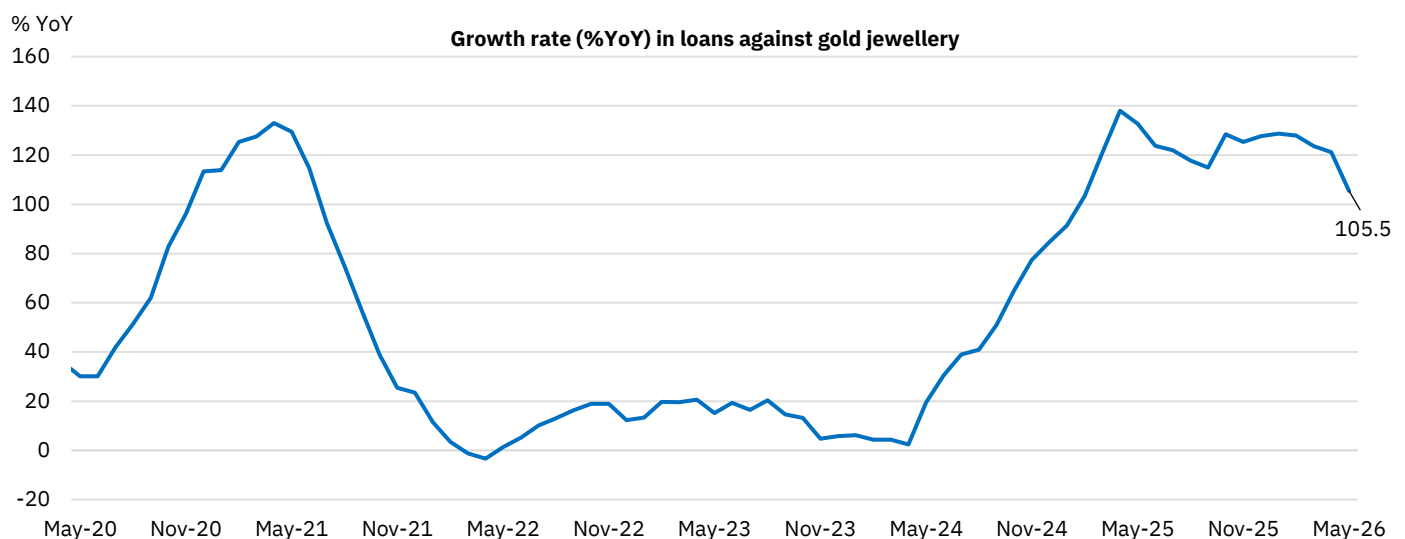


Figure 117: Size-wise growth in industrial bank credit


Source: CMIE Economic Outlook, NSE EPR.

Figure 118: Size-wise growth in industrial bank credit (% YoY)

Figure 119: Growth in bank credit across segments of services (% YoY)


Source: CMIE Economic Outlook, NSE EPR.

Figure 120: Growth in bank credit across segments of personal loans

Figure 121: Growth rate in loans against gold jewellery (% YoY)


Source: CMIE Economic Outlook, NSE EPR

Figure 122: Trends in bank credit and deposit growth (% YoY)

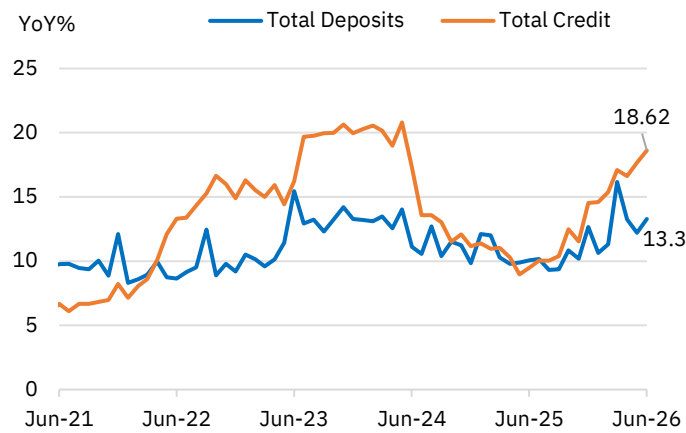
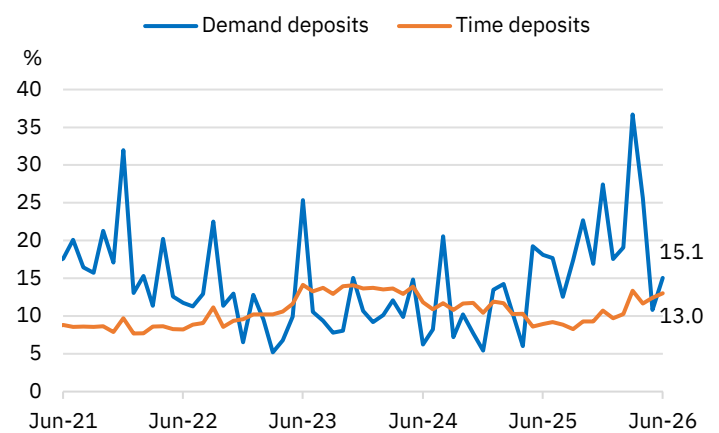
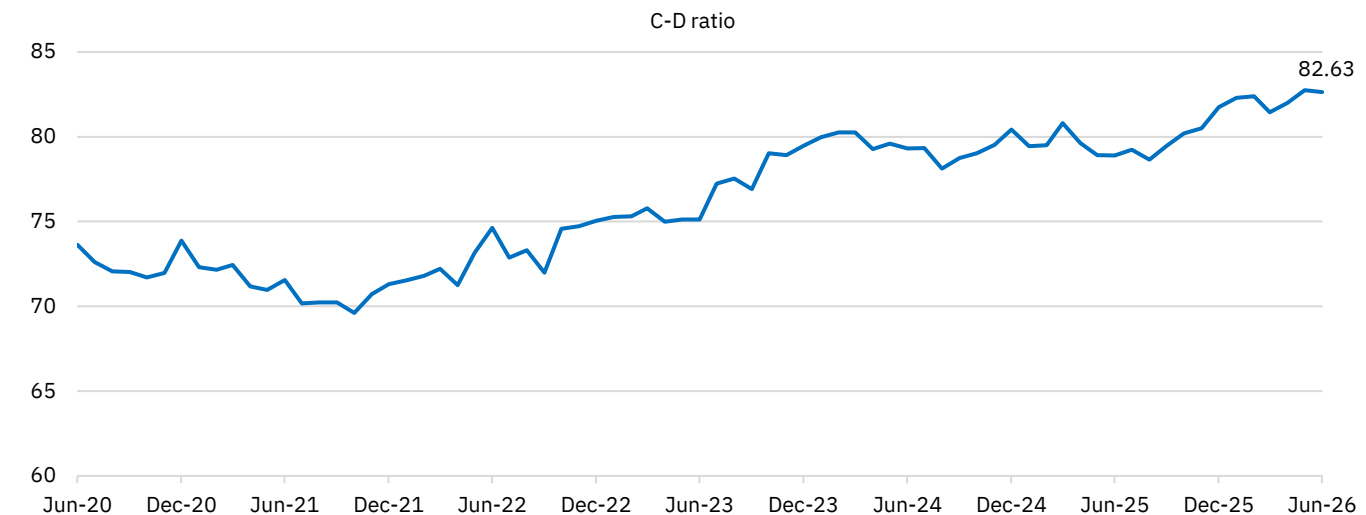


Figure 123: Trends in bank credit and deposit growth (% YoY)



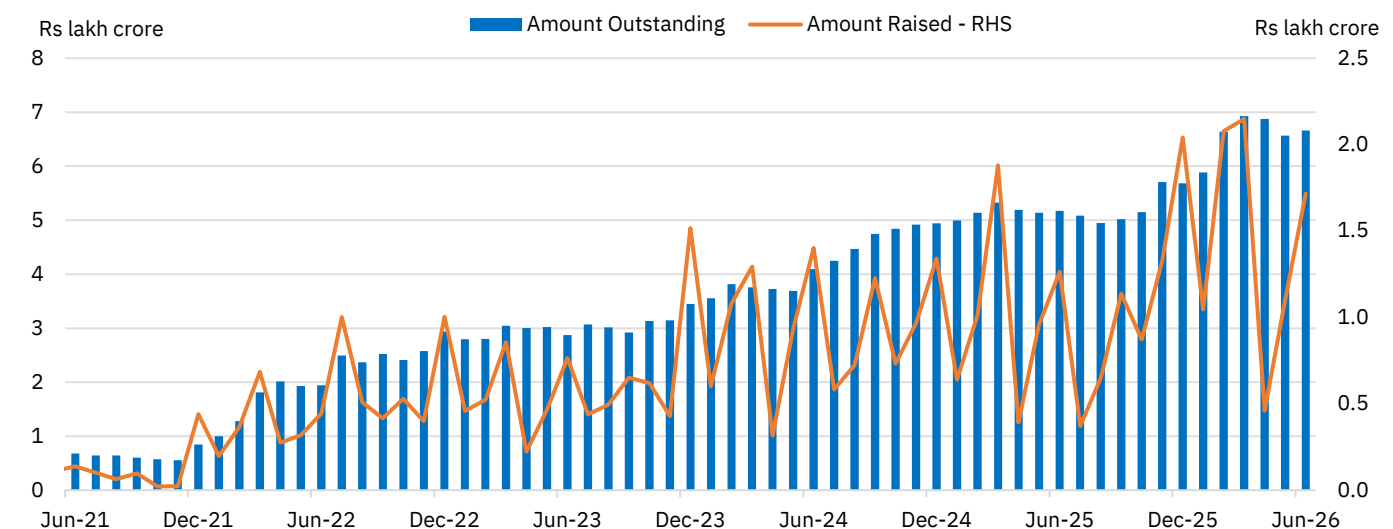
Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for June 2026 as of June 30th, 2026 from the Weekly Statistical Statement of RBI (latest).

Figure 124: Credit to Deposit ratio (%)



Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for June 2026 as of June 30th, 2026 from the Weekly Statistical Statement of RBI (latest).

Figure 125: Issued and outstanding amount of Certificate of Deposits



Source: CMIE Economic Outlook, NSE EPR.

RBI Financial Stability Report: Strong fundamentals cushion rising risks

The RBI's Financial Stability Report (FSR), June 2026, reaffirms the resilience of India's financial system amid a challenging global environment marked by heightened geopolitical tensions including the West Asia conflict, tighter global financial conditions, elevated bond market fragilities, and technological advances in artificial intelligences alongside concomitant implications on valuations across global markets. This strength is anchored by robust domestic macroeconomic fundamentals, prudent policymaking, and fortified balance sheets across banks and non-bank financial corporations (NBFCs). While global vulnerabilities have intensified from high public debt, growing leverage among non-bank financial intermediaries and rising interconnectedness across the financial system, the domestic system remains stable, backed by strong capital and liquidity buffers and continued regulatory vigilance.

Scheduled Commercial Banks (SCBs) extended their improvement in asset quality, with the Gross non-performing assets (NPA) ratio declining to a multi-decadal low of 1.8% and the Net NPA ratio at 0.4% as of March'26—reflecting improvement across all bank groups. Capital adequacy strengthened further, with SCBs' Capital to Risk-Weighted Assets Ratio (CRAR) rising to 17.7% and the Common Equity Tier 1 (CET1) ratio to 15.3%, both multi-decadal highs, while profitability remained healthy with Return on Assets (RoA) at 1.3% and Return on Equity (RoE) at 12.6%. Macro stress tests indicate the system would remain adequately capitalised even under adverse scenarios through March'28, with the GNPA ratio for a system of 46 banks projected to edge up marginally under the baseline scenario. Credit growth accelerated to 14.5% YoY in FY26, led by public sector banks, while deposit growth strengthened to 11.5%. NBFCs maintained healthy capital positions with improved profitability, even as credit growth moderated and stress tests pointed to vulnerabilities among a limited number of entities.

- Indian financial system stays resilient amid elevated global risks...:** Notwithstanding heightened global uncertainty, the Indian financial system continued to exhibit resilience, anchored by strong macroeconomic fundamentals, prudent policymaking and strengthened balance sheets of banks and NBFCs. This provided important buffers against prolonged risks from the West Asia conflict, oil-price volatility, elevated global asset valuations and tighter financial conditions. Financial institutions remain sound, with strong capital, liquidity and asset-quality buffers, while stress tests indicate that adverse shocks can be absorbed with their broader impact remaining contained, even as rising interconnectedness warrants continued vigilance.
- ...With asset quality at a fresh multi-decadal low...:** The GNPA ratio of SCBs declined to 1.8% in March'26 (vs. 10Y median of 7.3%), reflecting improvement across all bank groups—PSBs at 2.1%, PVBs at 1.5% and FBs at 0.6%. The NNPA ratio remained low at 0.4% at the aggregate level, with PSBs and PVBs at 0.4% and FBs at 0.1%. The annual slippage ratio moderated to 1.2% in FY26, reflecting lower fresh accretions to impaired assets. Write-offs to gross NPA remained elevated at 33.2% continued to contribute to NPA reduction. There was a broad-based improvement in asset-quality across sectors. Despite improvement in agriculture sector GNPA, it remained high and it accounted for 37% of the system GNPA. Large borrowers accounted for 44.5% of total SCB credit as of March'26, while their asset quality continued to improve. Macro stress tests indicate that the aggregate GNPA ratio for a system of 46 banks may edge up current levels to 1.9% by March'28 under the baseline scenario and to 3.8% and 4.1% under adverse scenarios 1 and 2, respectively.

RBI's macro stress tests point to GNPA ratio for 46 banks edging marginally from 1.8% in March 2026 to 1.9% in March 2028 under the baseline scenario.

- ...and capital buffers scales multi-decadal highs...:** SCBs' CRAR rose to 17.7% and the CET1 ratio to 15.3% as of March'26, with increase in CET1 capital outpacing growth in risk-weighted assets. Macro stress test results project the aggregate CRAR for a system of 46 banks declining from 17.5% in March'26 to 15.6% by March'28 under the baseline scenario, and to 13.3% and 13.0% under adverse scenarios 1 and 2, respectively—in each case remaining above the regulatory minimum, reaffirming the sector's ability to absorb shocks. Profitability remained healthy, with RoA at 1.3% and RoE at 12.6% for all SCBs, and supported by sustained credit expansion, stable NIM and robust growth in other operating income. PSBs recorded a marginal improvement in profitability, while PVBs and FBs continued to maintain healthy return ratios. The provisioning coverage ratio remained broadly stable at 75.6%, and liquidity buffers stayed comfortable, with LCR and NSFR well above regulatory requirements.
- Bank credit growth accelerated; supported by PSBs...:** Credit growth accelerated to 14.5% YoY in FY26, led by public sector banks, while deposit growth also strengthened to 11.5%. Overall bank credit growth was driven primarily by personal loans, led by PSBs, while PVBs and FBs recorded relatively healthy growth in lending to industry and services, in contrast to the weaker momentum observed among PSBs. Within the personal loans book, banks have increasingly directed growth toward borrowers with stronger income profiles, even as the lower-income cohort continued to account for a disproportionately large share of fresh NPAs relative to its share of new lending.
- ...while credit growth moderation seen in NBFCs:** Aggregate NBFC credit growth eased to 16.6% YoY in March'26 led by moderation in credit growth of NBFC-ICC and NBFC-IFC category — which account for more than 95% of o/s credit — even as credit growth of NBFC-MFIs reversed trend and registered growth of 14.5% YoY. The moderation was seen in industry and services sector while both retail and agriculture sector witnessed strong double-digit credit growth. Profitability improved, with PAT growth of 11.8%, led by upper-layer entities, even as overall credit growth moderated. Stress test results indicate that under a severe large-borrower default scenario, system-level CRAR would decline by 230–240 bps, with around eight NBFCs (of a sample of 174) falling below the regulatory minimum of 15%, although vulnerabilities persisted among a limited number of entities. System-level GNPA ratio may rise from 2.4% in March'26 to 2.8%/4%/5.2% in the baseline/adverse/severe scenario respectively in March'27.
- Cyber resilience remains adequate, though perceived risks are rising...:** This edition included a dedicated assessment of cyber resilience among major banks and NBFCs. While 98% of respondents rated their current cyber risk exposure as low to moderate and most incidents in 2025-26 were contained within 24 hours, institutions reported an increase in perceived cyber risks compared to the previous year. Overall, the Indian financial system remains well placed to withstand external shocks while continuing to support economic activity.

CRAR of 46 major banks is expected to decline to 15.6% by March 2028 under the baseline scenario.

The system-level CRAR for NBFCs is expected to decline by 230-240 bps, with 8 out of 174 NBFCs falling below the regulatory minimum of 15%.

Figure 126: YoY credit growth trend—distribution by bank groups

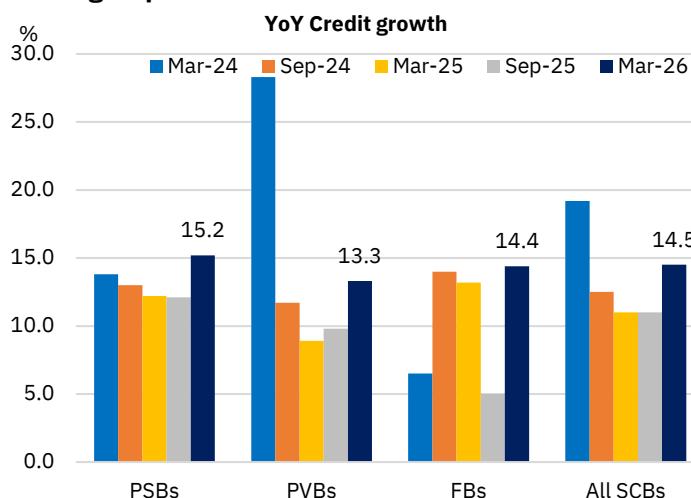
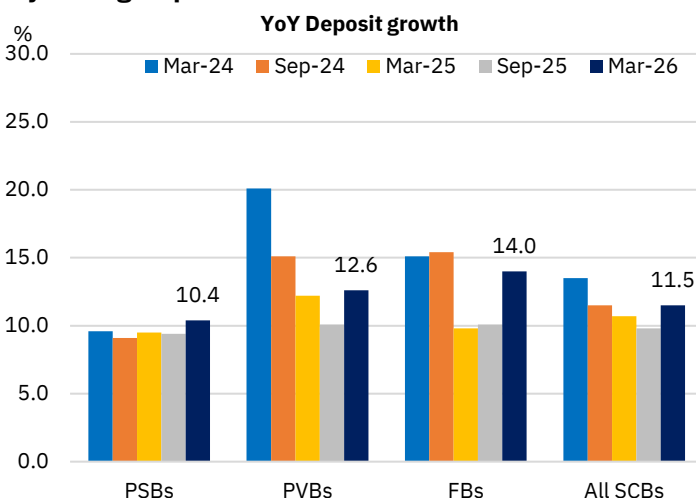


Figure 127: YoY deposit growth trend—distribution by bank groups



Source: RBI Financial Stability Report, NSE EPR. PSBs = Public Sector Banks, PVBs = Private Sector Banks, FBs = Foreign Banks

Figure 128: Sectoral share in credit by SCBs in economics sectors



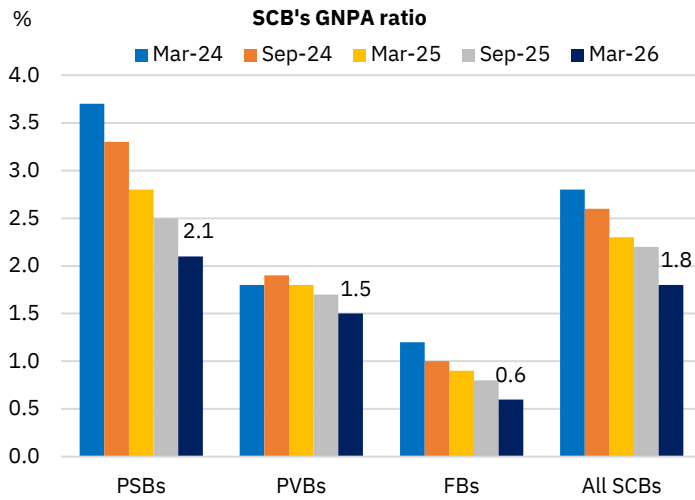
Source: RBI Financial Stability Report, NSE EPR.

Table 37: Credit growth of select sectors

YoY%	Agriculture		Industry		Services		Personal	
	Mar-25	Mar-26	Mar-25	Mar-26	Mar-25	Mar-26	Mar-25	Mar-26
PSBs	9.8	16.2	6.7	8.1	12.3	15.6	17.7	19.8
PVBs	8.6	10.2	8.8	18.3	12.5	14.3	6.1	10.7
FBs	2.1	72.8	9.1	10.1	21.9	12.1	6.5	13.6
SCBs	9.1	15.2	7.8	12.1	13.2	15.2	11.7	15.3

Source: RBI Financial Stability Report, NSE EPR

Figure 129: GNPA ratio of SCBs—distribution by bank groups



Source: RBI Financial Stability Report, NSE. PSBs = Public Sector Banks, PVBs = Private Sector Banks, FBs = Foreign Banks

Figure 130: NNPA ratio of SCBs—distribution by bank groups

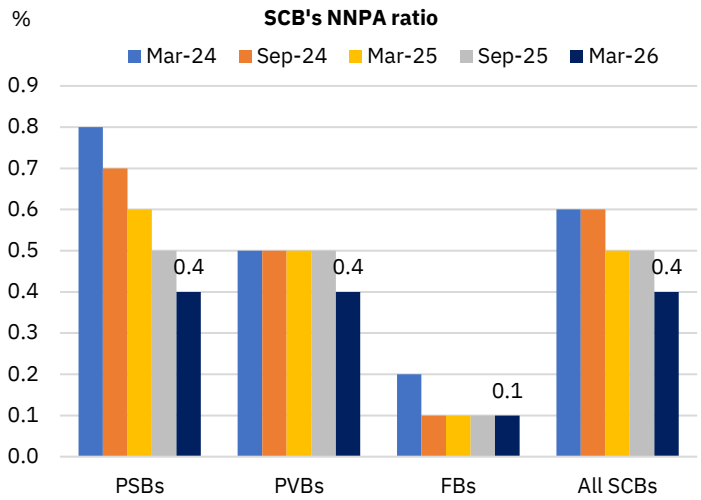


Figure 131: Sector-wise GNPA ratio

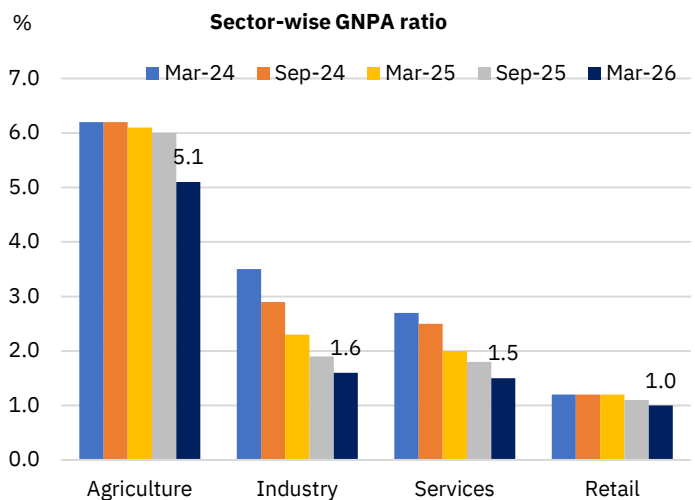
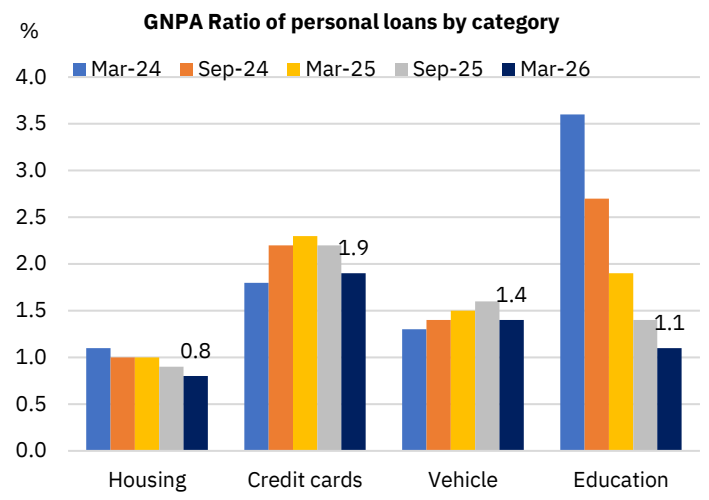


Figure 132: GNPA ratio of personal loans by category



Source: RBI Financial Stability Report, NSE. PSBs = Public Sector Banks, PVBs = Private Sector Banks, FBs = Foreign Banks

Figure 133: GNPA ratio projections

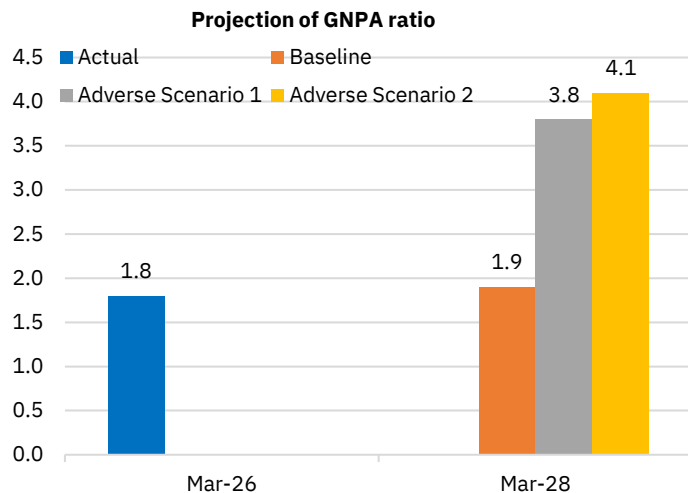
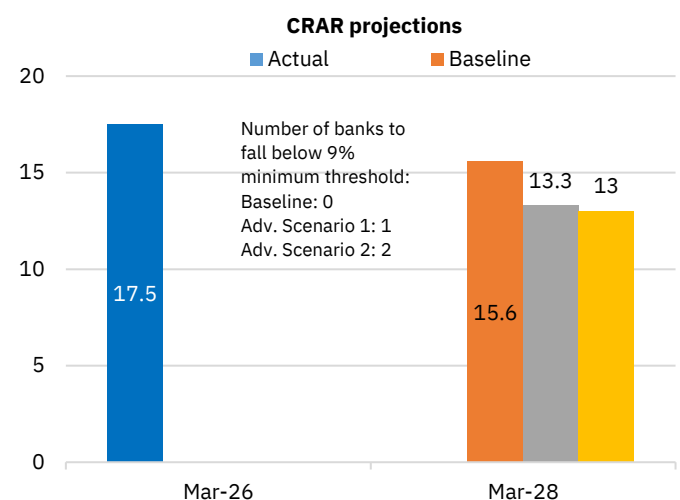
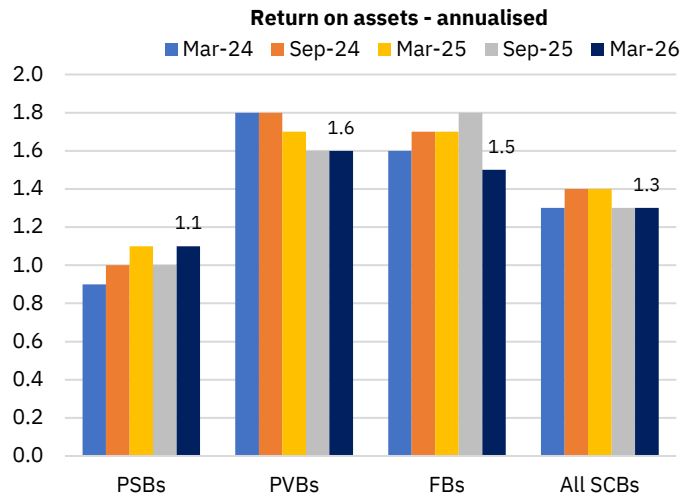


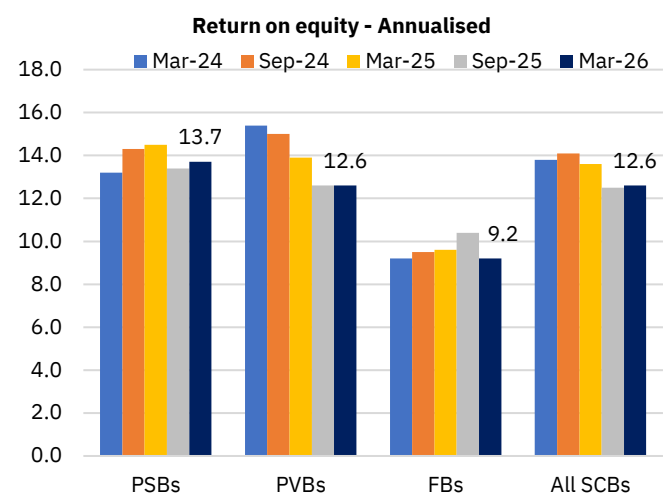
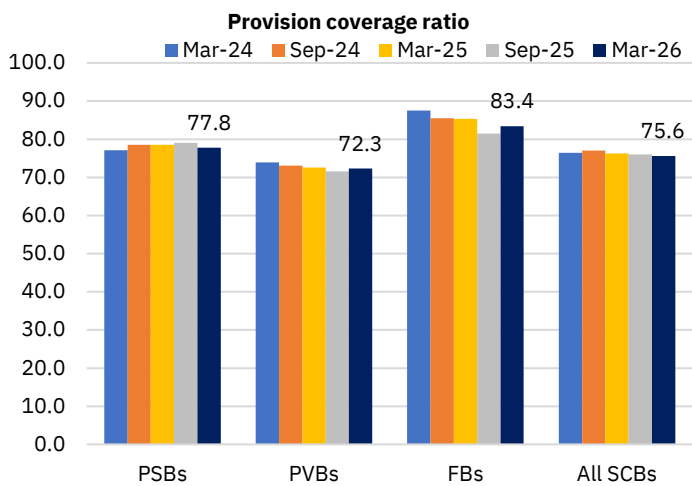
Figure 134: CRAR projections



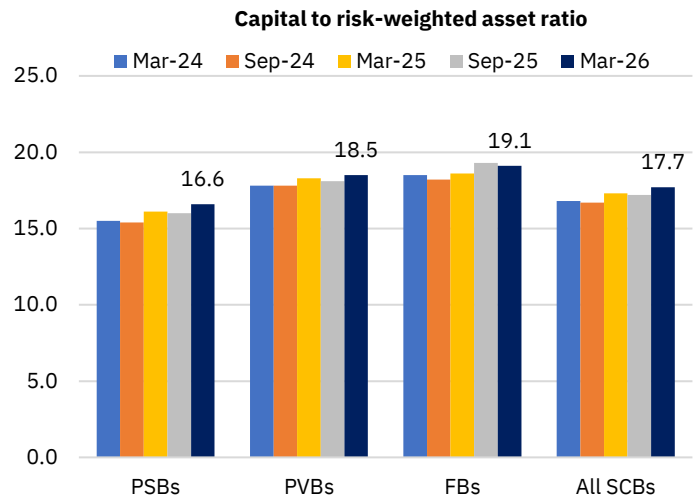
Source: RBI Financial Stability Report, NSE. Note: For a system of 46 select banks.

Figure 135: Return on assets – Annualised


Source: RBI Financial Stability Report, NSE. PSBs = Public Sector Banks, PVBs = Private Sector Banks, FBs = Foreign Banks

Figure 136: Return on equity – Annualised

Figure 137: Provisioning coverage ratio by bank groups


Source: RBI Financial Stability Report, NSE EPR. PSBs = Public Sector Banks, PVBs = Private Sector Banks, FBs = Foreign Banks

Figure 138: CRA ratio by bank groups


Monsoon deficit widens by mid-July; kharif sowing progress slow

Figure 139: Daily mean rainfall in India

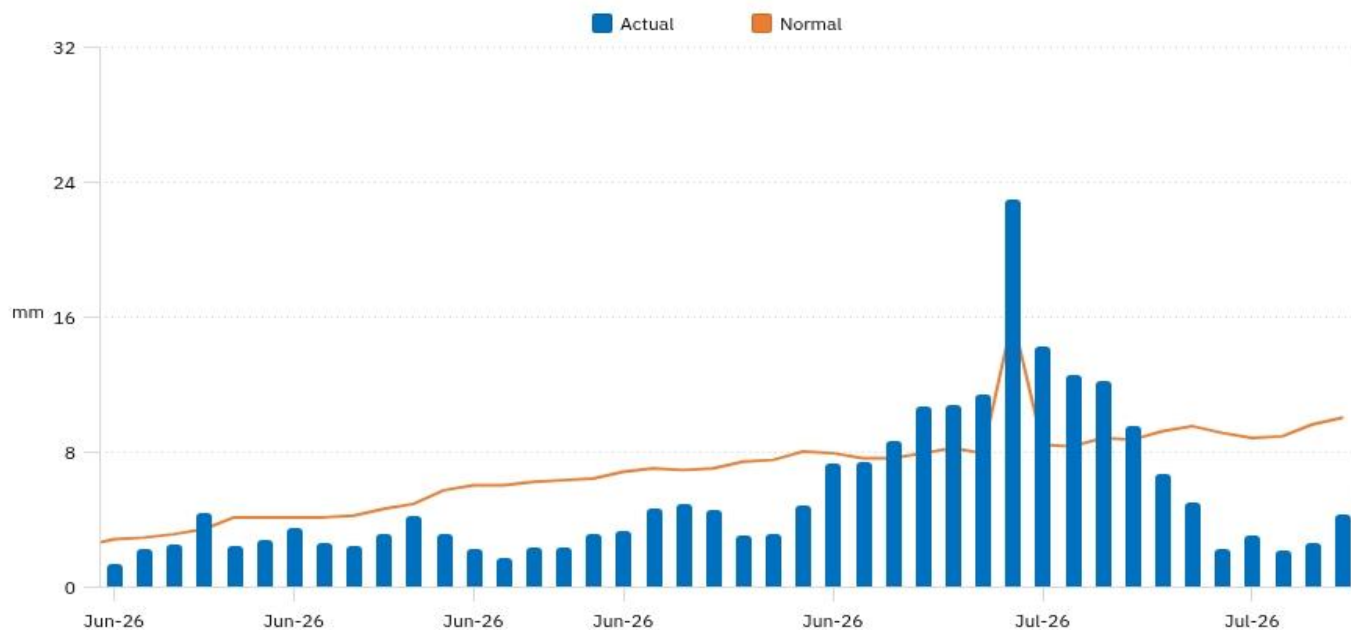
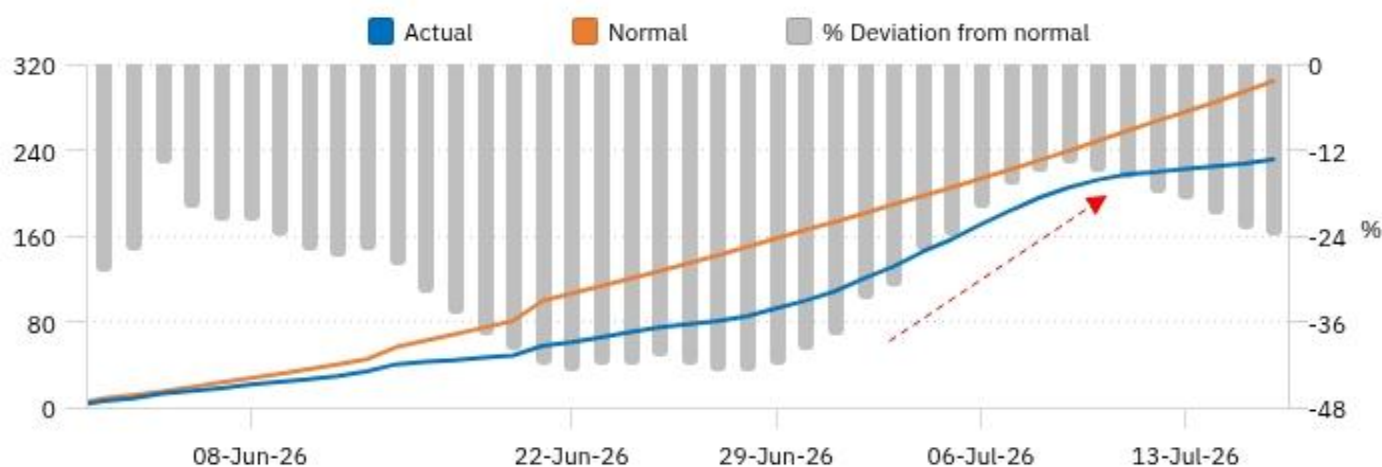
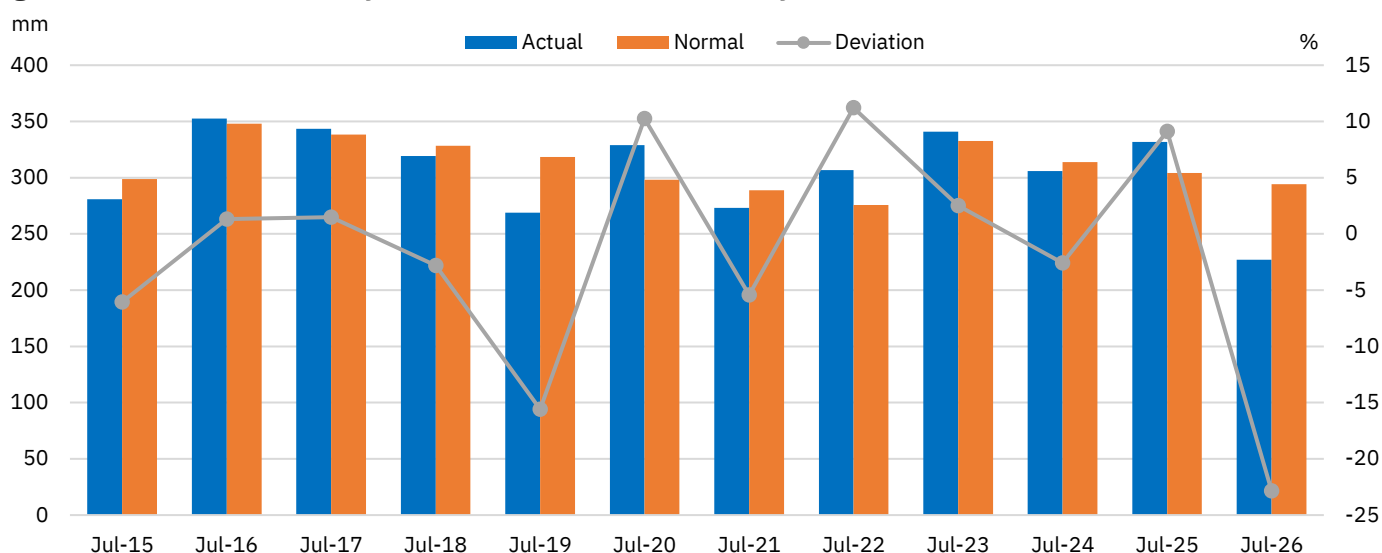


Figure 140: Cumulative rainfall and percentage deviation


Source: CEIC, IMD, NSE EPR Note: 1) Data is captured during the period June 1st, 2026 to July 16th, 2026

Figure 141: Cumulative weekly rainfall and % deviation across years


Source: CMIE, IMD, NSE EPR Notes: 1) Data captured here is for the week ended July 15th, 2026 and the yearly comparison is done for the similar week-end period in the corresponding years.

Table 39: Division-wise distribution of cumulative rainfall

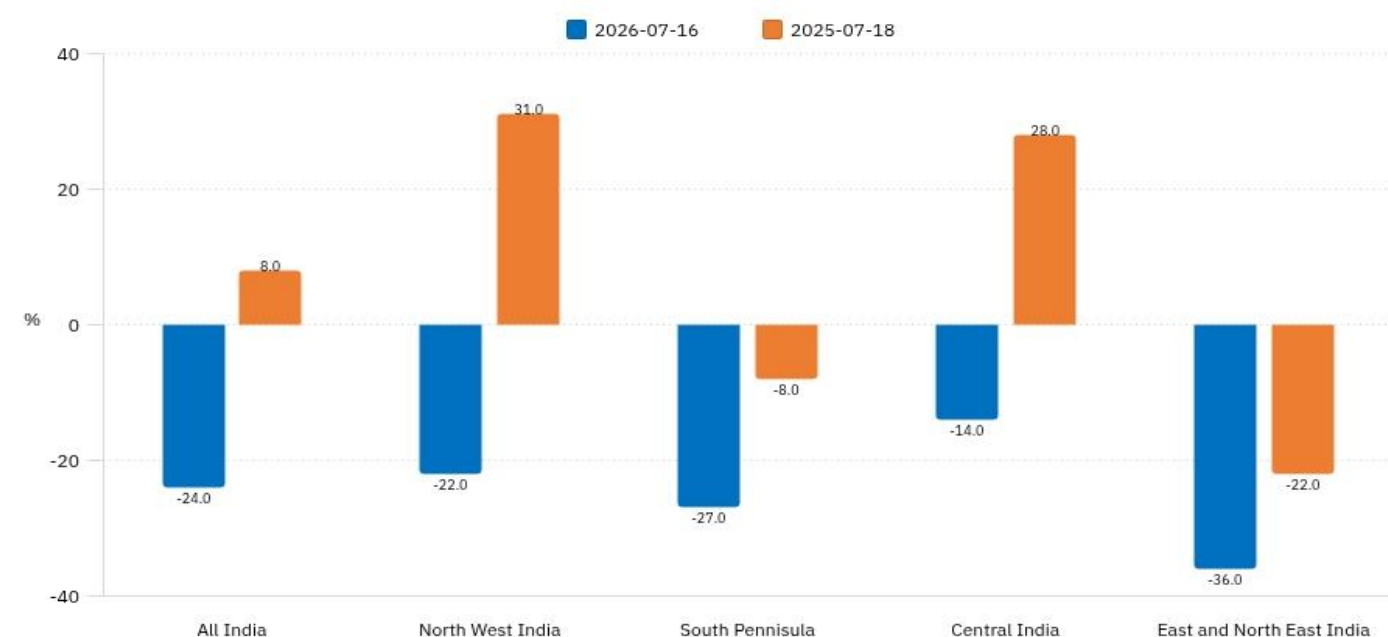
Subdivisions	Cumulative rainfall (Period: June 1 st to July 16 th)		
	Actual (mm)	Normal (mm)	% Deviation
East and North-East India	356	554.3	-36%
North-West India	138.2	176.6	-22%
Central India	281.1	326.8	-14%
South Peninsula	190.4	262.3	-27%
Total	231.3	304.2	-24%

Source: IMD, NSE EPR

Table 40: Category-wise number of subdivisions and % area (sub-divisional) of the country

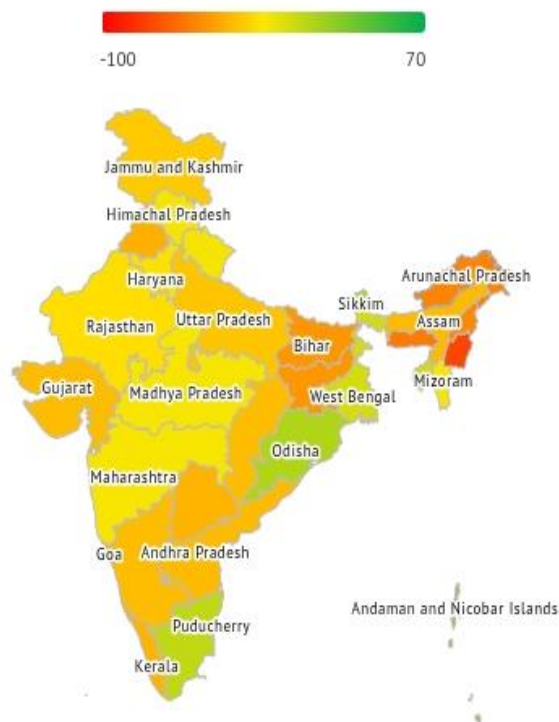
Category	Period: June 1 st to July 16 th , 2026	
	No. of subdivisions	% area of the country
Large excess	0	0%
Excess	1	0%
Normal	12	35%
Deficient	23	65%
Large Deficient	0	0%
No rain	0	0%

Source: IMD, NSE EPR.

Figure 142: Cumulative division rainfall deviation (%): current year vs last year


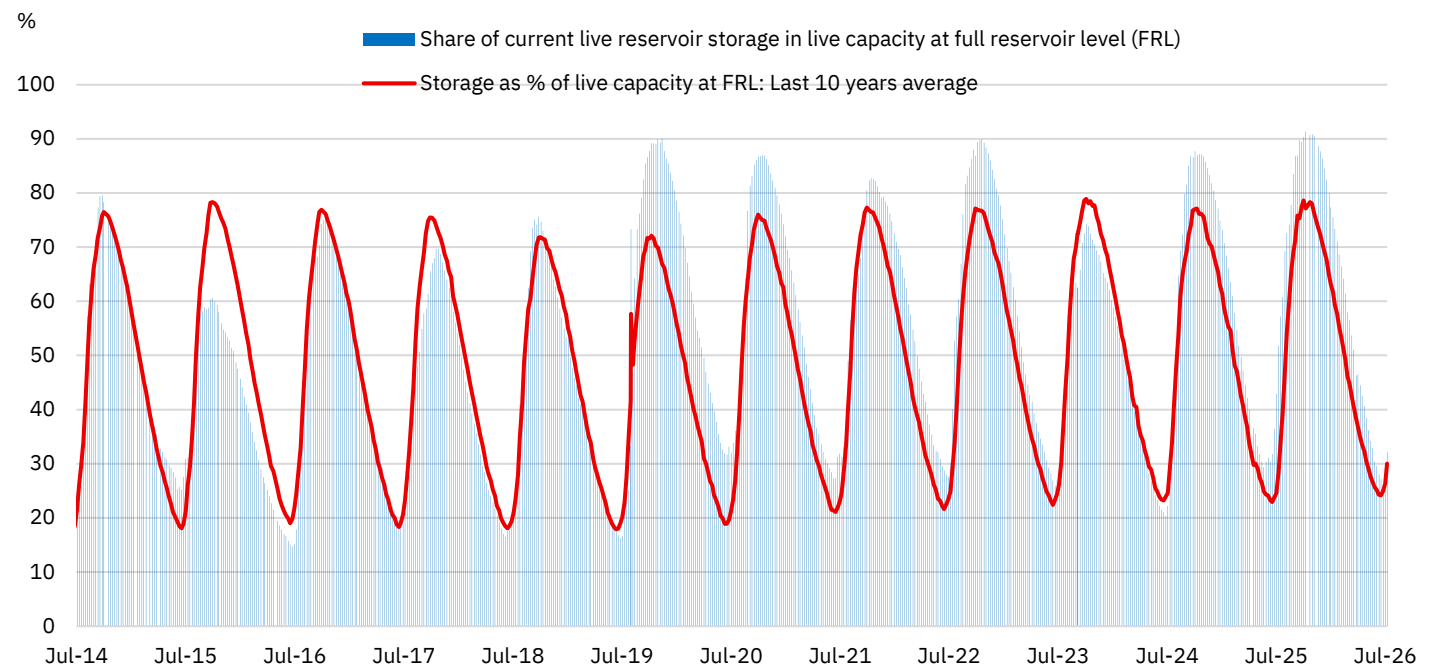
Source: CEIC, IMD, NSE EPR

Figure 143: State-wise rainfall deviation (%) (As of July 16th, 2026)

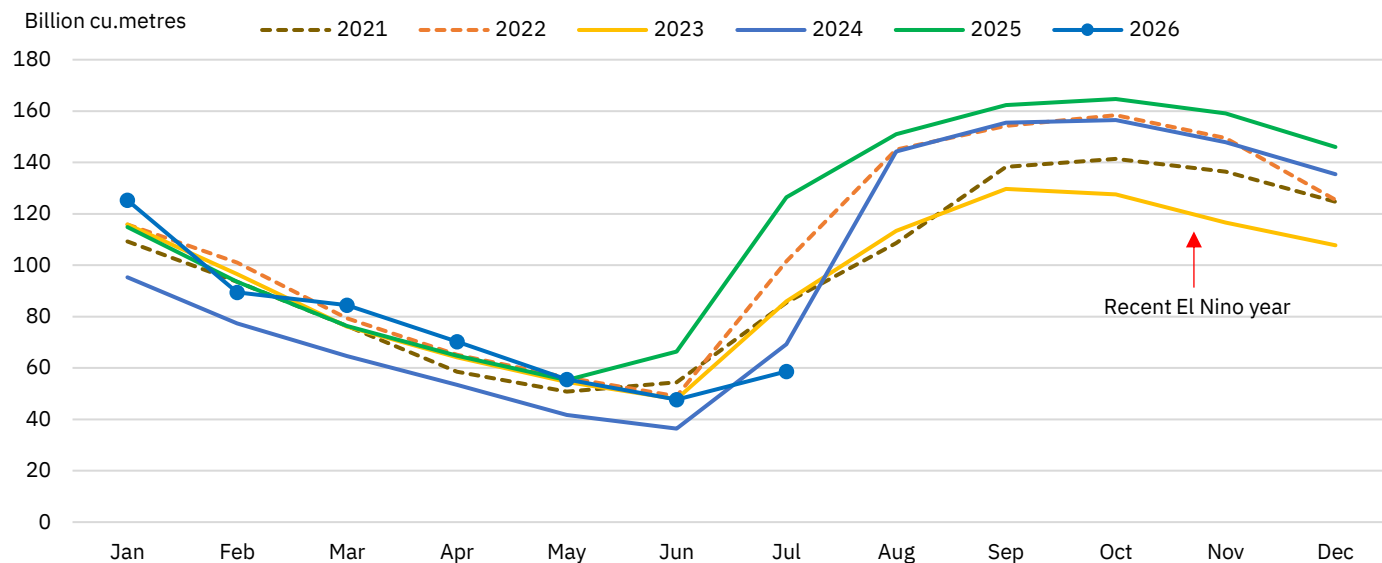
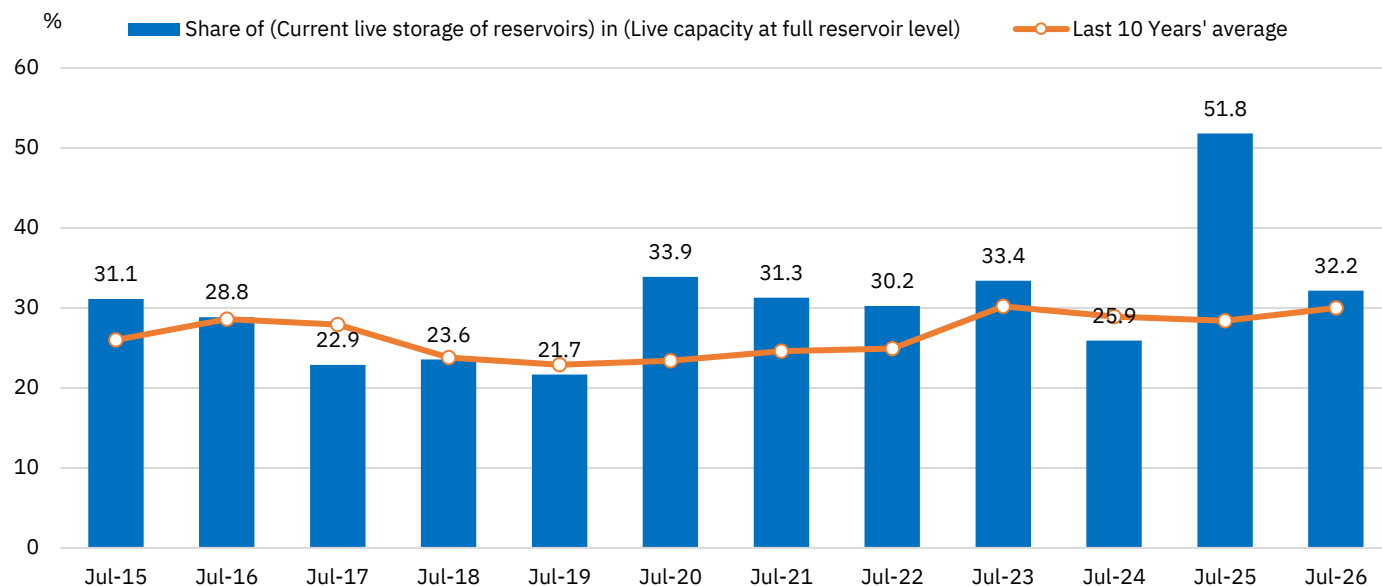


Source: CEIC, IMD, NSE EPR.

Figure 144: Trend of reservoir storage levels (as of July 9th, 2026)



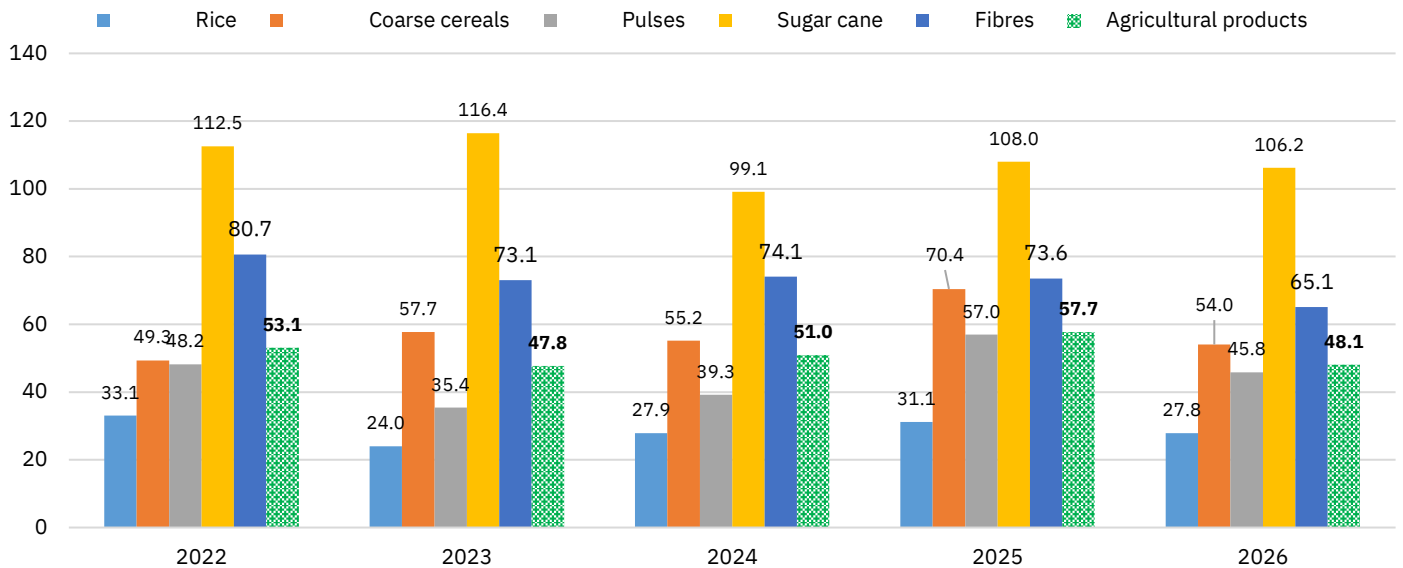
Source: CMIE Economic Outlook, NSE EPR

Figure 145: Monthly trend of reservoir storage levels over years

Figure 146: Live reservoir storage levels

Table 41: Division-wise reservoir storage levels

Year	Storage as % of live capacity at full reservoir level					India
	Northern region	Eastern region	Western region	Central region	Southern region	
Jul-20	39	26	36	41	27	34
Jul-21	21	31	30	31	42	33
Jul-22	26	20	43	36	55	40
Jul-23	64	21	33	40	22	33
Jul-24	30	20	25	27	26	26
Jul-25	41	45	55	46	62	52
Jul-26	31	27	43	36	24	32

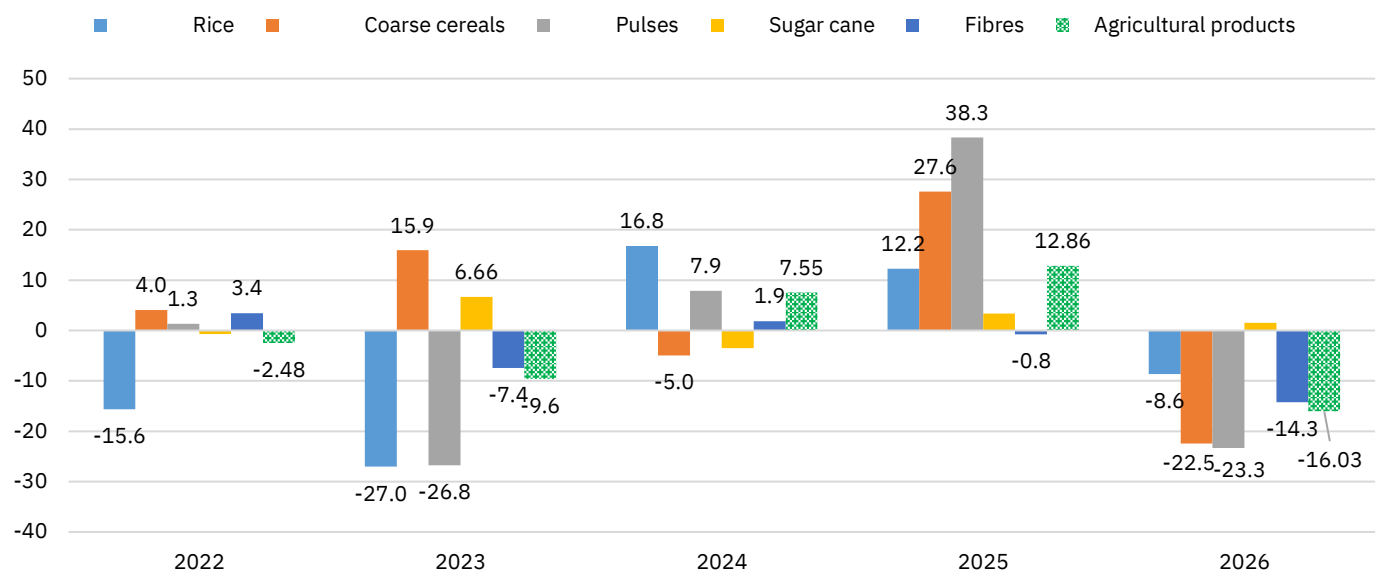
Source: CEIC IMD, NSE EPR Notes: 1) Data captured here is for the week ended July 9th, 2026 and the yearly comparison is done for the similar week-end period in the corresponding years.

Figure 147: Actual sown area as a % of normal area sown (as of 10th July 2026)



Source: CMIE Economic Outlook, NSE EPR.

Figure 148: YoY % change in actual sown area (as of 10th July 2026)



Source: CMIE Economic Outlook, NSE EPR.

Highlights of IMF's World Economic Outlook (July 2026)

The July 2026 IMF World Economic Outlook Update projects global growth at 3.0% in 2026 and 3.4% in 2027, broadly unchanged from the Apr'26 WEO, but below the average 3.5% growth recorded during 2024-25. The IMF characterises the global economy as being shaped by two opposing forces—the adverse supply shock from the Middle East conflict and the positive demand impulse from the AI-driven technology cycle. While higher energy prices, trade fragmentation and geopolitical uncertainty weigh on activity, resilient financial conditions and strong AI-related investment have helped cushion the slowdown. Growth outcomes are becoming increasingly uneven, with energy exporters and AI-integrated economies outperforming, while energy-importing countries with limited technology exposure lag behind. India remains among the fastest-growing major economies, supported by resilient domestic demand, while China's outlook softens in 2026 amid higher energy costs and persistent structural headwinds. The IMF expects the global disinflation process to stall, with headline inflation rising to 4.7% in 2026 before easing to 3.9% in 2027. Although risks are more balanced than in April, they remain tilted to the downside owing to geopolitical tensions, trade fragmentation, fiscal vulnerabilities and the risk of an AI-led market correction, while stronger AI adoption, easing energy prices and greater trade cooperation could lift medium-term growth.

- Global growth slows as geopolitical headwinds offset technology tailwinds:** The IMF projects global growth at 3.0% in 2026 (-0.1pp from the April WEO) before recovering to 3.4% in 2027 (+0.2pp). The update attributes this trajectory to two opposing shocks—the adverse supply shock from the Middle East conflict, transmitted through higher commodity prices, elevated inflation expectations and tighter financial conditions, and the positive demand impulse from the accelerating AI-driven technology cycle. The global economy has so far proved more resilient than initially feared, aided by commercial and strategic inventory drawdowns that cushioned disruptions to energy supplies. However, forward-looking indicators, including manufacturing PMIs and global supply-chain pressure indices, point to softer momentum ahead, with the impact expected to be increasingly uneven across economies.
- Outcomes diverge sharply by war exposure and tech-value-chain integration:** Growth in advanced economies is projected at 1.7% in 2026 and 1.8% in 2027, while EMDE growth is projected to slow to 3.8% before rebounding to 4.5% in 2027. The IMF attributes this widening divergence to differences in energy dependence and participation in AI-related value chains. The US is largely insulated as a net energy exporter, with growth projected at 2.3% in 2026, supported by accommodative financial conditions, fiscal policy and continued AI-related investment, while euro area growth is revised down to 0.9% amid weak momentum and higher energy costs. China's growth is projected to moderate to 4.6%, as elevated oil prices compound structural headwinds despite continued strength in high-tech manufacturing and exports. India remains among the fastest-growing major economies, with growth projected at 6.4% in FY27 and 6.7% in FY28, supported by resilient private consumption and services activity. In contrast, the Middle East and Central Asia region records the sharpest downgrade, with growth cut to 0.7% in 2026 (-1.2pp from April) before rebounding to 6.5% in 2027, while AI hardware and semiconductor exporters such as Korea, Taiwan Province of China, Malaysia and Thailand continue to outperform previous projections.
- Disinflation stalls as war-driven energy and food costs climb:** Global headline inflation is now projected to rise to 4.7% in 2026 before easing to 3.9% in 2027—both revised upward from April by 0.3pp and 0.2pp, respectively—driven mainly by

higher energy, fertiliser, and food prices. Core inflation is expected to return to target only gradually across major economies: by mid-2027 in the United Kingdom, by end-2027 in the United States and Japan, and not until 2028 in the euro area, with inflation dynamics remaining highly uneven depending on exchange-rate pass-through, labour market conditions and domestic policy responses.

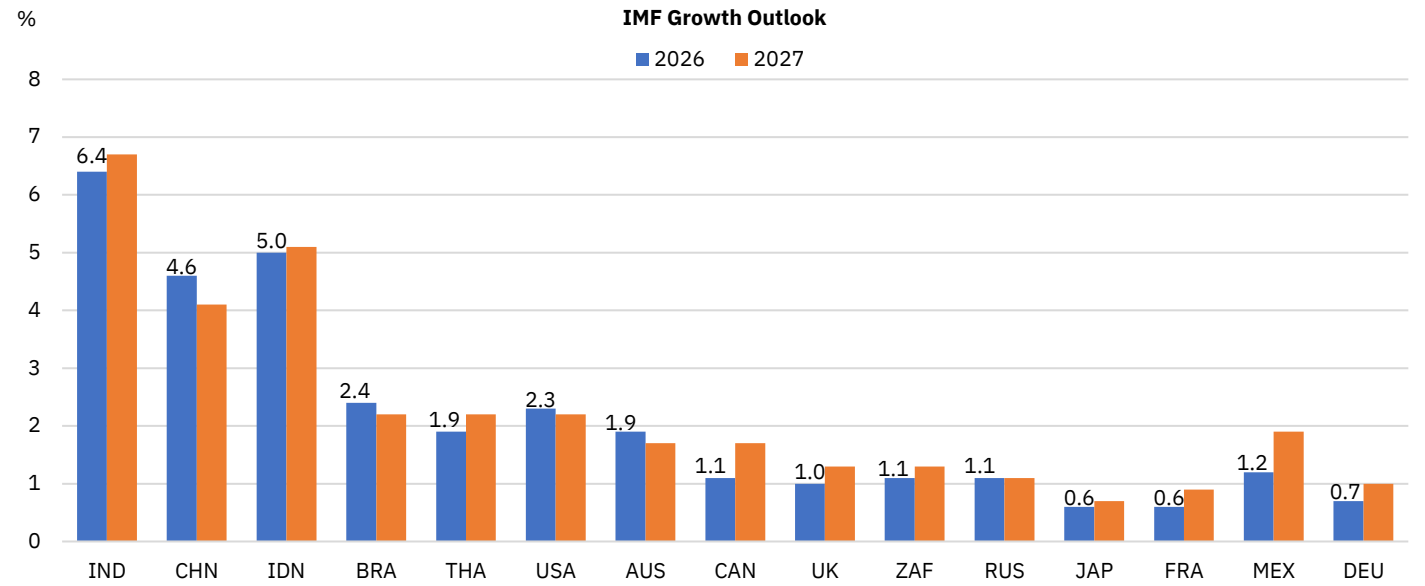
- Risks remain tilted to the downside despite a more balanced outlook:** Compared with Apr'26, the IMF judges the balance of risks to be more even, but downside risks continue to dominate. A renewed escalation of the Middle East conflict could prolong commodity price volatility, tighten financial conditions and further disrupt global supply chains. Additional risks stem from renewed trade fragmentation, deteriorating fiscal positions amid elevated debt levels, and the possibility of an AI-driven investment and equity market correction. On the upside, faster normalisation in energy markets, stronger-than-expected AI investment, renewed international trade cooperation and structural reforms could provide meaningful support to medium-term global growth.
- Policy priorities shift toward preserving macroeconomic resilience amid overlapping shocks:** The IMF argues that policymakers must balance containing inflation with supporting activity while rebuilding fiscal and financial buffers. Monetary policy should remain focused on price stability and central bank credibility, while fiscal support should be temporary and targeted to vulnerable households. Over the medium term, reforms to strengthen energy security, improve AI readiness, enhance digital infrastructure and deepen international economic cooperation will be critical to broadening growth and improving resilience against future geopolitical and technological shocks.

Table 42: IMF growth projections July 2026 WEO

Growth outlook			Projections (%)		Deviation from Apr 2026 (pp)	
	2024	2025	2026	2027	2026	2027
World	3.5	3.5	3.0	3.4	-0.1	0.2
Advanced Eco	1.9	1.9	1.7	1.8	-0.1	0.1
USA	2.8	2.1	2.3	2.2	0.0	0.1
Euro Area	1.0	1.4	0.9	1.2	-0.2	0
Germany	-0.5	0.2	0.7	1.0	-0.1	-0.2
France	1.4	0.9	0.6	0.9	-0.3	0
Japan	-0.2	1.1	0.6	0.7	-0.1	0.1
UK	1.0	1.4	1.0	1.3	0.2	0
Canada	2.0	1.9	1.1	1.7	-0.4	-0.2
EMDE	4.5	4.5	3.8	4.5	-0.1	0.3
China	5	5	4.6	4.1	0.2	0.1
India	7.1	7.7	6.4	6.7	-0.1	0.2
Russia	4.9	1.0	1.1	1.1	0	0
Brazil	3.4	2.3	2.4	2.2	0.5	0.2

Source: IMF World Economic Outlook, July 2026

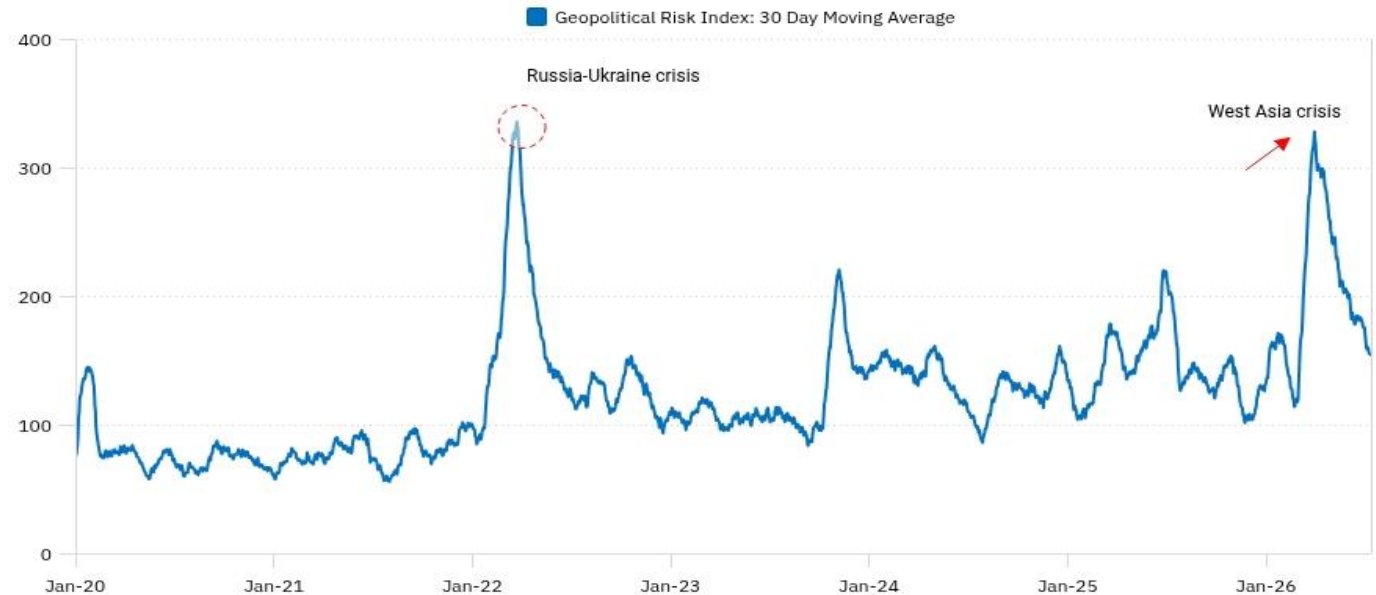
Figure 149: Cross-country wise growth outlook by IMF



Source: IMF World Economic Outlook, January 2026. Notes: 1) Country names: a) IND = India, CHN = China, IDN = Indonesia, BRA = Brazil, THA = Thailand, USA = United States of America, AUS = Australia, CAN = Canada, UK = United Kingdom, UK = United Kingdom, ZAF = South Africa, RUS = Russia, JAP = Japan, FRA = France, MEX = Mexico, DEU = Germany

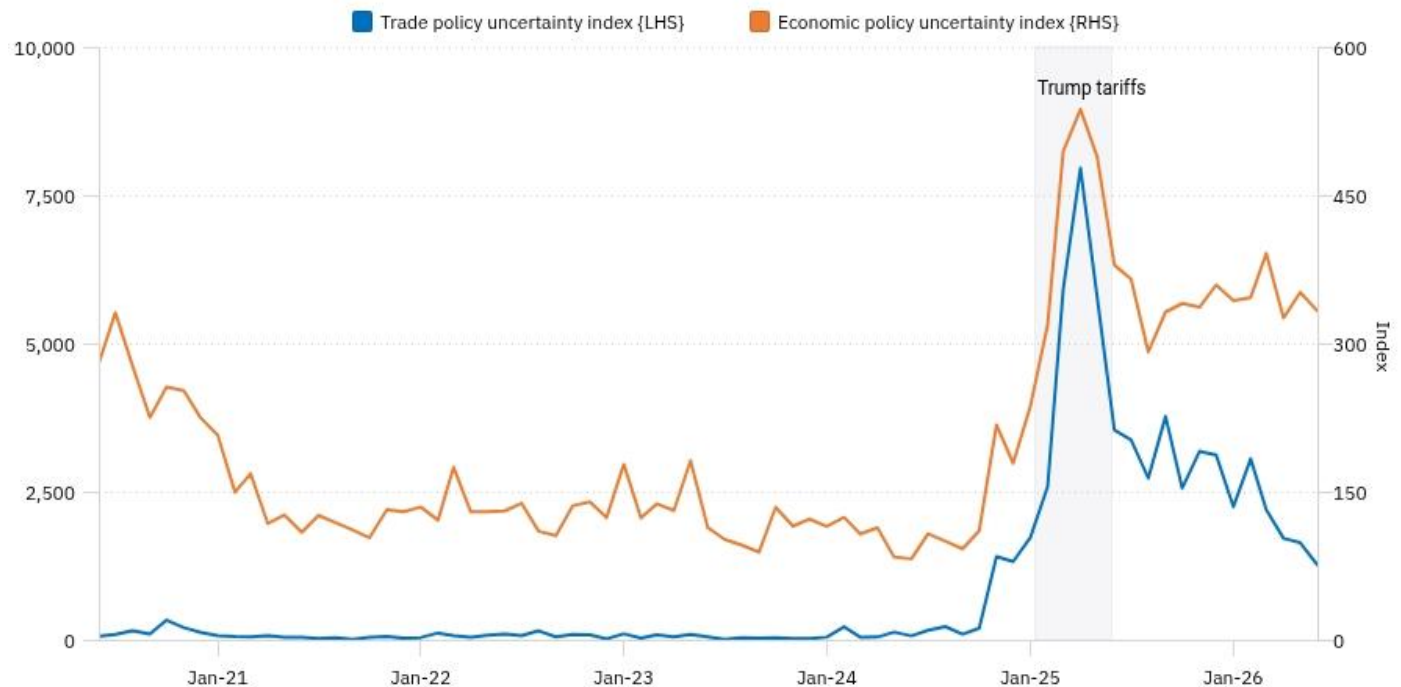
Global snippets: West Asia risks oscillate as policy paths diverge

Figure 150: Geopolitical risk index (30-day moving average)



Source: CEIC, NSE EPR Note: 1) Data is updated as of July 13th, 2026

Figure 151: US trade and economic policy uncertainty index



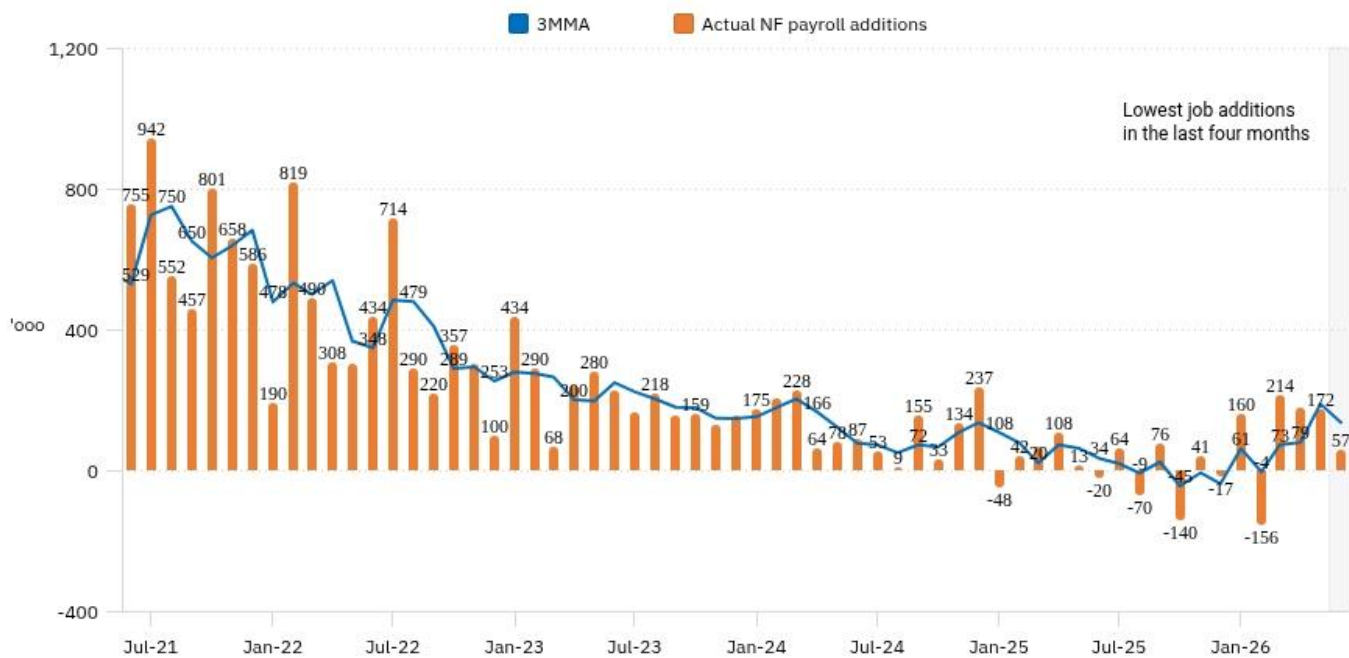
Source: CEIC, NSE EPR Note: 1) Data is updated as of June 30th, 2026

Figure 152: Monthly trend in US unemployment rate in the last five years

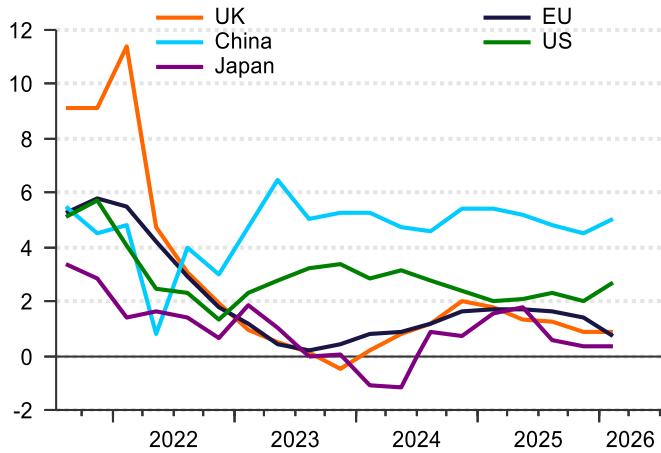


Source: CEIC, NSE EPR Note: 1) Data is updated as of June 2026

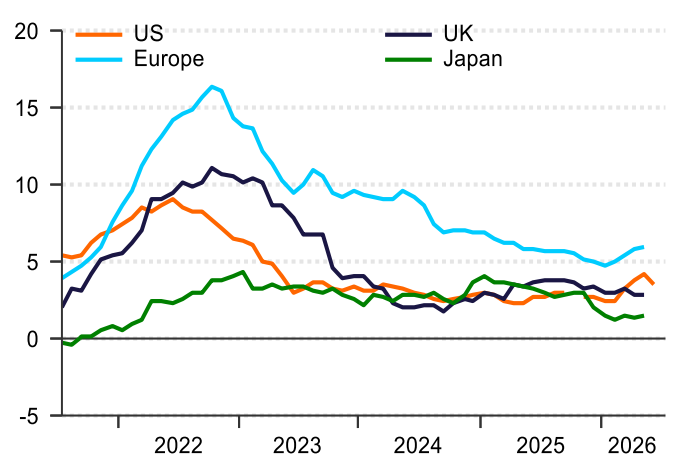
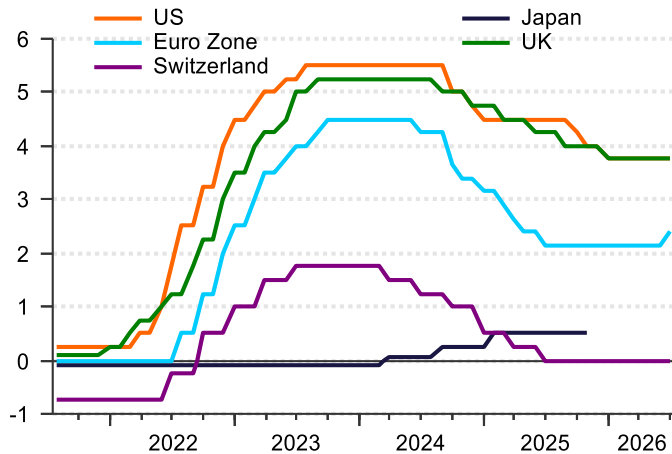
Figure 153: Monthly trend in monthly US non-farm payroll additions



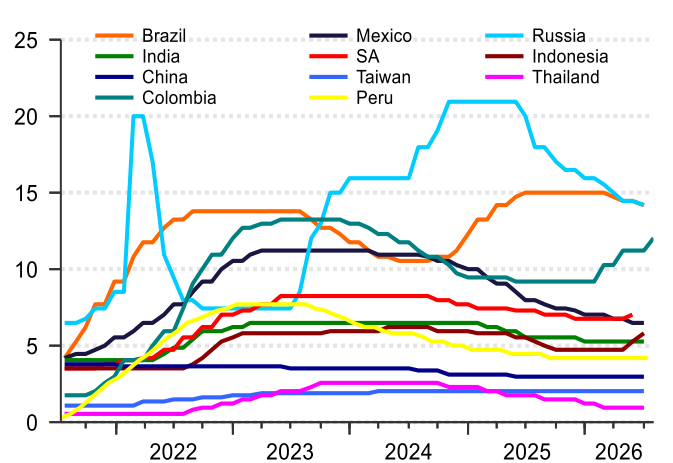
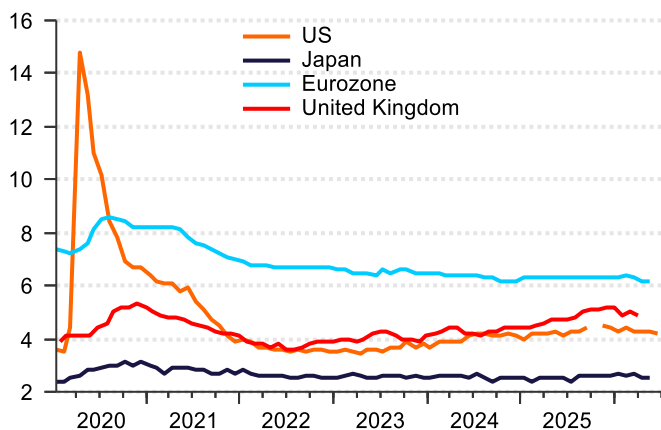
Source: CEIC, NSE EPR Note: 1) Data is updated as of June 2026

Figure 154: Growth across major economies


Source: LSEG Workspace, NSE EPR.

Figure 155: Inflation across major economies

Figure 156: Policy rates across advanced economies


Source: LSEG Workspace, NSE EPR.

Figure 157: Policy rates across emerging economies

Figure 158: Unemployment rates across major developed economies


Source: LSEG Workspace, NSE EPR.

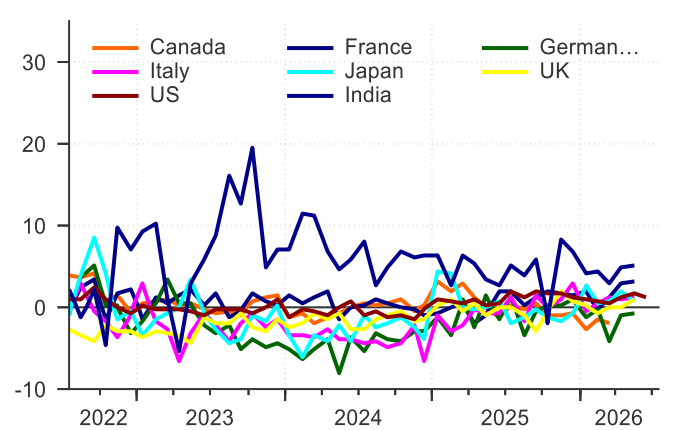
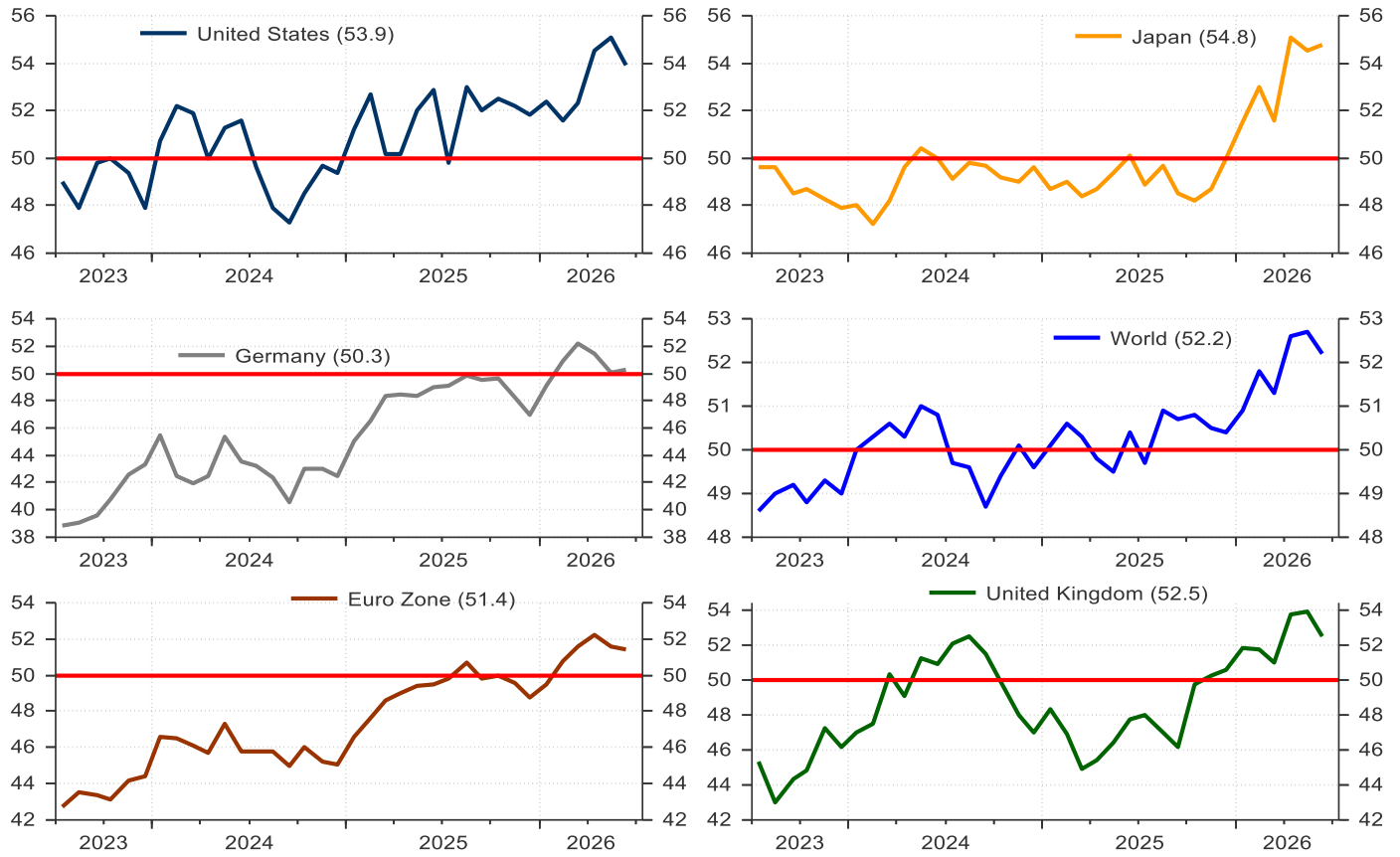
Figure 159: Trends in industrial production (YoY%) across major economies


Figure 160: Trend in PMI manufacturing across countries

Manufacturing (SA) PMIs: Developed Markets



Source: LSEG Workspace, NSE EPR

Insights

On raising capital

Ten foundational studies on the frictions, asymmetries and institutions that shape how capital is raised

Raising capital sounds, in principle, like a matching problem. Firms need money. Investors have it. Markets exist to bring them together. In practice, that meeting is rarely straightforward. Information sits unevenly on either side of the table. Incentives diverge in ways that are predictable but difficult to contract around. Moreover, legal systems—in determining who gets paid first when things go wrong—shape the very architecture of financial markets long before any single firm arrives looking for funds.

The research featured this month spans more than six decades of inquiry into why capital formation is considerably more complex than theory would suggest. It begins with Modigliani and Miller's benchmark proposition that capital structure is irrelevant in frictionless markets, before tracing how later research reintroduces information asymmetries, agency conflicts, and institutional constraints to explain how firms finance themselves in practice. From the choice between debt and equity to the role of venture capital and IPO markets in the transition from private to public ownership, and from creditor rights to financial development, these studies collectively explain how capital is allocated in the real world.

The questions explored in these papers are central to how markets evaluate firms, price risk, and allocate capital when firms seek public investment.

Key takeaways from the papers

The literature on corporate finance can be organised around three complementary questions. The first asks why financing decisions matter despite the benchmark predictions of frictionless markets. The second examines how firms bridge the transition from private ownership to public capital markets. The third shifts attention to the institutional environment, showing that the depth and efficiency of financial markets ultimately depend on the legal, regulatory and macroeconomic frameworks within which they operate.

1. **Firm-level frictions: Why financing choices matter** — The modern theory of corporate finance begins with [Modigliani and Miller \(1958\)](#), who established that under perfect capital market assumptions, a firm's financing mix is irrelevant to its value. The significance of this result lies not in its realism but in providing a benchmark against which subsequent research explains why capital structure matters in practice. [Myers and Majluf \(1984\)](#) demonstrate that information asymmetries between managers and investors create a preference for internal financing, followed by debt and finally equity—the pecking order that continues to shape financing decisions across firms. [Stiglitz and Weiss \(1981\)](#) show that imperfect information affects lenders as well, leading banks to ration credit rather than simply raise interest rates when borrower quality cannot be fully observed. [Jensen and Meckling \(1976\)](#) complement this perspective by showing that financing decisions also influence agency conflicts between managers, shareholders and creditors, making capital structure as much a governance choice as a financial one.
2. **From private capital to public markets** — While capital structure explains how firms finance themselves; venture capital and IPO research examines how firms gain access to public markets. [Gompers and Lerner \(2001\)](#) show that venture

capital evolved beyond a financing mechanism into a governance framework that nurtures high-growth firms through staged investment, monitoring and carefully planned exits. [Ritter and Welch \(2002\)](#) demonstrate that the IPO process itself remains shaped by persistent information asymmetries, reflected in systematic under-pricing, uneven allocation of shares and mixed long-run performance after listing. Together, these studies highlight that public listings are not simply valuation events but institutional processes through which firms transition from private to dispersed ownership.

3. **Institutions shape access to capital** — The final strand of the literature broadens the focus from individual firms to the financial system itself. [La Porta et al. \(2000\)](#) show that stronger legal protection for investors is associated with deeper and more efficient capital markets, higher valuations and broader ownership. [Reinhart and Rogoff \(2011\)](#) demonstrate that sovereign debt crises leave lasting effects on market confidence and borrowing conditions, while [Eichengreen et al. \(2005\)](#) identify "original sin"—the inability of many emerging economies to borrow internationally in their own currency—as a structural constraint on external financing. [Bekaert et al. \(2005\)](#) conclude that financial liberalisation can support economic growth, but only when accompanied by robust domestic institutions capable of allocating capital efficiently.

Taken together, these studies show that raising capital is shaped by far more than valuation or financial engineering. At the firm level, information asymmetries and agency conflicts determine financing choices. At the market level, governance mechanisms and listing processes influence how firms access public capital. At the institutional level, investor protection, macroeconomic credibility and financial openness determine the depth and resilience of capital markets themselves. The common thread across the literature is that efficient capital allocation depends as much on institutions that reduce frictions as on markets that facilitate transactions.

Papers in brief

- **Modigliani and Miller (1958) — The cost of capital, corporation finance and the theory of investment:** [Modigliani and Miller \(1958\)](#) develop a theoretical framework examining the relationship between capital structure, the cost of capital, and firm valuation under conditions of uncertainty. Challenging the conventional view that firms can increase value by selecting an optimal mix of debt and equity, the paper demonstrates that, under conditions of perfect capital markets, a firm's market value depends solely on the earning power and risk of its underlying assets rather than on its financing decisions. Using an arbitrage-based argument, the authors show that financial leverage redistributes risk and expected returns between debt and equity holders without affecting the firm's total value or average cost of capital. The paper further shows that investment decisions should be evaluated independently of financing choices, with projects accepted whenever their expected returns exceed the capitalization rate appropriate to their risk class. Although developed under simplifying assumptions, the paper provides a foundational benchmark for modern corporate finance and has informed subsequent research on the effects of taxes, bankruptcy costs, agency problems, and information asymmetries on capital structure.

- [Myers and Majluf \(1984\)](#) – The authors explain **how asymmetric information can distort both financing and investment decisions**. When managers believe that the market undervalues the firm's existing assets, issuing new equity transfers value from existing shareholders to new investors. Management may therefore reject a positive-NPV project if the expected dilution exceeds the project's benefit. The model shows that financial slack—cash, marketable securities and safe borrowing capacity—helps firms avoid such underinvestment. It also supports a financing hierarchy in which firms prefer internal funds, then safer debt, and use equity only as a last resort. Because investors understand managers' incentives, an equity issue may signal relatively weak firm value and trigger a negative market reaction. Overall, the paper demonstrates that private information makes financing choices central to investment decisions.
- [Stiglitz and Weiss \(1981\)](#) – **Why banks ration credit: The role of adverse selection and moral hazard** – Competitive markets are traditionally expected to clear through price adjustments: if demand for loans exceeds supply, interest rates should simply rise until equilibrium is restored. [Stiglitz and Weiss \(1981\)](#) challenge this fundamental proposition by demonstrating that credit markets operate differently because lenders face imperfect information about borrowers' risk characteristics and investment choices. Using a theoretical model of loan markets, they show that raising interest rates has two unintended consequences. First, adverse selection causes safer borrowers to exit the market, leaving a riskier applicant pool. Second, higher borrowing costs induce remaining borrowers to undertake riskier projects (incentive effect), increasing the probability of default. Consequently, a bank's expected return is non-monotonic in the lending rate and is maximized at an interest rate below the market-clearing level. Rather than increasing rates further, profit-maximizing banks rationally restrict the quantity of credit, giving rise to equilibrium credit rationing, where observationally identical borrowers are denied loans despite being willing to pay higher interest rates. The study fundamentally transformed the understanding of financial markets by showing that asymmetric information can prevent prices from clearing markets, establishing credit rationing as an equilibrium outcome rather than a temporary market imperfection.
- [Jensen and Meckling \(1976\)](#) – **Theory of the firm: Managerial behaviour, agency costs and ownership structure**: This foundational paper develops a theory of the firm's ownership structure by combining property rights theory, agency theory, and finance. The authors define agency costs as the sum of monitoring expenditures by the principal, bonding expenditures by the agent, and residual loss, and use this framework to show that a firm's value is generally lower when a manager owns less than 100 percent of its equity than when he owns it outright. Using a graphical model of a manager's trade-off between wealth and non-pecuniary perquisites, they demonstrate that outside investors rationally anticipate this divergence and price it in, so the entire wealth loss is borne by the manager who sells the claims. The analysis is extended to debt, where leverage creates an incentive for equity holders to shift toward riskier projects at bondholders' expense, again a cost anticipated and priced by rational lenders. The paper concludes with a theory of optimal ownership structure in which the entrepreneur chooses the mix of inside

equity, outside equity, and debt that minimizes total agency costs, and reframes the firm itself as a “nexus of contracts” rather than a single decision-making unit.

- [La Porta et al. \(2000\)](#) – **Investor protection and corporate governance:** The paper synthesises the "legal approach" to corporate governance, arguing that how well a country's laws protect outside shareholders and creditors from expropriation by insiders explains cross-country differences in ownership concentration, financial market depth, dividend policy and capital allocation. Using data on legal rules across 49 countries, the authors show that common law countries offer markedly stronger shareholder and creditor protection than French civil law countries, with German and Scandinavian civil law countries in between, and trace this divergence to historical differences in the relative power of courts, parliaments and the state. They review evidence that weak protection is associated with concentrated family or state ownership, shallower capital markets, sharper crisis-period market declines, and less efficient capital allocation, and argue that investor rights, not the conventional bank-centred versus market-centred classification, are the more fundamental determinant of financial system development. The paper closes by distinguishing legal from functional convergence as reform strategies and by drawing lessons from historical reform episodes in Germany, the United States, Poland and the Czech Republic.
- [Reinhart and Rogoff \(2011\)](#) – **The hidden role of domestic debt in sovereign crises:** This paper challenges the conventional focus on external debt in sovereign crises. Using a historical database covering 64 countries over more than a century, the authors show that domestic debt has historically been the dominant component of public borrowing, accounting for nearly two-thirds of total government debt. They argue that ignoring domestic liabilities has led researchers to underestimate sovereign leverage and misinterpret why countries often default at seemingly low levels of external debt. The study also identifies domestic debt as a crucial link between debt crises and inflation, as governments have frequently used inflation, financial repression, and restructuring to reduce domestic debt burdens. Contrary to the view that domestic creditors are consistently protected, the historical record reveals repeated episodes of domestic default during periods of severe fiscal stress. The results show that domestic debt is the missing piece in understanding sovereign default, inflation dynamics, and debt sustainability.
- [Eichengreen et al. \(2005\)](#) – **The pain of original sin:** The authors examine the phenomenon of original sin, the inability of many emerging and developing economies to borrow internationally in their own currency. They argue that this constraint forces countries to issue debt denominated in foreign currencies, exposing them to exchange-rate risk and balance-sheet mismatches. Using newly constructed cross-country measures of original sin based on international debt issuance, the study analyses its relationship with sovereign creditworthiness, exchange-rate regimes and macroeconomic volatility. The findings show that countries with greater original sin experience lower sovereign credit ratings, higher output and capital-flow volatility, and reduced monetary policy flexibility due to the fear of currency depreciation. In conclusion, debt denomination is a critical determinant of financial stability and overcoming original sin requires stronger domestic financial markets and reforms to the international financial architecture.

- [Welch and Ritter \(2002\)](#) — **A comprehensive review of IPO literature:** The paper evaluates competing theoretical and empirical explanations for key IPO phenomena, particularly the persistent under-pricing of newly issued shares. The review examines major theoretical perspectives, including information asymmetry, signalling, agency theory, behavioural finance, and market timing, and assesses their ability to explain observed IPO outcomes. It also discusses the role of investment banks in the bookbuilding process, the allocation of shares to institutional and retail investors, valuation methods, and the long-run performance of IPO firms. The authors conclude that no single theory adequately explains IPO under-pricing or broader IPO market behaviour. Instead, IPO outcomes are shaped by the interaction of informational frictions, institutional incentives, investor behaviour, and changing market conditions. By integrating findings from a wide range of studies, the paper identifies areas of consensus, highlights limitations in existing research, and outlines important directions for future investigation. The review serves as a foundational reference for understanding the development of IPO research and the factors influencing the functioning and efficiency of public equity markets.
- [Gompers and Lerner \(2001\)](#) — **Understanding the venture capital ecosystem:** Venture capital has become an increasingly important source of entrepreneurial finance, particularly for firms developing innovative technologies with high growth potential. This paper provides a comprehensive review of the venture capital ecosystem, tracing its evolution from a niche financing mechanism to a key driver of entrepreneurship and innovation. By synthesizing empirical evidence on fundraising, investment practices, governance mechanisms, exit strategies, and innovation outcomes, the authors explain how venture capital addresses financing constraints faced by high-growth firms and contributes to technological advancement and economic development. The review also highlights the institutional and market conditions necessary for a sustainable venture capital ecosystem while identifying areas that warrant further research.
- [Bekaert et al. \(2005\)](#) — **Does financial liberalization spur growth?** The paper investigates whether opening domestic equity markets to foreign investors promotes long-run economic growth. Distinguishing equity market liberalization from broader capital account liberalization, the authors analyse a panel of 95 developed and developing economies between 1980 and 1997 using multiple liberalization indicators and cross-country growth regressions. The study finds that equity market liberalization increases annual real per capita GDP growth by approximately one percentage point over the subsequent five years, with results remaining robust across alternative specifications and extensive sensitivity tests. Unlike conventional measures of capital account openness, equity market liberalization consistently exhibits a positive association with growth. Overall, the paper concludes that carefully implemented equity market liberalization improves capital allocation, lowers financing constraints and contributes meaningfully to long-run economic growth.

The cost of capital, corporation finance and the theory of investment¹²

Modigliani, F., and Miller, M. H. (1958)

Summary

[Modigliani and Miller \(1958\)](#) develop a theoretical framework for analysing the relationship between capital structure, the cost of capital, and firm valuation under conditions of uncertainty. Challenging the conventional view that firms can increase value by choosing an optimal mix of debt and equity, the paper demonstrates that, under conditions of perfect capital markets, the market value of a firm depends solely on the earning power and risk of its underlying assets rather than on its financing decisions. Using an arbitrage-based argument, the authors show that changes in leverage alter the distribution of returns and risk between debt and equity holders without affecting the firm's total market value or overall cost of capital. The paper also establishes that investment decisions should be evaluated independently of financing choices, with projects accepted whenever their expected return exceeds the appropriate capitalization rate for their risk class. The paper provides a rigorous theoretical foundation for corporate valuation and financing decisions and remains one of the cornerstones of modern corporate finance.

Introduction

The paper addresses one of the central questions in corporate finance: how should firms determine the cost of capital when investment projects generate uncertain future returns? Traditional approaches generally assumed certainty or relied on subjective adjustments for risk, often concluding that firms could reduce their overall cost of capital by substituting relatively inexpensive debt for equity. [Modigliani and Miller \(1958\)](#) argue that these approaches fail to provide a satisfactory theory of investment under uncertainty because they do not clearly distinguish between the value created by productive assets and the method used to finance them.

The authors instead investigate whether the market value of a firm is influenced by its financing decisions or determined solely by the earning power and risk of its underlying assets. Their objective is to establish an operational theory linking investment decisions, capital structure, and firm valuation within a competitive equilibrium framework. By doing so, the paper provides a rigorous framework for analysing corporate valuation under uncertainty and establishes the foundation for the three propositions that follow.

Literature

The paper builds upon two broad approaches that had previously dominated discussions of the cost of capital under uncertainty.

The first consists of certainty and certainty-equivalent approaches, which assume that future income streams are either known with certainty or can be adjusted using subjective risk discounts. While these approaches simplify investment analysis, they offer limited guidance on how uncertainty should influence financing decisions or how the appropriate discount rate should be determined in practice. The second consists of utility-based approaches, which evaluate investment decisions using the risk preferences of individual shareholders. Although these models explicitly incorporate uncertainty, they rely on the subjective preferences of current owners, making it difficult to derive an operational, market-based definition of the firm's cost of capital.

¹² [Modigliani, F., & Miller, M. H. \(1958\). *The cost of capital, corporation finance and the theory of investment*. *The American Economic Review*, 48\(3\), 261-297.](#)

The paper also challenges the prevailing traditional view of capital structure, which argued that firms could reduce their average cost of capital through an appropriate mix of relatively inexpensive debt and more costly equity. [Modigliani and Miller \(1958\)](#) question whether such gains can persist in competitive capital markets, arguing instead that arbitrage should eliminate persistent valuation differences between otherwise identical firms financed with different combinations of debt and equity.

Contribution

The paper makes four fundamental contributions to corporate finance.

1. It provides an operational market-based definition of the cost of capital under conditions of uncertainty, linking firm valuation directly to the earning power and risk of productive assets rather than to the firm's financing decisions.
2. It establishes the Capital Structure Irrelevance Proposition, demonstrating that, under conditions of perfect capital markets, the market value of a firm is independent of its capital structure and is determined solely by the earning power and risk of its underlying assets.
3. It introduces arbitrage as the mechanism that enforces market equilibrium. Since investors can replicate corporate leverage through personal borrowing and lending, otherwise identical firms financed with different combinations of debt and equity cannot sustain different market valuations.
4. It separates investment decisions from financing decisions, showing that firms should evaluate investment opportunities according to their expected returns relative to the appropriate capitalization rate for their risk class, irrespective of whether projects are financed through retained earnings, debt, or equity.

Together, these contributions establish the theoretical foundations of modern corporate finance and provide a benchmark against which subsequent theories of capital structure have been developed.

Theoretical framework

The analysis considers firms belonging to the same risk class, implying that they possess similar operating characteristics and face comparable business risk. Within this setting, the authors derive three central propositions that define the relationship between capital structure, firm valuation, and investment decisions.

Proposition I states that the total market value of a firm depends only on the expected earning power and risk of its underlying assets.

$$V_j = S_j + D_j = \frac{\bar{X}_j}{\rho_k}$$

where

- V_j = market value of firm j ,
- $\bar{X}_j$ = expected net operating income generated by the firm's assets,
- S_j = market value of equity
- D_j = market value of debt
- ρ_k = capitalization rate for risk class k

Consequently, firms with identical assets should have the same market value regardless of whether they are financed primarily through debt or equity. The authors argue that the average cost of capital is therefore constant for all firms within a given risk class and is independent of financial structure.

Proposition II demonstrates that financial leverage increases the expected return required by equity holders because leverage increases the financial risk borne by shareholders.

$$i_j = \rho_k + (\rho_k - r) \frac{D_j}{S_j}$$

where

- i_j = expected return on equity for firm j ,
- r = interest rate on debt,
- $\frac{D_j}{S_j}$ = debt-to-equity ratio of firm j .

Although debt financing generally carries a lower expected return than equity, the increase in the expected return required by shareholders exactly offsets this financing advantage, leaving the firm's overall cost of capital unchanged. This relationship is expressed as a linear function in which the premium for financial risk is proportional to the debt-to-equity ratio.

Proposition III shows that investment decisions should be based on the expected rate of return relative to the capitalization rate applicable to the firm's risk class, independently of the method of financing. A project should be undertaken whenever its expected rate of return is at least equal to the capitalization rate appropriate for its risk class, irrespective of whether it is financed through retained earnings, debt, or new equity. Accordingly, the appropriate cut-off rate for investment is the capitalization rate applicable to the firm's risk class, implying that financing choices do not affect the firm's investment criterion.

The framework relies on arbitrage as the equilibrating mechanism. If otherwise identical firms with different capital structures were priced differently, investors could exploit these price differences through personal borrowing and lending until market equilibrium is restored and firm values converge.

Data & methodology

Although the paper is primarily theoretical, the authors present empirical evidence to examine whether the implications of their framework are broadly consistent with observed market behaviour. The empirical evidence draws upon two existing studies: one covering 43 large electric utility companies during 1947–1948 and another examining 42 oil companies in 1953.

The empirical assessment investigates the relationship between firms' average cost of capital and their degree of financial leverage. Under the traditional view, greater leverage should reduce the average cost of capital, implying a negative relationship between these variables. In contrast, the [Modigliani and Miller \(1958\)](#) framework predicts no systematic relationship, since leverage merely reallocates financial risk without affecting the total value of the firm.

The authors also examine whether the expected return required by shareholders increases with financial leverage, as predicted by Proposition II. This relationship is evaluated by examining the association between equity returns and firms' debt-to-equity ratios. Because expected returns are not directly observable, the analysis uses realized net returns as a practical—though admittedly crude—proxy for expected returns, while acknowledging that realized returns provide only an approximation to investors' expectations.

Results

The empirical evidence is broadly consistent with the theoretical framework.

1. **Capital structure and firm value:** The analysis finds no statistically significant relationship between firms' average cost of capital and their degree of leverage, providing evidence that is broadly consistent with Proposition I.
2. **Leverage and equity returns:** The expected return required by shareholders increases approximately linearly with financial leverage, broadly consistent with Proposition II. As leverage rises, shareholders require higher expected returns to compensate for additional financial risk.

Taken together, the evidence from the electric utility and oil company samples provides broad empirical support for the theoretical predictions of the [Modigliani and Miller \(1958\)](#) framework, although the authors acknowledge that the empirical evidence available at the time is limited.

Implications

The findings have several important implications for corporate finance.

1. Investment decisions should be evaluated independently of financing choices. Firms should undertake projects based on their expected rate of return relative to the capitalization rate applicable to their risk class, irrespective of the method of financing.
2. Capital structure affects the allocation of financial risk and expected returns between debt and equity holders without altering the firm's total market value. As leverage increases, shareholders require higher expected returns to compensate for greater financial risk, exactly offsetting the lower expected cost of debt and leaving the firm's average cost of capital unchanged under the assumptions of the model.
3. Arbitrage serves as the mechanism through which market equilibrium is enforced. Because investors can replicate corporate leverage through personal borrowing and lending, otherwise identical firms cannot sustain different market values solely because of differences in capital structure.
4. The framework provides an operational market-based definition of the cost of capital, linking firm valuation and investment decisions to market prices and business risk rather than the subjective preferences of individual investors.
5. Although developed under simplifying assumptions, the framework establishes a benchmark for analysing departures from perfect capital markets. It therefore provides the foundation for subsequent research examining how taxes, bankruptcy costs, agency problems and information asymmetries may influence financing decisions.

Conclusion

[Modigliani and Miller \(1958\)](#) provide a rigorous theoretical framework for analysing firm valuation, capital structure, and investment under uncertainty. By demonstrating that, under conditions of perfect capital markets, the market value of a firm is determined by the earning power and risk of its underlying assets rather than by its financing mix, the paper fundamentally reshaped corporate finance theory. The analysis further establishes that leverage redistributes risk and expected returns between debt and equity holders without affecting the firm's overall value or cost of capital.

Although developed within a static partial-equilibrium framework based on simplifying assumptions, the model provides an operational framework for analysing corporate valuation, financing decisions and investment appraisal. The authors acknowledge that these assumptions are deliberately restrictive but argue that they provide the essential building blocks for more general theories of corporate finance. As such, the paper remains one of the most influential contributions to financial economics and continues to serve as the benchmark against which subsequent theories of capital structure are evaluated.

Corporate financing and investment decisions when firms have information that investors do not have¹³

Stewart C. Myers and Nicholas S. Majluf (1984)

Summary

[Myers and Majluf \(1984\)](#) explain why a company may reject a profitable investment when managers know more about the business than outside investors. The firm in their model has a positive net present value (NPV) project but needs to issue shares to fund it. If managers believe the market is undervaluing the company's existing assets, selling new shares transfers part of that hidden value from current shareholders to new investors. Management, acting for current shareholders, proceeds only when the project gain is large enough to cover this transfer. A worthwhile project can therefore be lost even in an efficient market. The model explains why firms value financial slack, defined as cash, marketable securities and unused safe borrowing capacity. It also provides a reason for firms to prefer internal funds first, safe debt next and equity last. Unless issuance is already certain, investors understand the manager's incentives and interpret an equity issue as relatively unfavourable news. Private information therefore makes financing part of the investment decision.

Introduction

Standard finance theory treats investment and financing as separate decisions. A firm should accept every positive-NPV project because a security sold in an efficient market is fairly priced on average. Myers and Majluf show how this rule changes when managers have better information about both the assets already inside the firm and a new investment opportunity. If the market price is below management's estimate of the firm's true value, a share issue gives new investors a claim on existing value at a discount. Managers may then protect current shareholders by declining the issue, even though this also means giving up a good project. Financing choices become signals because investors understand this behaviour. A firm that stays out of the equity market is more likely to have valuable assets in place. An issuer is more likely to have lower existing value or a project large enough to justify the transfer. The issue price and the decision to issue therefore influence each other. The main analysis assumes management acts for passive existing shareholders, who keep their holdings. The paper also considers active shareholders, who trade after learning from the firm's action. In frictionless markets, the funding source then becomes irrelevant, although managers may still reject some positive-NPV projects even when the firm has ample slack.

Literature

The paper adapts [Akerlof's \(1970\)](#) market-for-lemons logic to corporate finance. Buyers discount an asset when they cannot observe its quality, making owners of high-quality assets less willing to sell. Here, the security is a claim on both existing assets and the project, while failure to raise funds also means losing the project. The authors connect this problem with work on proprietary information and intermediaries ([Campbell, 1979](#); [Campbell & Kracaw, 1980](#)), insider ownership as a signal ([Leland & Pyle, 1977](#)), partial disclosure ([Bhattacharya & Ritter, 1983](#)), and debt-equity choice ([Rendleman, 1980](#); [Giammarino & Neave, 1982](#)). [Miller and Rock \(1982\)](#) similarly show how external financing can reveal weak internal cash flow. The paper also discusses announcement studies by [Dann and Mikkelsen \(1982\)](#), [Korwar \(1981\)](#), and [Asquith and Mullins \(1983\)](#), which report significant negative average share-price reactions to equity issues.

¹³ Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, 13(2), 187-221.

Dann and Mikkelson (1982) find no significant average reaction for their debt-issue sample. These findings are consistent with the model's passive-shareholder case.

Contribution

The paper makes four key contributions to understanding how asymmetric information influences corporate financing and investment decisions:

1. **Joint determination of equity price and issuance decision:** Investors price the equity issue by anticipating when an informed manager would choose to sell shares, while management decides whether to issue equity based on the price offered.
2. **Adverse selection as an investment loss:** A positive-NPV project may be rejected when the wealth transferred from existing shareholders through underpriced equity exceeds the value created by the project.
3. **Importance of information about assets in place:** When investors know the value of the firm's existing assets, management undertakes every positive-NPV project, even if it has superior information about the proposed project. Under the paper's option-pricing assumptions, safer debt is less sensitive to private information and therefore leads to fewer missed investment opportunities.
4. **Role of the managerial objective:** Financing affects investment when existing shareholders retain their holdings. However, when shareholders trade after the firm's decision, the choice of financing source becomes irrelevant in frictionless markets.

Data & methodology

The authors develop a three-date rational-expectations model to examine how asymmetric information affects financing and investment decisions.

- At $t=-1$, management and investors know the probability distributions of assets in place, project NPV, and the level of financial slack.
- At $t=0$, management privately observes the realised values of assets in place ((a)) and project NPV ((b)).
- At $t=+1$, these values become publicly known.

The project requires investment I , while publicly known financial slack S consists of cash and marketable securities. When $S < I$, the required external equity financing is:

$$E = I - S$$

Management undertakes the project only when its NPV exceeds the value transferred to new shareholders through underpriced equity:

$$\frac{E}{P'}(S + a) < E + b$$

This condition divides outcomes into an issue-and-invest region and a no-issue region. Equity issuance is more likely when project NPV is high and the value of existing assets is low.

The equilibrium issue price is:

$$P' = S + A(M') + B(M')$$

where $A(M')$ and $B(M')$ are the conditional expected values of assets in place and project NPV within the issue region. Since the price and issuance decision depend on each other, they are solved iteratively until convergence.

The numerical analysis uses independently distributed lognormal variables and varies:

- expected project NPV;
- uncertainty in assets in place;
- investment requirements; and
- available financial slack.

The main outcomes are the probability of equity issuance and the expected opportunity loss as a proportion of project NPV.

Implications

The model has important implications for firms' investment, financing and liquidity decisions:

1. **Asymmetric information can cause underinvestment:** A firm may reject a positive-NPV project when the dilution from issuing undervalued equity exceeds the project's value.
2. **Financial slack reduces opportunity loss:** Higher cash reserves and borrowing capacity lower dependence on external equity and allow more profitable projects to be undertaken.
3. **Debt is less sensitive to private information:** Risk-free debt eliminates the underinvestment problem, while risky debt generally creates less distortion than equity.
4. **Corporate policies should preserve financing flexibility:** The model supports retaining cash, maintaining reserve borrowing capacity and issuing equity when information asymmetry is relatively low.

Conclusion

Myers and Majluf show that an information gap can turn financing into a constraint on valuable investment. A manager with favourable private information may avoid equity because the market price understates the value already owned by current shareholders. The decision protects current shareholders in that state but lowers expected firm value by sacrificing a positive-NPV project. In the main passive-shareholder case, sufficient financial slack prevents this outcome by allowing investment without an underpriced share issue. The model therefore brings together reliance on retained earnings, preference for safer debt, negative reactions to equity issues and the preservation of borrowing capacity within one framework. Financing capacity is therefore valuable before a project arrives. When outside funds are raised after managers obtain private information, the security chosen and the signal it sends can affect whether the investment proceeds.

Credit rationing in markets with imperfect information¹⁴

Joseph E. Stiglitz and Andrew Weiss (1981)

Summary

A fundamental tenet of classical economics is that competitive markets clear through price adjustments, leaving no room for persistent rationing. [Stiglitz and Weiss \(1981\)](#) challenge this proposition in the context of credit markets by asking why banks frequently deny loans to willing borrowers rather than simply raising interest rates. The authors show that under imperfect information, the lending rate influences both the composition of borrowers and their subsequent investment behaviour. Higher interest rates trigger adverse selection by driving safer borrowers out of the market and moral hazard by encouraging remaining borrowers to undertake riskier projects. As a result, a bank's expected return is maximized at a "bank-optimal" lending rate below the market-clearing level. The study thus establishes that credit rationing is not a temporary market failure or regulatory distortion, but a natural equilibrium outcome of competitive lending markets where prices simultaneously allocate credit and shape borrower behaviour.

Introduction

The neoclassical theory of competitive markets predicts that prices adjust to equate supply and demand. Applied to credit markets, this implies that when the demand for loans exceeds available funds, banks should simply raise interest rates until all excess demand is eliminated. Yet even during periods of strong credit demand, banks often refuse to extend loans to borrowers who are willing to pay higher interest rates, instead rationing credit altogether.

[Stiglitz and Weiss \(1981\)](#) argue that the failure of credit markets to clear arises from a fundamental informational asymmetry between lenders and borrowers. Unlike sellers in conventional markets, banks cannot perfectly observe either the inherent riskiness of borrowers, or the actions borrowers undertake after receiving funds. Consequently, the interest rate performs a dual role: while it determines the return earned on successful loans, it also influences the composition and behaviour of borrowers. The paper develops a formal equilibrium model of the loan market to demonstrate that these informational distortions fundamentally alter the nature of price adjustment. By demonstrating that credit rationing emerges as an equilibrium outcome under imperfect information, the authors challenge the classical view that competitive prices always clear markets and provide one of the earliest rigorous explanations for persistent credit constraints in financial systems.

Literature

[Stiglitz and Weiss \(1981\)](#) build upon three closely related strands of economic research concerning capital markets, uncertainty, and information. First, the study draws on the economics of imperfect information pioneered by [Akerlof's \(1970\)](#) "The Market for Lemons", which demonstrated how asymmetric information can cause market outcomes to diverge sharply from competitive equilibrium. While Akerlof examined adverse selection in product markets, [Stiglitz and Weiss \(1981\)](#) extend this insight to credit markets, showing that informational asymmetries fundamentally alter the pricing of loans.

Second, the paper builds on earlier analyses of credit rationing and loan market imperfections. [Jaffee and Modigliani \(1969\)](#) argued that credit markets frequently exhibit quantity constraints that cannot be explained by conventional price theory, while [Jaffee and Russell \(1976\)](#) showed that imperfect information could generate equilibrium credit rationing through adverse selection. However, these earlier models typically relied on default penalties, exogenously imposed

¹⁴ [Stiglitz, J. E., & Weiss, A. \(1981\). Credit Rationing in Markets with Imperfect Information. *The American Economic Review*, 71\(3\), 393–410.](#)

constraints, or non-price allocation mechanisms. [Stiglitz and Weiss \(1981\)](#) develop a more general competitive equilibrium framework in which credit rationing arises endogenously from the profit-maximizing behaviour of banks. Building upon [Arrow's \(1971\)](#) analysis of investment under uncertainty and Stiglitz's own earlier work on information economics, the authors demonstrate that loan pricing not only influences borrower selection but also alters borrowers' subsequent investment decisions.

Contribution

The study fundamentally reshapes the theory of financial intermediation through three principal contributions:

1. **Credit rationing as an equilibrium outcome:** [Stiglitz and Weiss \(1981\)](#) demonstrate that competitive credit markets need not clear through interest-rate adjustments. Instead, profit-maximizing banks may rationally deny loans to observationally identical borrowers who are willing to pay higher interest rates, establishing credit rationing as an equilibrium phenomenon rather than a temporary market imperfection.
2. **A unified theory of adverse selection and incentive effects:** The authors show that lending rates influence both the composition of borrowers and their investment behaviour. Higher interest rates drive safer borrowers out of the market while simultaneously encouraging remaining borrowers to undertake riskier projects.
3. **A non-monotonic lender return function:** The authors prove that a bank's expected return does not increase indefinitely with the lending rate. Beyond an optimal interest rate, worsening borrower quality and higher default risk outweigh additional interest income, providing a rigorous explanation for why banks may choose not to raise lending rates even when excess demand for credit persists.

Theoretical framework and results

[Stiglitz and Weiss \(1981\)](#) develop a competitive model of the credit market in which lenders maximize expected profits under conditions of asymmetric information. The economy consists of risk-neutral banks and borrowers seeking external finance for investment projects. Each borrower requires a fixed loan of identical size and possesses no initial wealth, making borrowing indispensable for undertaking investment. Banks cannot directly observe either the inherent riskiness of a borrower's project or the actions taken after the loan is granted. Consequently, lending contracts are assumed to differ only in the interest rate, with banks unable to perfectly price loans according to borrower risk.

The model distinguishes borrowers by the risk characteristics of their investment projects rather than by their expected returns. All projects are assumed to generate the same expected return but differ in the dispersion of outcomes. Riskier projects have a higher probability of generating very high returns alongside a greater likelihood of complete failure. Since borrowers enjoy limited liability, they repay only when projects succeed but bear limited losses when projects fail. Thus, they capture most of the upside from risky investments while lenders bear much of the downside through default. This asymmetry creates an incentive for borrowers to prefer riskier projects as borrowing costs increase.

Within this framework, the authors identify two distinct informational mechanisms through which the lending rate affects bank profitability. The first is adverse selection. As interest rates rise, relatively safe borrowers, whose projects generate lower but more predictable returns, find borrowing increasingly unattractive and withdraw from the market. Riskier borrowers, who benefit disproportionately from the upside potential of volatile projects, remain willing to borrow. The average riskiness of the applicant pool therefore increases with the lending rate, reducing the expected quality of loans.

The second mechanism is the incentive effect (moral hazard). Even if the composition of borrowers remains unchanged, a higher interest rate alters borrowers' investment decisions after obtaining credit. As repayment obligations increase while borrowers retain limited liability, they are induced to undertake riskier projects that offer higher potential returns

but lower probabilities of repayment. Thus, higher lending rates simultaneously worsen borrower selection and encourage greater ex post risk-taking.

The interaction of these two mechanisms produces the paper's central theoretical result. A bank's expected return is the product of the contractual interest rate and the probability of repayment. Initially, increasing the lending rate raises expected returns. Beyond a critical threshold, however, the deterioration in borrower quality and the increase in default risk outweigh the additional interest income, causing expected profits to decline. The bank's expected return therefore becomes hump-shaped rather than monotonically increasing in the lending rate. Profit-maximizing banks consequently choose an optimal lending rate below the market-clearing level and satisfy only part of the demand for credit. The remaining borrowers are denied loans even though they are willing to pay higher interest rates, giving rise to an equilibrium characterized by credit rationing.

Implications

[Stiglitz and Weiss \(1981\)](#) demonstrated that price mechanisms alone cannot clear credit markets when information is asymmetric. Building on this insight, [Bernanke and Gertler \(1989\)](#) showed that borrower balance sheets are themselves a source of macroeconomic dynamics: because monitoring and verifying borrower outcomes is costly under asymmetric information, agency costs fall as borrower net worth rises, so shocks to net worth are amplified and propagated through the business cycle — the mechanism later formalized as the "financial accelerator." [Greenwald and Stiglitz \(1993\)](#) extended this logic to show that financial market imperfections make firms behave in a risk-averse manner, generating business cycles that are more persistent and more sensitive to small shocks than standard models predict, while [Holmström and Tirole \(1997\)](#) showed how firms' borrowing capacity depends critically on collateral, intermediary capital, and the severity of moral hazard between borrowers and lenders.

The paper also laid the intellectual foundation for modern banking theory and corporate finance. [Bester \(1985\)](#) and [Besanko and Thakor \(1987\)](#) formalized collateral as a screening device that separates borrowers by risk type and attenuates adverse selection, while [Boot and Thakor \(1994\)](#) showed that collateral disciplines moral hazard early in a lending relationship, with reputation gradually substituting for collateral as good outcomes accumulate. [Kiyotaki and Moore \(1997\)](#) embedded collateral constraints into a dynamic asset-price framework, demonstrating that small shocks to technology or income distribution generate large, persistent fluctuations in output through the interaction between credit limits and collateral values. [Bernanke et al. \(1999\)](#) incorporated these mechanisms into a quantitative business cycle model used widely by central banks, and more recently [Becker and Ivashina \(2014\)](#) provided direct empirical evidence that contractions in bank credit supply propagate through the real economy via firm-level substitution between bank loans and public bonds.

Collectively, this literature established asymmetric information and credit rationing as central mechanisms linking financial intermediation, monetary policy transmission, and macroeconomic fluctuations.

Conclusion

[Stiglitz and Weiss \(1981\)](#) fundamentally reframe the mechanics of markets characterized by imperfect information. By demonstrating that interest rates and collateral requirements alter both the composition of the borrower pool and their subsequent behaviour, the authors prove that banks rationally choose to ration credit rather than allow prices to clear the market. In doing so, they dismantle the classical assumption that unemployment and credit rationing are mere transient anomalies, establishing them instead as enduring structural features of competitive equilibria.

Theory of the firm: Managerial behavior, agency costs and ownership structure¹⁵

Michael C. Jensen and William H. Meckling (1976)

Summary

[Jensen and Meckling \(1976\)](#) develop a theory of the ownership structure of the firm by integrating three strands of economic thought: property rights, agency theory, and finance. The paper's central contribution is a formal definition of agency costs as the sum of monitoring expenditures incurred by the principal, bonding expenditures incurred by the agent, and the residual loss that remains even when monitoring and bonding are carried out efficiently. Using this framework, the authors show that whenever a manager's ownership stake in a firm falls below 100 percent, the firm's value tends to be lower than it would be under sole ownership, because the manager bears only a fraction of the cost of any non-pecuniary benefits he consumes at the firm's expense. The same logic is extended to debt financing, where a manager's incentive to shift toward riskier projects imposes analogous costs on bondholders. Because capital markets are assumed to anticipate this behaviour, the authors argue that the entire wealth effect of agency costs is borne by the party who initiates the sale of outside claims, not by outside investors. The paper closes by combining these two sources of cost into a theory of optimal ownership structure, in which the entrepreneur-manager chooses the mix of inside equity, outside equity, and debt that minimizes total agency costs for a given scale of investment.

Introduction

The paper opens by questioning a long-standing gap in economic theory. Conventional treatments of the firm, the authors argue, are not really theories of the firm at all but theories of markets in which firms happen to participate; the firm itself is treated as a “black box” that mechanically converts inputs into profit-maximizing outputs. This view leaves unanswered a set of questions that had occupied economists and the popular press for decades: why the “separation of ownership and control” identified by [Smith \(1776\)](#) and later popularised by [Berle and Means \(1932\)](#) persists despite the conflicts of interest it creates; why firms rely on a mix of debt and equity rather than a single, simpler form of financing; and why practices such as independent auditing, restrictive debt covenants, and voluntary financial disclosure are so widely observed.

Jensen and Meckling set out to answer these questions positively rather than normatively. Rather than prescribing how contracts between owners and managers ought to be written, the paper asks how self-interested, wealth-maximizing individuals will behave under the contractual arrangements available to them, and what ownership structure emerges as a result. This framing allows the authors to connect a set of previously disconnected observations, from the pricing of corporate securities to the rationale for auditing, under a single analytical roof.

Literature

The paper positions itself at the intersection of three literatures. The first is the property rights literature pioneered by [Coase \(1937\)](#) and extended by [Alchian \(1965\)](#) and [Demsetz \(1967\)](#), which established that the specification of individual rights, generally accomplished through contracting, determines how costs and rewards are allocated among participants in an organisation; [Furubotn and Pejovich \(1972\)](#) had by then surveyed this literature comprehensively, and [Alchian and Demsetz \(1972\)](#) had already used it to characterise the firm as a solution to the monitoring problem inherent in team production. Jensen and Meckling argue that this body of work, while valuable, places too narrow an emphasis

¹⁵ Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.

on joint-input production and does not extend far enough into the behavioural implications of contracting between owners and managers.

The second strand is the then-emerging theory of agency relationships associated with [Ross \(1973\)](#) and [Wilson \(1968, 1969\)](#), in which a principal delegates decision-making authority to an agent whose interests may diverge from the principal's own. This literature, the authors note, had developed largely independently of the property rights literature despite addressing closely related problems, and had focused almost exclusively on the normative question of how to design compensation contracts, rather than on the positive question of what ownership structure actually results when both parties act in their own self-interest.

The third strand is the theory of finance, and the [Modigliani and Miller \(1958, 1963\)](#) irrelevance propositions, which showed that in frictionless markets a firm's value is independent of how it is financed once the tax advantage of debt is accounted for. Jensen and Meckling note that Modigliani and Miller, and later [Fama and Miller \(1972\)](#), had openly acknowledged that this framework offered little guidance on why firms choose the capital structures observed in practice. The paper's stated ambition is to show that combining agency theory with the property rights and finance literatures closes this gap, and in doing so to advance a broader theory of organisations that extends beyond the corporation to universities, cooperatives, and government bodies.

Contribution

The paper makes five principal contributions to the literature.

1. **A precise definition of agency costs:** the paper supplies a general definition of agency costs, as the sum of monitoring expenditures by the principal, bonding expenditures by the agent, and residual loss, that applies to any cooperative arrangement between two or more parties, not only to the relationship between shareholders and managers.
2. **A formal account of the agency costs of outside equity:** it shows that agency costs arise from the issuance of outside equity, providing a rigorous, testable explanation of why a manager's fractional ownership affects firm value, in contrast to earlier treatments that asserted such effects without formal grounding.
3. **An extension to the agency costs of debt:** it extends the same logic to debt financing, demonstrating that leverage creates its own, distinct set of agency costs through the incentive it gives equity holders to shift toward riskier investment projects.
4. **A theory of optimal ownership structure:** it integrates the agency costs of equity and debt into a single theory of the ownership structure of the firm, in which the entrepreneur chooses the proportions of inside equity, outside equity, and debt that minimize total agency costs for a given scale of investment.
5. **A new definition of the firm:** it offers a new definition of the firm itself, as a legal fiction that serves as a nexus for a set of contracting relationships among individuals, displacing the idea that a firm can be meaningfully treated as a single decision-maker with its own objective function.

Data & methodology

Unlike most papers featured in this section, Jensen and Meckling's is a theoretical rather than an empirical study: it draws on no dataset, and its "methodology" is a deductive, graphical model built from a small set of explicit assumptions rather than statistical estimation. The core model considers an owner-manager who derives utility from both wealth and non-pecuniary benefits, such as office perquisites, consumed at the firm's expense. At 100 percent ownership, every

dollar spent on such benefits costs him a dollar of wealth, so he consumes them only up to the point where marginal value equals marginal cost; once he sells a fraction of the equity, he bears only part of that cost while keeping the full benefit, so perquisite consumption rises and firm value falls. Outside investors are assumed to anticipate this and discount the price they pay accordingly, so this decline, the “residual loss,” is borne entirely by the selling manager. Monitoring by shareholders and bonding by the manager, such as agreeing to independent audits, are shown to reduce but not eliminate this cost.

The same logic is extended to debt. Drawing on option-pricing intuition from [Black and Scholes \(1973\)](#), the authors treat equity in a levered firm as a call option on firm value, which gives the manager an incentive to shift toward riskier projects after debt is issued, transferring wealth from bondholders to equity holders; rational bondholders anticipate this and price the debt accordingly. Throughout, results are derived algebraically and graphically from a set of permanent assumptions, such as zero taxes, non-voting outside equity, and a single owner-manager, and temporary assumptions, such as fixed firm size, which are progressively relaxed as the argument develops.

Key findings

1. **Agency costs rise as managerial ownership falls:** as the owner-manager's equity stake declines, his incentive to consume non-pecuniary benefits at the firm's expense increases, and the resulting reduction in firm value, the residual loss, grows correspondingly.
2. **The wealth effect is borne entirely by the party selling the claim:** because prospective buyers of equity or debt rationally anticipate the manager's behaviour and discount the price, they are willing to pay accordingly, outside investors are not “exploited” in equilibrium; the manager alone bears the cost of the divergence he creates.
3. **Monitoring and bonding reduce, but do not eliminate, agency costs:** rational principals and agents invest in monitoring and bonding up to the point where marginal benefits equal marginal costs, but because monitoring itself is costly, some residual loss always remains if monitoring costs are positive.
4. **Debt generates its own agency costs through risk-shifting incentives:** because equity in a levered firm behaves like a call option on total firm value, managers acting on equity holders' behalf have an incentive to take on riskier projects than bondholders were led to expect, a cost that is separate from, and additive to, the agency costs associated with outside equity.
5. **The optimal ownership structure balances the two sources of agency cost:** because the agency costs of outside equity rise with the share of outside equity used while the agency costs of debt rise with leverage, the entrepreneur's minimum-cost financing mix generally involves some combination of inside equity, outside equity, and debt rather than reliance on a single source of outside capital.
6. **Total agency costs scale with firm size and with the owner-manager's need to diversify:** larger firms and greater reliance on outside capital are associated with higher total agency costs, but the owner-manager's desire to diversify an otherwise highly concentrated personal portfolio provides an offsetting reason to accept these costs.
7. **Market structure alone does not determine agency costs:** since owners of both monopolistic and competitive firms have identical wealth incentives to limit managerial divergence, the paper's framework implies that neither monopoly power nor product-market competition, by itself, is predicted to change the level of agency costs, contrary to some claims in the earlier literature.

Implications

The paper's implications extend well beyond its immediate theoretical contribution. It provides an alternative explanation for firms' capital structure decisions by showing that the choice between debt and equity can be understood as a response to agency costs, complementing the tax and bankruptcy cost framework proposed by [Modigliani and Miller \(1958, 1963\)](#). It also offers an economic rationale for governance mechanisms such as independent auditing, financial disclosure and restrictive debt covenants, arguing that these mechanisms reduce agency conflicts and enhance firm value.

The analysis further reframes the debate on the separation of ownership and control initiated by [Smith \(1776\)](#) and [Berle and Means \(1932\)](#) by arguing that agency costs are an inherent feature of cooperative production rather than evidence of market failure. This perspective has become a cornerstone of modern corporate governance research. The framework also laid the conceptual foundation for subsequent studies on executive compensation and incentive contracts, while anticipating later work on risk shifting by [Myers \(1975\)](#). In addition, it generates testable predictions regarding firms' financing choices across industries, linking capital structure decisions to the severity of agency conflicts.

Conclusion

The study remains one of the most widely cited papers in economics and finance, and its influence on the subsequent literature on corporate governance, capital structure, and executive compensation is difficult to overstate. By defining agency costs precisely and tracing their consequences through both the equity and debt sides of the balance sheet, the paper offers a coherent, positive explanation for a range of previously disparate observations, from the pricing of minority shareholdings to the use of debt covenants and independent audits. The authors are careful to note the limits of their own analysis, acknowledging that the paper does not fully address the large, diffusely held modern corporation in which managers own little or no equity, nor the multiperiod dynamics that arise once reputation and repeated financing decisions are considered. These caveats notwithstanding, the paper's central insight, that the separation of ownership and control generates real but rationally anticipated costs, and that observed ownership structures can be understood as a cost-minimising response to those costs, continues to underpin how economists and practitioners think about the modern corporation.

Investor protection and corporate governance¹⁶

Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer, and Robert Vishny (2000)

Summary

[La Porta et al. \(2000\)](#) argue that a single underlying factor explains several well documented cross-country differences in corporate finance: how well a country's laws protect outside investors, both shareholders and creditors, from expropriation by the managers and controlling shareholders who run firms. The paper terms this the "legal approach" to corporate governance. It documents that legal protection of investors varies systematically by legal origin, with common law countries offering the strongest protection and French civil law countries the weakest and traces this divergence to differences in judicial philosophy and, more fundamentally, to the historical relationship between the state, the courts and property owners. The authors then summarise evidence that stronger investor protection is associated with less concentrated ownership, deeper and more valuable financial markets, higher dividend payouts, smaller stock market declines during crises, and more efficient allocation of capital. They argue that this legal framework explains corporate governance outcomes better than the conventional distinction between bank-centred and market-centred financial systems, and close by assessing the prospects for, and obstacles to, corporate governance reform.

Introduction

A growing body of corporate governance research highlights that the development of capital markets, ownership structures, dividend policies and investment efficiency depend on the quality of legal protection available to outside investors. The paper argues that controlling insiders, including managers and dominant shareholders, often expropriate minority shareholders and creditors through practices such as related-party transactions, asset diversion and excessive compensation. These actions reflect the agency problem described by [Jensen and Meckling \(1976\)](#), where insiders pursue private benefits at the expense of outside investors.

Building on the corporate finance literature, the authors argue that investor rights are ultimately shaped by legal institutions, including company law, securities regulation, bankruptcy law and their enforcement. Stronger legal protection increases the cost of expropriation, making it more attractive for insiders to distribute profits rather than divert them. Consequently, effective investor protection improves firms' ability to raise external finance and supports financial market development.

Literature

The paper builds directly on the authors' own earlier work, [La Porta et al. \(1997, 1998\)](#), which catalogues legal rules protecting shareholders and creditors across 49 countries and constructs summary indices of shareholder and creditor rights by legal origin. It positions the legal approach against the traditional law-and-economics view associated with [Stigler \(1964\)](#) and [Easterbrook and Fischel \(1991\)](#), in which sophisticated issuers and investors contract around expropriation risk without needing regulation, an argument the authors trace to [Coase \(1961\)](#). The paper notes that even the Coasian position depends on courts being able to enforce elaborate private contracts cheaply and impartially, a condition Coase himself recognised may not hold, in which case judicially enforced law or government regulation can be the more efficient safeguard.

¹⁶ La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, 58(1-2), 3-27.

On the origins of legal differences, the paper engages with [David and Brierley \(1985\)](#) on the classification of legal families, and with [Finer \(1997\)](#) on the historical relationship between the crown, parliament and property owners in shaping the divergence between English common law and French and German civil law. It also engages critically with [Berglof and von Thadden \(1999\)](#) and [Rajan and Zingales \(1999\)](#), who agree that political history shapes corporate governance regimes but question whether legal investor protection specifically, as opposed to broader political structure or informal mechanisms such as moral sanctions, is the operative channel.

Contributions

1. It consolidates the legal approach to corporate governance into a single framework, using investor protection, meaning both the content of the law and the quality of its enforcement, to explain ownership concentration, financial market depth, dividend policy and capital allocation within one logic.
2. It documents that shareholder and creditor protection vary systematically by legal origin, with common law countries protecting both types of investors better than French civil law countries, and offers both a judicial explanation, based on the discretion of common law judges, and a political-historical explanation, based on the relative power of the crown and property owners, for this divergence.
3. It synthesises evidence linking investor protection to concentrated versus dispersed ownership, to the size and valuation of equity and credit markets, to dividend payouts, to the severity of security price declines during financial crises, and to the efficiency of real capital allocation and growth.
4. It argues that the conventional distinction between bank-centred and market-centred financial systems is a poor organising principle for comparative corporate governance, since investor rights, not the relative size of banks versus markets, are the more fundamental determinant of financial development.
5. It distinguishes legal convergence from functional convergence as two routes to corporate governance reform, and draws out the political economy obstacles, and occasional windows of opportunity, that determine whether reform succeeds.

Methodology

The empirical backbone of the paper is the dataset assembled in [La Porta et al. \(1998\)](#), which covers legal rules and enforcement quality in 49 countries grouped into four legal origins: common law, French civil law, German civil law and Scandinavian civil law (socialist-origin countries are excluded because their laws were changing rapidly during transition). Shareholder protection is summarised in an antidirector rights index running from 0 to 6, built by adding one point each for six provisions: whether shareholders can vote by mail, whether shares must be deposited before a general meeting, whether cumulative voting or proportional board representation is allowed, whether an oppressed-minority mechanism exists, whether shareholders have pre-emptive rights on new issues, and whether the ownership threshold to call an extraordinary shareholders' meeting is 10 percent or less. Creditor protection is summarised in a creditor rights index running from 0 to 4, built from whether reorganisation requires creditor consent or minimum dividend conditions, whether secured creditors can seize collateral without an automatic stay, whether secured creditors are paid first from liquidation proceeds, and whether management loses control of the firm during reorganisation. Enforcement quality is captured separately through an efficiency-of-the-judiciary index, a corruption index and an accounting standards score based on the presence of 90 disclosure items in 1990 annual reports.

Results

1. **The same countries that protect shareholders well also tend to protect creditors well:** Common law countries score highest on both indices and French civil law countries lowest on both, so the cross-country pattern is better described as some countries protecting all outside investors better than others, rather than some countries favouring shareholders and others favouring creditors.
2. **Ownership is far more concentrated in countries with weaker investor protection:** [La Porta et al. \(1999\)](#), covering the largest firms in 27 wealthy economies, and [Claessens et al. \(1999\)](#), covering close to 3,000 firms across nine East Asian economies, both find that family or state control, rather than the dispersed Berle and Means ownership pattern, is the norm outside common law jurisdictions. Outside Japan, the ten largest families in each of the remaining eight East Asian economies studied control between 18 and 58 percent of the aggregate value of listed equity.
3. **Stronger legal protection of investors translates into deeper and more developed financial markets:** Stronger shareholder protection is associated with more valuable and broader stock markets and a higher rate of initial public offerings, while stronger creditor protection is associated with larger credit markets. Using a sample of firms from 27 wealthy economies, [La Porta \(1999b\)](#) also find that firms in countries with better shareholder protection have higher Tobin's Q, and that higher insider cash flow ownership is weakly associated with higher valuation, an effect that is stronger where shareholder protection is weaker.
4. **Investor protection helps explain the severity of the 1997-98 Asian financial crisis:** [Johnson et al. \(1999\)](#), examining currency depreciation and stock market declines across 25 countries, find that governance variables, including investor protection indices and enforcement quality, predict the cross-section of market declines better than the macroeconomic variables that dominated the contemporary policy debate.
5. **Financial development linked to investor protection has real economic effects:** [Beck et al. \(2000\)](#) find that banking sector development, instrumented using legal origin, has a large impact on total factor productivity growth. [Wurgler \(2000\)](#) finds that financially developed countries allocate investment across industries more in line with growth opportunities, and [Morck et al. \(2000\)](#) find that stock markets in more developed countries incorporate firm-specific information more effectively, consistent with better capital allocation.
6. **The bank-centred versus market-centred classification of financial systems does not hold up well empirically:** Japan combines powerful banks with a large, widely held equity market; Italy has neither a developed banking system nor a developed stock market; and Glass-Steagall-style restrictions on bank equity ownership have no predictive power for ownership concentration across countries, as shown in [La Porta \(1999\)](#). Investor rights, rather than the relative size of banks and markets, appear to be the more primitive determinant of financial system development.

Implications

The paper laid the foundation for a large strand of research examining the role of legal institutions in shaping financial market development. By establishing investor protection as a key determinant of corporate governance and external finance, the study shifted the focus of the literature from firm-level characteristics to the broader institutional environment in which firms operate. Subsequent research extended this framework by examining how the quality of legal enforcement, beyond the existence of formal laws, influences corporate outcomes. [Djankov et al. \(2008\)](#) developed a broader cross-country framework for measuring investor protection, while [La Porta et al. \(2006\)](#) further analysed how legal institutions shape ownership structures and financial development. Later studies also highlighted that effective enforcement mechanisms and regulatory capacity are critical complements to shareholder and creditor rights. The paper's insights have had important implications for emerging markets, where strengthening investor

protection has become central to capital market reforms. The findings suggest that developing deep and efficient financial markets requires not only market infrastructure but also credible institutions that safeguard investor interests, enhance transparency and improve confidence among domestic and foreign investors.

Conclusion

[La Porta et al. \(2000\)](#) conclude that legal protection of outside investors, both shareholders and creditors, offers a more fruitful lens on comparative corporate governance than the conventional distinction between bank-centred and market-centred financial systems. Strong investor protection is empirically associated with more dispersed ownership, deeper and more valuable financial markets, and more efficient allocation of capital, and appears to be one manifestation of a broader security of property rights against political interference in some countries relative to others. The authors caution that improving investor protection is politically difficult, since it directly reduces the private benefits currently captured by controlling families and the regulatory leverage currently held by governments, but argue that reform is achievable under the right conditions, whether through direct legal change or through market-based functional convergence, and that the ongoing integration of world capital markets makes such reform more likely today than it has been in decades.

The forgotten history of domestic debt ¹⁷

Carmen M. Reinhart and Kenneth S. Rogoff (2011)

Summary

[Reinhart and Rogoff \(2011\)](#) reconstruct a unique historical database on domestic public debt covering 64 countries over more than a century. Their central finding is that domestic debt—not external debt, has historically been the dominant component of sovereign borrowing, accounting for nearly two-thirds of total public debt on average. By incorporating domestic liabilities into the analysis, the paper offers a more complete explanation of sovereign default, debt intolerance, inflation, and fiscal crises. The study argues that the longstanding neglect of domestic debt has distorted assessments of sovereign risk and debt sustainability, making it one of the most important contributions to modern sovereign-finance research.

Introduction

Despite extensive research on sovereign debt crises, historical evidence on domestic public debt remains surprisingly limited. As a result, most studies of sovereign risk have focused primarily on external liabilities. [Reinhart and Rogoff \(2011\)](#) address this gap by assembling historical debt data from League of Nations archives, United Nations publications, national statistical sources, and academic studies.

Their objective extends beyond data collection. By recovering the missing history of domestic debt, the authors reassess key questions in international macroeconomics, including why countries default at apparently low debt levels, why inflation often exceeds revenue-maximizing levels, and whether domestic creditors are truly protected relative to foreign investors. The paper shows that domestic debt has been a persistent and often dominant feature of public finance for more than a century, implying that sovereign crises can only be understood through total public liabilities rather than external debt alone.

Literature

The paper sits at the intersection of sovereign default, debt sustainability, and inflation-finance research. Traditional models of sovereign borrowing, including [Eaton and Gersovitz \(1981\)](#) and [Bulow and Rogoff \(1989\)](#), focus primarily on governments' incentives to repay foreign creditors. Empirical studies by [Bordo and Eichengreen \(1999\)](#), [Sturzenegger and Zettelmeyer \(2006\)](#), and [Tomz \(2007\)](#) similarly emphasize external debt crises.

The study also revisits the debt-intolerance literature, particularly [Reinhart et al. \(2003\)](#), which documented that emerging markets frequently default at debt levels well below those observed in advanced economies. The authors argue that part of this puzzle reflects incomplete measurement because domestic debt is often excluded from assessments of sovereign indebtedness.

Since [Cagan \(1956\)](#), researchers have emphasized seigniorage as a source of government revenue. The authors extend this perspective by showing that domestic debt itself creates incentives for inflation, allowing governments to reduce the real value of nominal liabilities through unexpected price increases. By incorporating domestic debt into these debates, the paper significantly broadens the conventional framework used to analyse sovereign risk.

¹⁷ Reinhart, C. M., & Rogoff, K. S. (2011). The forgotten history of domestic debt. *The Economic Journal*, 121(552), 319-350.

Contribution

The paper makes four major contributions.

1. It constructs one of the most comprehensive historical databases on domestic public debt, covering 64 countries over more than a century.
2. It demonstrates that domestic debt has consistently represented most public liabilities, implying that conventional measures often understate sovereign indebtedness.
3. It provides a new perspective on the debt-intolerance puzzle by showing that total debt burdens are frequently much larger than external-debt figures suggest.
4. It links domestic debt to inflation, financial repression, restructuring, and default, highlighting the multiple channels through which governments manage excessive debt burdens.

Together, these contributions establish domestic debt as a central component of sovereign-finance analysis.

Theoretical framework

The paper challenges the common assumption that domestic debt is fundamentally different from external debt and is therefore less likely to be repudiated. Instead, [Reinhart and Rogoff \(2011\)](#) argue that governments face a unified intertemporal budget constraint encompassing both domestic and foreign liabilities. From this perspective, sovereign distress depends on total indebtedness rather than external debt alone. Countries may appear to default at relatively low levels of external debt even when their overall fiscal burden is substantial.

When domestic debt is large relative to the monetary base, governments have stronger incentives to reduce the real value of liabilities through inflation. More broadly, the paper views inflation, financial repression, domestic restructuring, and external default as alternative manifestations of the same underlying fiscal imbalance.

By integrating domestic and external liabilities into a single analytical framework, the study advances a balance-sheet view of sovereign risk. Sovereign crises emerge from the interaction of all public liabilities rather than from external debt alone, fundamentally broadening how economists understand debt sustainability, fiscal stress, and government default.

Data & methodology

The study constructs a historical database covering 64 countries from 1900 to 2010, with several series extending back into the nineteenth century. The dataset combines information from League of Nations publications, United Nations debt reports, national government sources, historical archives, and academic studies, creating one of the most comprehensive historical records of domestic public debt assembled to date.

The authors examine domestic debt as a share of total public debt, domestic debt relative to GDP, debt composition, maturity structures, interest-rate characteristics, default episodes, and inflation crises. A major innovation is the creation of a historical catalogue of domestic sovereign defaults, including forced conversions, coupon reductions, principal reductions, payment suspensions, and restructuring events.

The empirical analysis traces debt accumulation, inflation dynamics, fiscal distress, and macroeconomic performance before, during, and after crises. By integrating domestic and external liabilities into a unified framework, the methodology provides a more complete representation of government balance sheets and enables the authors to reassess long-standing conclusions regarding sovereign debt, inflation, and default.

Results

Domestic debt emerges as the dominant component of sovereign borrowing, averaging nearly two-thirds of total public debt across the sample. Once domestic debt is incorporated into the analysis, measures of sovereign indebtedness rise substantially, helping explain why countries often default at apparently modest levels of external debt.

The evidence also shows that domestic and external borrowing tend to increase together before crises, pointing to broader balance-sheet deterioration rather than isolated external-financing problems. Domestic debt plays an important role in inflation episodes, with many high-inflation and hyperinflation cases characterized by domestic liabilities that far exceed the monetary base.

Perhaps the most striking finding is the identification of 68 overt domestic default episodes. Although less common than external defaults, these events occur far more frequently than conventional theory assumes and are often associated with severe economic contractions and elevated inflation. Taken together, the results suggest that sovereign crises are fundamentally balance-sheet crises involving domestic debt, external debt, inflation, and financial repression.

Implications

The findings suggest that sovereign crises are fundamentally balance-sheet crises rather than purely external-debt crises. By focusing primarily on foreign borrowing, policymakers and researchers have often underestimated both the scale of public indebtedness and the sources of fiscal vulnerability. The evidence also challenges the conventional view that domestic creditors are inherently safer than foreign creditors.

Governments have repeatedly imposed losses on domestic investors through inflation, restructuring, financial repression, and outright default. More broadly, the paper shows that inflation, financial repression, domestic restructuring, and external default represent alternative mechanisms for managing excessive debt burdens. For policymakers, effective debt surveillance requires a comprehensive assessment of total public liabilities rather than a narrow focus on external obligations.

Conclusion

[Reinhart and Rogoff \(2011\)](#) restore domestic debt to the centre of sovereign-finance analysis. Their evidence shows that domestic debt has historically constituted a major share of public liabilities and has played a central role in default, inflation, and fiscal crises. The paper's key insight is that sovereign distress is driven by total public indebtedness rather than external debt alone. Once domestic debt is incorporated into the analysis, longstanding puzzles surrounding debt intolerance, inflationary finance, and sovereign default become easier to explain.

By shifting attention from external obligations to the broader public-sector balance sheet, the study provides a more complete framework for understanding debt sustainability and crisis vulnerability. Ultimately, this paper demonstrates that sovereign crises are not merely external-debt events but balance-sheet events, making it one of the most influential contributions to the modern sovereign-debt literature.

The pain of original sin¹⁸

Barry Eichengreen, Ricardo Hausmann & Ugo Panizza (2005)

Summary

The paper examines the concept of original sin, defined as the inability of countries, particularly emerging and developing economies, to borrow internationally in their own currency. Instead, these countries are compelled to issue debt denominated in foreign currencies, exposing them to significant exchange-rate risk. The authors argue that original sin is not merely a symptom of weak macroeconomic policies or poor institutions but a structural feature of the international financial system. By developing new indicators to measure original sin and analysing cross-country evidence, the paper demonstrates that foreign-currency borrowing contributes to macroeconomic instability by creating currency mismatches, constraining monetary policy, and amplifying financial crises. The paper establishes original sin as a fundamental determinant of financial vulnerability and lays the foundation for understanding debt denomination as a key component of macroeconomic stability.

Introduction

Conventional approaches to sovereign debt have traditionally focused on the size and sustainability of debt while paying relatively little attention to the currency in which debt is denominated. [Eichengreen et al. \(2005\)](#) argue that this distinction is crucial. Countries that cannot borrow internationally in their own currencies accumulate liabilities denominated in foreign currencies while their revenues are largely earned in domestic currency. This currency mismatch makes economies highly vulnerable to exchange-rate movements, as currency depreciations increase the domestic value of debt obligations and weaken public and private sector balance sheets.

The authors contend that this inability to issue international debt in domestic currency, termed original sin, cannot be fully explained by poor domestic policies or weak institutions. Rather, it reflects imperfections in international financial markets that disproportionately affect developing economies. Consequently, debt denomination should be viewed as a structural determinant of financial stability rather than simply a consequence of macroeconomic mismanagement.

Theoretical hypothesis

The paper is built on the hypothesis that original sin generates currency mismatches, which in turn magnify macroeconomic volatility through adverse balance-sheet effects. When liabilities are denominated in foreign currency while assets and income streams remain largely domestic-currency based, exchange-rate depreciations increase the real burden of debt servicing.

These balance-sheet effects have several macroeconomic consequences. They reduce firms' and governments' net worth, limit access to external financing, weaken investment, and increase the probability of financial distress. At the policy level, they constrain the ability of central banks to allow exchange-rate flexibility, giving rise to the phenomenon of fear of floating, where policymakers intervene to prevent currency depreciations despite adopting nominally flexible exchange-rate regimes. As a result, countries experiencing original sin have reduced monetary policy autonomy and greater vulnerability to external shocks.

¹⁸ [Eichengreen, B., Hausmann, R., & Panizza, U. \(2005\). *The pain of original sin*. In B. Eichengreen & R. Hausmann \(Eds.\), *Other People's Money: Debt Denomination and Financial Instability in Emerging Market Economies* \(pp. 13–47\). University of Chicago Press.](#)

Literature contribution

The paper builds upon an emerging body of literature examining the interaction between financial structure and macroeconomic stability. Earlier work by [Eichengreen and Hausmann \(1999\)](#) introduced the concept of original sin and argued that developing economies face structural barriers to borrowing internationally in domestic currency. Studies by [Aghion et al. \(2000\)](#) demonstrated how foreign currency liabilities create balance-sheet effects that amplify economic downturns, while [Calvo and Reinhart \(2002\)](#) highlighted the phenomenon of *fear of floating*, whereby countries avoid exchange-rate adjustments because depreciation increases the domestic burden of foreign-currency debt. [Chang and Velasco \(2000\)](#) further showed how currency mismatches can trigger liquidity crises and financial instability.

Building on these theoretical insights, the present chapter makes an important contribution by developing systematic measures of original sin and empirically evaluating its macroeconomic consequences across a broad sample of countries.

Data and methodology

To measure original sin, the authors construct a set of internationally comparable indicators using data on international debt securities from the Bank for International Settlements (BIS) and information on international bond holdings. These measures—OSIN1, OSIN2 and OSIN3, capture the extent to which countries are unable to issue debt internationally in their own currencies. The analysis also incorporates a measure of domestic original sin (DSIN), reflecting countries' ability to issue long-term, fixed-rate debt in domestic currency.

The empirical analysis employs cross-country regressions to investigate the relationship between original sin and macroeconomic outcomes such as sovereign credit ratings, exchange-rate flexibility, capital-flow volatility and output volatility. The regressions control for standard macroeconomic factors including income, openness, debt levels and institutional characteristics, enabling the authors to isolate the independent effect of debt denomination on economic performance.

Contribution

The paper makes several important contributions to the literature on international finance. First, it develops one of the earliest comprehensive and internationally comparable measures of original sin, providing researchers with a practical framework for quantifying countries' dependence on foreign currency borrowing. Second, it demonstrates that debt denomination is an independent source of macroeconomic vulnerability rather than simply an outcome of poor fiscal or monetary policies. The findings shift attention from the quantity of sovereign debt towards its composition, particularly its currency denomination. Finally, the chapter provides an empirical foundation for subsequent research on sovereign debt, balance-sheet vulnerabilities, exchange-rate regimes and local currency bond market development. The concept of original sin has since become central to discussions of financial stability in emerging market economies.

Key Findings

1. Original sin is widespread among emerging and developing economies, whereas advanced economies are generally able to issue international debt in their own currencies, reflecting asymmetries in global financial markets.
2. Countries experiencing higher levels of original sin tend to receive lower sovereign credit ratings, even after controlling for conventional indicators such as income and debt levels, suggesting that debt denomination independently influences perceived creditworthiness.

3. Original sin limits exchange-rate flexibility. Policymakers often intervene in foreign exchange markets to avoid currency depreciations that would increase the domestic value of foreign-currency liabilities, giving rise to the phenomenon of *fear of floating*.
4. Greater dependence on foreign-currency borrowing is associated with higher output and capital-flow volatility, as exchange-rate fluctuations amplify balance-sheet vulnerabilities and financial instability.
5. Monetary policy becomes less effective in countries affected by original sin, since exchange-rate depreciation, which is normally a stabilisation mechanism, can worsen debt burdens and offset its expansionary effects.
6. Developing domestic bond markets is necessary but not sufficient to eliminate original sin. While stronger local financial markets improve domestic financing conditions, many countries remain unable to borrow internationally in their own currencies.
7. The findings suggest that financial resilience depends not only on the level of indebtedness but also on the currency composition of debt. Reducing currency mismatches through local-currency financing and improving the international acceptance of emerging-market currencies can enhance macroeconomic stability.

Conclusion

The paper establishes original sin as a central concept in international finance by demonstrating that the inability to borrow internationally in domestic currency has profound implications for macroeconomic stability. Through the construction of novel measures and comprehensive cross-country analysis, the authors show that foreign-currency borrowing contributes to currency mismatches, constrains monetary policy, increases financial fragility and amplifies economic volatility.

More broadly, the paper argues that original sin reflects structural imperfections in the international financial system rather than merely domestic policy failures. Consequently, improving macroeconomic fundamentals alone may not be sufficient to eliminate financial vulnerability. Lasting solutions require both the development of domestic local-currency bond markets and reforms that promote greater international acceptance of emerging-market currencies. The paper remains one of the foundational contributions to the literature on sovereign debt, financial crises and international capital markets.

A review of IPO activity, pricing, and allocations¹⁹

Jay R. Ritter and Ivo Welch (2002)

Summary

The authors examine three key areas in this study: IPO activity, pricing, and share allocation. Rather than presenting new empirical evidence, the paper synthesises existing theoretical and empirical research to explain why firms go public, why IPOs are consistently underpriced, and how investment banks allocate shares. The review evaluates major explanations for IPO's first -day under-pricing, including information asymmetry, signalling, agency conflicts, market timing, and behavioural finance, while also discussing bookbuilding, allocation practices, and long-run performance. The authors conclude that no single theory adequately explains IPO under-pricing. Instead, they argue that informational frictions, institutional incentives, behavioural factors, and changing market conditions collectively shape IPO outcomes. By integrating findings from a wide range of studies, the paper provides a comprehensive understanding of IPO markets and identifies important areas for future research on pricing efficiency, investor behaviour, and allocation practices.

Introduction

Initial Public Offerings (IPOs) are a key mechanism through which firms raise external capital and transition from private to public ownership. Beyond providing financial resources, IPOs enhance liquidity, increase corporate visibility, and support future growth opportunities. Despite their significance, IPO markets have consistently displayed several empirical anomalies, including persistent under-pricing, fluctuations in IPO volume, and relatively weak long-run performance. These phenomena have generated extensive academic interest and challenged traditional financial theories.

The paper reviews the extensive body of research developed to explain these patterns. They argue that although information asymmetry has long been the dominant explanation for IPO under-pricing, it does not fully account for the wide variation in IPO outcomes, particularly during periods such as the late-1990s internet boom. The paper therefore considers additional behavioural and institutional perspectives. Rather than proposing a new theoretical model, the paper synthesises existing research on IPO activity, pricing, share allocation, and post-issue performance. By comparing competing explanations, the authors identify areas of agreement, highlight the limitations of existing theories, and outline important directions for future research on IPO markets. The problem statement arises from the observation that these patterns are not stationary, they vary dramatically over time, as exemplified by the surge in activity and underpricing during the internet bubble. Traditional theories have often rooted into asymmetric information which struggle to fully explain these dynamic shifts and magnitudes.

Literature review

[Aggarwal and Conway \(2000\)](#) examines research on IPO activity, highlighting that firms typically choose to go public to obtain external financing, support future growth, diversify ownership, improve liquidity, and facilitate mergers and acquisitions. Another important perspective is market timing, which suggests that firms strategically issue equity during periods of favourable market conditions and high investor demand. Together, these theories indicate that IPO activity is influenced by both firm-specific characteristics and broader economic conditions.

¹⁹ Ritter, J. R., & Welch, I. (2002). A review of IPO activity, pricing, and allocations. *The Journal of Finance*, 57(4), 1795-1828.

A major focus of the literature concerns IPO pricing and the persistent phenomenon of under-pricing. Early studies explain under-pricing through information asymmetry between issuers and investors. [Rock's \(1986\)](#) winner's curse model argues that uninformed investors require compensation because informed investors participate selectively in the most attractive offerings. Consequently, IPOs are intentionally underpriced to encourage participation from less-informed investors and compensate them for greater uncertainty. [Benveniste and Spindt \(1989\)](#) extend this explanation through the bookbuilding model, proposing that underwriters deliberately underprice IPOs to encourage institutional investors to reveal valuable private information during the pricing process. By rewarding these investors with favourable allocations, underwriters improve price discovery and reduce valuation uncertainty. This model became one of the most influential explanations of IPO pricing. More recent research shifts attention towards agency conflicts and behavioural finance. [Kim and Ritter \(1999\)](#) argue that underwriters possess considerable discretion over IPO pricing and share allocation, creating opportunities for conflicts of interest. Investment banks may intentionally underprice offerings to strengthen relationships with institutional investors by allocating profitable shares, potentially reducing proceeds available to issuing firms. Behavioural explanations by [Ellis et al. \(2002\)](#) further suggest that investor optimism and speculative demand, particularly during the late-1990s internet boom, contributed to unusually high first day returns that traditional information-based theories could not fully explain.

Finally, [Purnanandam and Swaminathan \(2004\)](#) examines the growing literature on IPO share allocation and aftermarket trading. Studies show that allocation decisions are influenced not only by investor information but also by long-term relationships between underwriters and institutional investors. These institutional arrangements, together with pricing and stabilisation practices, have become important areas of research because they influence market efficiency, pricing accuracy, and fairness within IPO markets.

Theoretical framework

The paper integrates several theoretical perspectives to explain IPO activity, pricing, and share allocation. Information asymmetry provides the primary foundation, suggesting that issuers, underwriters, and investors possess unequal information about a firm's value. Since investors face uncertainty when evaluating newly listed firms, IPO shares are often underpriced to compensate for this information gap. This perspective forms the basis of many traditional explanations of IPO under-pricing.

It also examines signalling theory, which argues that high-quality firms may deliberately underprice their IPOs to signal confidence in future performance and establish credibility with investors. Although this strategy may facilitate future equity offerings, the review notes that empirical evidence provides only mixed support for signalling theory, indicating that it cannot fully explain IPO pricing behaviour. Agency theory offers another explanation by highlighting the discretionary role of investment banks in pricing and allocating IPO shares. Because underwriters possess superior market information and maintain relationships with institutional investors, conflicts of interest may arise if they prioritise these relationships over maximising issuer proceeds. Such agency concerns became particularly significant during periods of increased IPO activity. Furthermore, behavioural finance complements traditional theories by emphasising the influence of investor sentiment and market optimism. During speculative market conditions, investor demand may exceed levels justified by firm fundamentals, contributing to unusually high first-day returns. Collectively, these theoretical perspectives demonstrate that IPO outcomes are shaped by the interaction of informational frictions, institutional incentives, behavioural factors, and market conditions rather than by a single theoretical explanation.

Implications

The paper argues that IPO outcomes are shaped by the interaction of informational, institutional, and behavioural factors rather than a single explanation. While information asymmetry remains central to understanding IPO under-

pricing, the evidence suggests that agency conflicts, investor sentiment, market timing, and allocation practices also play significant roles in influencing pricing and market performance across different environments.

A key implication concerns the role of underwriters in the IPO process. Because investment banks exercise considerable discretion over offer pricing and share allocation, their objectives may not always align with those of issuing firms. The review suggests that greater transparency in pricing and allocation practices could reduce potential conflicts of interest and improve market efficiency. The findings also have implications for firms planning to go public. IPO pricing is influenced not only by firm fundamentals but also by prevailing market conditions, investor demand, and institutional arrangements. Recognising these factors can help firms make more informed decisions regarding the timing and structure of public offerings.

Conclusion

The authors provide one of the most comprehensive reviews of the IPO literature by integrating research on IPO activity, pricing, and share allocation into a unified framework. The review demonstrates that no single theory adequately explains the persistent under-pricing of IPOs or the substantial variation in IPO outcomes observed across different market environments. Instead, information asymmetry, signalling, agency theory, behavioural finance, and market timing each contribute important insights into the functioning of IPO markets. The paper further highlights the evolving role of investment banks in determining offer prices and allocating shares, emphasising how institutional arrangements can influence market outcomes. By synthesising decades of theoretical and empirical research, the authors identify both areas of agreement and unresolved questions concerning IPO pricing efficiency, long-run performance, and investor behaviour.

The venture capital revolution²⁰

Paul Gompers and Josh Lerner (2001)

Summary

The Venture capital revolution by [Gompers and Lerner \(2001\)](#) provides a comprehensive overview of the venture capital (VC) industry examining its evolution, institutional structure, investment practices, and contribution to innovation and economic growth. The paper synthesises empirical evidence from decades of academic research to explain how venture capital has emerged as a critical financial intermediary for financing high-risk, high-growth firms that typically face significant barriers in accessing traditional sources of finance. Beyond providing capital, venture capitalists actively monitor portfolio firms, offer strategic guidance, improve corporate governance, and facilitate successful exits through IPOs and acquisitions. The paper also highlights the industry's vulnerabilities, particularly during periods of excessive capital inflows, and identifies several areas where further research is needed.

Introduction

The paper begins by investigating the unique financing challenges faced by entrepreneurial firms during the early stages of their development. These firms are typically characterised by high levels of technological and commercial uncertainty, limited tangible assets, little or no operating history, and substantial information asymmetry between entrepreneurs and potential investors. Such characteristics make conventional debt financing particularly difficult, as banks generally require collateral and stable cash flows before extending credit. Similarly, raising equity through public capital markets is not feasible for firms that have yet to establish a proven business model or financial track record.

Against this backdrop, the venture capital industry emerged as a specialised financial intermediary designed to bridge this financing gap. Venture capitalists provide equity financing to privately held firms with high growth potential while simultaneously addressing the informational and governance challenges associated with investing in risky enterprises. Rather than acting as passive financiers, venture capitalists play an active role in shaping business strategy, monitoring management, and facilitating value creation throughout the firm's growth cycle. The primary objective of the paper is to consolidate empirical findings on how the venture capital industry functions, how it creates value for entrepreneurs and investors, and what remains unknown about its broader economic impact. The authors deliberately focus on empirical evidence rather than theoretical models or the legal and institutional aspects of venture financing.

Evolution of the venture capital industry

The paper traces the historical development of the venture capital industry from its origins in the mid-twentieth century to its emergence as a major source of entrepreneurial finance by the end of the 1990s. The industry's foundation is attributed to the establishment of American Research and Development (ARD) in 1946, which pioneered the concept of professionally managed equity investments in technology-oriented firms. During its early years, venture capital operated primarily through publicly traded closed-end funds. However, these structures proved inefficient due to regulatory constraints and misaligned investor expectations, leading to the widespread adoption of the limited partnership model beginning in the late 1950s.

The industry experienced significant structural transformation during the late 1970s following regulatory reforms that allowed pension funds to allocate capital to venture investments under the "prudent man" rule. This policy change substantially expanded the availability of long-term institutional capital and marked the beginning of rapid growth in

²⁰ [Gompers, P., & Lerner, J. \(2001\). The venture capital revolution. *Journal of Economic Perspectives*, 15\(2\), 145-168.](#)

venture capital fundraising. During the 1980s and particularly the 1990s, the industry expanded dramatically alongside the rise of the technology sector and the increasing importance of innovation-driven enterprises. Venture investments became heavily concentrated in information technology, software, communications, networking, biotechnology, and life sciences, with California and Massachusetts emerging as dominant geographical clusters. Nevertheless, the authors observe that venture capital fundraising has historically followed cyclical patterns, with periods of rapid capital inflows often followed by corrections as investment returns adjust to changing market conditions.

Literature

The literature on venture capital primarily examines the investment cycle, including fundraising, governance, monitoring, exit strategies, and innovation outcomes. [Poterba \(1987, 1989\)](#) and [Gompers and Lerner \(1998\)](#) find that venture capital fundraising is influenced by capital gains taxation, regulatory reforms, past fund performance, and favourable IPO market conditions. Similarly, [Black and Gilson \(1998\)](#) argue that a well-developed public equity market is essential for the growth of venture capital, as it provides efficient exit opportunities through IPOs. On the investment side, [Gompers \(1995\)](#) shows that venture capitalists mitigate information asymmetry through staged financing and intensive monitoring, while [Lerner \(1994, 1995\)](#) highlights the importance of investment syndication and active board participation in strengthening governance. [Gompers and Lerner \(1996, 1999\)](#) further demonstrate that contractual arrangements and performance-linked incentives help align the interests of investors and fund managers. Studies by [Barry et al. \(1990\)](#) and [Megginson and Weiss \(1991\)](#) find that venture-backed firms generally experience more successful IPOs, characterised by lower underpricing and stronger institutional credibility.

Beyond financing, venture capital also contributes to innovation and economic growth. [Hellmann and Puri \(2000\)](#) show that venture-backed firms commercialise innovations more rapidly, while [Kortum and Lerner \(2000\)](#) find that venture capital significantly enhances innovation, with each dollar of venture capital generating substantially greater patent output than an equivalent dollar of conventional corporate R&D. These studies collectively establish venture capital as an important catalyst for entrepreneurship, technological progress, and long-term economic development.

Data & methodology

The paper provides a comprehensive review of the existing academic literature on venture capital by integrating findings from numerous empirical studies conducted over several decades. The reviewed studies draw upon a wide range of datasets including Venture Economics, VentureOne, IPO databases, venture partnership agreements, biotechnology firm datasets and patent records covering various stages of the venture capital investment process from fundraising to exit. The empirical evidence discussed in the paper is based on diverse quantitative methodologies, including cross-sectional regression analysis, panel data estimation, event studies, firm-level performance analysis, IPO performance evaluation, contractual analysis, and innovation-based econometric models. By synthesising findings across multiple studies and datasets, the authors develop a comprehensive understanding of the institutional characteristics, governance structures, investment practices, and economic impact of the venture capital industry while also identifying important gaps in the existing empirical literature.

Key Findings

- 1. Venture capital has evolved into a specialised financial intermediary that addresses market failures in entrepreneurial finance:** The paper concludes that venture capital plays a unique role in financing firms that are often excluded from traditional debt and equity markets due to high uncertainty, limited collateral, and severe information asymmetry. By combining long-term risk capital with active managerial involvement, venture capital bridges the financing gap faced by innovative, early-stage firms and facilitates their transition from idea generation to commercial success.

2. **The value proposition of venture capital extends well beyond capital provision:** A central finding of the paper is that venture capitalists create value through rigorous project screening, staged financing, continuous monitoring, board representation, strategic mentoring, and access to professional networks. These governance mechanisms reduce agency conflicts, improve managerial accountability, and increase the likelihood of successful commercialisation, distinguishing venture capital from conventional sources of financing.
3. **Institutional design and incentive structures are fundamental to the success of venture capital investments:** The review highlights that limited partnership structures, performance-linked compensation, contractual covenants, and reputation-based incentives align the interests of investors and fund managers. These institutional arrangements not only improve investment discipline but also encourage efficient capital allocation and long-term value creation within the venture capital ecosystem.
4. **A well-developed IPO market is critical for sustaining venture capital activity:** The paper identifies successful exit opportunities as one of the strongest determinants of venture capital fundraising and investment. Efficient public equity markets enable venture capitalists to realise returns, recycle capital into new entrepreneurial ventures, and attract institutional investors, thereby reinforcing the long-term sustainability of the venture capital ecosystem.
5. **The effectiveness of venture capital is closely linked to active governance throughout the investment lifecycle:** Rather than functioning as passive investors, venture capitalists continuously evaluate portfolio companies through staged financing, investment syndication, and board participation. These mechanisms allow investors to respond to evolving information, terminate underperforming projects, and provide additional support to firms demonstrating strong growth potential, thereby improving overall investment efficiency.
6. **Venture capital has emerged as a significant driver of innovation and technological advancement:** The empirical evidence reviewed in the paper consistently suggests that venture-backed firms commercialise innovations more rapidly, generate greater patent output, and contribute disproportionately to technological progress relative to their size. The authors highlight that venture capital is considerably more effective than traditional corporate R&D expenditure in translating research into commercially viable products and services, underscoring its broader contribution to economic growth and industrial competitiveness.
7. **The industry exhibits strong cyclicity and is highly sensitive to capital market conditions:** The paper observes that venture capital fundraising, investment activity, and valuation levels closely follow conditions in public equity markets. While favourable market conditions encourage entrepreneurship and capital formation, sustained periods of abundant liquidity can result in excessive competition for investment opportunities, inflated startup valuations, and weaker future investment performance. This highlights the importance of maintaining investment discipline during periods of rapid market expansion.
8. **The evolution of venture capital has been strongly shaped by policy and institutional reforms:** Regulatory changes that enabled institutional investors—particularly pension funds—to allocate capital to venture investments significantly accelerated the industry's expansion. The paper therefore suggests that supportive regulatory frameworks, efficient financial markets, and a stable institutional environment are essential prerequisites for developing a robust venture capital ecosystem capable of supporting innovation-led economic growth.

Conclusion

The paper concludes that venture capital has evolved into a critical component of modern financial markets by efficiently channelling long-term risk capital to innovative, high-growth firms that are often underserved by conventional sources of finance. Its distinctive investment approach—combining financial support with active governance, strategic mentoring, and continuous monitoring—enables entrepreneurs to transform innovative ideas into commercially viable

businesses while enhancing firm performance and investor returns. The evidence reviewed in the paper suggests that venture capital not only facilitates firm-level growth but also contributes significantly to technological advancement, entrepreneurship, and the overall dynamism of the economy.

The findings carry important implications for policymakers and market participants. A robust venture capital ecosystem requires supportive regulatory frameworks, strong investor protection, efficient public capital markets, and a stable supply of long-term institutional capital. Equally important is the availability of well-functioning exit mechanisms, particularly IPO markets, which encourage continued investment by enabling venture capitalists to recycle capital into new entrepreneurial ventures. As economies increasingly rely on innovation-led growth, strengthening venture capital markets can play a pivotal role in fostering entrepreneurship, accelerating technological diffusion, and enhancing long-term economic competitiveness.

Future research scope

The authors identify several areas where further research is needed to deepen the understanding of the venture capital industry. First, accurately measuring the risk-return profile of venture capital remains challenging because private investments are not continuously marked to market, making performance assessment difficult. Second, although venture capital has expanded globally, more evidence is required to understand how institutional quality, regulatory frameworks, and capital market development influence venture capital ecosystems across countries. Finally, while existing studies establish a strong association between venture capital and innovation, future research should focus on identifying its causal impact on broader macroeconomic outcomes such as productivity, employment generation, firm growth, and long-term economic development. Addressing these gaps would provide valuable insights for policymakers, investors, and researchers seeking to strengthen entrepreneurial finance and innovation-led growth.

Does financial liberalization spur growth?²¹

Geert Bekaert, Campbell R. Harvey and Christian Lundblad (2005)

Summary

The paper investigates whether financial liberalization, particularly equity market liberalization, contributes to long-run economic growth. While the relationship between financial openness and growth has long been debated, existing empirical evidence remained inconclusive due to measurement issues, endogeneity concerns and the use of broad indicators of capital account openness. The authors distinguish between equity market liberalization and general capital account liberalization, arguing that the former provides a more precise measure of financial integration. Using a comprehensive panel of developed and developing countries over the period 1980–1997, they find that opening domestic equity markets to foreign investors increases real per capita GDP growth by approximately 1 percentage point annually over a five-year period. The results remain robust across alternative specifications, liberalization measures and econometric techniques, suggesting that equity market liberalization has a significant and economically meaningful impact on long-run growth.

Introduction

Financial liberalization has been one of the defining policy reforms undertaken by emerging and developing economies over the past few decades. Advocates argue that removing restrictions on foreign investment improves capital allocation, lowers the cost of capital, promotes financial market development and ultimately stimulates economic growth. Critics, however, contend that financial openness increases macroeconomic vulnerability and has produced mixed growth outcomes across countries.

The paper seeks to address this debate by examining whether financial liberalization genuinely causes higher economic growth or merely coincides with other economic reforms. Rather than relying on broad measures of capital account openness, the authors focus specifically on equity market liberalization, that is, the removal of restrictions on foreign participation in domestic equity markets. They argue that this provides a cleaner and more observable measure of financial integration and allows for a more accurate assessment of liberalization's growth effects.

Literature

The paper contributes to an extensive literature examining the relationship between financial openness and economic growth. Earlier theoretical and empirical research generally suggests that financial development promotes investment and productivity growth. However, evidence regarding capital account liberalization has been considerably more mixed.

Studies such as [Grilli and Milesi-Ferretti \(1995\)](#), [Rodrik \(1998\)](#), [Kraay \(1998\)](#) and [Edison et al. \(2002\)](#) report little or no systematic relationship between capital account openness and economic growth. In contrast, [Quinn \(1997\)](#), [Klein and Olivei \(1999\)](#) and [Quinn and Toyoda \(2003\)](#) find a positive association, while [Edwards \(2001\)](#) argues that the benefits are concentrated among higher-income economies. Other studies, including [Arteta et al. \(2003\)](#), conclude that the relationship remains fragile and sensitive to model specification.

The authors argue that these conflicting findings largely reflect measurement problems. Conventional indicators capture broad capital account openness rather than actual access by foreign investors to domestic equity markets. By

²¹ [Bekaert, G., Harvey, C. R., & Lundblad, C. \(2005\). Does financial liberalization spur growth? *Journal of Financial Economics*, 77\(1\), 3–55.](#)

constructing detailed indicators of equity market liberalization, the paper seeks to provide a more direct test of the relationship between financial integration and economic growth.

Theoretical framework

The central hypothesis is that equity market liberalization promotes economic growth by improving the efficiency of capital allocation and reducing financing constraints.

Opening equity markets to foreign investors increases the availability of external capital, broadens the investor base and enhances risk sharing. Increased competition among investors lowers the cost of equity financing, enabling firms to undertake profitable investment projects that may previously have been constrained by limited domestic savings. Liberalization also encourages improvements in corporate governance, market liquidity, information disclosure and financial market development, further enhancing investment efficiency and productivity growth.

The authors recognise, however, that liberalization is often accompanied by broader macroeconomic and institutional reforms. Consequently, the empirical challenge is to isolate the independent contribution of financial liberalization from these simultaneous policy changes.

Data and methodology

The study employs an extensive panel dataset covering 95 countries between 1980 and 1997, combining macroeconomic, demographic, institutional and financial market variables. Economic growth is measured using real per capita GDP growth, while control variables include initial income, government consumption, secondary school enrolment, population growth, life expectancy, trade openness, inflation, fiscal balance and financial development indicators. Institutional variables such as legal origin, judicial efficiency, quality of institutions and investment environment are also incorporated to account for cross-country differences.

The primary explanatory variable is the Official Liberalization indicator, which records the year in which foreign investors were officially permitted to participate in domestic equity markets. To test robustness, the authors also employ alternative measures including the First Sign indicator, Liberalization Intensity, and broader measures of capital account openness derived from the IMF and Quinn's capital account openness index.

Empirically, the analysis combines descriptive comparisons with panel growth regressions using Ordinary Least Squares (OLS), Generalized Method of Moments (GMM) estimation and various robustness exercises. The econometric framework controls for country-specific characteristics, global business cycle effects and potential endogeneity, allowing the authors to estimate the independent impact of equity market liberalization on long-run economic growth.

Key Findings

1. **Positive growth impact:** Equity market liberalization increases annual real per capita GDP growth by approximately 1 percentage point over the five years following liberalization, indicating economically significant long-run benefits.
2. **Robust across measures:** The positive growth effect remains consistent across alternative liberalization indicators, including the Official Liberalization, First Sign and Liberalization Intensity measures.
3. **Superior to capital account openness:** Equity market liberalization explains growth more consistently than conventional IMF measures of capital account openness, while the Quinn index shows comparatively weaker and less robust effects.

4. **Robust empirical evidence:** The results remain significant after controlling for macroeconomic fundamentals, institutional quality and alternative econometric specifications, including extensive robustness checks.
5. **Early growth gains:** Most of the growth benefits materialise within the first five years of liberalization, with relatively limited additional gains thereafter.
6. **Complementary reforms matter:** Liberalization is most effective when supported by strong institutions, sound macroeconomic policies and well-developed financial markets.
7. **Policy relevance:** The findings suggest that equity market liberalization, rather than broad capital account liberalization alone, should be a key component of financial sector reforms aimed at promoting long-run economic growth.

Conclusion

The paper provides compelling evidence that equity market liberalization contributes positively to long-run economic growth. By distinguishing equity market openness from broader measures of financial liberalization, the authors reconcile much of the conflicting evidence in the existing literature. Their results indicate that opening domestic equity markets to foreign investors increases capital availability, improves resource allocation and stimulates investment, ultimately raising real per capita GDP growth.

A major strength of the study lies in its comprehensive empirical framework, which combines detailed liberalization measures with extensive robustness checks and multiple econometric techniques. The consistency of the results across alternative specifications strengthens the argument that equity market liberalization has an independent and economically meaningful impact on growth.

More broadly, the paper demonstrates that the design and measurement of financial liberalization matter. Rather than treating all forms of capital account openness as equivalent, policymakers should recognise that different dimensions of financial integration can produce markedly different economic outcomes. The study therefore remains one of the most influential contributions to the empirical literature on financial globalization and continues to inform debates on financial sector reforms in emerging and developing economies.

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Market performance

Market round-up

Global markets lose momentum; Indian equities recover modestly

Global equities softened in June after two months of strong gains, as profit-taking in technology stocks, a stronger US dollar and cautious central-bank signals offset the benefits of lower energy prices. The MSCI World Index declined by 0.7% in US dollar terms, while the MSCI Emerging Markets Index fell by 1.4%. US equities delivered mixed returns, with technology-heavy indices under pressure amid concerns over the returns from large AI-related investments, while financials, industrials and other value-oriented sectors performed better. European equities outperformed, supported by easing energy-related inflation concerns. In Asia, Japan and Taiwan remained relatively resilient on continued strength in semiconductor stocks, while China gained modestly. Hong Kong and Indonesia were among the key underperformers.

Indian equities, in contrast, recovered modestly following the pullback in May. The Nifty 50 rose by 1.4% in June and gained a further 0.9% in the first half of July, although it remained down 7.9% on a CYTD basis as of July 15th, 2026. West Asia tensions intensified briefly early in the month, but subsequent indications of a possible ceasefire reduced concerns over energy supplies and contributed to a 21% decline in crude oil prices in June, before rising again to US\$90 levels as hostilities resumed in July. This, along with easing pressure on the rupee and policy measures aimed at stabilising foreign flows (FCNR(B) collections over US\$17bn), supported domestic sentiment to some extent. Broader markets remained resilient, with the Nifty Midcap 150 and Nifty Smallcap 250 rising by 0.9% and 4.3%, respectively. FPI outflows remained high at US\$5.2 bn in June, although the trend reversed from mid-month, with net inflows continuing into July. DIIs remained the key anchor, recording net purchases of Rs 85,800 crore in June, marking the 35th consecutive month of buying.

Global fixed income markets weakened modestly in unhedged US dollar terms, as dollar strength offset gains in underlying bond markets. Sovereign yields were mixed, while credit markets remained relatively resilient. Indian bonds strengthened, with the benchmark 10-year G-sec yield declining by around 25 bps to 6.75%, supported by lower crude prices, rupee appreciation, surplus liquidity and improving foreign demand.

- Indian equities saw some recovery in June:** Indian equities staged a modest recovery in June following the pullback in May, although gains remained uneven across segments. West Asia tensions intensified briefly in early June amid renewed exchanges of strikes, raising concerns over energy supplies and the Strait of Hormuz. Subsequent indications of a possible ceasefire, however, reduced the geopolitical risk premium in crude, contributing to a 21% decline in oil prices during the month and supporting an improvement in domestic market sentiment.

Indian equity markets recovered marginally in June, with the Nifty 50 Index rising by 1.4%, and another 0.9% in the first half of July, taking the YTD decline to 7.9% (As of July 15th, 2026).

This, together with easing pressure on the rupee and policy measures aimed at stabilising foreign capital flows, supported a return of FPI buying from mid-June. The Nifty 50 rose by 1.4% during the month and gained a further 0.9% in the first half of July, as of July 15th, 2026, although it remained down 7.9% on a CYTD basis. In US dollar terms, the Nifty 50 USD Index gained 1.7% in June, aided by a 0.4% appreciation of the rupee against the dollar.

Broader markets remained relatively resilient. The Nifty Midcap 150 and Nifty Smallcap 250 rose by 0.9% and 4.3%, respectively, in June, as investors continued to add exposure to segments that had corrected more sharply last year and in early 2026. Over the last three months, the two indices delivered returns of 17.2% and 24.0%, respectively.

Domestic flows also remained supportive. Equity mutual fund schemes received net inflows of Rs 28,973 crore in June, marking the 64th consecutive month of positive flows, while SIP contributions recovered after easing over the previous two months to Rs 31,781 crore. Overall, Indian equities found some respite in June, although evolving global risks and uneven foreign participation continued to keep sentiment fragile.

After a slight moderation in February, trading activity on NSE witnessed a rising trend over the subsequent three months, only to see a renewed dip in June. Turnover in the equity cash segment fell by 6.8% MoM to Rs 1.32 lakh crore in June and by another 6.2% to Rs 1.24 lakh crore in the first half of July. Activity in equity derivatives fell even sharply. Average daily turnover (premium) in equity options fell by 8.4% to a six-month low of Rs 61,602 crore. Equity futures activity also declined in June, with average daily turnover at Rs 1.44 lakh crore, down 8.2% MoM.

- **Indian bond markets remained under pressure:** Global fixed income markets weakened modestly in June 2026, with currency movements masking a somewhat firmer underlying performance. The Bloomberg Global Aggregate Index returned – 0.7% in unhedged US dollar terms, as a 2.3% appreciation of the dollar more than offset modest gains in global sovereign and credit markets. Bond yields were volatile early in the month amid concerns over oil-driven inflation and a more hawkish policy outlook but subsequently declined across most developed markets after the US–Iran agreement eased concerns over energy-supply disruptions and contributed to a roughly 20% fall in crude oil prices.

Sovereign bond performance was mixed. The US 10-year Treasury yield ended the month broadly unchanged at 4.44%, although the curve flattened as resilient economic data, sticky inflation and a more hawkish Federal Reserve pushed short-term yields higher. German Bunds and UK gilts outperformed, with their 10-year yields declining by around 2 bps and 6 bps, respectively, as lower energy prices reduced near-term inflation concerns. Japanese government bonds were broadly flat, with the 10-year JGB yield rising by about 3 bps to 2.69% after the Bank of Japan raised its policy rate by 25 bps to 1.0% and signalled a further reduction in bond purchases. Overall, June's performance reflected the competing effects of easing energy-related inflation risks and supportive carry on the one hand, and a stronger dollar and more cautious global central banks on the other.

Indian fixed income markets gained strength in June, aided by easing geopolitical tensions, a sharp decline in crude oil prices, rupee appreciation and strong foreign inflows into government securities. The benchmark 10-year G-sec yield fell by 26bps to 6.75%, from about 7.0% at end-May, outperforming the modest decline in US Treasury yields. The RBI's decision to retain the repo rate at 5.25% and maintain a neutral stance provided stability at the short end that fell by 30-40bps in June, while surplus liquidity and reduced expectations of near-term tightening supported the broader curve. At the long end, yields benefited from the 21% fall in crude prices, some easing of pressure on the rupee and policy measures aimed at attracting foreign capital into Indian debt, including incentives for overseas borrowing and foreign investment in government securities. Overall, June saw a broad-based bond rally, led by longer-duration securities, as improving external conditions outweighed concerns around rising domestic inflation and fiscal supply.

- **DII buying continued for the 35th consecutive month; FPI buying renewed in the second half of June:**

Barring modest net buying in February 2026, FPIs have remained net sellers in Indian equities since November 2025. Net outflows rose to US\$5.2 billion in June, exceeding the selling recorded in May. The trend, however, reversed from mid-June as several headwinds eased simultaneously. FPIs invested a net US\$1.5 billion in the second half of June and a further US\$1.6 billion in the first half of July. The de-escalation of the West Asia conflict and the consequent sharp correction in crude oil prices reduced concerns around inflation, India's external balance and corporate margins, while measures to stabilise the rupee helped moderate currency-related risks. Cumulative net FPI outflows in 2026 stood at US\$27.7 billion as of July 15th, 2026.

Domestic investors continued to cushion the impact of volatile foreign participation. DIIs recorded net purchases of Rs 85,800 crore in June, marking the 35th consecutive month of net buying and reinforcing the domestic bid that has helped absorb persistent FPI selling. Cumulative DII net investments in 2026 reached Rs 4.9 lakh crore, or US\$52.2 bn, as of July 15th, 2026. Mutual fund flows also remained resilient: equity-oriented schemes received net inflows of Rs 28,973 crore in June—the 64th consecutive month of positive flows—while SIP contributions rose modestly to Rs 31,781 crore after easing over the preceding two months. The depth and persistence of domestic flows continue to strengthen the resilience of India's equity market.

- **Global equity markets took a breather in June:**

Global equities paused in June after two months of gains. The MSCI World Index fell by 0.8% in US\$ terms, as weakness in mega-cap tech stocks outweighed gains in cyclical and value-oriented segments. US equities fell amid concerns over the returns from heavy AI-related spending, although semiconductor stocks remained relatively resilient. European equities outperformed, supported by a sharp fall in crude oil prices, which eased inflation and growth concerns. Japanese equities posted mixed returns, with gains in local currency terms partly offset by yen weakness. Emerging markets also softened, with the MSCI EM Index falling by 1.4% in US\$ terms. Taiwan and Korea consolidated after their sharp AI- and semiconductor-led rallies, while China underperformed amid continued weakness in domestic demand. Overall, June was marked by profit-taking in technology stocks, a stronger dollar and cautious central-bank signals, even as lower energy prices provided some support.

US: US equity markets consolidated in June following the sharp rebound in the preceding two months, with performance diverging sharply across indices. The S&P 500 fell by 1.1%, while the Nasdaq Composite fell by 2.8% amid profit-taking in technology stocks and growing scrutiny of the returns from heavy AI-related capital expenditure. The Nasdaq 100, however, ended the month broadly unchanged. The Dow Jones Industrial Average outperformed, rising by 2.5%, as market leadership broadened towards financials, industrials, healthcare and other value-oriented sectors. Lower crude oil prices following the easing of West Asia tensions supported sentiment, although the Federal Reserve's decision to keep rates unchanged—alongside a more cautious policy outlook—limited the overall upside.

US macro data for June pointed to continued but uneven growth. Q1 2026 GDP growth was revised up to an annualised 2.1% from 1.6%, although underlying domestic demand remained soft. Labour-market momentum weakened, with non-farm payrolls rising by just 57,000, while unemployment edged down to 4.2% amid lower labour-force participation. Activity indicators were mixed. The S&P Manufacturing PMI eased to 53.9 from 55.1 in May, while the Services PMI improved to 51.2 from 50.7. Inflation moderated as energy prices corrected, with headline CPI falling to 3.5% YoY from 4.2% and core inflation easing to 2.6% from 2.9%. The Federal Reserve kept the policy rate unchanged at 3.50–3.75%, noting that activity remained solid, but inflation was still above target.

Europe: European equities strengthened further in June 2026, outperforming most developed markets. The rally was supported by the de-escalation of the West Asia conflict and the resulting sharp decline in crude oil prices, which eased concerns around inflation, consumer demand and corporate margins. Improving earnings expectations and a rotation towards financials, healthcare, utilities and consumer-oriented sectors provided further support, despite mixed economic data and the ECB's 25-bps rate increase during the month. The Euro Stoxx 50 gained around 4.6% in June, while the MSCI Europe ex-UK Index rose 3.6% in euro terms. UK equities lagged continental Europe, partly reflecting their larger exposure to energy and materials, which came under pressure as commodity prices declined.

Euro-area activity remained weak in June, although high-frequency indicators pointed to some stabilisation. Q1 2026 GDP contracted by 0.2% QoQ, with annual growth slowing to 0.3%. Labour markets remained resilient, with unemployment easing to 6.2% in May, even as industrial production fell by 0.2% MoM and 1.2% YoY. The Composite PMI improved to 50.0 in June from 48.5 in May, signalling stagnation. Manufacturing remained in expansion at 51.4, while the Services PMI rose to 49.4 from 47.7 but stayed in contraction. Headline inflation eased to 2.8% from 3.2%, while core inflation moderated to 2.4%. Against this backdrop, the ECB raised policy rates by 25 bps, taking the deposit facility rate to 2.25%, retained a data-dependent stance and projected growth of 0.8% in 2026.

UK equities delivered divergent returns in June 2026. The FTSE 100 rose by 0.8%, supported by gains in financials and defence stocks, as indications of easing West Asia tensions improved risk appetite towards the end of the month. Lower crude oil prices, however, weighed on the index's large energy constituents. In contrast, the more domestically oriented FTSE 250 declined by 1.8%, reflecting concerns around the UK growth outlook, political uncertainty and a restrictive interest-rate environment. The macroeconomic backdrop remained mixed. Headline CPI inflation was unchanged at 2.8% in May, while core inflation edged up to 2.6% and services inflation rose to 3.7%. The Bank of England retained Bank Rate at 3.75% by a 7–2 vote in June, with two members favouring a 25-bps increase. The relatively hawkish policy signal limited expectations of near-term easing and weighed particularly on rate-sensitive domestic companies.

Asia: Asian equities delivered mixed returns in June 2026 after the exceptional gains recorded in May. Japan led the region, with the Nikkei 225 rising 5.6%, supported by a rebound in technology and semiconductor stocks. Taiwan's TAIEX gained 3.1%, aided by continued strength in AI-linked electronics companies.

South Korea's KOSPI, however, ended the month broadly unchanged, as sharp gains during the first three weeks were reversed by late-month profit-taking and concerns over stretched valuations and leveraged positions. Overall, AI and semiconductor stocks remained the principal drivers, although volatility increased substantially.

Elsewhere, performance was mixed. India's Nifty 50 rose 1.4% in June, supported by lower crude oil prices, rupee stability, policy measures to attract foreign capital and renewed FPI buying from mid-month. Mainland China's Shanghai Composite edged up 0.6%, as improving manufacturing activity and expectations of policy support partly offset persistent concerns over domestic demand. Hong Kong underperformed sharply, with the Hang Seng falling 9.1%—its steepest monthly decline since January 2024—amid weakness in technology stocks, profit-taking and higher-for-longer US rate expectations. Indonesia's IDX Composite declined 7.9%, weighed down by foreign outflows, rupiah weakness and continuing uncertainty over a possible MSCI downgrade to frontier-market status.

- Broad-based correction grips commodity markets as geopolitical risks recede and policy turns hawkish:** Commodities broadly corrected in Jun'26 as easing West Asia geopolitical tensions and a hawkish shift in U.S. monetary policy triggered a broad unwinding of the geopolitical and speculative premiums built up over preceding months. Brent crude fell 20.7% MoM as the US–Iran ceasefire framework raised expectations of the Strait of Hormuz reopening, while a weaker demand outlook from the IEA and further OPEC+ supply additions reinforced the decline. Precious metals corrected sharply, led by silver (-22.2% MoM) and platinum (-18.6% MoM), as a hawkish Federal Reserve reset rate-cut expectations and strengthened the U.S. dollar. Industrial metals also weakened, with aluminium (-15.4% MoM) and nickel (-12.1% MoM) leading losses amid improving supply conditions, although zinc (+1.6% MoM) bucked the trend on persistent refined supply constraints. Agricultural commodities softened on improving crop prospects and a more favourable global supply outlook, with corn (-7.7% MoM) recording the steepest decline, while raw sugar (+2.0% MoM) was the sole gainer, supported by Brazilian harvest delays and continued diversion of cane towards ethanol production.
- Rupee stabilised in June, posting its first monthly gain since February:** The INR appreciated by 0.4% in June 2026 despite a stronger US dollar and broad-based weakness across major developed and emerging market currencies. The recovery coincided with the RBI's package of measures to strengthen external financing conditions, alongside record FPI debt inflows that more than offset equity outflows during the month. Meanwhile, the 40-currency trade-weighted REER and NEER declined further to 89.21 and 77.72, respectively, in May 2026, extending the INR's undervaluation phase, while the one-year forward premium moderated to 2.76% from the elevated levels observed during April–May. However, renewed geopolitical tensions after month-end reversed the June appreciation, underscoring the rupee's continued sensitivity to external developments.

The S&P GSCI Index was down 10.8% MoM in Jun'26

Performance across asset classes

Table 43: Performance across equity, fixed income, currency, and commodity markets (As on June 30th, 2026)

Indicator Name	Jun-26	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Equity Indices									
NIFTY 50	23,866	23,548	22,331	25,517	1.4	6.9	-8.7	-6.5	-8.7
NIFTY 500	22,996	22,657	20,528	23,617	1.5	12.0	-3.7	-2.6	-3.7
MSCI INDIA	2,903	2,879	2,652	3,016	0.8	9.5	-5.6	-3.7	-5.6
India Volatility Index (%)	13.6	16.2	27.9	12.8	-16.0	-51.2	43.5	6.4	43.5
MSCI WORLD	4,826	4,865	4,258	4,026	-0.8	13.3	8.9	19.8	8.9
S&P 500 COMPOSITE	7,499	7,580	6,529	6,205	-1.1	14.9	9.6	20.9	9.6
DOW JONES INDUSTRIALS	52,319	51,032	46,342	44,095	2.5	12.9	8.9	18.7	8.9
HANG SENG	22,881	25,182	24,788	24,072	-9.1	-7.7	-10.7	-5.0	-10.7
FTSE 100	10,497	10,409	10,176	8,761	0.8	3.2	5.7	19.8	5.7
NIKKEI 225	70,062	66,330	51,064	40,487	5.6	37.2	39.2	73.1	39.2
Fixed Income*									
India 10YR Govt Yield (%)	6.75	7.01	7.04	6.32	-26bps	-29bps	16bps	43bps	16bps
India 5YR Govt Yield (%)	6.43	6.82	6.76	6.01	-39bps	-33bps	11bps	43bps	11bps
India 1YR Govt Yield (%)	5.70	6.13	5.95	5.59	-43bps	-25bps	3bps	11bps	3bps
India 3Month T-Bill Yield (%)	5.26	5.55	5.42	5.52	-29bps	-16bps	-11bps	-26bps	-11bps
US 10YR Govt Yield (%)	4.44	4.44	4.32	4.23	0bps	12bps	28bps	21bps	28bps
Germany 10YR Govt Yield (%)	2.91	2.93	3.01	2.60	-2bps	-10bps	6bps	31bps	6bps
China 10YR Govt Yield (%)	1.74	1.73	1.82	1.65	1bps	-8bps	-12bps	9bps	-12bps
Japan 10YR Govt Yield (%)	2.69	2.66	2.35	1.43	3bps	34bps	62bps	126bps	62bps
Currency									
USD/INR	94.7	95.0	94.8	85.8	-0.4	-0.2	5.3	10.4	5.3
EUR/USD	1.1	1.2	1.2	1.2	-2.0	-0.8	-2.7	-2.6	-2.7
GBP/USD	1.3	1.3	1.3	1.4	-1.5	0.6	-1.3	-3.1	-1.3
USD/YEN	162.5	159.2	159.1	144.4	2.1	2.2	3.7	12.5	3.7
USD/CHF	1.2	1.3	1.2	1.3	-3.1	-0.4	-1.8	-1.3	-1.8
USD/CNY	6.8	6.8	6.9	7.2	0.2	-1.8	-2.9	-5.3	-2.9
Commodities									
Brent Crude Oil (US\$/bbl)	72.9	92.0	118.3	67.7	-20.7	-38.4	19.9	7.8	19.9
LME Aluminium (US\$/MT)	3,069.9	3,628.4	3,521.2	2,596.6	-15.4	-12.8	3.4	18.2	3.4
LME Copper (US\$/MT)	13,348.9	13,503.1	12,256.8	10,050.7	-1.1	8.9	7.2	32.8	7.2
LME Lead (US\$/MT)	1,837.4	1,983.7	1,872.1	2,017.4	-7.4	-1.9	-6.6	-8.9	-6.6
LME Nickel (US\$/MT)	16,088.4	18,304.4	16,916.1	15,019.6	-12.1	-4.9	-2.5	7.1	-2.5
LME Tin (US\$/MT)	51,172.0	52,214.5	46,627.0	33,843.5	-2.0	9.8	25.9	51.2	25.9
LME Zinc (US\$/MT)	3,573.9	3,519.2	3,220.2	2,741.3	1.6	11.0	16.0	30.4	16.0
SHC Iron Ore Spot (US\$/MT)	102.2	108.5	109.4	96.0	-5.8	-6.6	-6.0	6.5	-6.0
Gold Spot Price (US\$/troy ounce)	4,036.1	4,591.1	4,623.3	3,284.5	-12.1	-12.7	-6.7	22.9	-6.7
Silver Spot Price (US\$/troy ounce)	58.6	75.3	75.1	36.1	-22.2	-22.0	-17.8	62.3	-17.8
Platinum Spot Price (US\$/ounce)	1,567.0	1,925.0	1,908.0	1,350.0	-18.6	-17.9	-22.7	16.1	-22.7
Palladium Spot Price (US\$/ounce)	1,220.0	1,384.0	1,448.0	1,134.0	-11.9	-15.8	-22.1	7.6	-22.1
Soyabeans (US\$/bushel)	11.1	11.6	11.4	10.0	-4.6	-2.5	9.6	11.2	9.6
Corn (c/lb)	412.5	447.0	458.5	421.0	-7.7	-10.0	-6.5	-2.0	-6.5
Wheat (US\$/bushel)	5.8	6.0	6.2	5.2	-3.2	-5.3	16.5	12.7	16.5
Cotton (US\$/lb)	0.7	0.7	0.7	0.7	-3.6	4.4	14.5	6.9	14.5
Raw Sugar (c/lb)	15.0	14.7	15.8	16.2	2.0	-5.0	1.2	-7.7	1.2

Source: LSEG Workspace, Cogencis, NSE EPR. *Returns over different periods shown in terms of absolute change in basis points.

Table 44: Performance (total returns) across global asset classes

Asset performance (Ranked by % change each year)

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Bitcoin 122.7	Bitcoin 1,394.5	Nifty 50 4.6	Bitcoin 94.1	Bitcoin 304.5	Bitcoin 59.4	WTI Crude 6.4	Bitcoin 153.5	Bitcoin 121.9	Gold 64.7	WTI Crude 45.7
WTI Crude 44.8	MSCI EM \$ 37.8	Nasdaq 100 0.0	Nasdaq 100 39.5	Nasdaq 100 48.9	WTI Crude 55.8	Nifty 50 5.7	Nasdaq 100 55.1	Gold 27.1	MSCI EM \$ 34.4	MSCI EM \$ 16.9
FTSE100 19.1	Nifty 500 37.7	Gold -1.7	WTI Crude 35.4	Gold 24.8	Nifty 500 31.6	FTSE100 4.7	Nifty 500 26.9	Nasdaq 100 25.9	FTSE100 25.8	Nasdaq 100 13.6
DJIA 16.5	Nasdaq 100 33.0	Nifty 500 -2.1	S&P500 31.5	Russell 1000 21.0	S&P500 28.7	Nifty 500 4.3	Russell 1000 26.5	S&P500 25.0	MSCI World 21.6	STOXX 600 10.9
Russell 1000 12.1	Nifty 50 30.3	DJIA -3.5	Russell 1000 31.4	MSCI EM \$ 18.7	Nasdaq 100 27.5	Gold -0.4	S&P500 26.3	Russell 1000 24.5	Nasdaq 100 21.0	S&P500 9.6
S&P500 12.0	DJIA 28.1	S&P500 -4.4	MSCI World 28.4	S&P500 18.4	Russell 1000 26.5	DJIA -6.9	MSCI World 24.4	MSCI World 19.2	STOXX 600 20.6	MSCI World 9.6
MSCI EM \$ 11.6	MSCI World 23.1	Russell 1000 -4.8	STOXX 600 27.6	Nifty 500 17.9	Nifty 50 25.6	STOXX 600 -10.1	Nifty 50 21.3	Nifty 500 16.2	SSE Comp 18.4	Russell 1000 9.5
Gold 9.0	S&P500 21.8	MSCI World -8.2	DJIA 25.3	MSCI World 16.5	STOXX 600 25.5	SSE Comp -15.1	STOXX 600 16.5	DJIA 15.0	S&P500 17.9	DJIA 9.4
MSCI World 8.2	Russell 1000 21.7	FTSE100 -8.7	SSE Comp 22.3	Nifty 50 16.1	MSCI World 22.4	MSCI World -17.7	DJIA 16.2	SSE Comp 12.7	Russell 1000 17.4	FTSE100 8.7
Nasdaq 100 7.3	Gold 12.6	STOXX 600 -10.2	MSCI EM \$ 18.9	SSE Comp 13.9	DJIA 21.0	S&P500 -18.1	Gold 13.8	Nifty 50 10.1	DJIA 14.9	Nifty 500 -1.7
Nifty 500 5.1	WTI Crude 12.5	MSCI EM \$ -14.2	Gold 18.7	DJIA 9.7	FTSE100 18.4	Russell 1000 -19.1	MSCI EM \$ 10.3	FTSE100 9.7	Nifty 50 11.9	SSE Comp -5.2
Nifty 50 4.4	FTSE100 12.0	SSE Comp -24.6	FTSE100 17.3	STOXX 600 -1.5	SSE Comp 4.8	MSCI EM \$ -19.7	FTSE100 7.9	STOXX 600 9.5	Nifty 500 7.8	Nifty 50 -6.2
STOXX 600 2.4	STOXX 600 11.2	WTI Crude -25.3	Nifty 50 13.5	FTSE100 -11.6	MSCI EM \$ -2.2	Nasdaq 100 -32.4	SSE Comp -3.7	MSCI EM \$ 8.1	Bitcoin -6.3	Gold -7.4
SSE Comp -12.3	SSE Comp 6.6	Bitcoin -74.2	Nifty 500 9.0	WTI Crude -20.9	Gold -4.0	Bitcoin -64.1	WTI Crude -10.3	WTI Crude 0.8	WTI Crude -21.0	Bitcoin -27.0

Source: LSEG Workspace, NSE EPR. Note: Returns for equity indices are based on total return index values except for Shanghai SE Composite Index. Data is as of July 20th, 2026.

Equity market performance and valuations

Table 45: Performance across NSE equity indices (As on June 30th, 2026)

June-26 Index Name	PR Index Returns (%)					TR Index Returns (%)				
	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Broad Market Indices										
Nifty 50	1.4	6.9	-6.5	7.5	8.7	1.7	7.4	-5.4	8.8	10.0
Nifty Next 50	0.8	18.7	3.8	17.9	13.2	0.9	18.9	4.8	18.8	14.2
Nifty 100	1.3	8.9	-4.7	9.3	9.3	1.5	9.4	-3.6	10.5	10.5
Nifty 200	1.0	10.5	-3.2	11.0	10.6	1.3	10.9	-2.2	12.1	11.8
Nifty 500	1.5	12.0	-2.6	11.9	11.3	1.7	12.4	-1.7	12.9	12.4
Nifty Midcap 50	0.6	17.4	4.4	20.2	18.7	0.7	17.5	5.0	20.9	19.6
Nifty Midcap 100	0.1	17.4	3.4	20.0	18.0	0.2	17.5	4.1	20.7	18.9
Nifty Midcap 150	0.9	17.2	3.6	19.3	17.5	1.0	17.4	4.2	20.1	18.3
Nifty Midcap Select	-0.3	18.7	7.4	20.6	17.1	-0.3	18.8	7.9	21.3	18.0
Nifty Smallcap 50	4.3	25.0	1.6	24.0	13.8	4.4	25.2	2.3	24.9	14.7
Nifty Smallcap 100	4.0	24.1	-1.1	20.3	14.2	4.1	24.2	-0.5	21.1	15.1
Nifty Smallcap 250	4.3	24.0	-0.4	18.9	16.0	4.3	24.1	0.2	19.6	16.8
Nifty LargeMidcap 250	1.1	13.1	-0.6	14.3	13.5	1.2	13.4	0.3	15.3	14.5
Nifty MidSmallcap 400	2.0	19.5	2.1	19.1	17.0	2.1	19.6	2.7	19.9	17.8
Nifty500 Multicap 50:25:25	1.9	14.7	-1.5	14.3	13.2	2.1	15.1	-0.6	15.3	14.2
Nifty Microcap 250	6.4	33.1	3.9	24.1	21.8	6.4	33.2	4.4	24.7	22.5
Nifty Total Market	1.7	12.8	-2.4	12.3	11.6	1.9	13.2	-1.5	13.3	12.7
Nifty Smallcap 500	4.7	26.3	0.7	19.9	17.1	4.8	26.4	1.3	20.5	17.9
Nifty MidSmallcap400 50:50	2.6	20.6	1.6	19.2	16.8	2.7	20.7	2.3	19.9	17.6
Thematic Indices										
Nifty India Consumption	2.3	11.4	-2.8	11.5	12.7	2.4	11.7	-2.1	12.4	13.8
Nifty MidSmall India Consumption	2.6	13.9	-8.8	14.3	13.7	2.7	14.0	-8.2	15.0	14.3
Nifty Non-Cyclical Consumer	2.9	12.5	-7.7	8.2	10.8	3.1	12.8	-7.1	9.1	11.8
Nifty India Manufacturing	-0.1	13.1	9.1	19.9	16.6	0.1	13.4	10.1	20.8	17.6
Nifty Infrastructure	0.4	9.7	-0.2	17.9	16.7	0.6	10.0	0.7	18.9	17.9
Nifty Services Sector	2.8	7.6	-9.6	7.0	6.9	3.1	8.1	-8.5	8.4	8.2
Nifty Commodities	-4.9	7.3	9.6	17.5	13.8	-4.7	7.5	10.8	18.7	15.2
Nifty CPSE	-4.5	-3.0	0.9	27.2	26.7	-4.5	-3.0	3.1	30.1	30.4
Nifty PSE	-2.4	4.4	-1.1	25.2	22.6	-2.4	4.4	0.9	27.7	25.8
Nifty Energy	-2.8	14.0	8.7	17.2	14.9	-2.7	14.2	10.1	18.8	16.7
Nifty MNC	0.2	17.0	12.4	14.2	13.2	0.4	17.3	13.8	15.5	14.5
Nifty India Digital	-2.7	5.3	-17.1	8.9	6.0	-2.6	5.7	-16.1	10.1	7.2
Nifty India Defence	4.5	32.0	7.3	51.8	55.1	4.5	32.0	7.9	52.7	56.5
Nifty Mobility	2.5	13.9	5.2	21.1	18.5	2.7	14.2	6.2	22.0	19.5
Nifty100 Liquid 15	4.3	12.6	3.2	13.8	13.4	4.4	13.0	4.1	14.7	14.4
Nifty Midcap Liquid 15	-2.2	18.5	3.3	24.5	21.0	-2.1	18.7	3.9	25.4	22.1
Nifty Corp. Grp Index - Aditya Birla Group	-2.8	18.5	15.6	18.9	14.4	-2.8	18.5	16.1	19.5	15.0
Nifty Corp. Grp Index - Mahindra Group	-0.2	4.2	-5.2	18.2	20.1	-0.2	4.2	-4.5	19.2	21.8
Nifty Corp. Grp Index - Tata Group	-1.6	4.2	-17.5	0.6	3.9	-1.2	5.2	-15.8	2.3	5.4
Nifty Corp Grp Index - Tata Group 25% Cap	-1.6	5.4	-11.3	6.9	9.6	-1.1	6.4	-9.9	8.2	10.8
Nifty Shariah 25	-3.0	4.8	-8.7	5.6	4.8	-2.8	5.4	-7.2	7.2	6.5
Nifty50 Shariah	-4.6	-0.2	-14.8	1.1	0.9	-4.4	0.3	-13.4	2.9	2.6
Nifty500 Shariah	-1.6	9.5	-5.9	8.1	7.0	-1.5	9.7	-4.8	9.3	8.3
Nifty SME EMERGE	2.2	27.2	-5.1	22.8	39.9	2.2	27.2	-5.1	22.9	40.1
Nifty100 ESG	0.5	9.0	-3.4	10.3	8.8	0.6	9.4	-2.3	11.4	10.0

Jun-26	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty100 Enhanced ESG	0.5	8.9	-3.5	10.2	8.8	0.6	9.3	-2.4	11.3	10.1
Nifty100 ESG Sector Leaders	1.2	7.8	-6.4	9.1	8.3	1.5	8.3	-5.3	10.3	9.5
Nifty IPO	8.0	28.6	10.1	15.2	7.1	8.1	28.7	10.4	15.4	7.4
Nifty REITs & InvITs	2.7	5.2	14.2	12.1	6.7	2.7	6.4	19.2	17.0	12.8
Nifty Core Housing	1.5	17.5	-6.1	9.3	7.8	1.7	17.7	-5.6	9.9	8.5
Nifty500 Multicap India Mfg. 50:30:20	0.1	12.9	6.1	18.9	15.9	0.3	13.2	7.0	19.8	16.8
Nifty500 Multicap Infrastructure 50:30:20	1.5	15.4	0.9	17.0	17.5	1.7	15.6	1.8	18.0	18.7
Nifty EV & New Age Automotive	1.3	17.9	5.5	15.1	20.0	1.5	18.3	6.4	16.0	20.9
Nifty India Tourism	10.2	22.9	-13.7	11.1	15.7	10.3	23.1	-13.4	11.5	16.0
Nifty Rural	0.5	9.1	0.5	11.1	12.7	0.6	9.4	1.5	12.2	13.9
Nifty Capital Markets	-0.5	28.1	15.2	59.1	31.6	-0.4	28.3	16.0	60.6	33.2
Nifty India New Age Consumption	4.4	17.5	-3.8	18.2	16.2	4.4	17.6	-3.3	18.8	16.8
Nifty India Select 5 Corp Groups (MAATR)	-2.1	14.0	1.7	14.1	14.1	-1.9	14.3	2.5	14.8	14.9
Nifty India Railways PSU	-3.0	4.4	-25.9	16.4	20.0	-3.0	4.4	-24.9	18.0	22.3
Nifty India Internet	3.8	17.0	-7.1	22.0		3.8	17.0	-6.9	22.4	
Nifty Waves	0.5	22.3	-13.3	0.2	0.6	0.5	22.3	-12.9	0.6	1.1
Nifty India Infrastructure & Logistics	0.9	20.8	4.2	23.4	20.6	1.0	21.0	5.1	24.4	21.7
Nifty India FPI 150	0.5	9.6	-2.8	11.9		0.7	10.0	-1.8	13.1	
Nifty Conglomerate 50	-0.2	14.5	0.2	11.9	11.7	0.0	15.0	1.1	12.9	12.7
Nifty Cement	-0.9	7.9	-14.1	6.1	5.4	-0.8	8.1	-13.8	6.5	6.0
Nifty REITs & Realty	4.3	13.8	1.3	14.7		4.3	14.8	5.0	19.1	
Strategy Indices										
Nifty Alpha 50	1.7	20.7	-0.4	19.7	14.6	1.8	20.9	0.0	20.4	15.4
Nifty100 Alpha 30	-0.5	13.7	-4.1	14.7	10.6	-0.4	14.0	-3.5	15.7	11.6
Nifty Alpha Low-Volatility 30	2.4	9.7	-3.3	11.4	10.9	2.5	10.0	-2.5	12.5	12.1
Nifty Alpha Quality Low-Volatility 30	1.1	11.1	0.0	12.8	11.4	1.2	11.3	1.2	14.2	12.9
Nifty Alpha Quality Value Low-Volatility 30	0.6	7.4	-3.9	14.7	14.6	0.8	7.8	-2.4	16.4	16.5
Nifty200 Alpha 30	0.9	19.0	1.3	19.2	16.8	1.0	19.2	1.7	20.1	17.9
Nifty Dividend Opportunities 50	-3.1	1.0	-7.0	10.1	11.3	-2.9	1.6	-5.2	12.4	13.7
Nifty Growth Sectors 15	-1.6	1.5	-8.4	3.2	6.8	-1.4	1.8	-7.0	5.0	8.5
Nifty High Beta 50	1.0	29.5	11.0	20.0	16.8	1.0	29.6	12.0	21.0	18.0
Nifty Low Volatility 50	0.3	7.0	-4.8	11.1	9.8	0.4	7.3	-3.8	12.3	11.1
Nifty100 Low Volatility 30	0.9	7.5	-2.4	10.6	9.9	1.1	8.0	-1.2	12.0	11.4
Nifty100 Quality 30	-2.4	7.1	-4.9	7.6	8.3	-2.4	7.5	-3.6	9.1	9.8
Nifty Quality Low-Volatility 30	0.4	7.1	-6.2	6.3	7.2	0.6	7.5	-4.9	7.7	8.7
Nifty200 Quality 30	-2.7	7.4	-7.0	7.7	7.8	-2.6	7.9	-5.5	9.4	9.6
Nifty50 Equal Weight	-0.1	9.5	1.0	13.0	12.9	0.1	9.9	2.1	14.2	14.3
Nifty100 Equal Weight	0.2	14.6	2.5	15.5	12.6	0.3	14.8	3.5	16.5	13.8
Nifty50 Value 20	-1.0	2.3	-8.5	6.3	8.0	-1.0	2.7	-7.2	8.3	10.2
Nifty500 Value 50	-2.8	7.9	12.2	27.4	23.8	-2.6	8.2	14.0	29.3	26.2
Nifty Midcap150 Quality 50	0.4	15.3	-4.9	11.1	8.3	0.6	15.6	-3.9	12.2	9.3
Nifty200 Momentum 30	1.5	14.2	-3.1	13.2	11.6	1.6	14.4	-2.5	14.1	12.6
Nifty Midcap150 Momentum 50	-0.3	16.1	-1.2	20.3	19.0	-0.2	16.3	-0.6	21.0	19.7
Nifty Smallcap250 Quality 50	-0.2	14.3	-12.1	12.2	12.8	-0.2	14.4	-11.1	13.4	14.1
Nifty Smallcap250 Momentum Quality 100	3.2	23.4	-4.4	13.3	12.4	3.2	23.5	-3.7	14.1	13.3

Jun-26	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty MidSmallcap400 Momentum Qlty 100	-0.3	18.5	-1.3	16.6	15.3	-0.3	18.6	-0.6	17.6	16.3
Nifty500 Equal Weight	2.5	20.1	0.3	17.5	14.9	2.6	20.3	1.0	18.3	15.8
Nifty500 Momentum 50	1.7	17.3	-2.5	15.8	15.3	1.7	17.4	-2.2	16.5	16.1
Nifty500 LargeMidSmall Equal-Cap Wtd.	2.1	16.7	-0.4	16.0	14.4	2.3	17.0	0.4	16.9	15.4
Nifty200 Value 30	-2.3	7.7	13.6	28.5	25.0	-2.1	7.9	15.4	30.4	27.6
Nifty Top 10 Equal Weight	0.4	3.8	-14.4	2.5	6.7	0.6	4.3	-13.4	3.8	8.0
Nifty500 Multicap Momentum Quality 50	-2.4	13.9	-5.7	14.4	12.7	-2.3	14.1	-4.9	15.6	13.9
Nifty Top 15 Equal Weight	1.8	5.9	-7.1	6.1	9.7	2.1	6.5	-6.1	7.4	11.0
Nifty Top 20 Equal Weight	1.4	4.9	-7.8	6.6	9.8	1.6	5.3	-6.8	7.9	11.0
Nifty500 Quality 50	-2.0	16.1	-3.7	15.6	12.1	-1.9	16.4	-2.5	17.0	13.6
Nifty500 Low Volatility 50	-0.7	5.5	-1.1	13.6	12.9	-0.6	5.8	-0.1	14.7	14.2
Nifty500 Multifactor MQVLv 50	0.2	8.3	-3.5	17.2	14.1	0.3	8.5	-2.3	18.6	15.9
Nifty500 Flexicap Quality 30	-2.1	6.7	-12.6	2.6	8.5	-2.0	7.0	-11.4	4.0	10.0
Nifty Total Market Momentum Quality 50	-1.8	15.9	-2.5	15.8	13.4	-1.8	16.1	-1.8	16.7	14.3
Sectoral Indices										
Nifty Auto	0.5	11.4	10.9	20.5	20.1	0.7	11.7	12.2	21.6	21.3
Nifty Bank	6.1	14.5	0.4	8.7	10.6	6.4	15.0	1.2	9.6	11.5
Nifty Private Bank	6.1	15.7	-1.2	6.8	8.8	6.4	16.1	-0.5	7.5	9.5
Nifty PSU Bank	4.1	7.9	17.9	27.4	27.5	4.2	8.6	18.8	28.3	28.9
Nifty Financial Services	4.7	12.9	-2.3	9.8	10.1	5.1	13.5	-1.3	10.9	11.1
Nifty Financial Services Ex-Bank	1.7	17.3	2.5	18.4	13.8	1.9	17.6	3.3	19.3	14.8
Nifty Financial Services 25/50	4.2	12.2	-2.0	12.7	11.8	4.6	12.8	-1.0	13.8	12.9
Nifty MidSmall Financial Services	0.7	22.5	15.9	30.7	21.3	0.7	22.6	16.4	31.5	22.4
Nifty FMCG	-1.2	7.2	-11.1	-2.2	6.2	-1.0	7.5	-10.3	-0.7	7.9
Nifty IT	-9.6	-9.5	-32.5	-3.8	-2.1	-9.6	-9.0	-31.0	-1.8	0.0
Nifty MidSmall IT & Telecom	-3.7	17.7	-12.7	7.9	10.6	-3.6	18.0	-12.0	8.6	11.6
Nifty Media	5.0	17.2	-15.7	-5.4	-3.8	5.0	17.2	-15.2	-4.8	-3.2
Nifty Metal	-6.9	12.4	31.3	26.3	19.1	-6.5	12.9	32.8	27.4	20.7
Nifty Pharma	4.0	13.9	14.9	22.5	12.1	4.1	14.0	15.7	23.5	12.9
Nifty Realty	6.0	27.4	-15.9	16.9	19.3	6.0	27.4	-15.6	17.2	19.6
Nifty Consumer Durables	4.3	10.4	-5.2	10.3	9.6	4.3	10.4	-4.9	10.8	10.1
Nifty Oil & Gas	-1.5	2.3	-6.5	13.5	10.3	-1.3	2.4	-5.5	14.6	11.7
Nifty Healthcare Index	4.9	13.7	11.6	21.8	12.9	4.9	13.8	12.2	22.6	13.7
Nifty MidSmall Healthcare	5.0	20.3	15.4	27.7	15.3	5.0	20.4	15.9	28.2	15.8
Nifty Transportation & Logistics	2.8	14.0	5.4	19.8	19.2	2.9	14.3	6.4	20.7	20.2
Nifty Housing	-0.1	13.9	3.6	13.1	11.4	0.2	14.5	4.5	14.0	12.5
Nifty Chemicals	1.3	18.8	-7.2	7.7	8.9	1.3	18.8	-6.6	8.3	9.5
Nifty500 Healthcare	5.2	17.1	11.2	23.0	13.0	5.3	17.2	11.8	23.7	13.6

Source: NSE Indices, NSE EPR

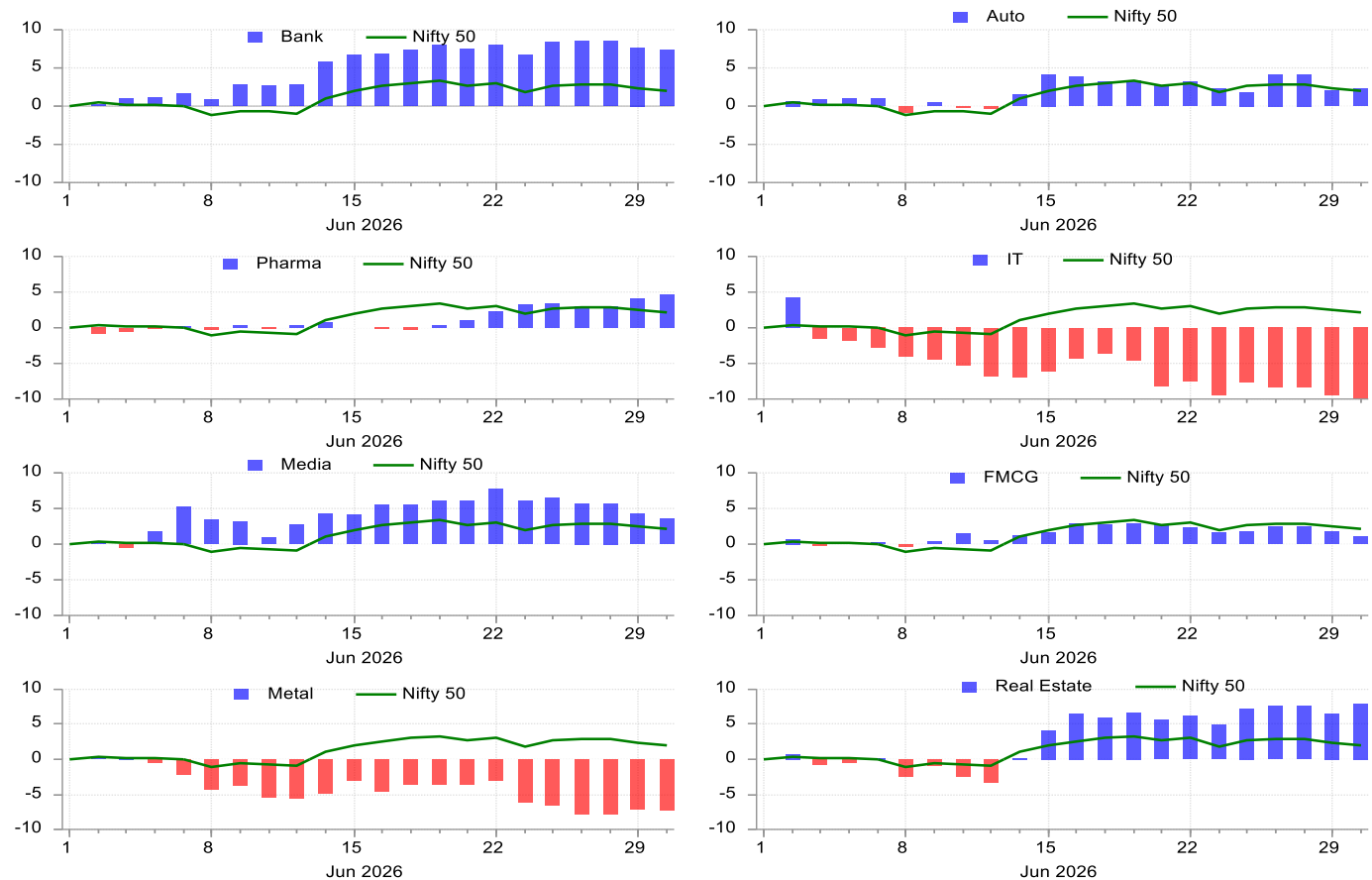
Note: Returns for the period up to one year are absolute returns. Returns for a period greater than one year are CAGR returns.

Table 46: Performance across NSE sector indices based on Price Return Index

Indicator Name	Jun-26	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Auto	26,480	26,338	23,770	23,873	0.5	11.4	-6.1	10.9	-6.1
Bank	57,543	54,239	50,275	57,313	6.1	14.5	-3.4	0.4	-3.4
Energy	39,741	40,878	34,850	36,569	-2.8	14.0	12.5	8.7	12.5
FMCG	48,794	49,383	45,539	54,884	-1.2	7.2	-12.0	-11.1	-12.0
IT	26,299	29,080	29,063	38,950	-9.6	-9.5	-30.6	-32.5	-30.6
Infrastructure	9,392	9,353	8,561	9,409	0.4	9.7	-2.3	-0.2	-2.3
Media	1,478	1,408	1,262	1,754	5.0	17.2	2.3	-15.7	2.3
Metals	12,519	13,441	11,138	9,535	-6.9	12.4	12.1	31.3	12.1
Pharma	25,326	24,346	22,232	22,039	4.0	13.9	11.5	14.9	11.5
Real Estate	830	783	651	987	6.0	27.4	-5.5	-15.9	-5.5

Source: Cogencis, NSE EPR.

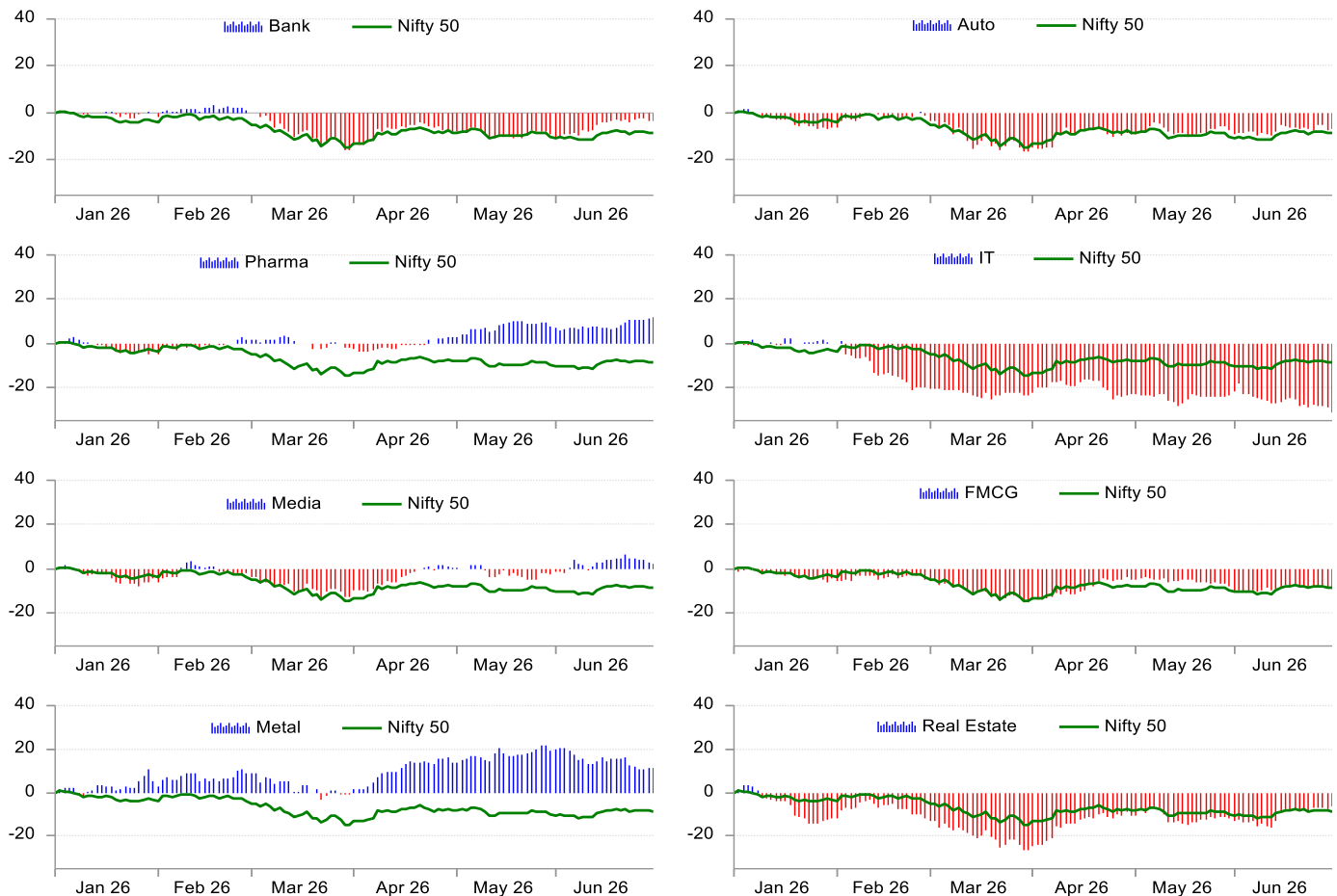
Figure 161: NIFTY sector performance in June 2026

Rebased to 0 on June 1st, 2026


Source: LSEG Workspace, NSE EPR.

Figure 162: NIFTY sector performance in 2026 till date (Jan-Jun'26)

Rebased to 0 on January 1st, 2026

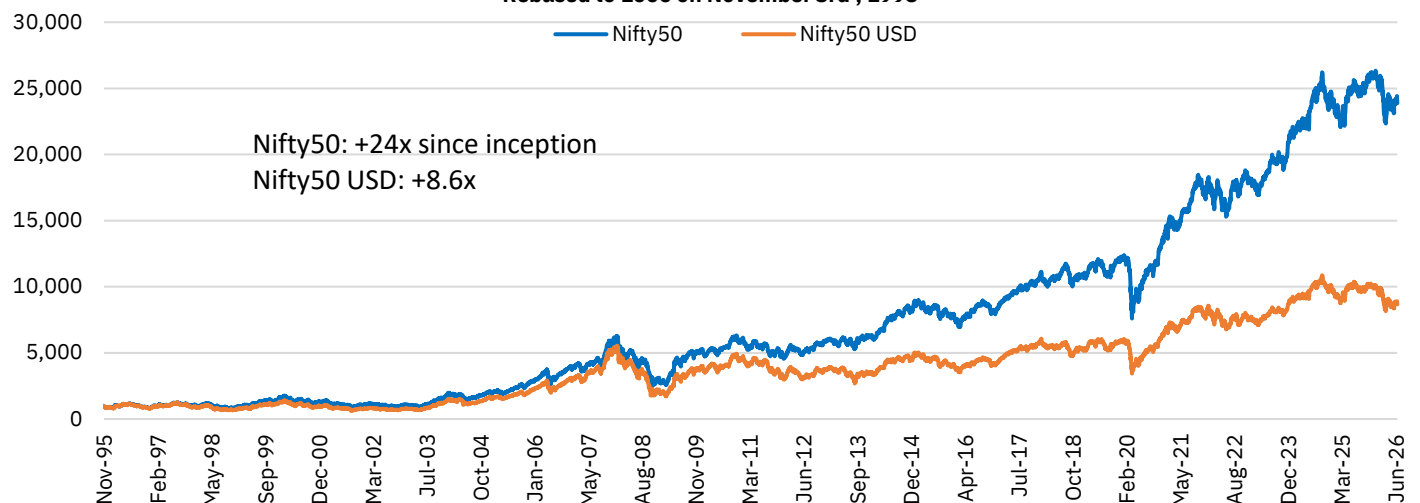


Source: LSEG Workspace, NSE EPR.

Figure 163: Nifty 50 and Nifty 50 USD since inception

Movement in Nifty50 and Nifty50 USD since inception

Rebased to 1000 on November 3rd, 1995



Source: Nifty Indices, NSE EPR.

The Nifty 50, launched on April 22nd, 1996 with November 3rd, 1995 as its base date, has become India's principal equity benchmark and a key barometer of listed-market wealth creation. Having completed three decades in April 2026, the index has delivered a strong long-term compounding record, rising from its base value to an all-time high of 26,216 on September 26th, 2024—over 26 times its starting level, implying an annualised return of around 12%.

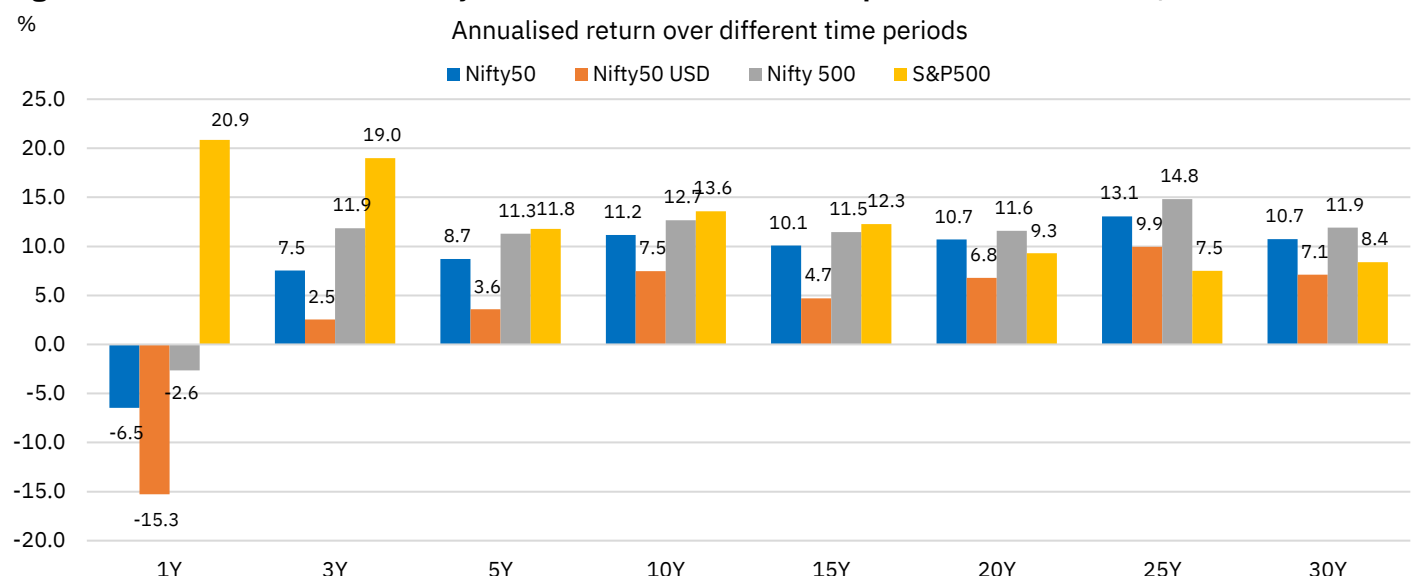
Since that peak, markets have faced intermittent pressure amid a less supportive global and domestic backdrop. Trade uncertainty, geopolitical risks, sustained FPI selling, rupee weakness and valuation concerns weighed on sentiment, even as strong domestic institutional flows provided an important counterweight to foreign outflows.

The weakness deepened in early 2026, with the Nifty 50 declining for four consecutive months from December 2025 to March 2026 and losing 14.8% over the period. This was followed by a sharp 7.5% recovery in April—its strongest monthly gain in 28 months—supported by better global cues, some easing of geopolitical concerns and continued domestic liquidity support. The rebound, however, partly reversed in May, as higher crude prices and renewed rupee pressure revived concerns around India's external position and inflation outlook.

Indian equities recovered modestly in June, with the Nifty 50 rising 1.4%, followed by a range-bound performance in July so far. Lower crude prices, easing macro concerns and policy measures aimed at supporting foreign flows and rupee stability aided sentiment. The recovery was led by banks and financials, helped by renewed FPI interest and relatively attractive valuations, while IT weakness, geopolitical uncertainty, US rate concerns and still-cautious foreign investor sentiment capped broader upside.

Notwithstanding the recent correction, the longer-term record remains strong. Even after subdued returns over the last two years, Indian equities continue to compare favourably with major global benchmarks over extended horizons. Over the past 25 years, the Nifty 50 has delivered annualised returns of 13.1% in rupee terms and 9.9% in US dollar terms, outperforming the S&P 500, MSCI World and MSCI Emerging Markets indices.

Figure 164: Annualised return of major indices across different time periods (As of June 30th, 2026)



Source: Nifty Indices, LSEG Workspace, NSE EPR.

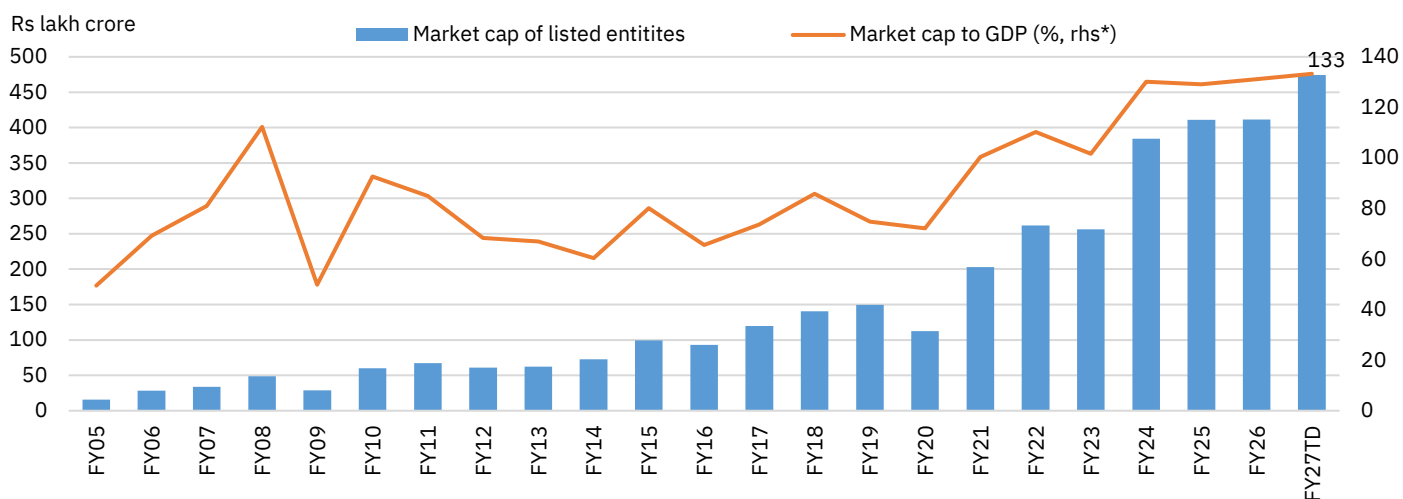
Market growth and concentration

Market capitalisation of listed entities²² inched up in June 2026: After rising 7.9% in 2025—its seventh consecutive annual gain—the aggregate market capitalisation of listed entities on NSE fell by 13.2% in Q1 2026. This was followed by a sharp 12.6% rebound in April, although momentum moderated thereafter. From end-April levels, total market capitalisation rose by 2.3% in rupee terms over the subsequent two months, with most of the gain coming in June, indicating consolidation after April's strong recovery. In US dollar terms, the increase was slightly higher at 2.6%, aided by rupee appreciation.

Across market segments, all categories except the Nifty Next 50 recorded gains in June, led by small- and micro-cap companies. The market cap of Nifty 50 companies rose by 0.4% MoM to Rs 192.2 lakh crore, following a 2.1% dip in May, taking the cumulative fall in 2026 thus far to 7.6%. Consequently, the Nifty 50's share in total market capitalisation of listed entities declined further to a multi-year low of 40.5%, down 3.4 pp since Jan'26. The market capitalisation of Nifty Next 50 companies fell by 0.5% MoM to Rs 74.5 lakh crore, after rising by a strong 16.6% over the preceding two months. Even so, the segment remained up 1.9% on a CYTD basis. Broader market segments were more resilient, with market cap rising by 1.3% MoM for mid-cap companies, 4.8% for small-caps and 6.3% for micro-caps. On a CYTD basis, these segments were up 10.7%, 14.3% and 19.5%, respectively. This reflected a continued rotation away from the largest index constituents towards segments that had corrected more sharply in 2025 and early 2026.

The recent correction does not materially alter the longer-term trend. Over the past 20 years, the aggregate market capitalisation of listed entities on NSE has grown at a CAGR of 15.8% in rupee terms and 11.7% in US dollar terms. Based on a rolling three-month average, total market capitalisation is now close to 133% of GDP under the new 2022–23 GDP series, compared with around 60% in March 2014. This expansion reflects more than price appreciation alone. It points to the growing depth of India's equity markets, a broader listed universe, rising household ownership and the increasing role of capital markets in channelling savings into productive investment.

Figure 165: Market cap to GDP ratio trend



Source: CMIE Economic Outlook, NSE EPR. # As of June 30th, 2026. * Based on average market cap over the last three months of the period and actual nominal GDP for the last four quarters. GDP data from FY23 onwards is based on the base year 2022-23.

²² Market capitalisation of listed entities on NSE represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year.

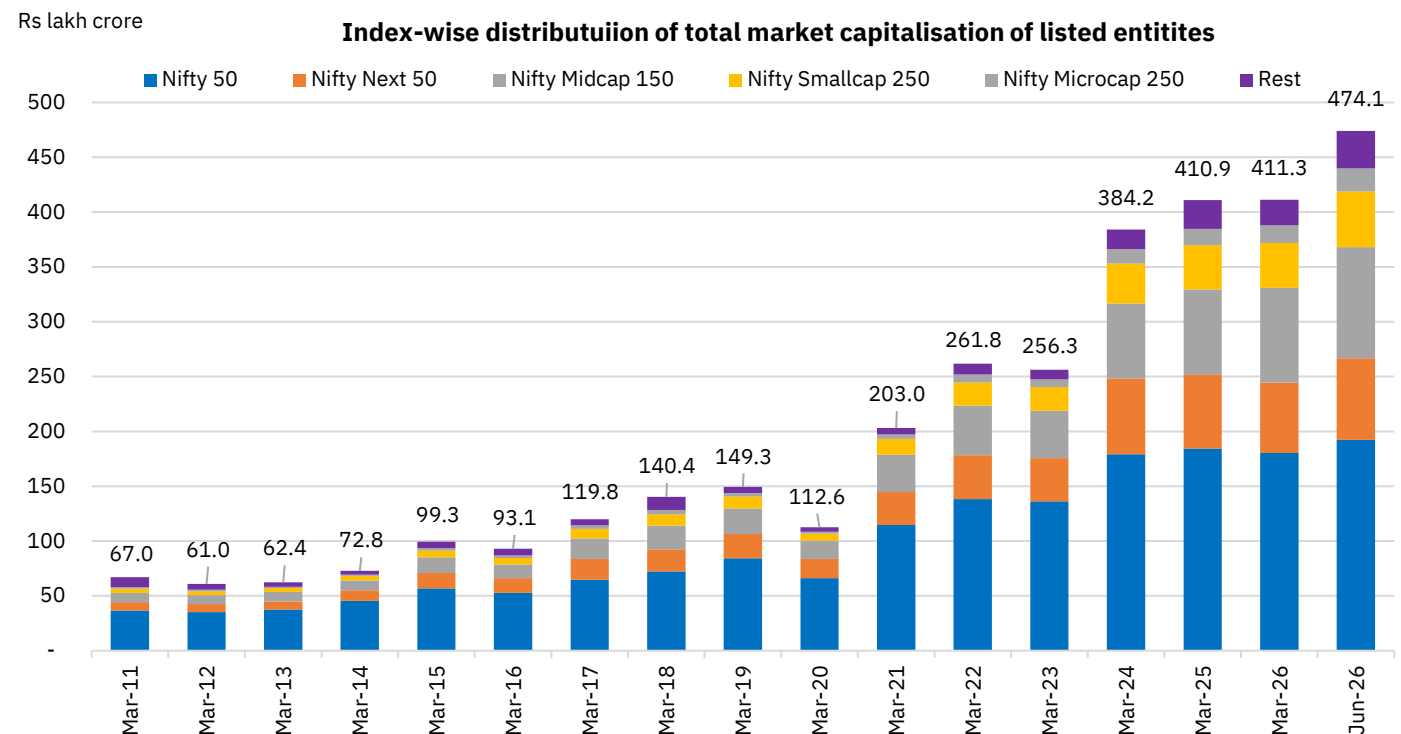
Nifty 50 share fell further as broader market segments gained ground: The share of Nifty 50 companies in the aggregate market capitalisation of entities listed on NSE fell further in June 2026, extending the decline seen since April. After remaining within a narrow range of 43.6–44.1% over the preceding five months, the share declined for three consecutive months, falling by a cumulative 3.3 pp in Q1 FY27 to a multi-year low of 40.5% in June. The shares of the Nifty Next 50 and Nifty Midcap 150 also declined by 38 bps and 13 bps MoM to 15.7% and 21.4%, respectively.

In contrast, the share of the Nifty Smallcap 250 rose by 30 bps MoM to a multi-year high of 10.7%, while the Nifty Microcap 250 accounted for 4.4% of total market capitalisation, also close to a multi-year high. This points to a continued rotation towards the broader market, supported by improved risk appetite and relatively more attractive valuations in segments that had corrected more sharply earlier.

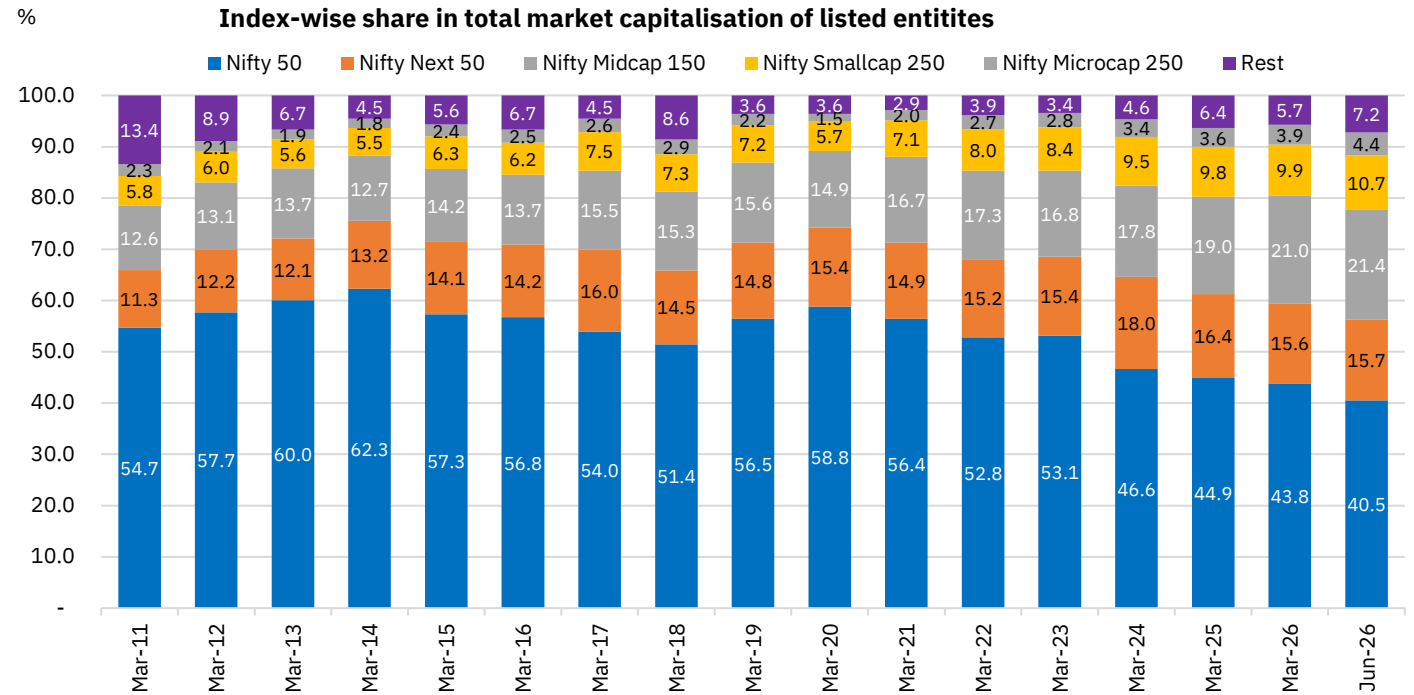
The longer-term trend similarly indicates a steady decline in the dominance of the largest companies. The Nifty 50's share in aggregate market capitalisation has fallen from 62.3% in FY14 to 40.5% currently, even as the number of entities listed on the exchange has increased from 422 in FY96 to 3,005 by June 2026. This reflects both the expansion of the listed universe and stronger relative performance outside the largest index constituents.

Over the past five years, the Nifty Midcap 150 and Nifty Smallcap 250 have delivered CAGRs of 17.5% and 16.0%, respectively, compared with 8.7% for the Nifty 50. The gradual broadening of market capitalisation beyond the top 50 companies points to a deeper and more diversified equity market, with mid- and small-cap companies accounting for a growing share of market breadth and long-term return generation.

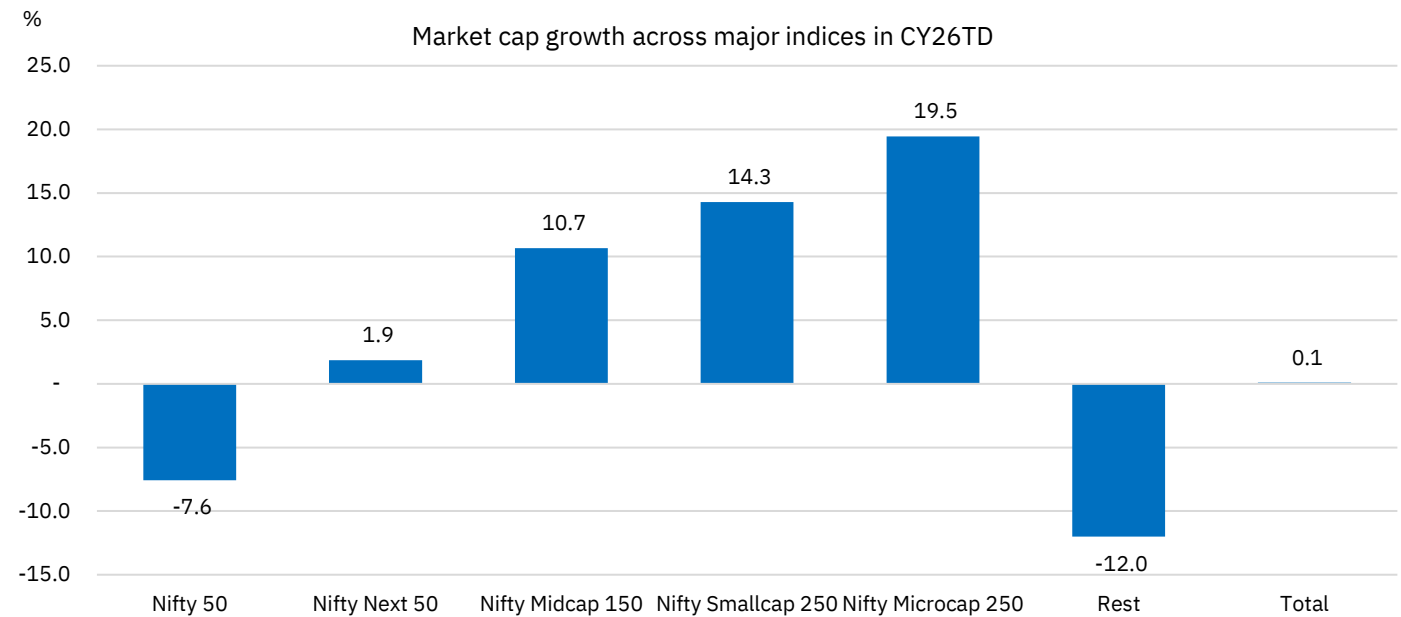
Figure 166: Index-wise distribution of total market capitalisation of listed entities



Source: Nifty Indices, NSE EPR.

Figure 167: Index-wise share in total market capitalisation of listed entities


Source: Nifty Indices, NSE EPR.

Figure 168: Index-wise change in total market capitalisation of listed entities in CY26TD (Jan-June 2026)


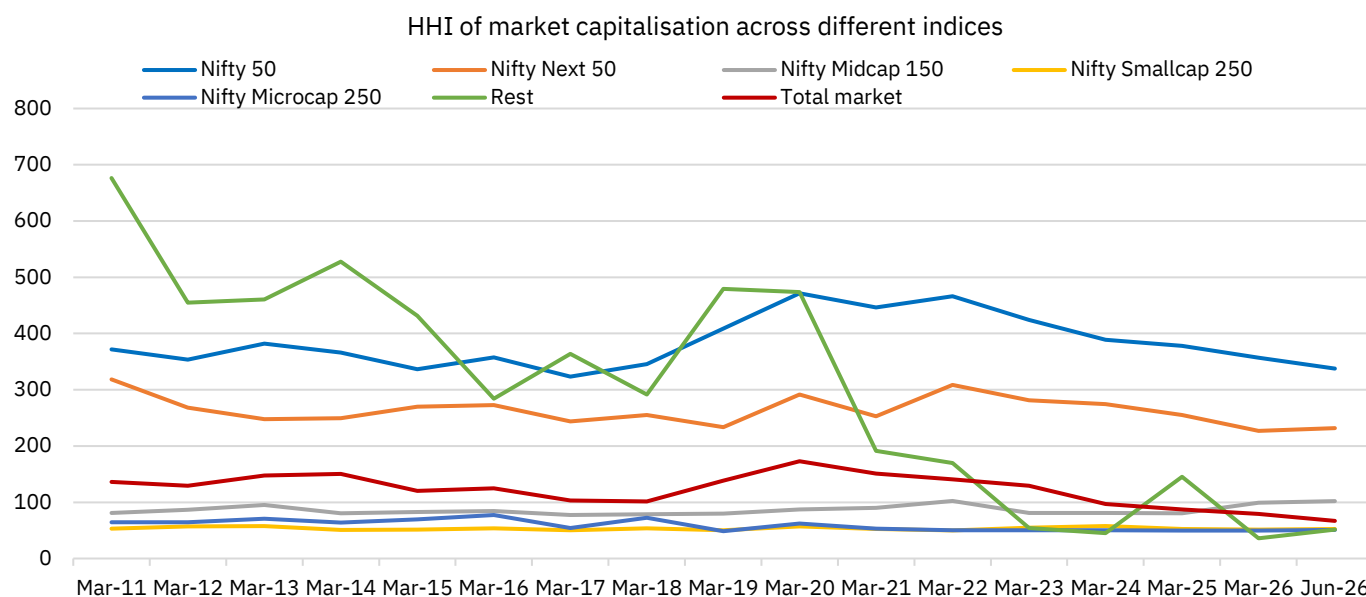
Source: Nifty Indices, NSE EPR.

Market concentration eased marginally in June 2026: Market concentration, measured through the Herfindahl–Hirschman Index (HHI) based on market capitalisation, continued to ease in June, indicating a further broadening of India’s equity market. Concentration had risen sharply to an 11-year high of 173 in March 2020, as the pandemic shock triggered a pronounced shift towards large-cap stocks. Since then, the aggregate HHI has moderated steadily, reflecting a wider distribution of market capitalisation across companies and segments. As of June 2026, the HHI for the full universe of NSE-

listed companies stood at a multi-year low of 67, down from 73 in the previous month and 84 a year earlier.

Within the top 750 companies, concentration remained highest in the Nifty 50. The Nifty 50 HHI inched up to 338 in June 2026, from 334 in May and 384 a year earlier, and remained well below its March 2009 peak of 476. The Nifty Next 50, however, saw a modest dip in concentration, with its HHI falling to 232 from 236 in the previous month and 368 a year ago. Concentration in the mid-, small- and micro-cap segments remained significantly lower, with HHIs of 101, 52 and 51, respectively.

Figure 169: Index-wise share in total market capitalisation of listed entities



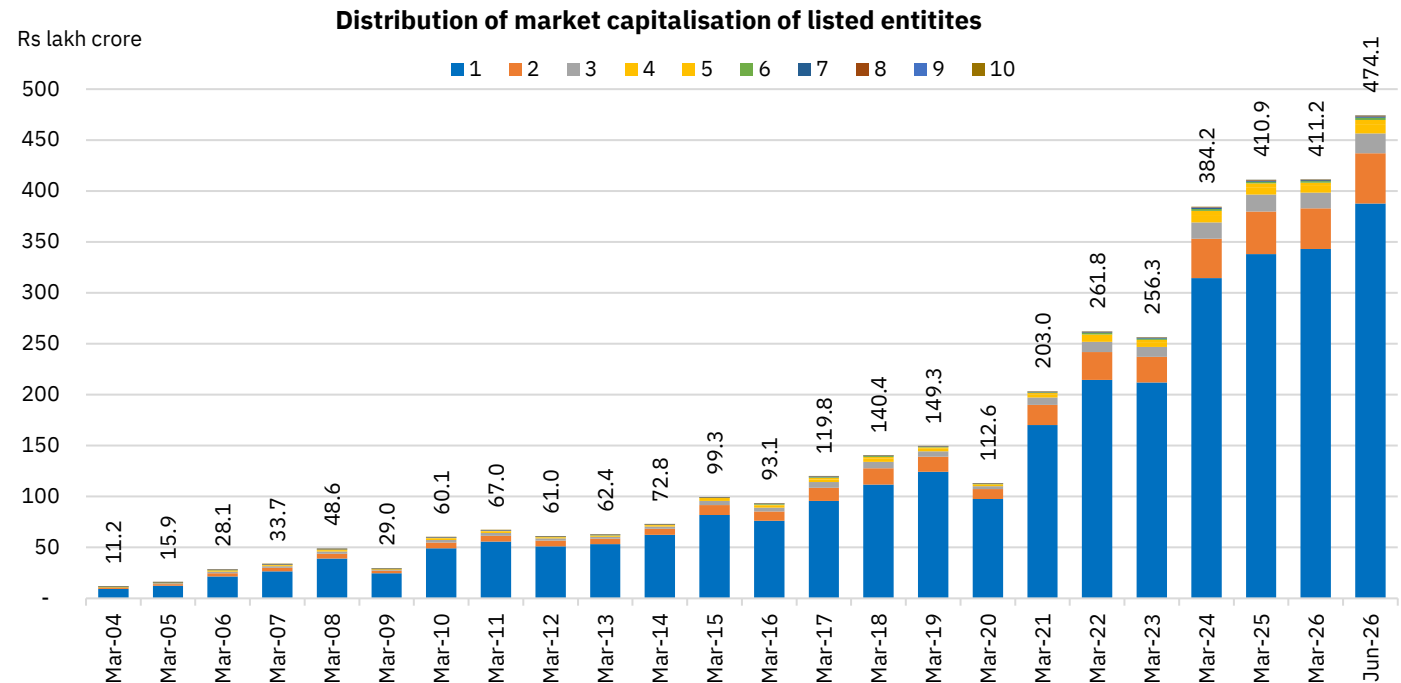
Top-decile concentration eased as risk appetite improved: A decile-wise analysis of all entities companies on NSE shows that market capitalisation became sharply more concentrated in large-cap stocks during the pandemic, before broadening thereafter. The share of the top decile rose to a record 86.8% in FY20, while the top two deciles together accounted for more than 95% of aggregate market capitalisation, reflecting a pronounced flight to established companies during a period of exceptional uncertainty.

The concentration moderated subsequently. The share of the top decile fell to 81.8% by March 2024 and further to a six-year low of 80.1% in December 2024. It then rose to 83.4% by March 2026 as investors rotated towards larger and relatively more resilient companies amid trade-related uncertainty and geopolitical tensions. Over the last three months, however, improving risk appetite—supported by some easing of geopolitical concerns, more reasonable valuations and sustained domestic buying—led to a renewed broadening of the market. Consequently, the share of the top decile, comprising around 295 companies, declined by 20 bps MoM to a seven-month low of 82.3%.

At the other end of the distribution, the bottom five deciles accounted for 0.9% of aggregate market capitalisation of NSE listed and permitted-to-trade companies, broadly unchanged from March 2026 and nearly twice the post-pandemic low of 0.47%. Overall, the data suggest that while periods of uncertainty continue to prompt a temporary preference for larger companies, the market remains materially more diversified than at

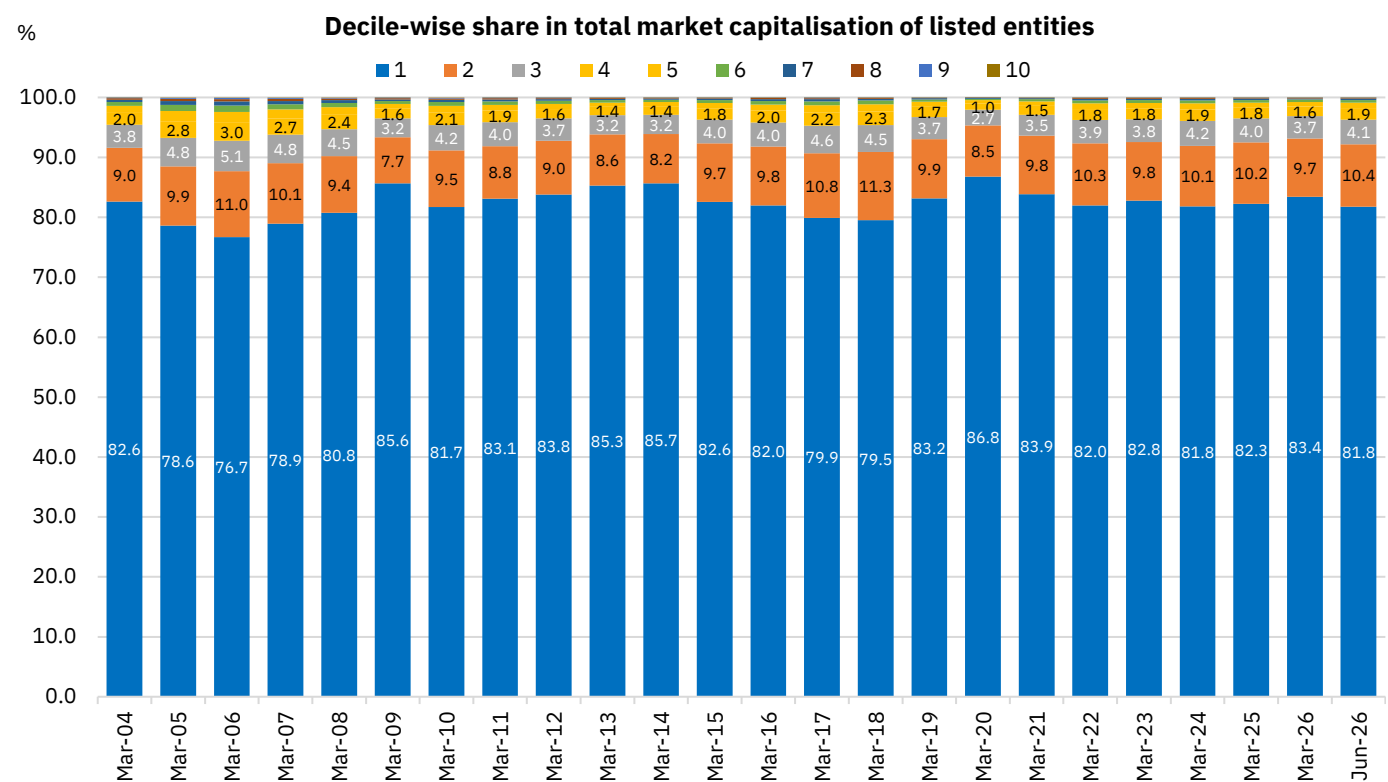
the height of the pandemic, with mid- and small-cap segments retaining a greater share of aggregate market capitalisation.

Figure 170: Decile-wise distribution of total market capitalisation of listed entities



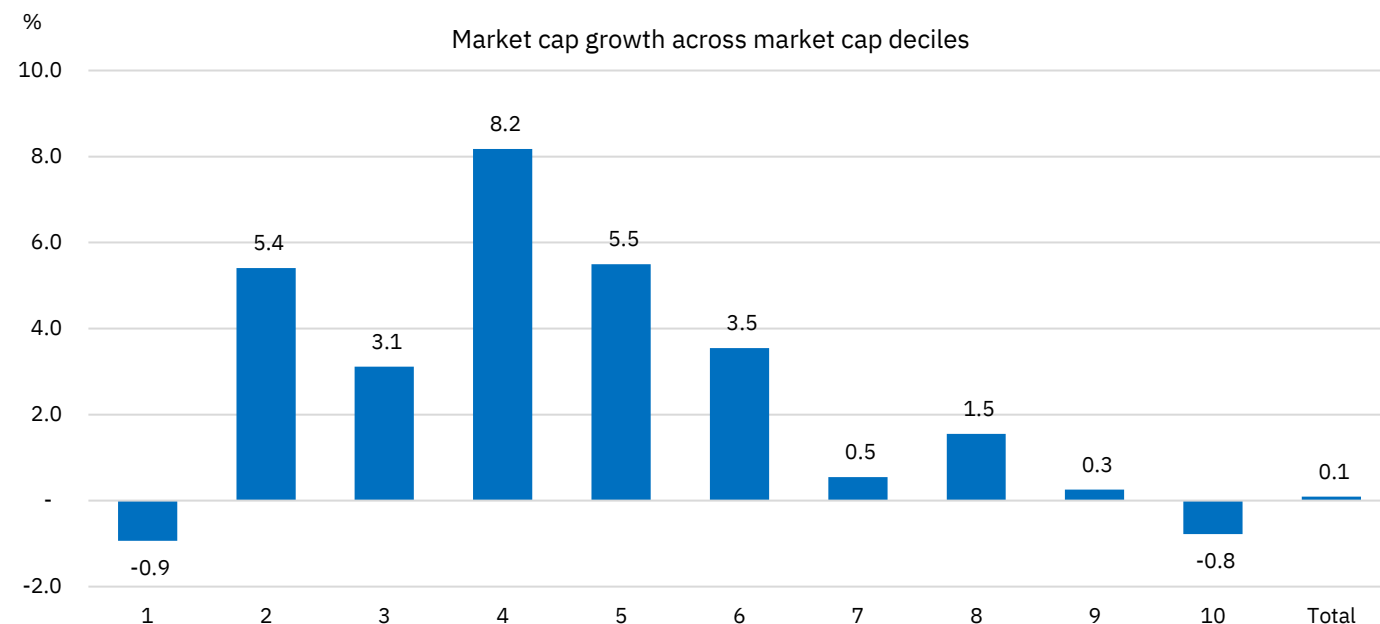
Source: NSE EPR.

Figure 171: Decile-wise share of total market capitalisation of listed entities



Source: NSE EPR.

Figure 172: Decile-wise change in total market capitalisation of listed entities in CYTD (Jan-June 2026)



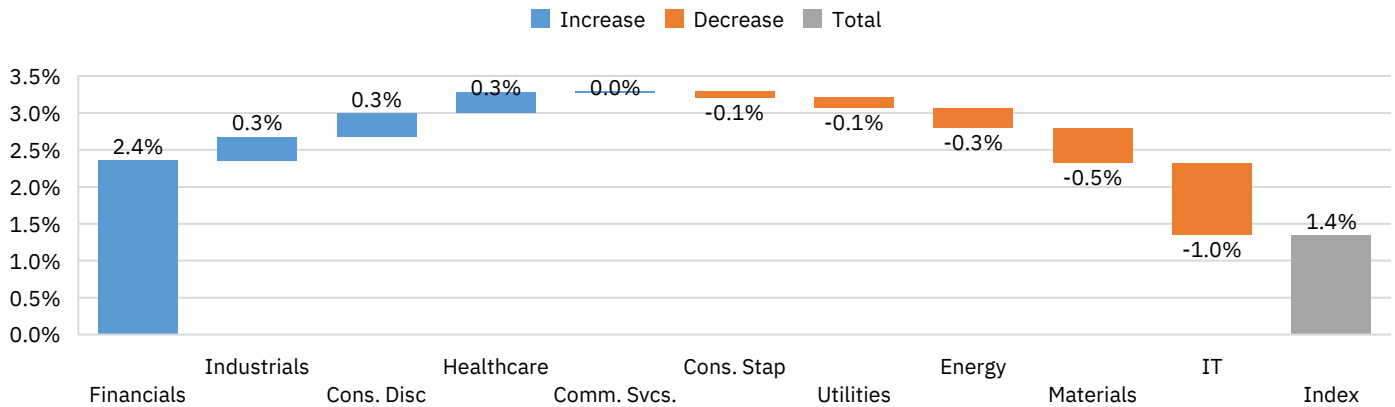
Source: NSE EPR.

Nifty50 performance attribution analysis

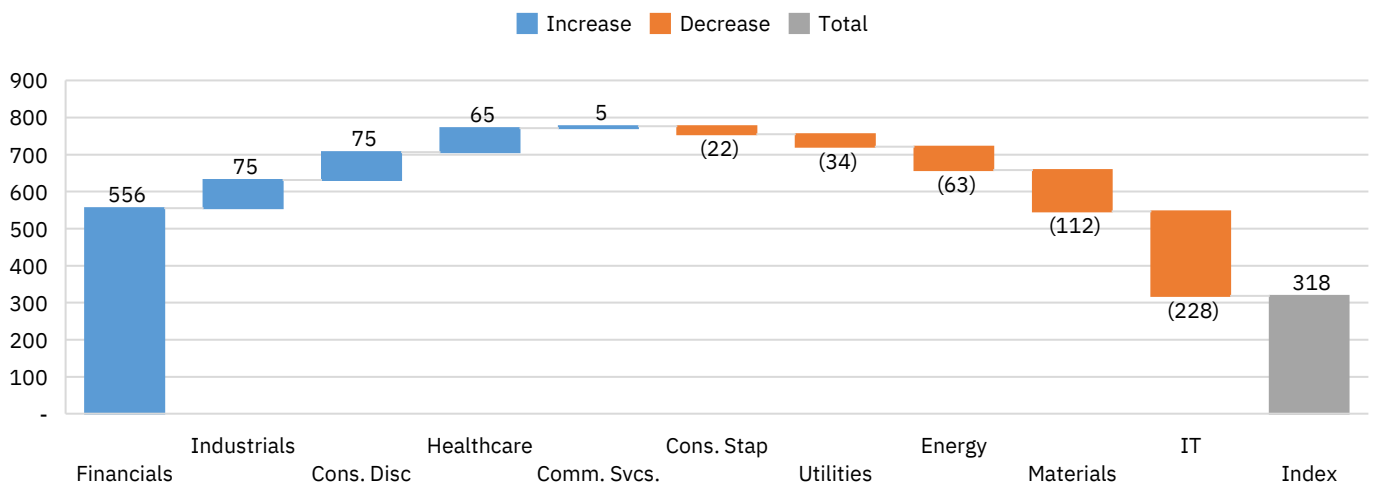
Indian equities witnessed some recovery in June: After the pullback in May, Indian equities recovered modestly in June, though the rebound remained narrow. The Nifty 50 rose 1.4% during the month, supported by easing crude prices, some moderation in rupee pressure and policy measures aimed at stabilising foreign flows. The recovery was led by banks and financials, helped by renewed FPI interest, relatively attractive valuations and expectations of steady earnings. In dollar terms, the Nifty 50 USD Index rose by a slightly higher 2.3%, reflecting the impact of 0.4% appreciation of the rupee against the dollar. While the Nifty Midcap 150 rose by a modest 0.9%, the Nifty Smallcap 250 Index rose by a strong 4.3%, taking the total return in the last three months to 17.2% and 24% respectively.

Notwithstanding renewed interest in the second half of June, FPI selling stood at US\$29.3bn in H1 2026—the highest outflows seen in the first half of any calendar year. Domestic institutional flows, however, continued to provide an important cushion, with DIIs remaining net buyers of Indian equities for the 35th successive month. In June, net DII flows of Rs 85,800 crore in the cash market, more than offsetting FPI outflows of Rs 49,341 crore (US\$5.2bn). Equity mutual fund inflows remained positive, with a sequential improvement, at Rs 28,973 crore in June—marking the 64th consecutive month of inflows into equity-oriented schemes. SIP contributions also increased in June after moderating over the previous two months, standing at a three-month high of Rs 31,781 crore.

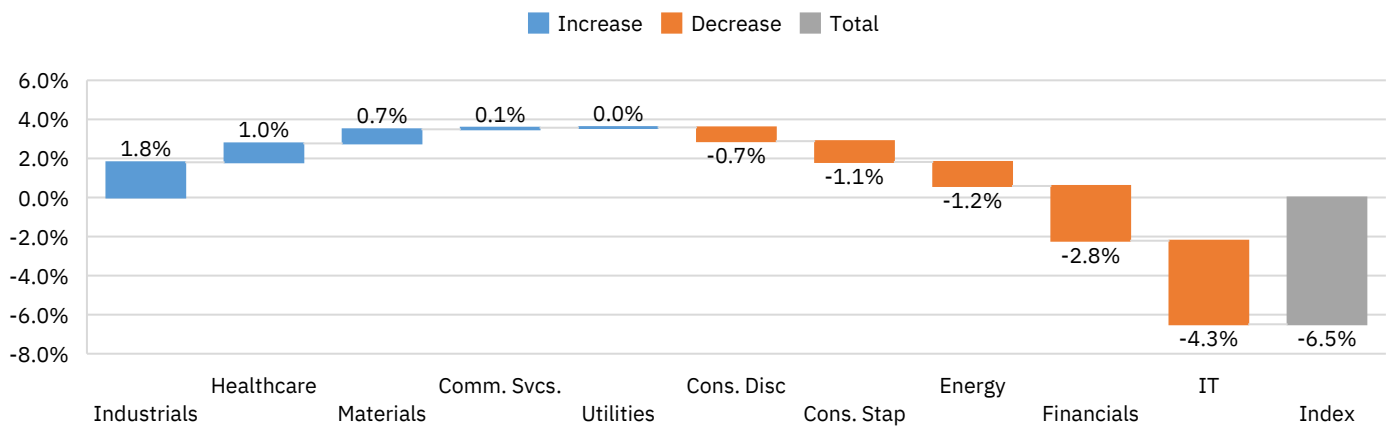
Over the 12 months to June 2026, the Nifty 50 declined by 6.5%. Sector-wise, the decline in Nifty 50 during this period was predominantly led by Information Technology and Financials, with the former alone contributing to nearly two-third of the fall, more than offsetting modest gains reported by Industrials, Healthcare and Materials.

Figure 173: Sector-wise contribution to Nifty 50 price return in June 2026
Contribution to Nifty50 Index percentage change (June 2026)


Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

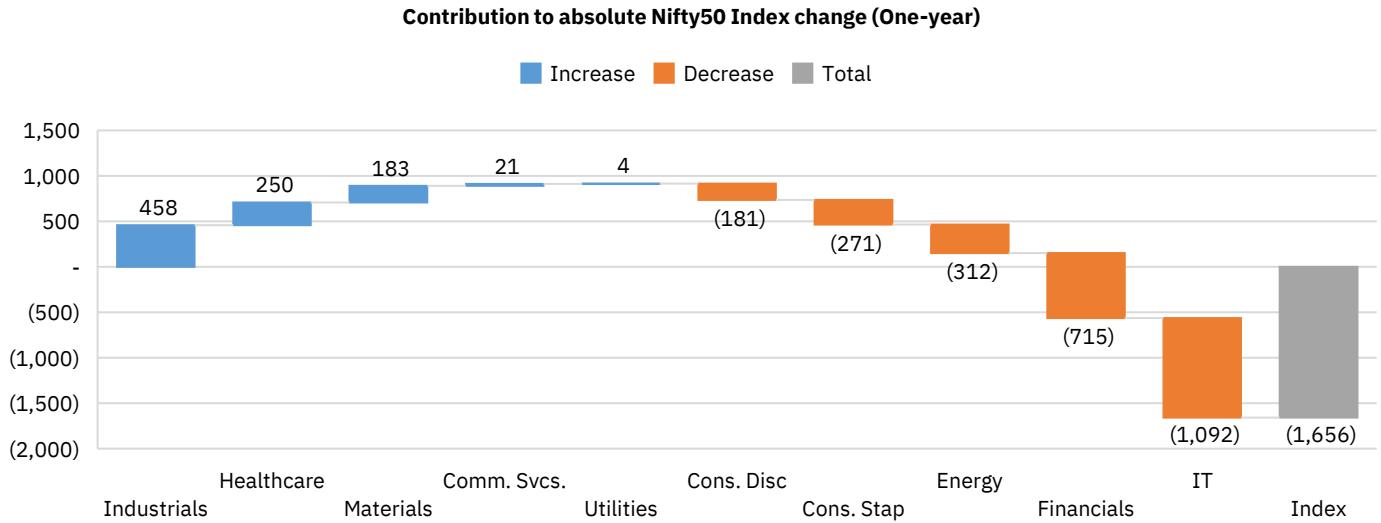
Figure 174: Sector-wise contribution to Nifty 50 Index change (points) in June 2026
Contribution to absolute Nifty50 Index change (June 2026)


Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 175: Sector-wise contribution to Nifty 50 price return in the last 12 months
Contribution to Nifty50 Index percentage change (One-year)


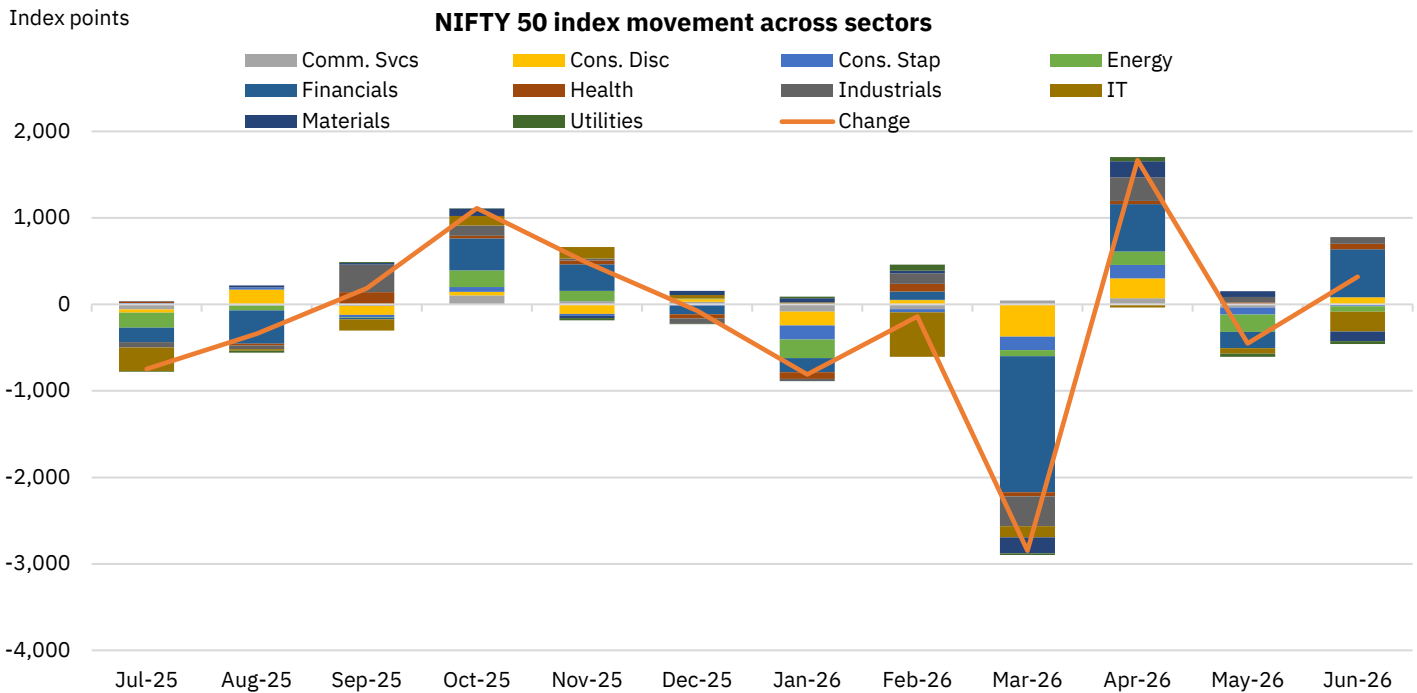
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 176: Sector-wise contribution to Nifty 50 Index change (points) in the last 12 months

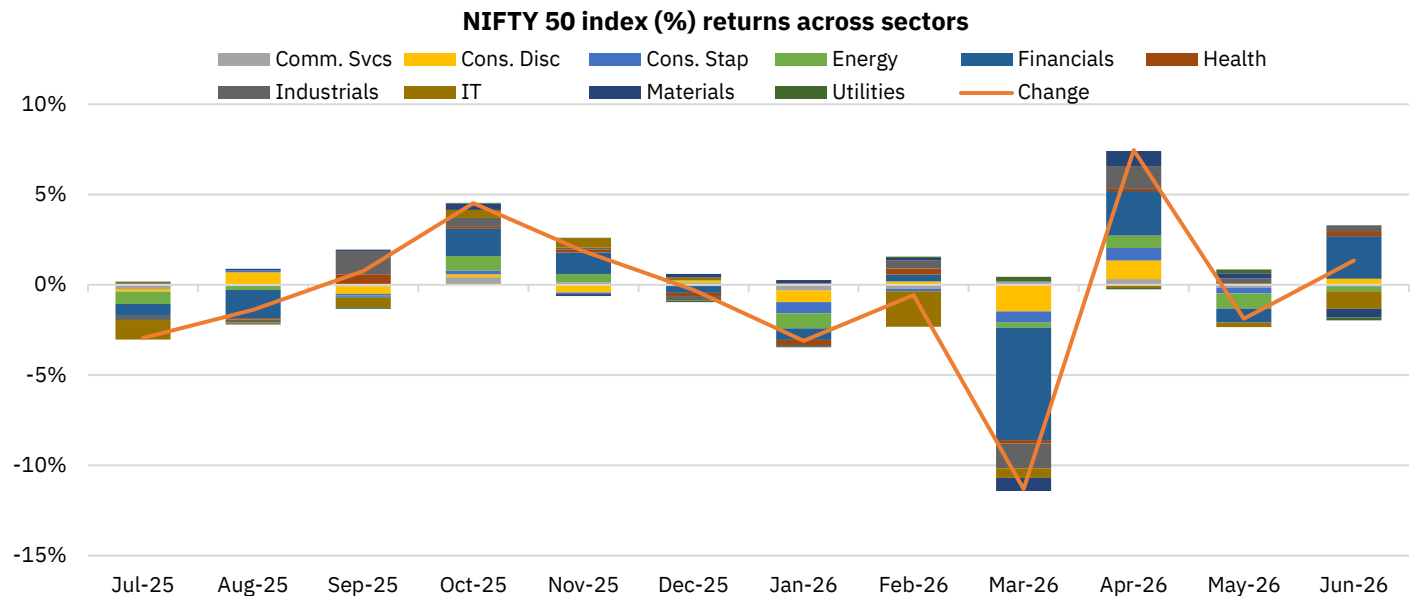
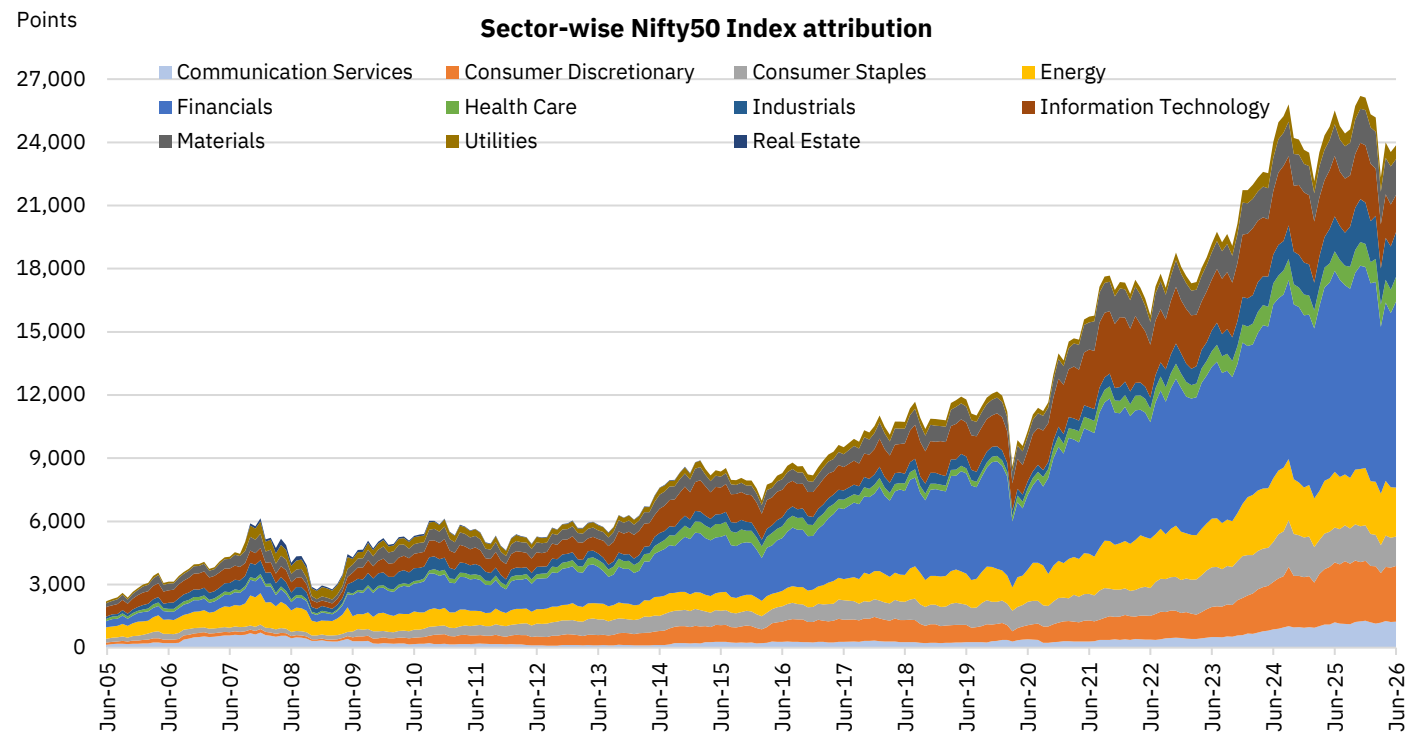


Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 177: Nifty 50 Index monthly movement across sectors over the last 12 months

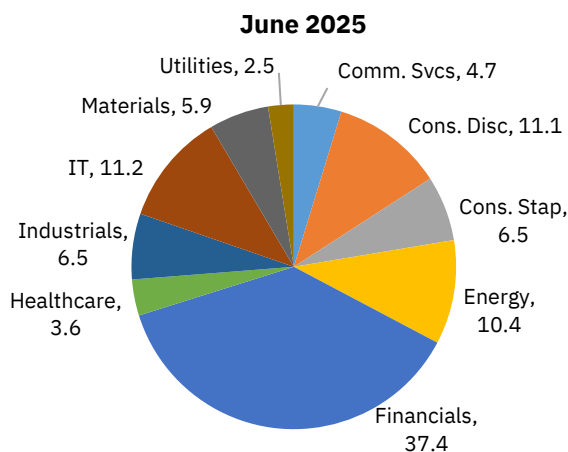
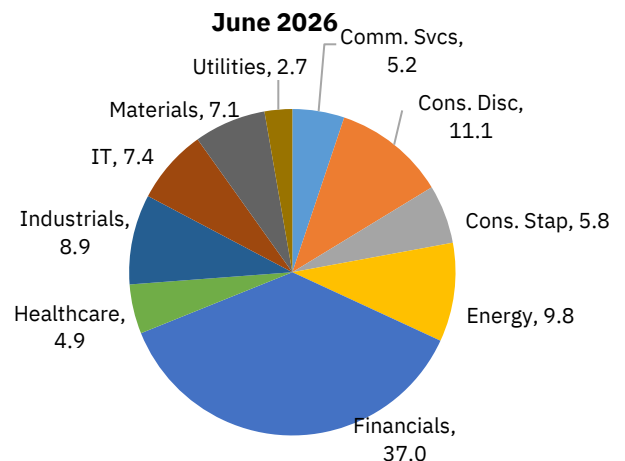


Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

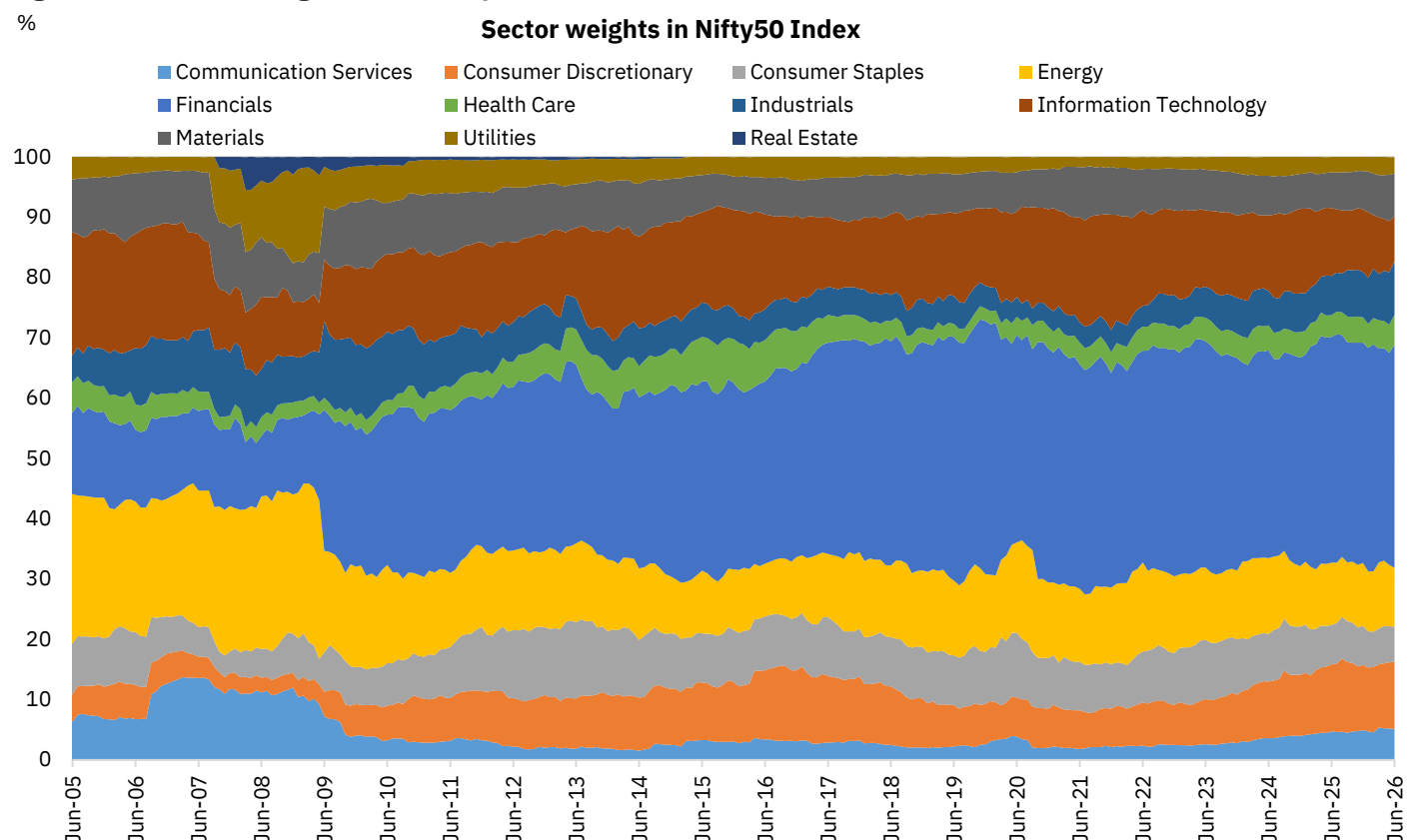
Figure 178: Nifty 50 Index monthly return across sectors over the last 12 months

Figure 179: Sector-wise Nifty50 Index attribution (2005-)


The relative outperformance of Financials in June 2026 lifted the sector's weight in the Nifty 50 Index by 186 bps MoM to a four-month high of 37%, supported by renewed FPI inflows. Even so, its current weight remains 5 pp below the peak of 42% recorded in December 2019. This increase came largely at the expense of Information Technology, whose weight declined by 107 bps MoM to 7.4%, close to a 23-year low, as the sector continued to face weak global technology spending and concerns around AI-led disruption. Materials and Energy also recorded modest declines during the month, reflecting softer demand and persistent oversupply concerns.

Over the last 12 months, Information Technology's weight has fallen by 3.8 pp, with the current level nearly 13.8 pp below its peak of 21.2% in March 2005. Consumer Staples and Energy have also lost 69 bps and 59 bps respectively, taking their weights to a 17-year low of 5.8% and a nine-month low of 9.8%. These declines were largely offset by gains in Industrials and Healthcare, whose weights rose by 237 bps and 130 bps respectively over the period to more than 15-year and nine-year highs of 8.9% and 4.9%. Materials also gained 118 bps over the last 12 months to 7.1% by June 2026, although this remains only half its peak weight of 14.1% recorded in December 2003.

Figure 180: Nifty 50 sector weightage (June 2025)

Figure 181: Nifty 50 sector weightage (June 2026)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Figure 182: Sector weights in the Nifty 50 Index (2005-)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 47: Top five Nifty 50 Index gainers in June 2026

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
I C I C I Bank Ltd.	ICICIBANK	9.5	0.8	191
H D F C Bank Ltd.	HDFCBANK	7.2	0.8	182
Bajaj Finance Ltd.	BAJFINANCE	10.6	0.2	57
State Bank of India	SBIN	6.5	0.2	52
InterGlobe Aviation Ltd.	INDIGO	21.9	0.2	48
Total			2.3	531
Nifty 50 Index	NIFTY 50	1.4	1.4	318

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 48: Top five Nifty 50 Index gainers in the last 12 months

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
State Bank Of India	SBIN	25.2	0.9	231
Larsen & Toubro Ltd.	LT	12.9	0.4	109
Shriram Finance Ltd.	SHRIRAMFIN	47.4	0.4	102
Axis Bank Ltd.	AXISBANK	12.2	0.3	88
Hindalco Industries Ltd.	HINDALCO	38.1	0.3	82
Total			2.4	611
Nifty 50 Index	NIFTY 50	-6.5	-6.5	-1,651

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 49: Top five Nifty 50 Index losers in June 2026

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Infosys Ltd.	INFY	-13.8	-0.5	-122
Hindalco Industries Ltd.	HINDALCO	-15.1	-0.2	-52
Tata Consultancy Services Ltd.	TCS	-10.1	-0.2	-50
Reliance Industries Ltd.	RELIANCE	-2.1	-0.2	-38
Tata Steel Ltd.	TATASTEEL	-9.6	-0.2	-36
Total			-1.3	-298
Nifty 50 Index	NIFTY 50	1.4	1.4	318

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 50: Top five Nifty 50 Index losers in the last 12 months

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
H D F C Bank Ltd.	HDFCBANK	-20.1	-2.7	-699
Infosys Ltd.	INFY	-37.5	-2.0	-507
Reliance Industries Ltd.	RELIANCE	-13.8	-1.3	-334
Tata Consultancy Services Ltd.	TCS	-40.5	-1.3	-327
I T C Ltd.	ITC	-31.1	-1.0	-252
Total			-8.3	-2,117
Nifty 50 Index	NIFTY 50	-6.5	-6.5	-1,651

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Valuation analysis

Market valuations remained range-bound in June: After rising sharply in October 2025, market valuations moderated steadily, with the correction extending into early 2026. The decline intensified in March amid a broad-based equity sell-off, before valuations recovered partially in April as Indian equities rebounded on improved global risk appetite, some easing of geopolitical concerns and sustained domestic institutional buying.

Valuations softened again in May and remained broadly range-bound in June, although renewed FPI inflows during the second half of the month provided some support. As of July 14, 2026, the Nifty 50 was trading at a 12-month forward P/E of 19.2x. While this was above the April 2026 low of 18.0x following the escalation of the West Asia conflict, it remained well below the peak of 22.0x recorded when the market topped out in September 2024. Despite the moderation this year, the current multiple still represents a 13% premium to its long-term average, while remaining 7% below the level corresponding to one standard deviation above the historical mean.

On a forward P/B basis, the index traded at 2.8x, compared with its long-term average of 2.6x. Overall, valuations have eased from the April rebound and remain elevated relative to historical averages, even as pressure on Indian equities has persisted.

... Accompanied by a sharp rise in India's valuation premium to emerging markets:

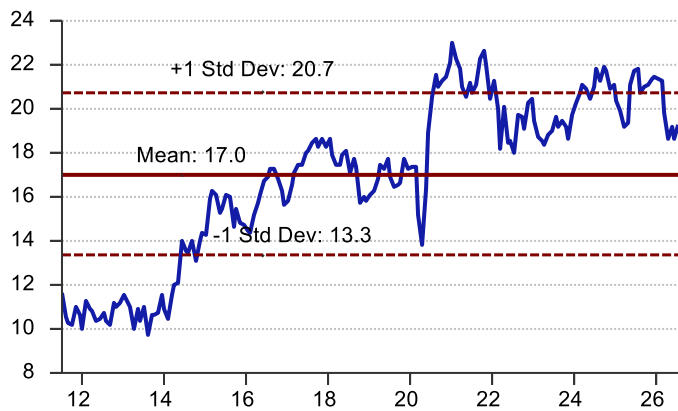
Indian equities have historically traded at a premium to broader emerging markets, supported by a stronger macroeconomic backdrop, superior growth visibility and a deep domestic investor base. This premium, however, moderated meaningfully through much of 2025 from the elevated levels seen in 2024. After narrowing sharply by mid-March amid India's relative underperformance, it recovered briefly in April before compressing again as Taiwan, China and Korea outperformed. By mid-October 2025, India's forward P/E premium had moved close to its long-term average of around 57%.

The premium widened over the following two months as Indian equities outperformed EM peers, eased in January, recovered over the subsequent three months and then corrected sharply in May. It has, however, risen significantly since June, partly reflecting the relative outperformance of Indian equities. As of July 14, 2026, MSCI India traded at a 91% premium to MSCI EM on a 12-month forward P/E basis, up from 64% at end-May. While still below the September 2024 peak of 110%, the current premium is around 33 percentage points above its 15-year average and 14% above the level corresponding to one standard deviation above the historical mean.

The increase has been much more modest on a forward P/B basis. India's premium, which fell to 30% in early June, rose to 43% by July 14, 2026. It nevertheless remains well below the long-term average of 87% and below the level corresponding to one standard deviation beneath the historical mean of 61%. Overall, India continues to command a sizeable premium to EM peers, although the excess valuation remains far less pronounced on book-value-based metrics.

Figure 183: Nifty 50 NTM P/E trend for last 15 years

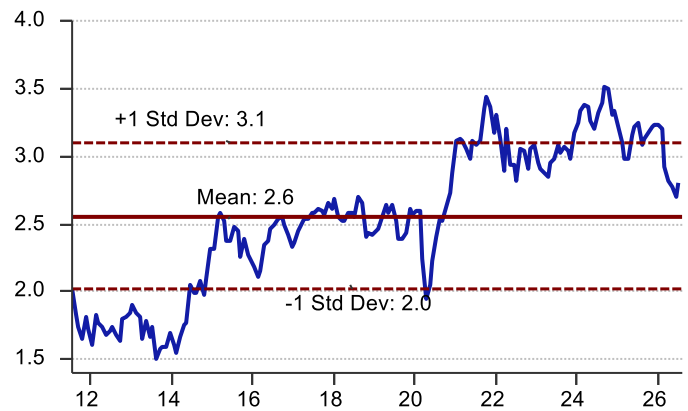
Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 184: Nifty 50 NTM P/B trend for last 15 years

Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 185: Nifty 50 NTM P/E (Last three-year trend)

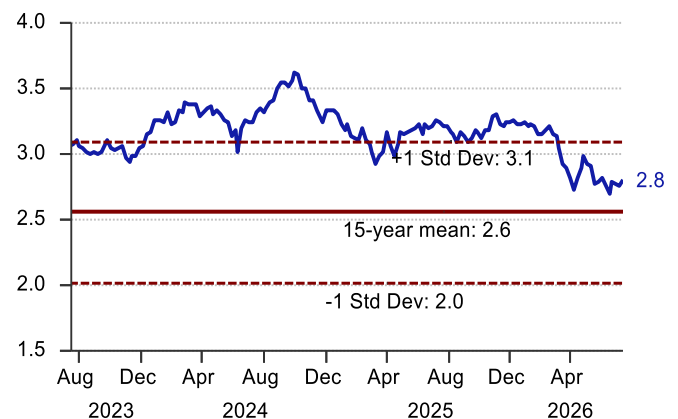
Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 186: Nifty 50 NTM P/B (Last three-year trend)

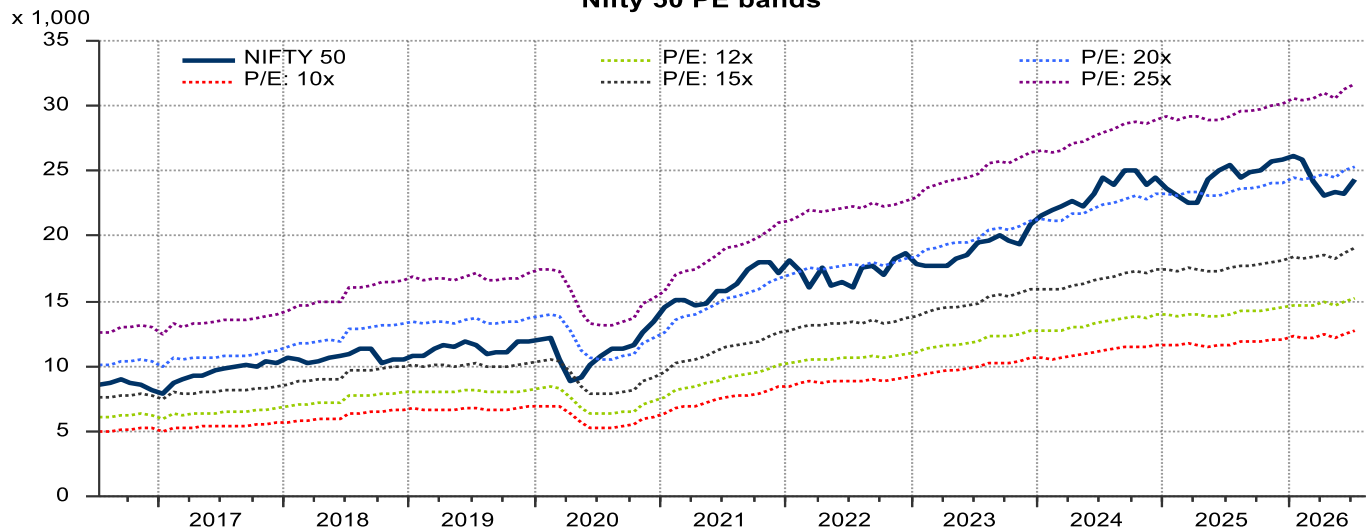
Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 187: Five-year trend of Nifty 50 values at different 12-month forward P/E bands

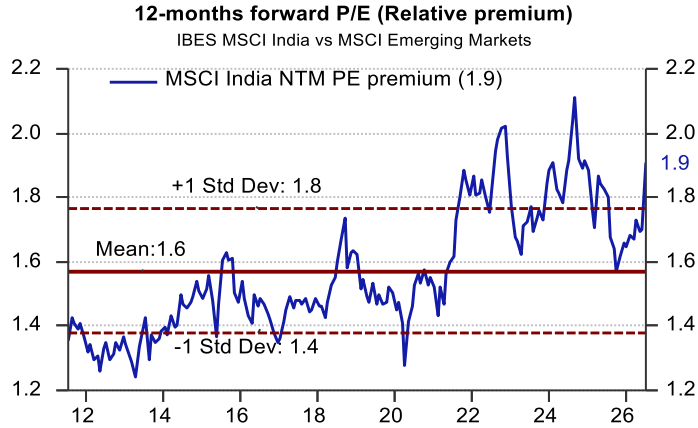
Nifty 50 PE bands



Source: LSEG Workspace, NSE EPR

Figure 188: NTM P/E of MSCI India vs. MSCI EM (15-year trend)

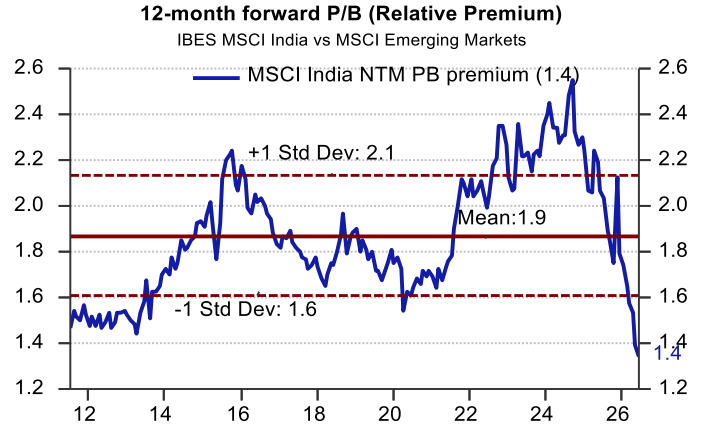
On a 12m forward P/E, India trades at a 91% premium to EM peers, down from 64% at May-end. While this is below the Sep'24 peak of 110%, it is ~33% above the 15Y mean, and 14% north of one std. dev above the mean.



Source: LSEG Workspace, NSE EPR

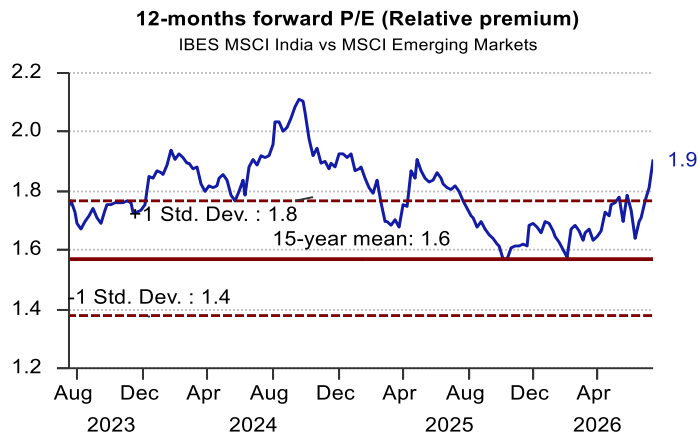
Figure 189: NTM P/B of MSCI India vs. MSCI EM (15-year trend)

On 12m forward P/B, India's valuation premium to MSCI EM has improved marginally in the second half of June from 30% to 43% currently, even as it remains much below the long-term average of 87%.



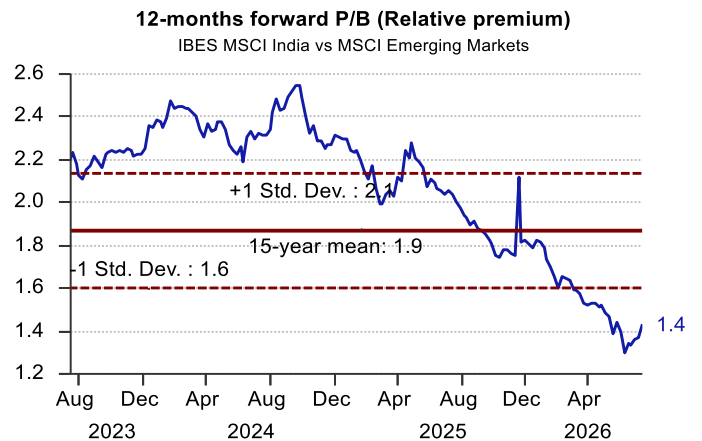
Source: LSEG Workspace, NSE EPR

Figure 190: NTM P/E of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR.

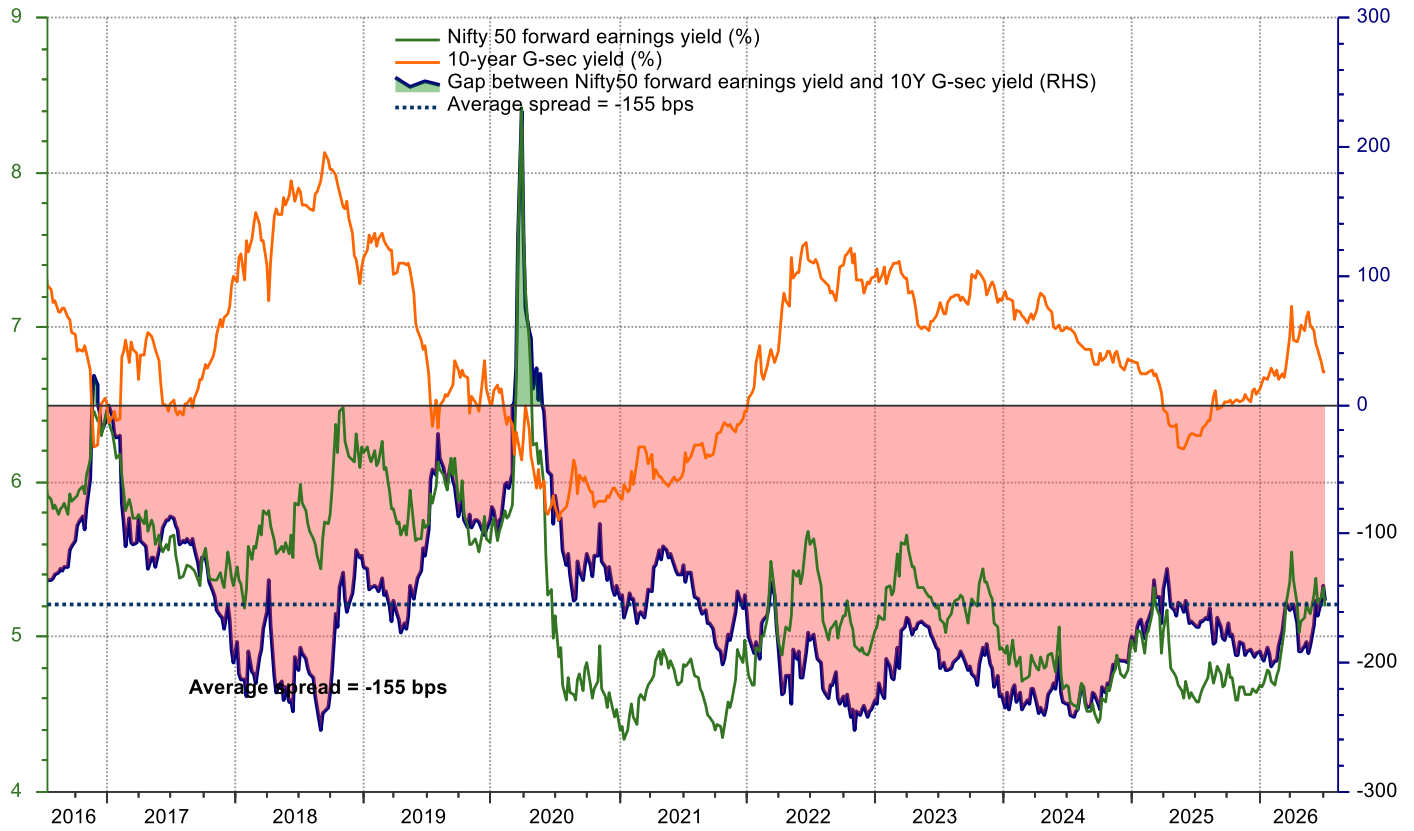
Figure 191: NTM P/B of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR.

Figure 192: Nifty 50 forward earnings yield* vs. 10-year G-sec yield

Spread between Nifty 50 forward earnings yields and 10-year G-sec yield



Source: LSEG Workspace, NSE EPR. * Forward earnings yield for Nifty 50 is calculated as (1/12-month forward PE).

Fixed income market performance

Table 51: Performance of key debt indices (As of June 30th, 2026)

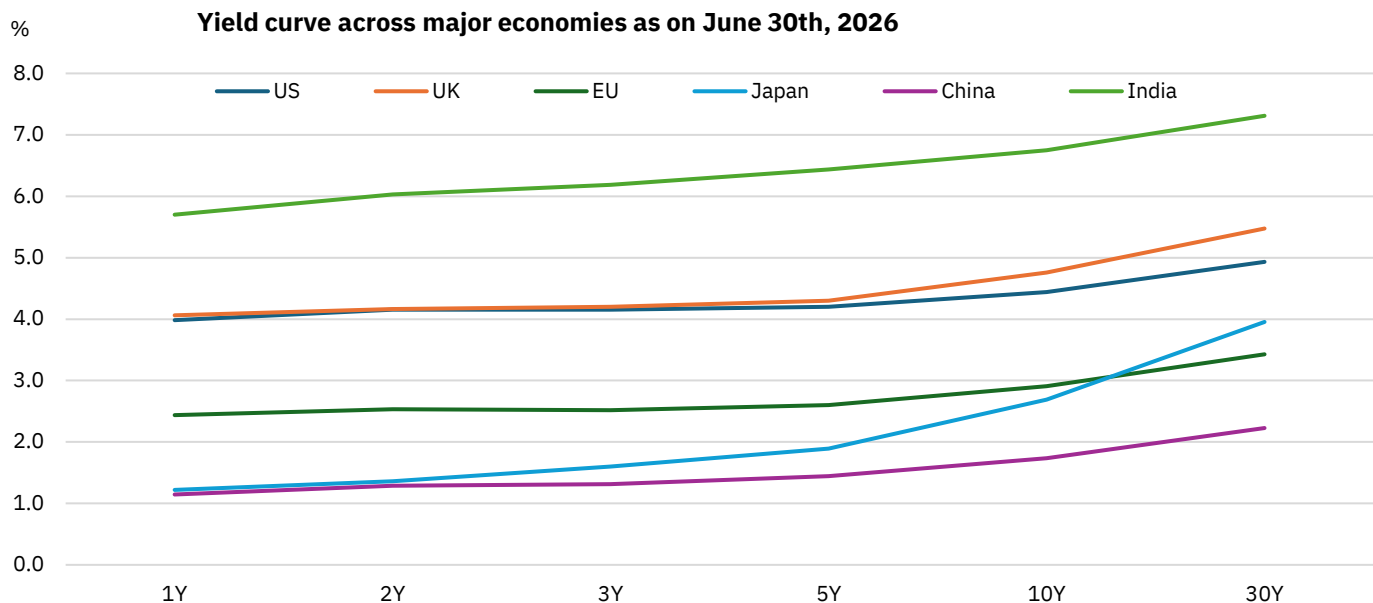
Category	Index name	Absolute returns (%)				CAGR returns (%)			
		1M	3M	6M	1Y	2Y	3Y	5Y	
G-sec	Nifty 5yr Benchmark G-sec Index	2.1	3.4	3.3	5.0	8.1	7.8	6.5	
	Nifty 10 yr Benchmark G-Sec	2.3	3.5	2.2	2.9	7.0	7.2	5.3	
	Nifty Composite G-sec Index	2.6	4.3	2.8	4.1	7.2	7.6	6.3	
SDL	NIFTY 10 Year SDL Index	1.4	(0.4)	(3.1)	(11.2)	(1.0)	1.8	3.3	
AAA credit	NIFTY AAA Ultra Short Duration Bond Index	0.7	2.0	3.4	6.6	7.2	7.4	6.7	
	NIFTY AAA Short Duration Bond Index	1.6	2.1	2.6	5.3	7.1	7.0	6.0	
	NIFTY AAA Low Duration Bond Index	1.1	1.9	2.9	5.9	6.9	7.0	6.2	
	NIFTY AAA Medium Duration Bond Index	2.5	2.6	2.2	4.3	6.6	6.7	5.6	
	NIFTY AAA Medium to Long Duration Bond Index	2.8	2.6	1.6	3.0	5.9	6.2	5.4	
	NIFTY AAA Long duration Bond Index	2.9	2.2	(0.3)	(0.4)	2.8	4.2	4.2	
Composite	NIFTY Liquid Index	0.6	1.8	3.3	6.4	6.8	7.0	6.3	
	NIFTY Money Market Index	0.9	2.0	3.4	6.6	7.2	7.3	6.5	
	NIFTY Ultra Short Duration Debt Index	0.9	2.1	3.6	6.9	7.4	7.6	6.8	
	NIFTY Short Duration Debt Index	1.4	2.1	2.6	5.4	7.1	7.1	6.2	
	NIFTY Low Duration Debt Index	1.1	2.0	3.2	6.3	7.2	7.3	6.5	
	NIFTY Medium Duration Debt Index	2.0	2.4	2.1	4.4	6.8	6.9	6.0	
	NIFTY Medium to Long Duration Debt Index	2.2	2.4	1.3	1.6	5.6	6.1	5.6	
	NIFTY Long Duration Debt Index	3.1	3.7	1.3	0.7	4.4	5.8	5.4	
	NIFTY Composite Debt Index	2.3	2.8	1.9	3.0	6.0	6.5	5.8	
	NIFTY Corporate Bond Index	1.7	2.1	2.5	5.2	7.0	7.0	6.2	

Source: NSE Indices, NSE EPR.

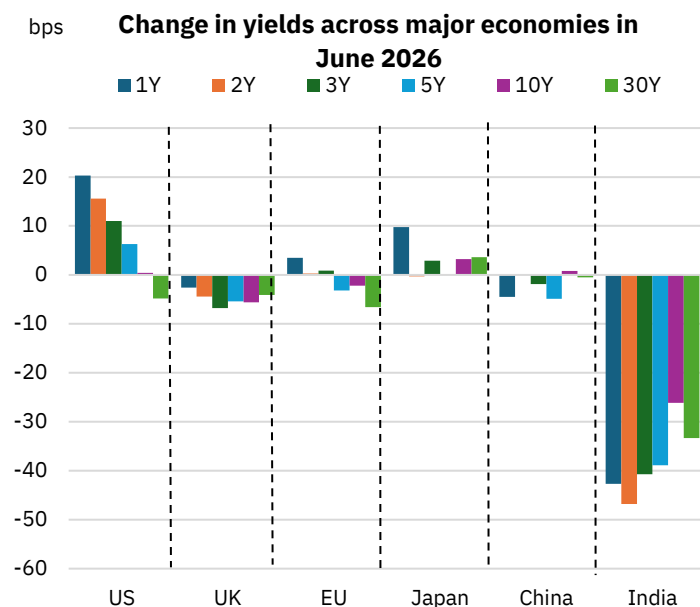
Global sovereign bond yields rose in early June before easing toward month-end: In

June 2026, movements across major global sovereign bond markets reflected an initial phase of upward pressure, before easing meaningfully by month-end, driven largely by geopolitical conditions and energy price movements. The 10-year US Treasury yield increased by approximately 13 bps during the early part of June, rising from 4.44% to 4.57%, on the back stronger-than-expected labour market data, firm core inflation and likelihood of Federal Reserve tightening by year-end. However, the subsequent announcement of the US-Iran Memorandum of Understanding and the resulting sharp decline in Brent crude to ~US\$70 per barrel triggered a broad-based retracement by month-end. Renewed US-Iran hostilities by mid-July lifted oil and inflation concerns pushing yields to 17-month high of 4.62%.

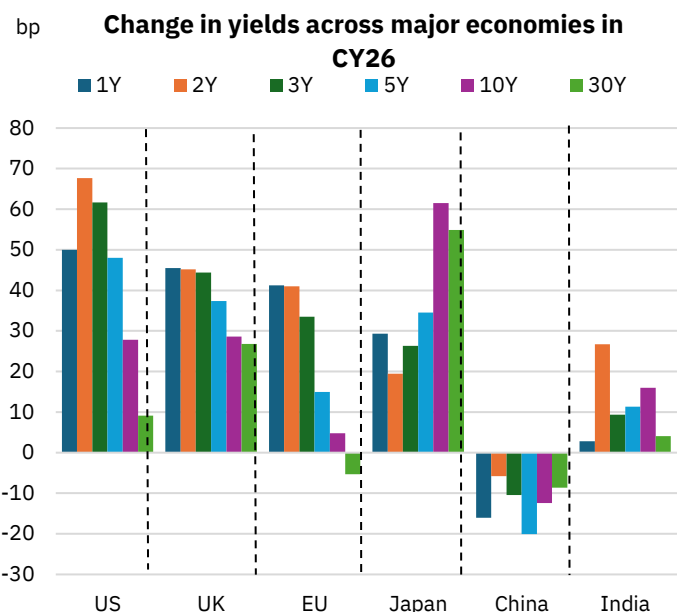
European benchmarks such as the German bunds traded in 2.9%-3% range, as the ECB raised policy rates in June by 25bps amid persistent inflation concerns. The Bank of England also maintained a hawkish stance, keeping its policy rates at 3.75% at its June meeting, with gilt yields subsequently rising to nearly 5% by mid-July. Japanese JGB yields continued their gradual ascent toward multi-decade highs, influenced by domestic fiscal considerations and global spillovers.

Figure 193: Sovereign yields curve across major economies as on June 30th, 2026


Source: NSE Cogencis, LSEG Workspace, NSE

Figure 194: Change in sovereign yields across major economies in June 2026


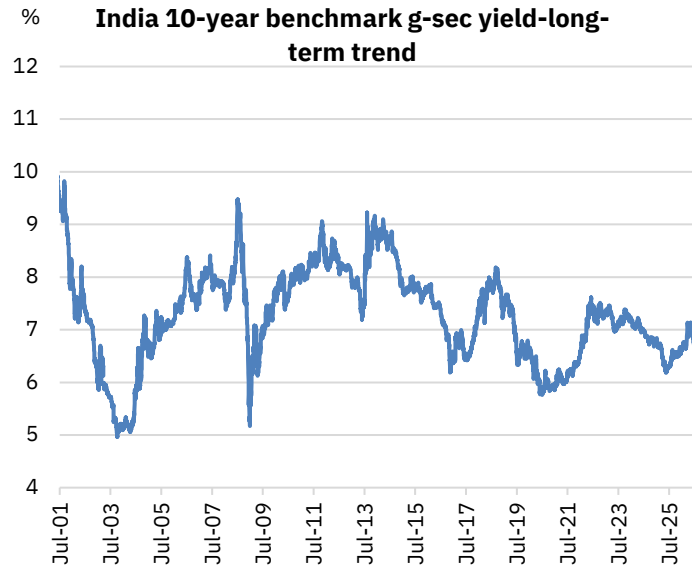
Source: NSE Cogencis, LSEG Workspace, NSE EPR.

Figure 195: Change in sovereign yields across major economies in CY26 (As on June 30th, 2026)


Indian G-Sec market posted a strong rally in June 2026: Contrary to the global sovereign bond yield markets, the 10-year benchmark G-sec yield recorded its largest monthly decline in seven years, falling roughly 26 bps to close at 6.75%—a three-month low. The rally was driven by a combination of factors including lower crude oil prices, record FPI inflows in debt securities exceeding Rs 55,500 crore in June alone and extension of Fully Accessible Route (FAR) to new longer-tenor issuances by the RBI while providing tax exemptions for offshore investors in sovereign papers. However, the longer-end yields continued to retain a meaningful term-premium cushion, driven by lingering inflation pressures and geopolitical uncertainties. Short-term yields (1–2 years) anchored

around 5.7% to 6%, the 10-year benchmark at around segment at 6.75%, and the longer end of the curve (28–30 years) trading near around 7.3%.

Figure 196: India 10Y G-sec yield—long-term trend



Source: NSE Cogencis, NSE EPR.
Note: Data is as of July 14th, 2026.

Figure 197: India 10Y G-sec yield—last one-year trend

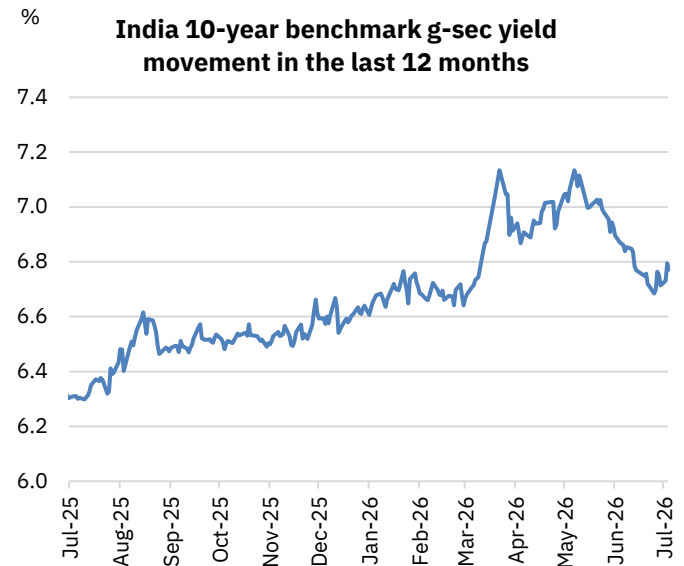
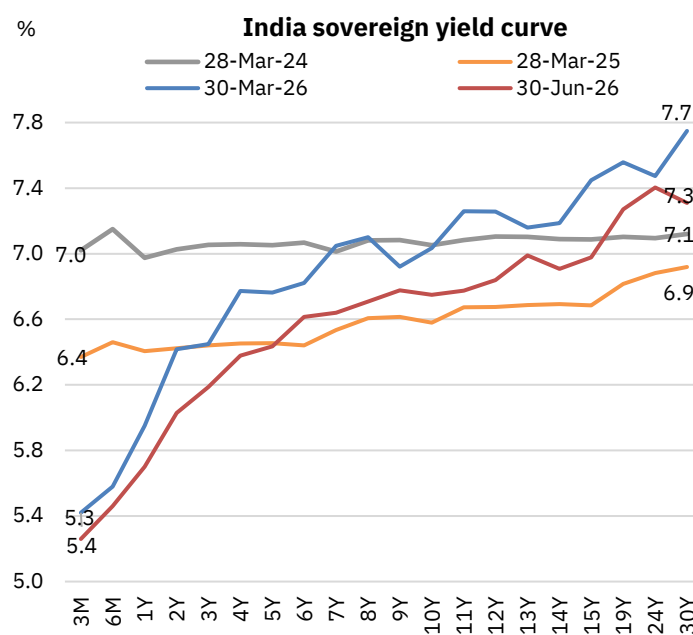


Figure 198: India sovereign yield curve



Source: NSE Cogencis, NSE EPR.

Figure 199: Change in sovereign yields across the curve so far FY27 (As on June 30th, 2026)

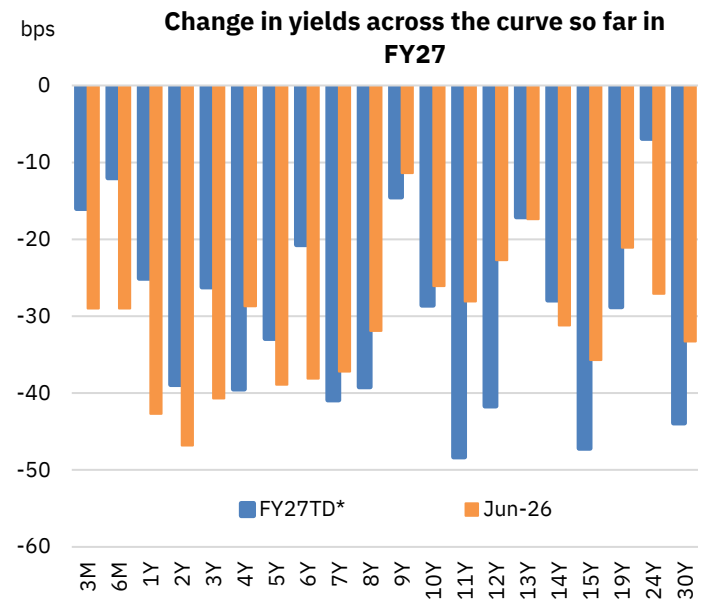
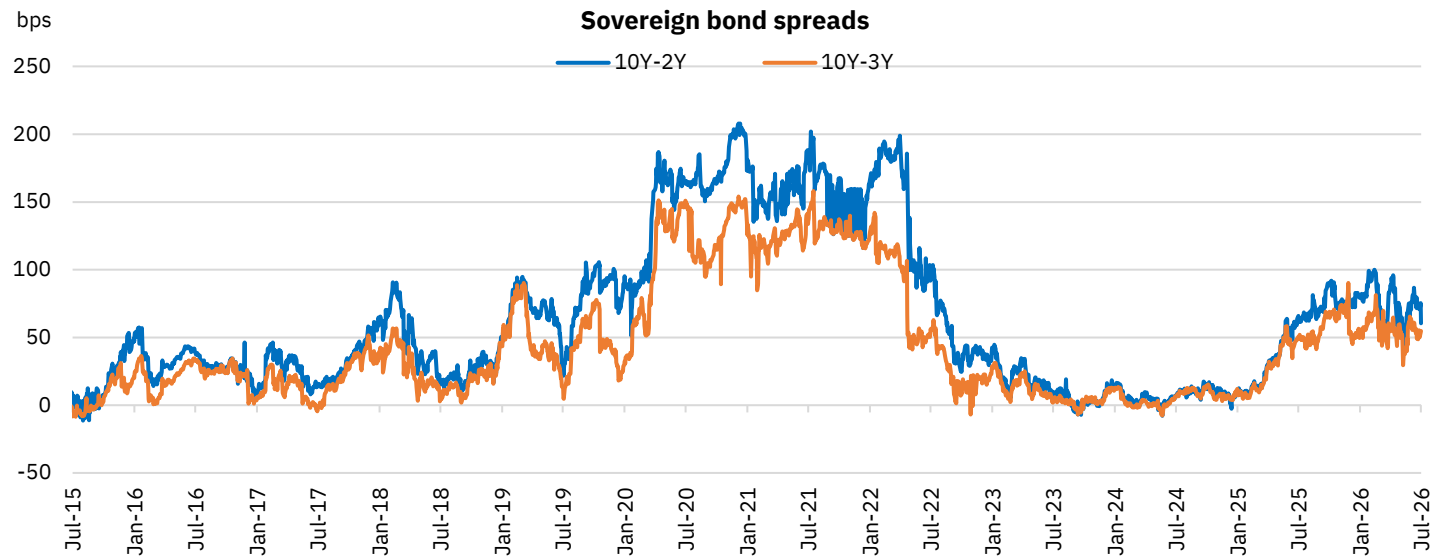
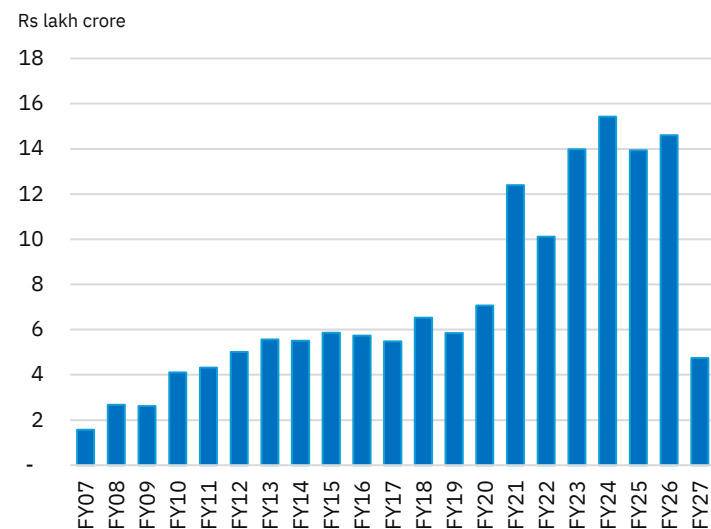


Figure 200: India sovereign bonds term premia


Source: NSE Cogencis, NSE EPR.
Note: Data is as of July 12th, 2026.

Figure 201: Annual trend of Centre's market borrowings


Source: RBI, NSE EPR.
Note: 1. Above charts are based on date of issue.
2. FY27 data is as of July 12th, 2026.

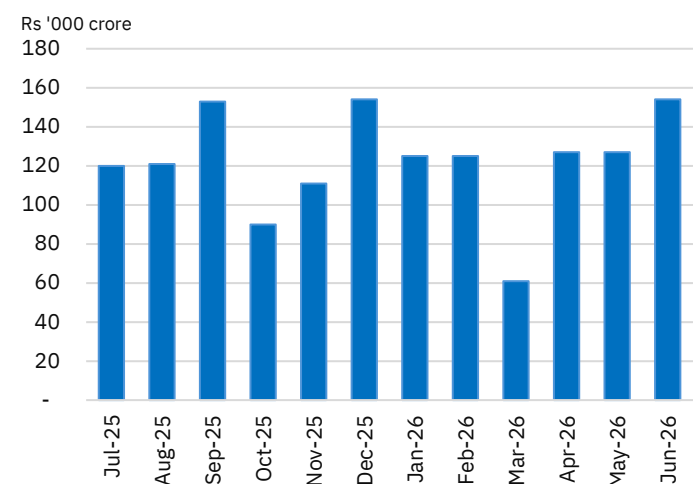
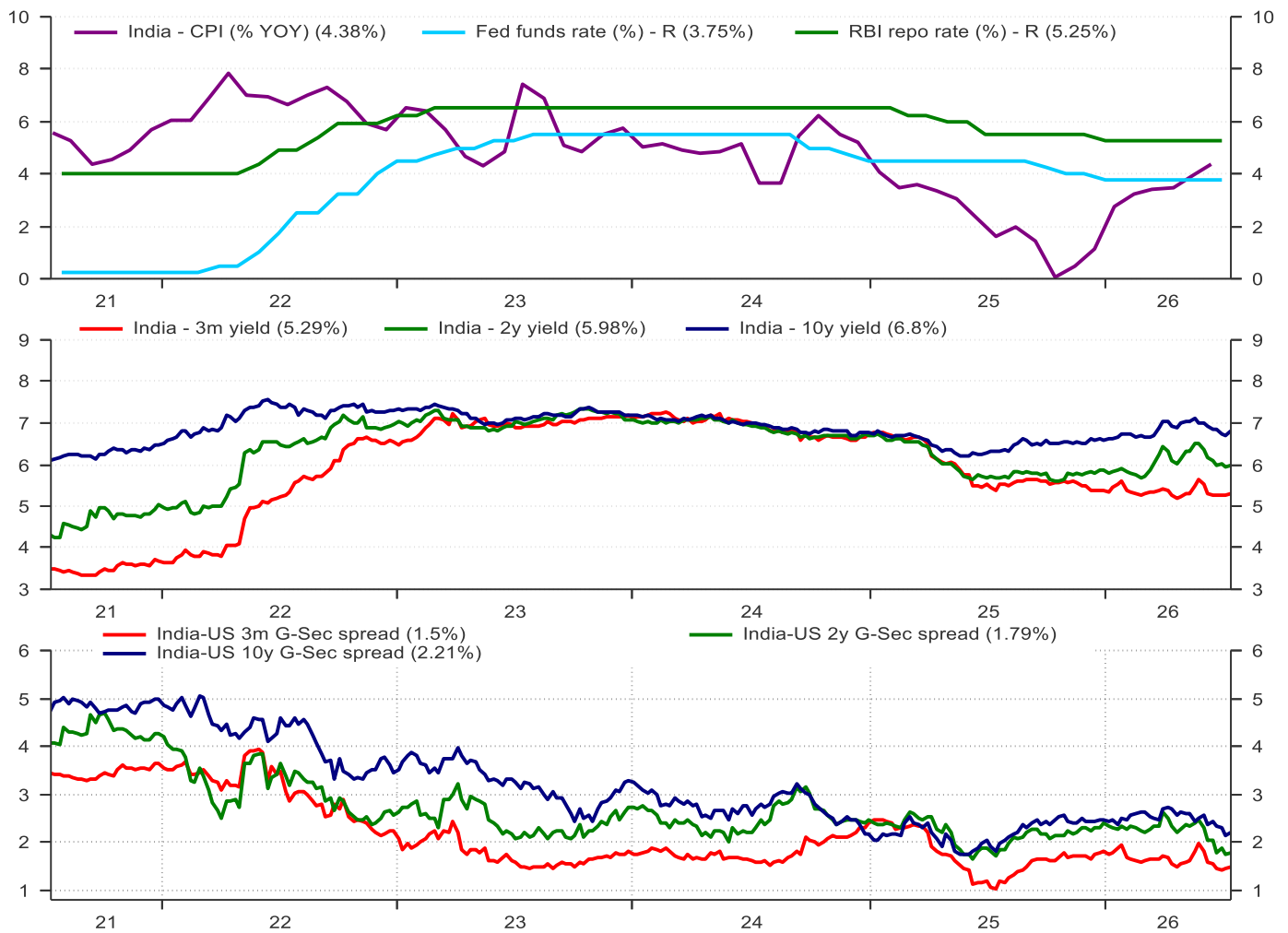
Figure 202: Centre's market borrowings in the last 12 months


Figure 203: Inflation, yields and spreads in India vs. US



Source: LSEG Workspace, NSE EPR.

SGS yields eased alongside G-Sec in June 2026: While SGS yields broadly mirrored movements in the G-sec market during June, spreads over central government securities remained elevated relative to long-term historical norms, reflecting ongoing supply dynamics. The average spread of the benchmark 10-year SGS over the corresponding G-sec touched 83 bps in FY27 compared to a seven-year average (FY20-FY26) of 57 bps. The average SGS yields for 10-year paper declined to 7.6% in June from 7.86% in May, in line with the 26 bps contraction witnessed in equivalent central G-Sec yields. State government borrowings stood at Rs 2.03 lakh crore in Q1FY27, marginally higher than Rs 2.0 lakh crore recorded in the corresponding quarter of the previous financial year.

Figure 204: Spreads between 10-year SGS and G-sec yields

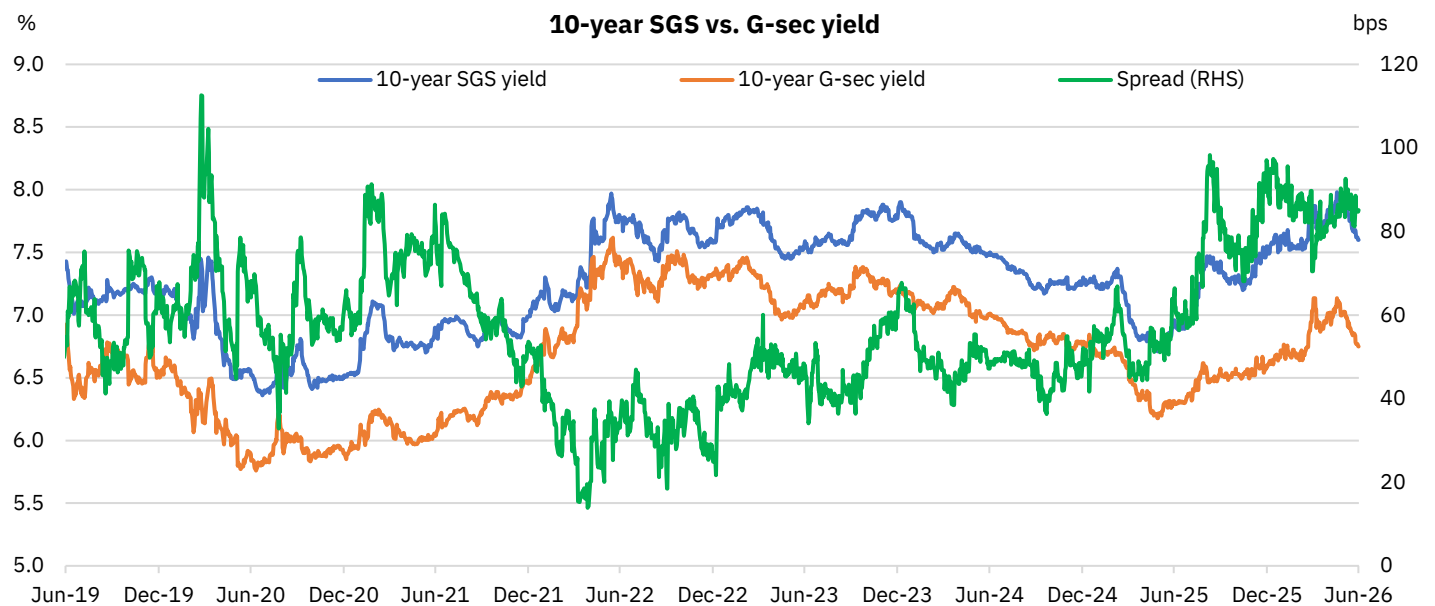
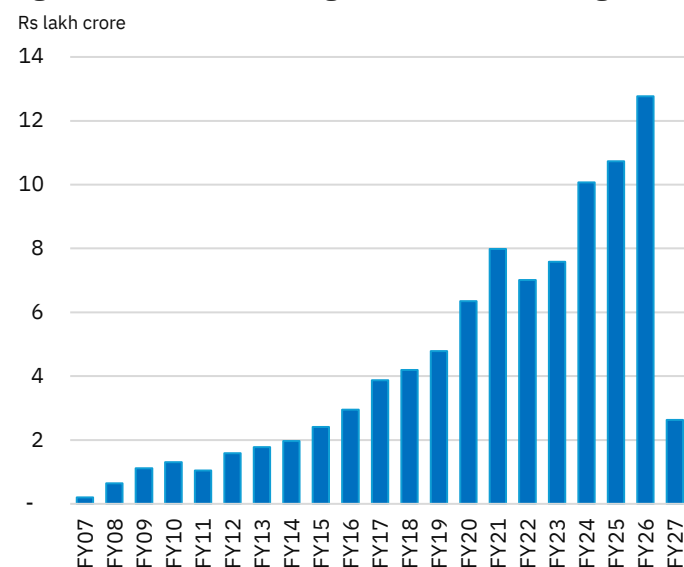
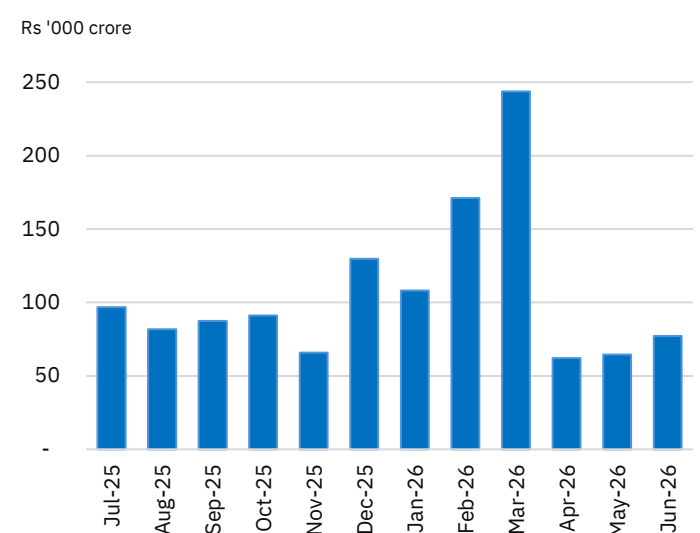


Figure 205: Annual state government borrowings



Note: 1. Above charts are based on date of issue. 2. Data for FY27 is as on July 12th, 2026.

Figure 206: State government borrowings in the last 12 months



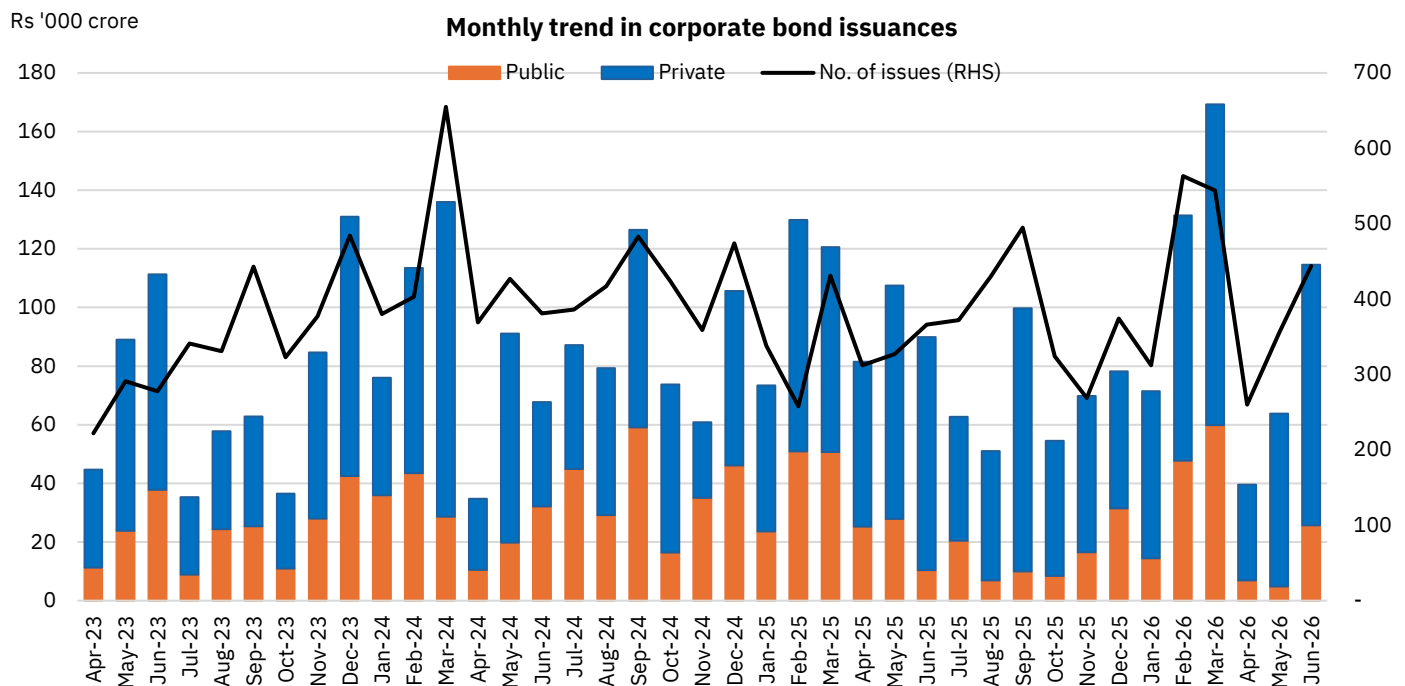
Corporate bond market performance

Corporate bond market witnessed robust issuances in June: Following subdued issuances in April and May, corporate bond issuance rebounded to Rs 1.14 lakh crore in June, with the private sector accounting for 78% of the total. Issuances were concentrated in the 3-5-year segment, which constituted 55.5% of the total, followed by the 5-10-year segment at 23.4%. In terms of credit quality, investment-grade securities dominated the market, accounting for nearly 93% of issuances, while medium credit quality issuances comprised 6.5%.

Despite the pickup in June, cumulative corporate bond issuances in Q1FY27 amounted to Rs 2.18 lakh crore, remaining below the level recorded in the corresponding quarter of the previous financial year. The private sector contributed 83% of total issuances, while 3-5-year tenors accounting for the largest share of 45% with investment-grade securities comprising the bulk of the issuance.

Average yields on 3-5-year AAA-rated corporate bonds (excluding HFCs and NBFCs) declined by 29-32 bps during June, reflecting the easing in the broader interest rate environment. Spreads over comparable G-Secs narrowed marginally to 95-125 bps from the previous month, although they remained above the sub-100 bps levels seen a year earlier.

Figure 207: Monthly trend in corporate bond issuances



Source: NSDL India Bond Info, NSE EPR.

Note: 1. Includes issuance of fully and partly convertible corporate bonds.

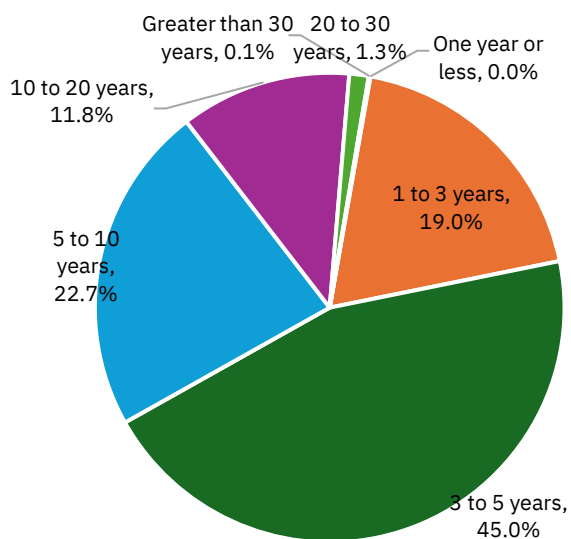
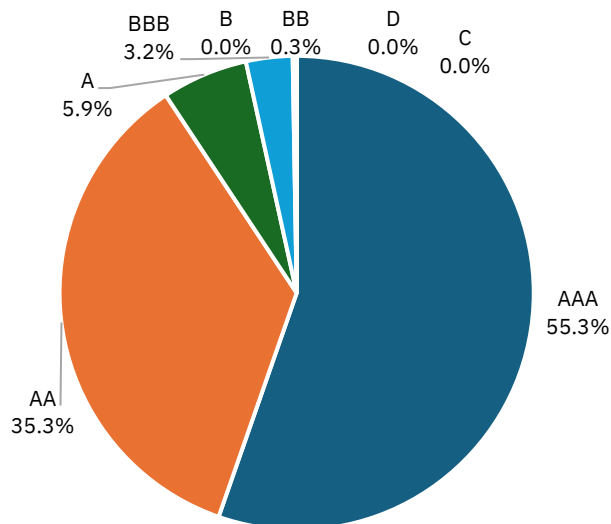
Table 52: Fiscal trend in corporate bond issuances

	FY24	FY25	FY26	FY27TD
Amount raised (Rs crore)	978,633	1,050,361	1,066,984	2,17,902
Public	321,039	418,393	279,349	37,409
Private	657,595	631,968	787,635	1,80,493
No. of Issues	4,528	4,747	4,688	1,059
Public	132	148	149	51
Private	4,396	4,599	4,539	1,008

Source: NSDL India Bond Info, NSE EPR.

Note: 1. Includes issuance of fully and partly convertible corporate bonds.

2. FY27TD data is as of June 30th, 2026.

Figure 208: Maturity profile of corporate bonds issued in the month of FY27 (As on June 30th, 2026)

Figure 209: Credit profile of corporate bonds issued in the month of FY27 (As on June 30th, 2026)


Source: NSDL India Bond Info, NSE EPR. Note: 1. Includes issuance of fully and partly convertible corporate bonds.

Figure 210: Annual trend in maturity profile of corporate bond issuances

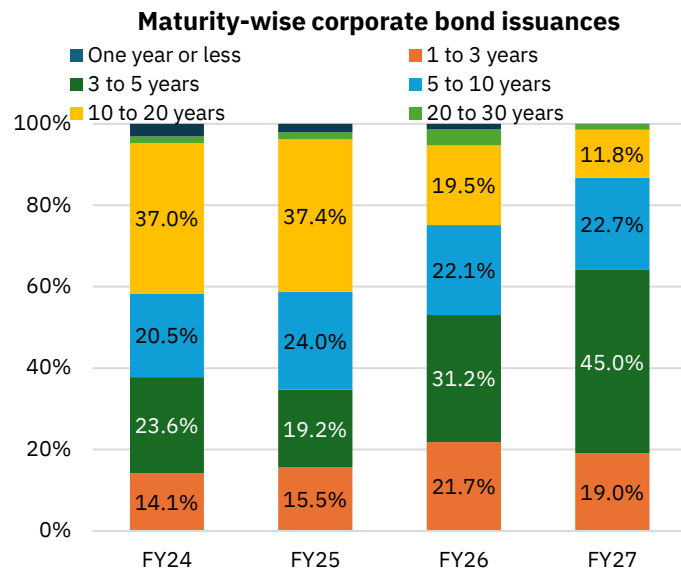
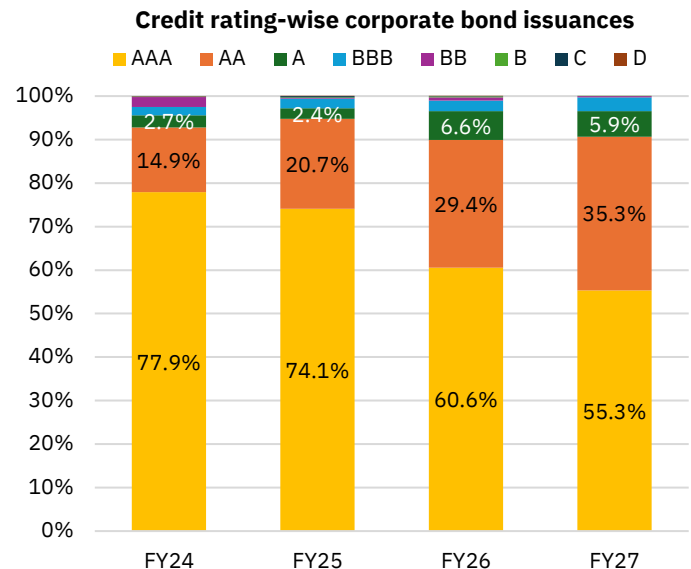
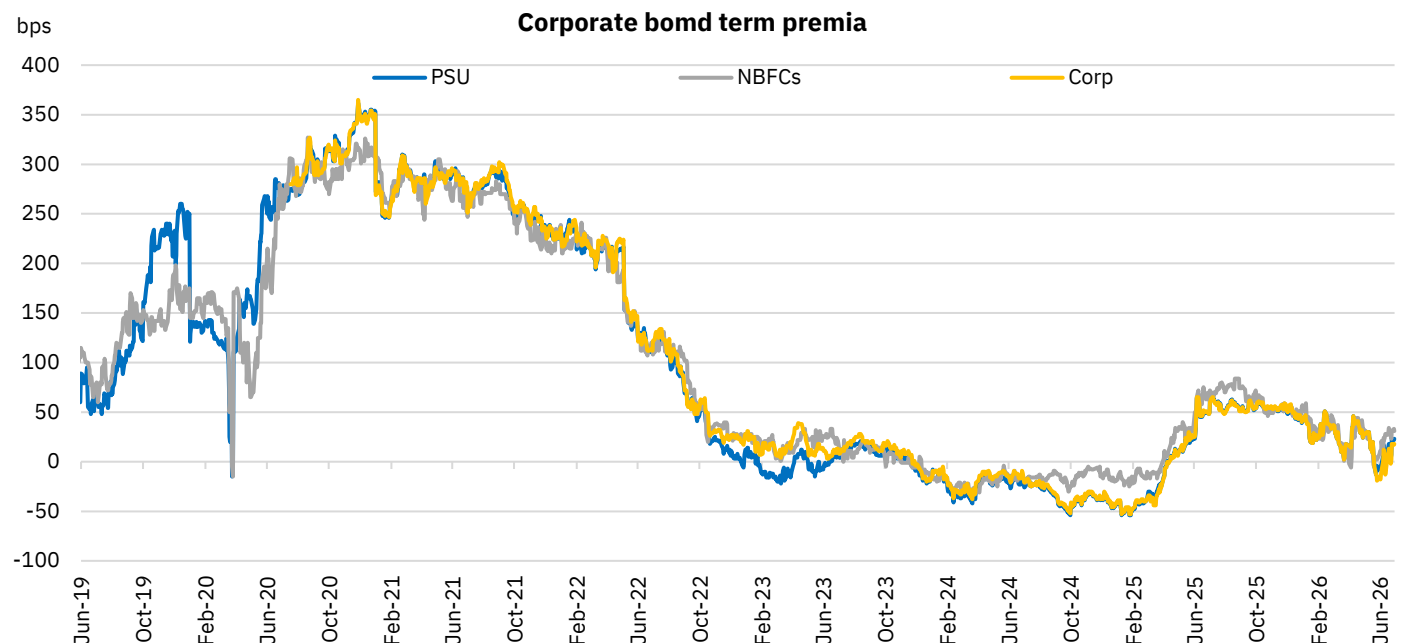


Figure 211: Annual trend in credit profile of corporate bond issuances

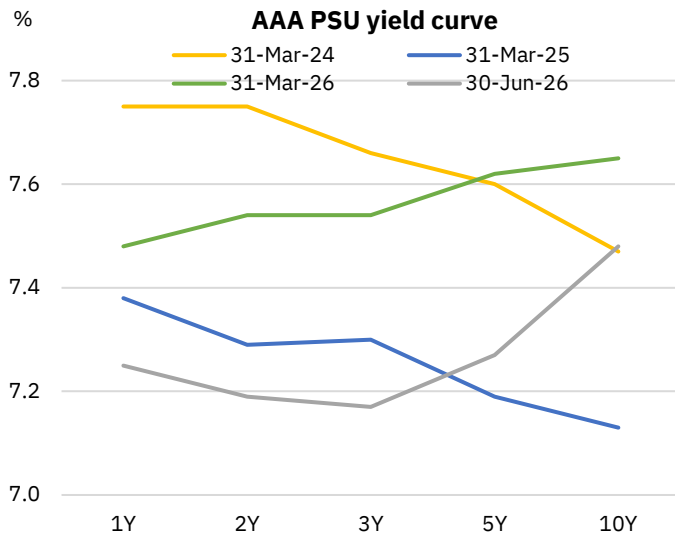


Source: NSDL India Bond Info, NSE EPR. Note: 1. Includes issuance of fully and partly convertible corporate bonds.
Note: FY27 data is as on June 30th, 2026.

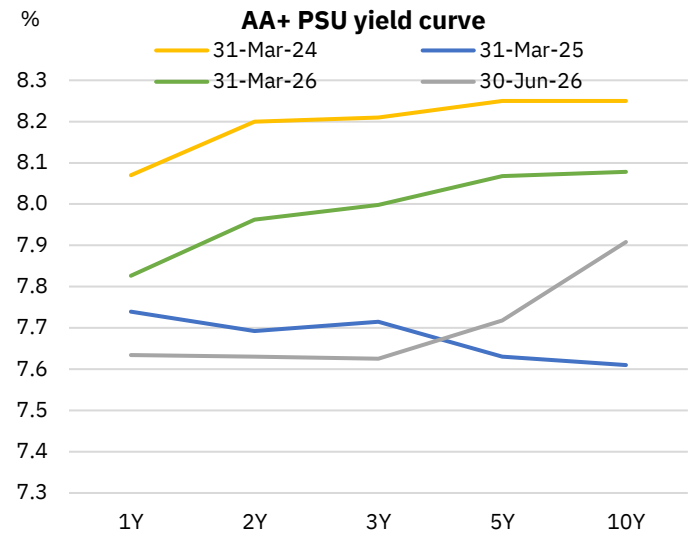
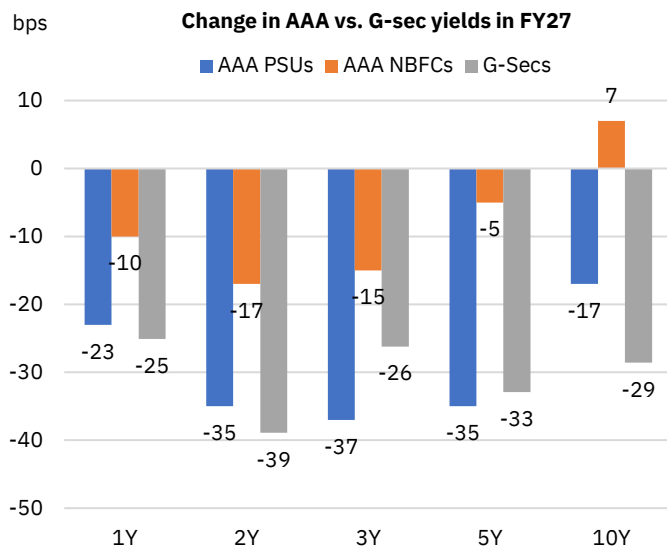
Figure 212: Corporate bond term premia between 10-year and 1-year yields



Source: NSE Data and Analytics (NDAL), NSE EPR.

Figure 213: AAA-rated corporate bond yield curve


Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR.

Figure 214: AA+ rated corporate bond yield curve

Figure 215: Change in AAA corporate bond and G-sec yields in FY27


Source: NSE Data and Analytics (NDAL), NSE Cogencis, NSE EPR.

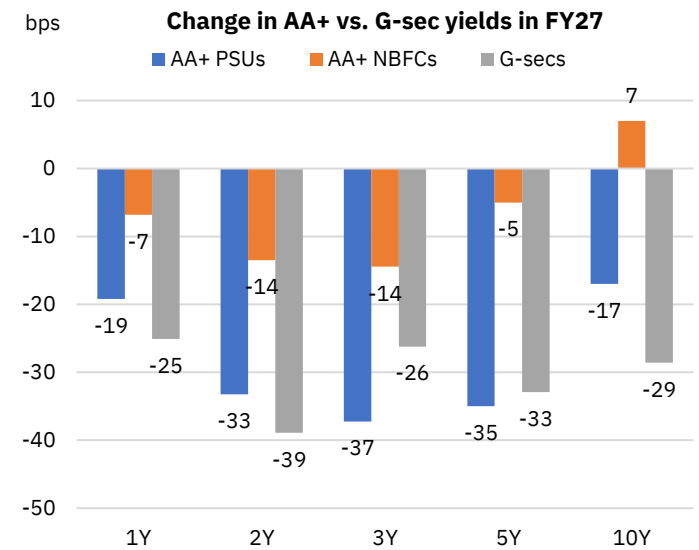
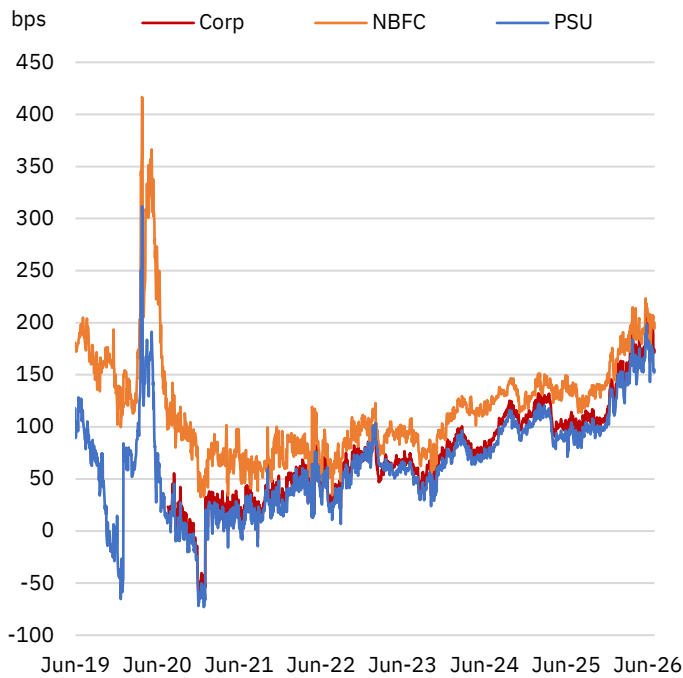
Figure 216: Change in AA+ corporate bond and G-sec bond yields in FY27


Figure 217: Spreads for one-year AAA-rated corporate bonds over G-Sec across segments



Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR.

Figure 218: Spreads for three-year AAA-rated corporate bonds over G-Sec across segments

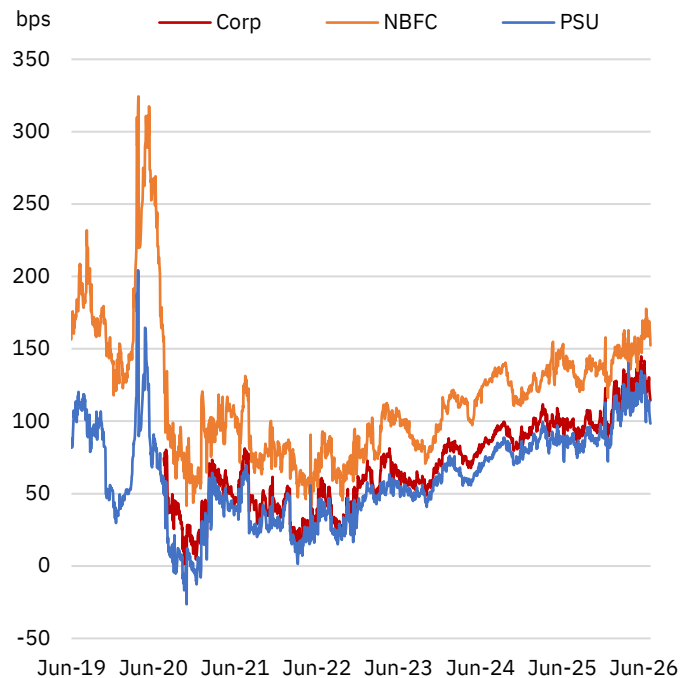
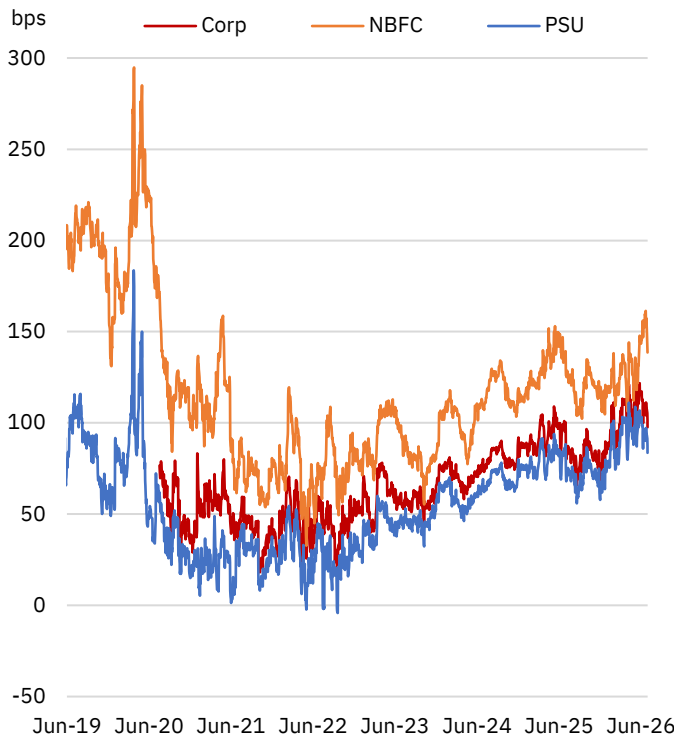
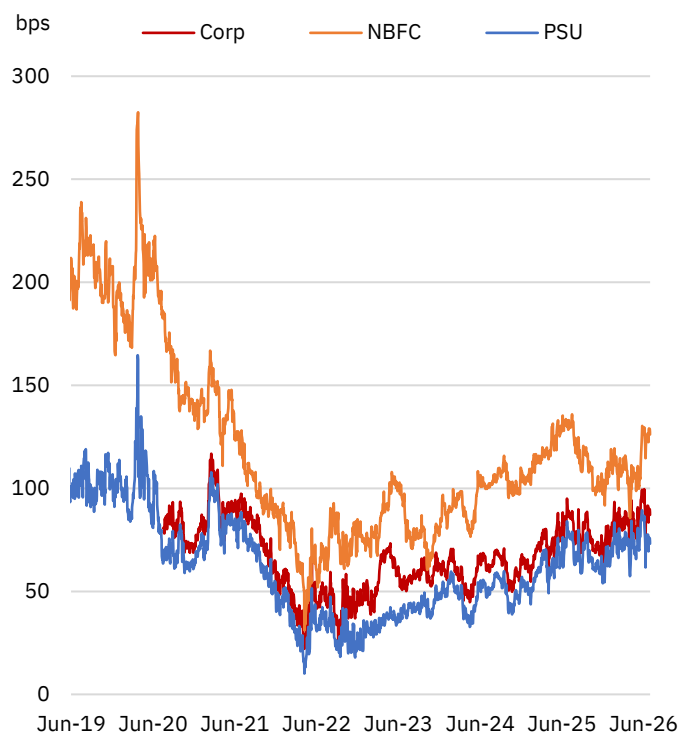


Figure 219: Spreads for five-year AAA-rated corporate bonds over G-Sec across segments



Source: NSE Data and Analytics (NDAL), NSE Cogencis, NSE EPR.

Figure 220: Spreads for 10-year AAA-rated corporate bonds over G-Sec across segments



Commodity market performance

Commodities retreat as geopolitical risk premium unwinds and rate expectations reset

Commodity markets in Jun'26 extended their broad-based correction as easing West Asia geopolitical tensions and a hawkish repricing of U.S. monetary policy accelerated the unwinding of the risk premium built up over preceding months. Brent crude declined a further 20.7% MoM, taking its two-month correction to over 35%, as the US–Iran ceasefire framework and prospects of reopening the Strait of Hormuz shifted sentiment despite only a gradual recovery in physical supply. The correction extended across precious metals, with gold, silver, platinum and palladium declining 12-22% MoM as higher Treasury yields and a stronger U.S. dollar weighed on non-yielding assets. Industrial metals also weakened, led by aluminium (-15.4% MoM) and nickel (-12.1% MoM), although zinc bucked the broader trend (+1.6% MoM) on persistent refined supply constraints. Agricultural commodities continued to soften on improving crop prospects and a more favourable global supply outlook, with corn recording the steepest decline (-7.7% MoM), while raw sugar was the sole outperformer (+2.0% MoM) amid weather-related supply disruptions in Brazil.

- Energy:** Brent crude prices fell 20.7% MoM in Jun'26, extending May's decline and taking the cumulative two-month correction to over 35%, as markets rapidly unwound the geopolitical risk premium built up since the West Asia conflict began. The US–Iran ceasefire framework announced on 17 June, which envisaged a 60-day truce and the reopening of the Strait of Hormuz, triggered a sharp sell-off, with Brent falling to its lowest level since the conflict began. The decline was driven largely by improved market sentiment rather than a full restoration of supply, with Hormuz traffic recovering only gradually. Lower prices were further reinforced by the IEA's downward revision to its 2026 global oil demand forecast and OPEC+'s fourth consecutive output quota increase, shifting market focus from supply disruption toward a more balanced oil market, even as intermittent ceasefire violations kept volatility elevated.
- Precious metals:** Precious metals corrected sharply in Jun'26, unwinding a significant part of their earlier gains as markets repriced expectations for U.S. monetary policy. Gold (-12.1% MoM) and silver (-22.2% MoM) came under pressure following a stronger-than-expected May jobs report and the June FOMC meeting—Kevin Warsh's first as Fed Chair—which reinforced expectations of a prolonged higher-rate environment. Higher Treasury yields and a stronger U.S. dollar raised the opportunity cost of holding non-yielding assets, while silver's steeper decline also reflected softer industrial demand expectations.

Platinum (-18.6% MoM) and palladium (-11.9% MoM) also weakened as easing geopolitical risk premiums coincided with metal-specific headwinds. Softer automotive demand and continued platinum-for-palladium substitution weighed on platinum, while the forecast of a global palladium surplus in 2026 added further pressure to palladium prices.

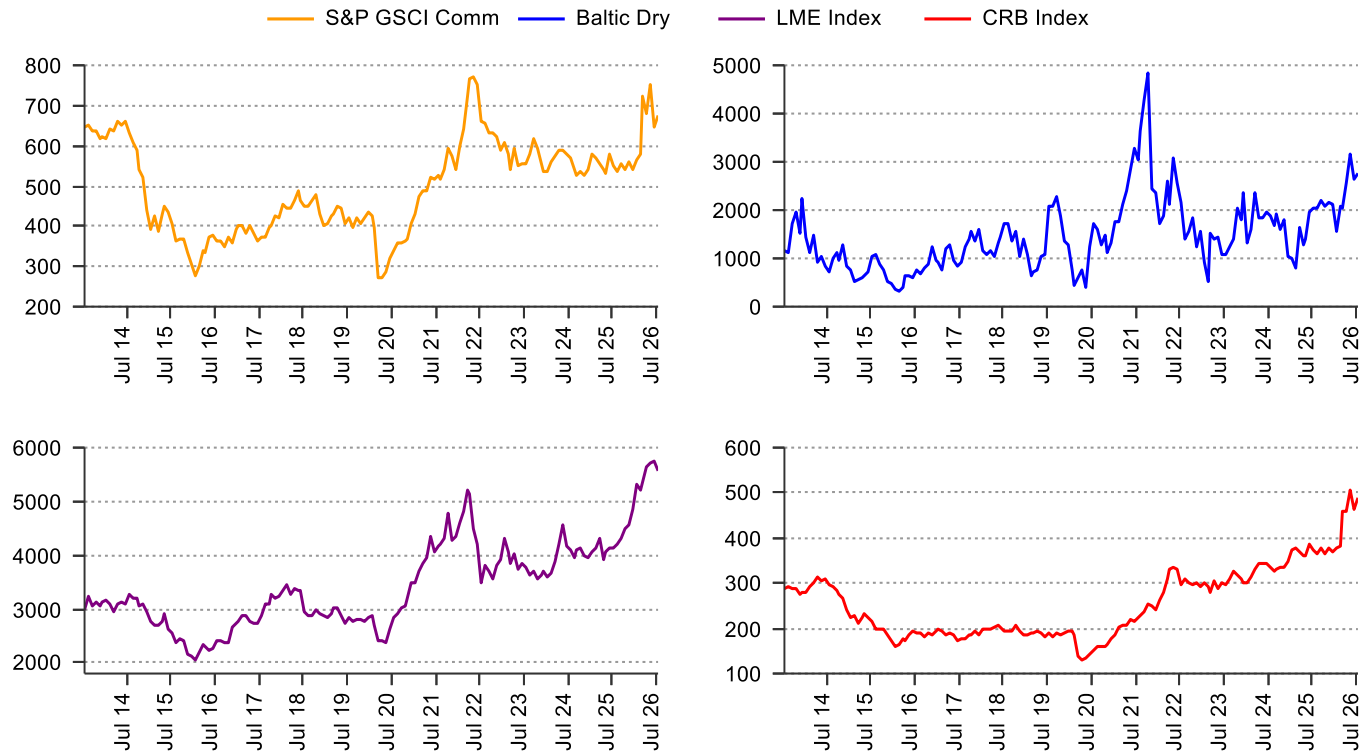
- Industrial metals:** Aluminium (-15.4% MoM) and nickel (-12.1% MoM) led the decline, with aluminium pressured by the gradual restoration of Middle East production, unwinding the deficit narrative that had supported prices. Nickel remained driven by Indonesian production-quota uncertainty, with the absence of

a finalised 2026 mining quota keeping the prospect of additional supply hanging over the market. Lead also saw a sizeable decline of 7.4% in its price on a sequential basis. Copper (-1.1% MoM) remained relatively resilient amid uncertainty surrounding US Commerce Department decision on Section 232 tariffs for refined cathode. Tin's (-2.0% MoM) decline reflected profit-taking after an outsized rally and coinciding with the electronics industry entering the traditional off-season and weak end-use demand, while doubts lingered over the sustainability of the AI sector rally. Zinc was the sole outperformer, rising 1.6% MoM as persistent constraints on refined supply and an unexpected structural deficit outside China continued to support prices despite broader macro headwinds. Iron ore declined 5.8% MoM to its lowest level in nearly a year, amid seasonal weakness in Chinese steel demand, rising port inventories, and elevated shipments from Australia and Brazil.

- **Agriculture:** Agricultural commodities continued to soften in Jun'26 as improving crop prospects and a more favourable global supply outlook outweighed the supply-side concerns that had supported prices in previous months. Corn (-7.7% MoM), soyabean (-4.6% MoM), and wheat (-3.2% MoM) declined as favourable Northern Hemisphere weather improved yield expectations, while higher global grain stock projections and continued liquidation of speculative long positions reinforced the weaker market sentiment. Cotton also fell 3.6% MoM owing to seasonal weakness in textile demand. In contrast, raw sugar rose 2.0% MoM, supported by weather-related harvesting delays in Brazil and continued diversion of cane towards ethanol production, which tightened near-term supplies despite an otherwise comfortable global supply outlook.

Figure 221: Movement in key commodity indices

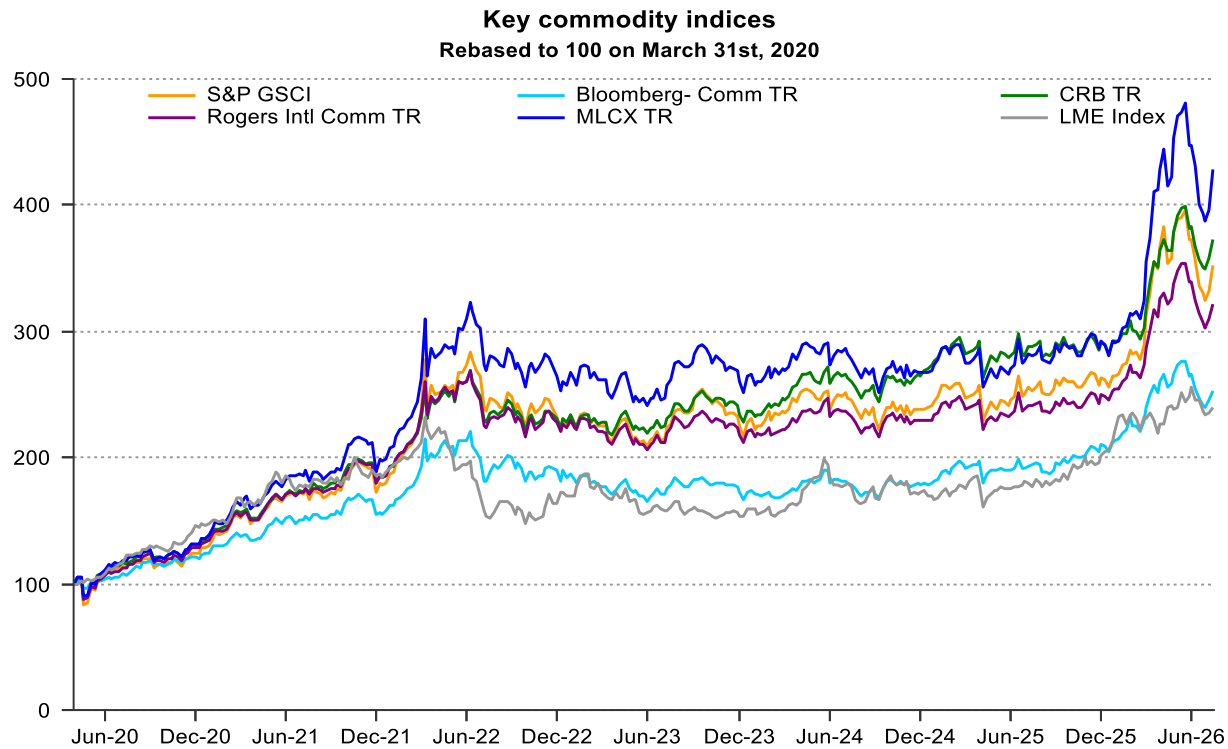
(As of July 20th, 2026)



Source: LSEG Workspace, NSE EPR.

Figure 222: Movement in key commodity indices since 2020

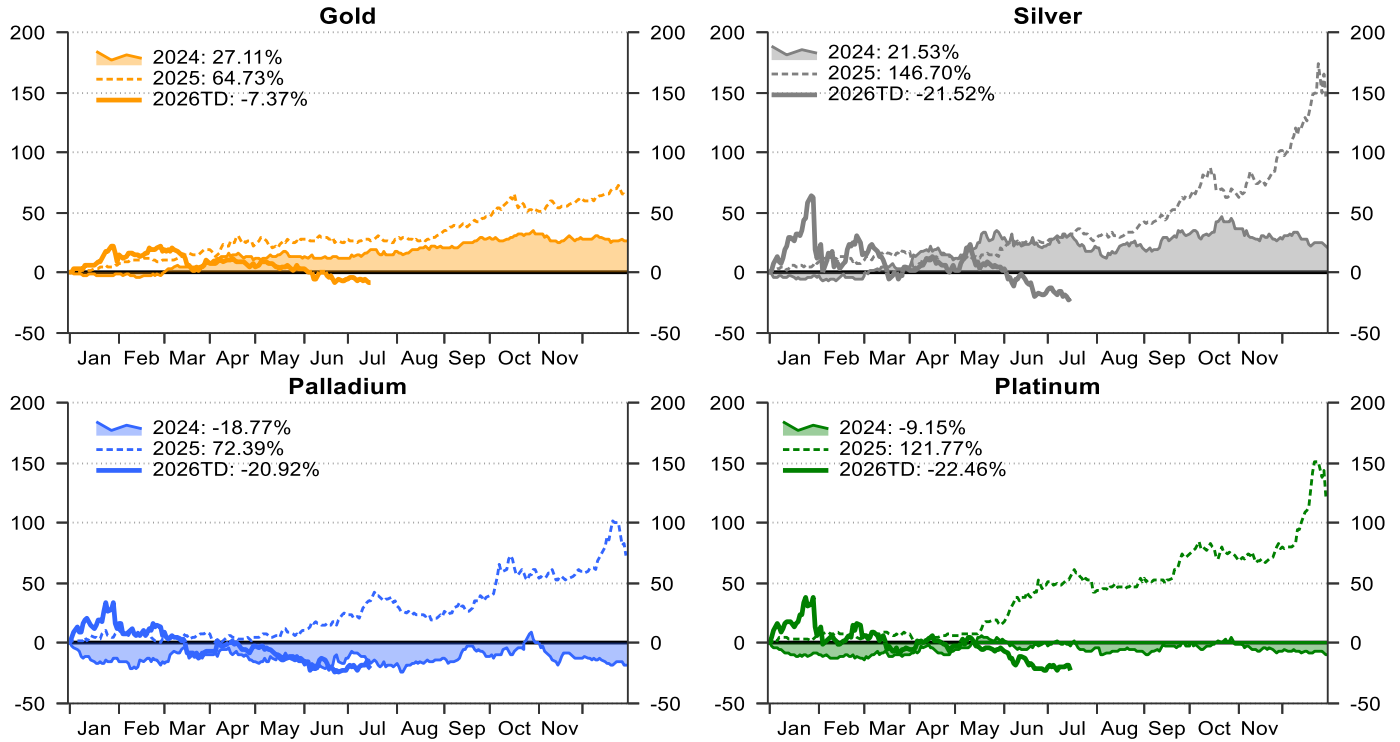
Rebased to 100 on March 31st, 2020 (As of July 20th, 2026)



Source: LSEG Workspace, NSE EPR.

Figure 223: Returns of key precious metals in 2024, 2025 and 2026 till date
(As of July 20th, 2026)

Returns of key Precious Metals

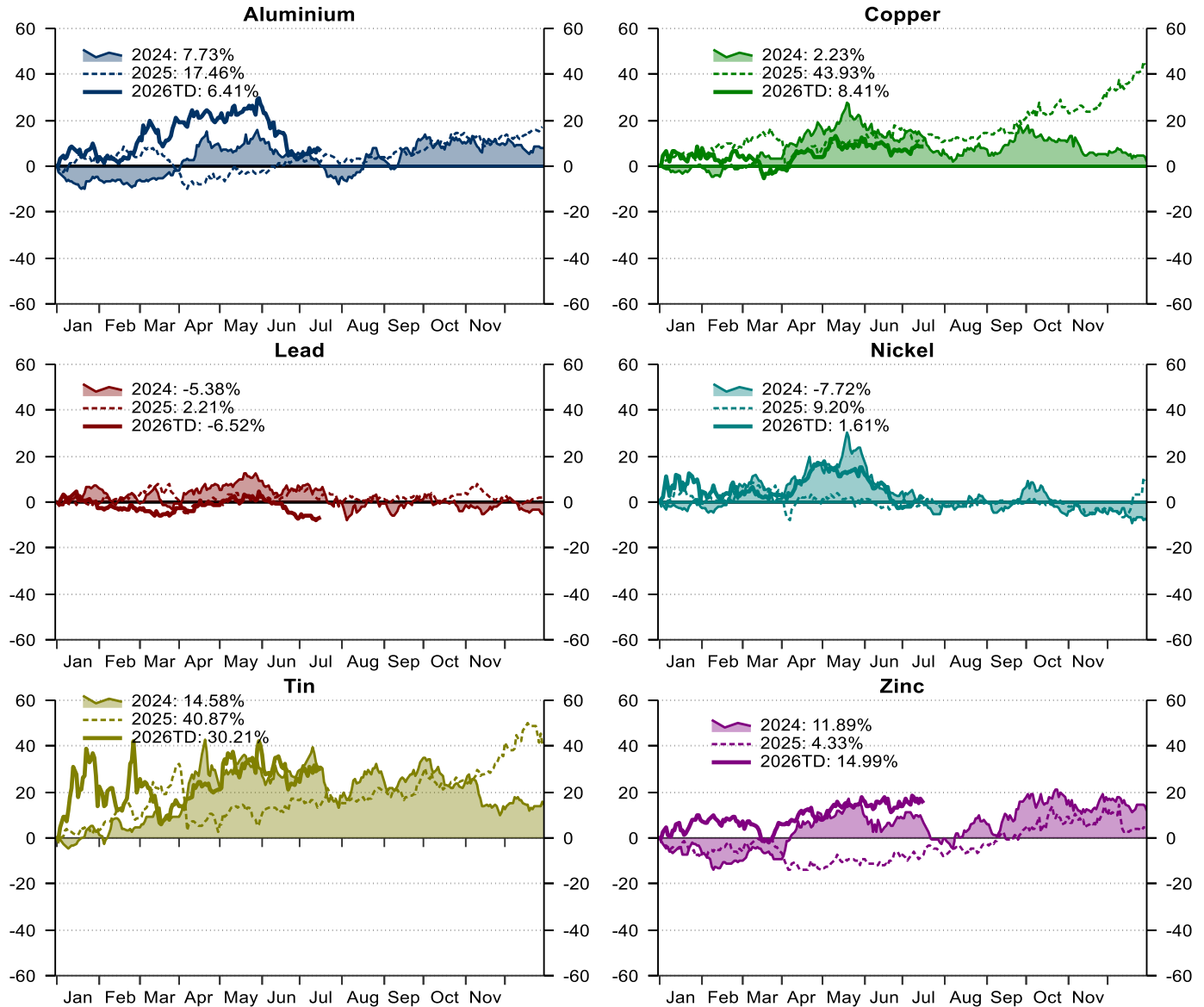


Source: LSEG Workspace, NSE EPR.

Figure 224: Returns of key industrial metals in 2024, 2025 and 2026 till date

(As of July 20th, 2026)

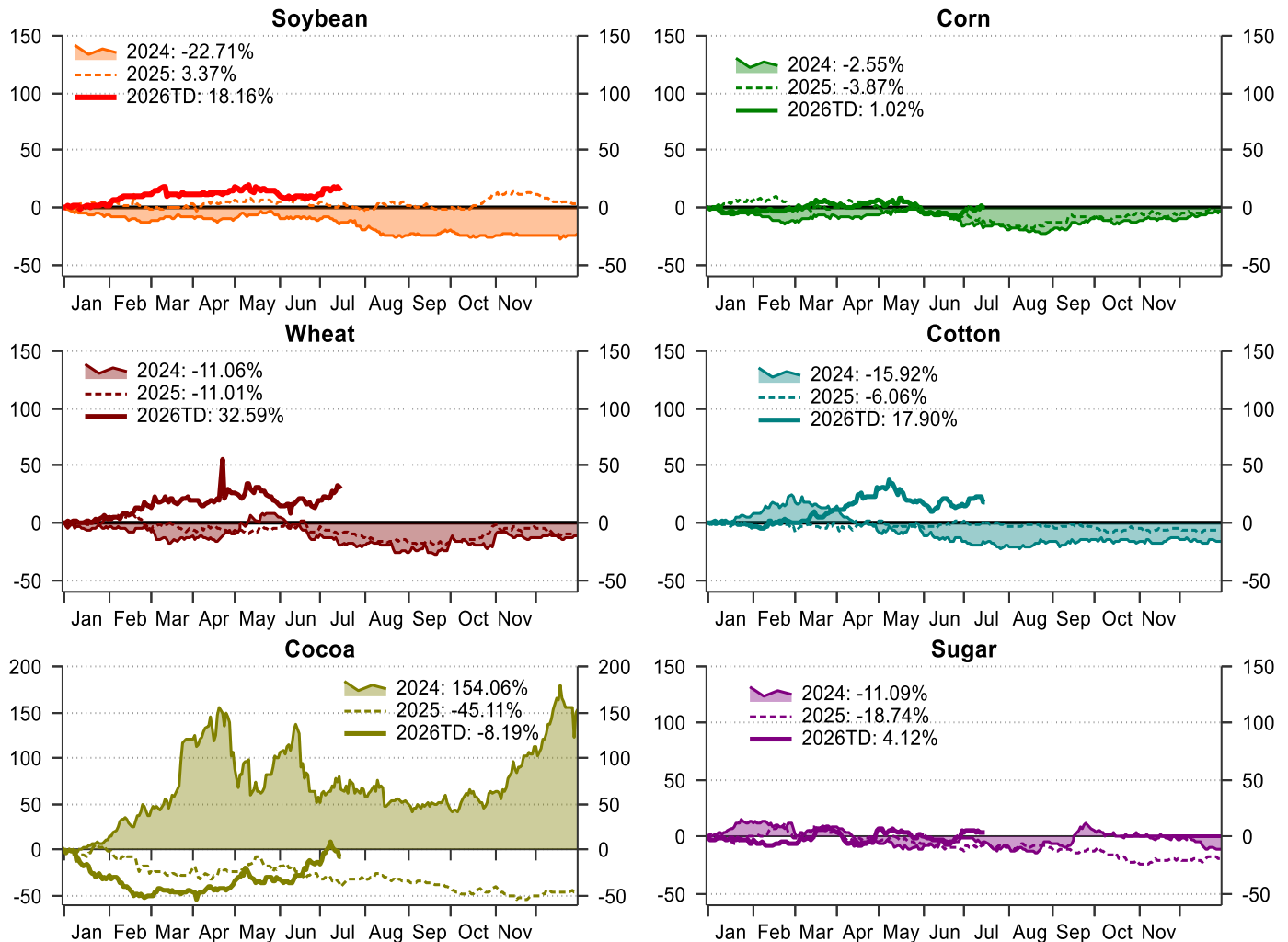
Returns of key Industrial Metals



Source: LSEG Workspace, NSE EPR.

Figure 225: Returns of key agricultural commodities in 2024, 2025 and 2026 till date
(As of July 20th, 2026)

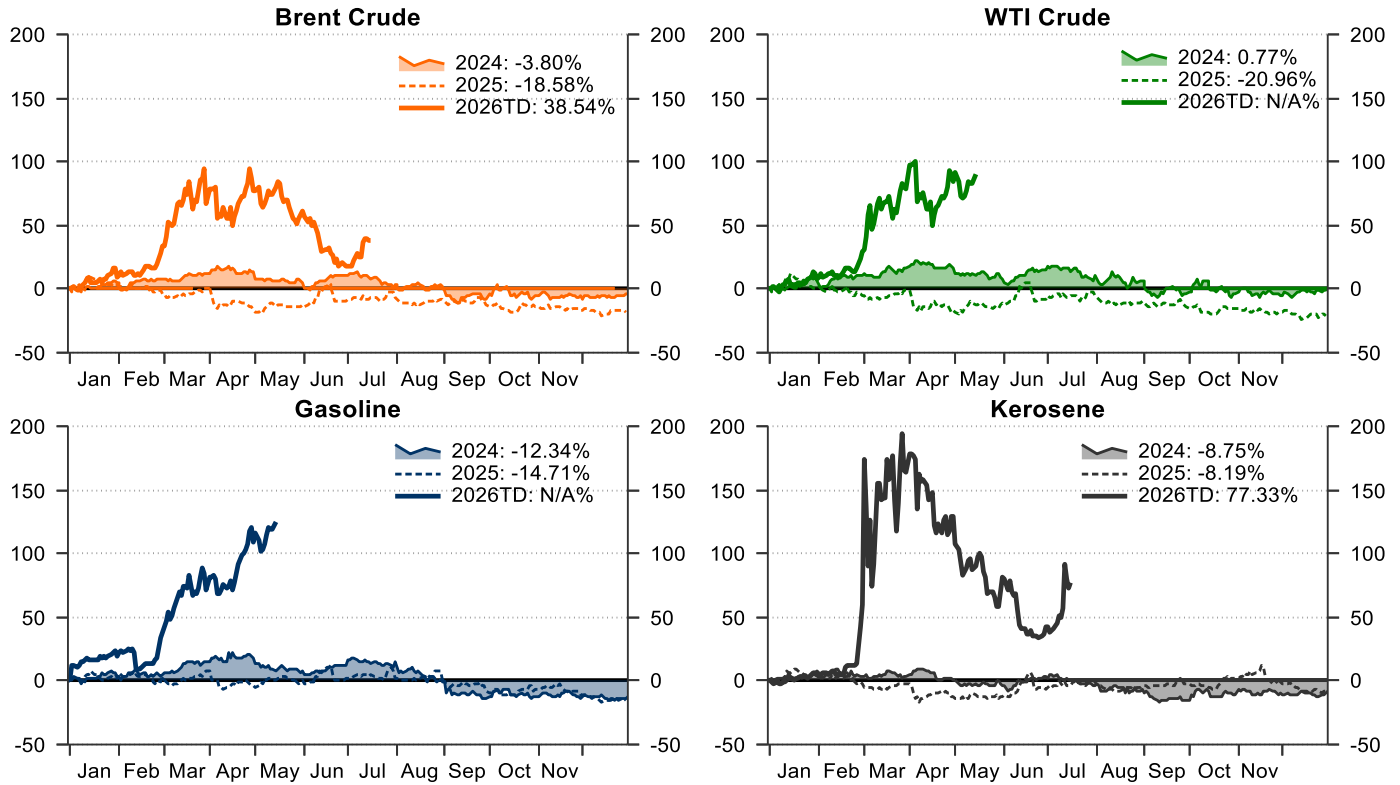
Returns of key agri commodities



Source: LSEG Workspace, NSE EPR.

Figure 226: Returns of key energy commodities in 2024, 2025 and 2026 till date
(As of July 20th, 2026)

Returns of key energy commodities



Source: LSEG Workspace, NSE EPR.

Table 53: Annual performance across commodities

(As of July 20th, 2026)

Annual performance across commodities (Ranked by % change each year)

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026TD
Lead -2.5	Zinc 60.6	Palladium 57.6	Palladium 19.6	Palladium 52.0	Silver 47.8	Tin 91.7	Nickel 43.1	Gold 13.8	Gold 27.1	Silver 146.7	WTI 45.7
Gold -10.5	Brent Crude 54.5	Aluminium 32.4	Gold -1.7	WTI 35.4	Copper 26.0	WTI 55.8	Brent Crude 8.3	Tin 1.7	Silver 21.5	Platinum 121.8	Brent Crude 38.5
Silver -11.8	Tin 45.3	Copper 30.5	Tin -2.9	Nickel 31.6	Gold 24.8	Brent Crude 51.1	Platinum 7.5	Copper 1.2	Tin 14.6	Palladium 121.8	Tin 30.2
Aluminium -17.8	WTI 44.8	Zinc 30.5	Silver -8.6	Brent Crude 24.8	Palladium 22.0	Aluminium 42.2	Palladium 7.5	Aluminium -0.2	Zinc 11.9	Gold 64.7	Zinc 15.0
Tin -24.9	Palladium 20.7	Nickel 27.5	Platinum -14.4	Platinum 22.3	Zinc 19.7	Zinc 31.5	WTI 6.4	Silver -0.8	Aluminium 7.7	Copper 43.9	Copper 8.4
Copper -26.1	Copper 17.4	Lead 24.3	Nickel -16.5	Gold 18.7	Tin 19.6	Nickel 26.1	Silver 2.9	Platinum -2.4	Copper 2.2	Tin 40.9	Aluminium 6.4
Zinc -26.5	Silver 15.1	Brent Crude 17.5	Aluminium -17.4	Silver 15.2	Nickel 18.7	Copper 25.7	Lead -0.1	Palladium -2.4	WTI 0.8	Aluminium 17.5	Nickel 1.6
Platinum -28.0	Aluminium 13.6	Gold 12.6	Copper -17.5	Copper 3.4	Aluminium 10.8	Lead 18.3	Gold -0.4	Brent Crude -8.5	Brent Crude -3.8	Nickel 9.2	Lead -6.5
WTI -30.5	Nickel 13.5	WTI 12.5	Lead -19.2	Aluminium -4.4	Platinum 10.0	Gold -4.0	Copper -14.1	WTI -10.3	Lead -5.4	Zinc 4.3	Gold -7.4
Palladium -31.6	Lead 11.3	Silver 6.4	Brent Crude -20.2	Lead -4.7	Lead 3.3	Platinum -10.2	Aluminium -16.3	Zinc -12.1	Nickel -7.7	Lead 2.2	Silver -21.5
Brent Crude -35.1	Gold 9.0	Platinum 3.2	Zinc -24.5	Zinc -9.5	WTI -20.9	Palladium -10.2	Zinc -16.3	Lead -12.9	Platinum -9.2	Brent Crude -18.6	Platinum -22.5
Nickel -41.8	Platinum 3.5	Tin -5.2	WTI -25.3	Tin -12.0	Brent Crude -21.8	Silver -11.7	Tin -37.1	Nickel -45.2	Palladium -9.2	WTI -21.0	Palladium -22.5

Source: LSEG Workspace, NSE EPR.

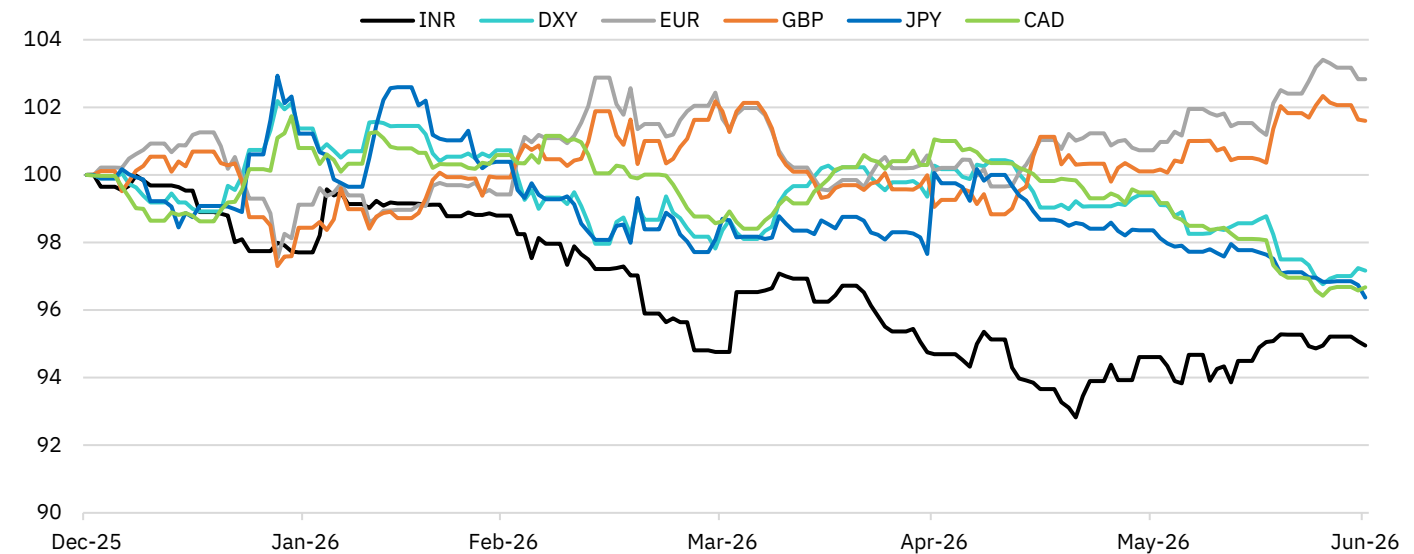
Currency market performance

INR stabilises in June, posting first monthly gain since February...: The INR appreciated 0.4% in June 2026, closing at Rs 94.7 as of 30th June — its first monthly gain since February —after touching an intra-month low of Rs 95.8 around June 11th, 2026. The appreciation occurred despite a strengthening US dollar (DXY +2.3% MoM), contrasting with the broad depreciation observed across most major developed and emerging market currencies during the period. At its June 5th, 2026, MPC meeting, the RBI announced a comprehensive policy package aimed at strengthening external financing conditions, including measures relating to FCNR(B) deposits, external commercial borrowings (ECBs) by public sector undertakings, and foreign investment in government securities. Separately, the government exempted foreign investors from taxes on capital gains and interest income on government securities with effect from 1st April 2026. These measures coincided with the INR's recovery from its intra-month low, though their effect on capital inflows and reserve accretion is unlikely to be immediate. Net FPI equity outflows moderated to US\$5.2 bn during the month, while record debt inflows of US\$5.8 bn more than offset the equity outflows, resulting in net FPI inflows during the month. Brent crude prices moderated sharply toward end-June, closing at US\$72.94/bbl after averaging US\$84.5/bbl during the month, easing one of the external pressures facing the INR. Foreign exchange reserves declined to US\$674.2 bn as of July 3rd, 2026 from US\$682.3 bn as of May 29th. Subsequent to month-end, the INR depreciated by 1.7% to Rs 96.3 as of July 15th, 2026, despite a weaker US dollar, amid renewed geopolitical tensions in West Asia that lifted crude oil prices and weighed on risk sentiment, reversing the gains recorded during June.

Major currencies depreciated against the US dollar during the month...: The US dollar strengthened in June 2026, with the DXY rising 2.3% MoM, extending its partial recovery from the weakness observed earlier in the year. Most major developed and emerging market currencies depreciated against the US dollar during the month. Among developed markets, the Swiss Franc recorded the sharpest decline (–3.4% MoM), followed by the Canadian Dollar (–2.8% MoM), Euro (–2.0% MoM), Japanese Yen (–2.0% MoM), and Pound Sterling (–1.5% MoM). Emerging market currencies exhibited similar weakness, with the Russian Rouble declining sharply (–9.6% MoM), while the Brazilian Real (–2.3% MoM), Turkish Lira (–1.6% MoM), and South African Rand (–1.2% MoM) also depreciated. The Chinese Yuan (–0.2% MoM) and Indonesian Rupiah (–0.1% MoM) remained broadly stable. The INR's 0.4% appreciation stood in contrast to the broad depreciation trend among peers.

Figure 227: Movement in INR and major DM currencies against dollar since end of 2025

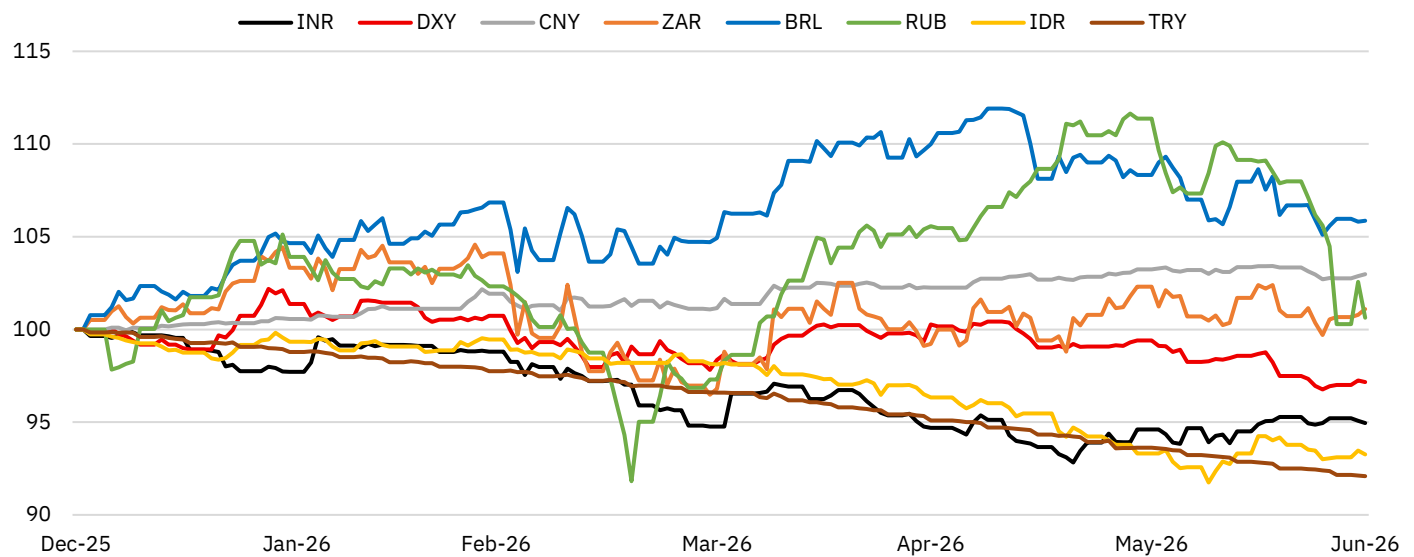
(Rebased to 100 on December 31st, 2025)



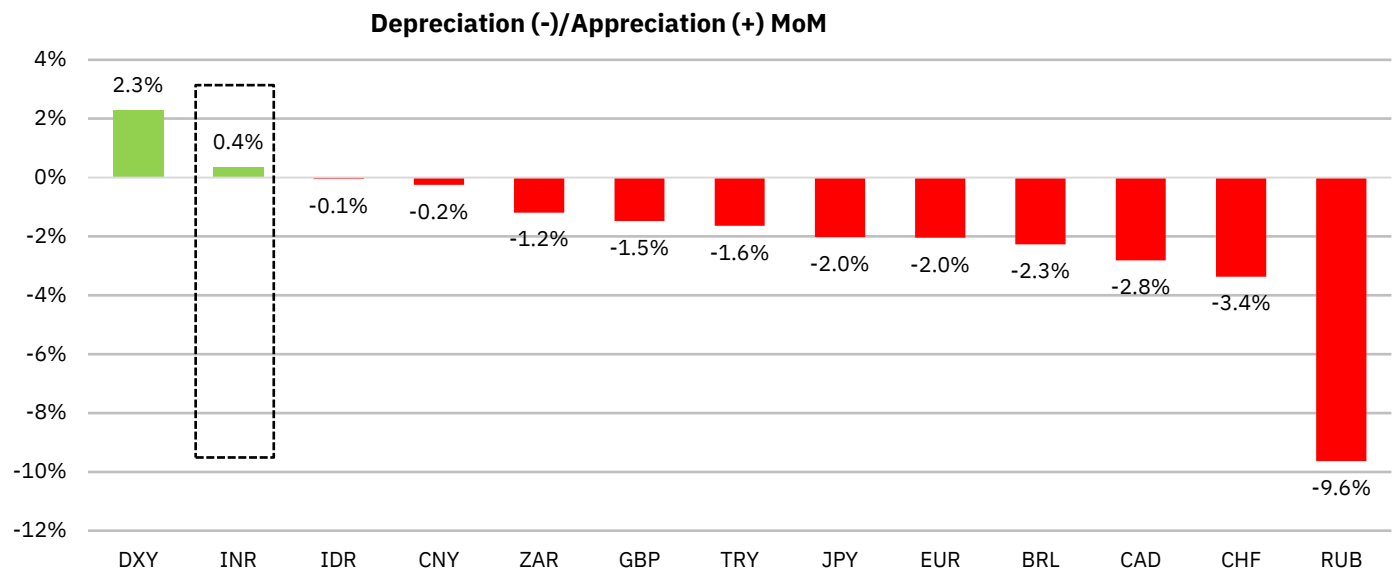
Source: LSEG Workspace, NSE EPR.

Figure 228: Movement in INR and major EM currencies against dollar since end of 2025

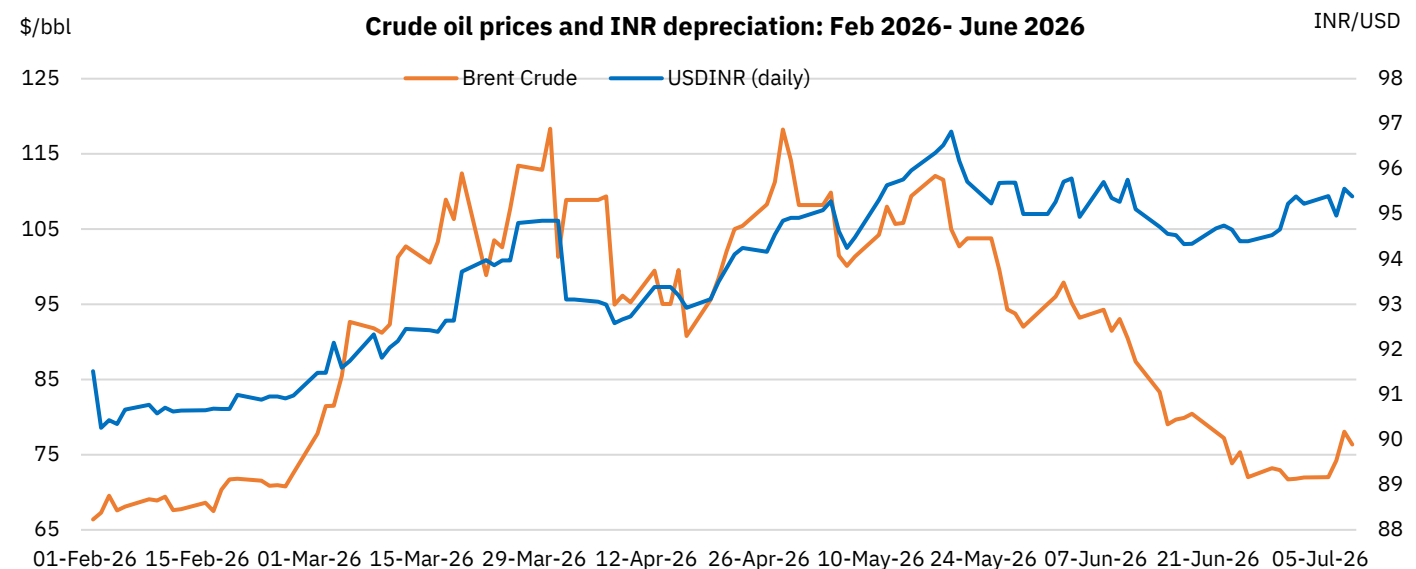
(Rebased to 100 on December 31st, 2025)



Source: LSEG Workspace, NSE EPR.

Figure 229: Global currency movements in June 2026 (% change MoM)


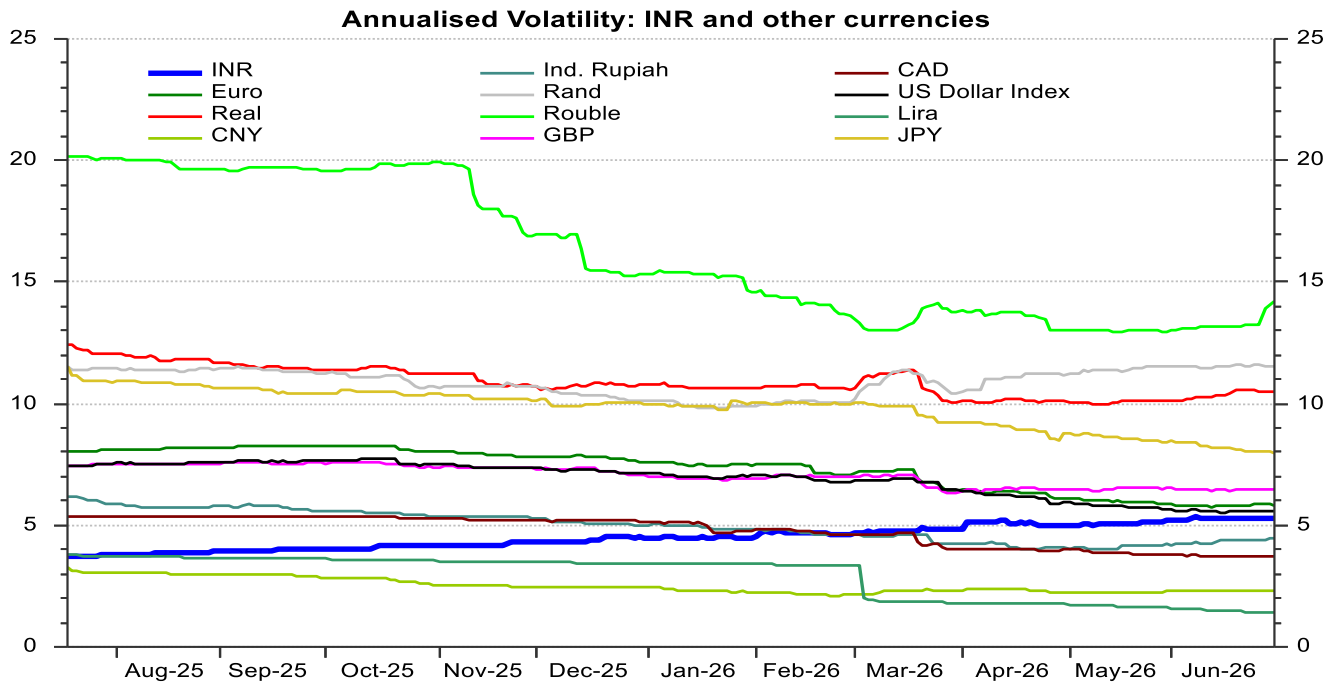
Source: LSEG Workspace, NSE EPR. Note: Red indicates depreciation and green indicates appreciation

Figure 230: Brent Crude oil prices and INR movement (Feb-June 2026)


Source: LSEG Workspace, NSE EPR.

INR volatility rises in June, diverging from peer moderation...The INR's average annualised volatility edged higher to 5.3% in June 2026, up from 5.1% in May, even as volatility remained mixed across major peer currencies during the month. The increase coincided with sharp two-way movements in the INR, including the intra-month depreciation to Rs 95.8 followed by a recovery toward month-end. Among emerging markets, the Russian Rouble (13.3%), South African Rand (11.5%), and Brazilian Real (10.4%) continued to exhibit higher volatility relative to the INR, while the Chinese Yuan remained among the least volatile at 2.3%. Among developed market currencies, volatility moderated, with the Japanese Yen declining to 8.2%, the Euro to 5.8%, and the Canadian Dollar to 3.7%, while the Pound Sterling remained unchanged at 6.5%. Overall, INR volatility remained moderate relative to several major emerging market peers despite edging higher during the month.

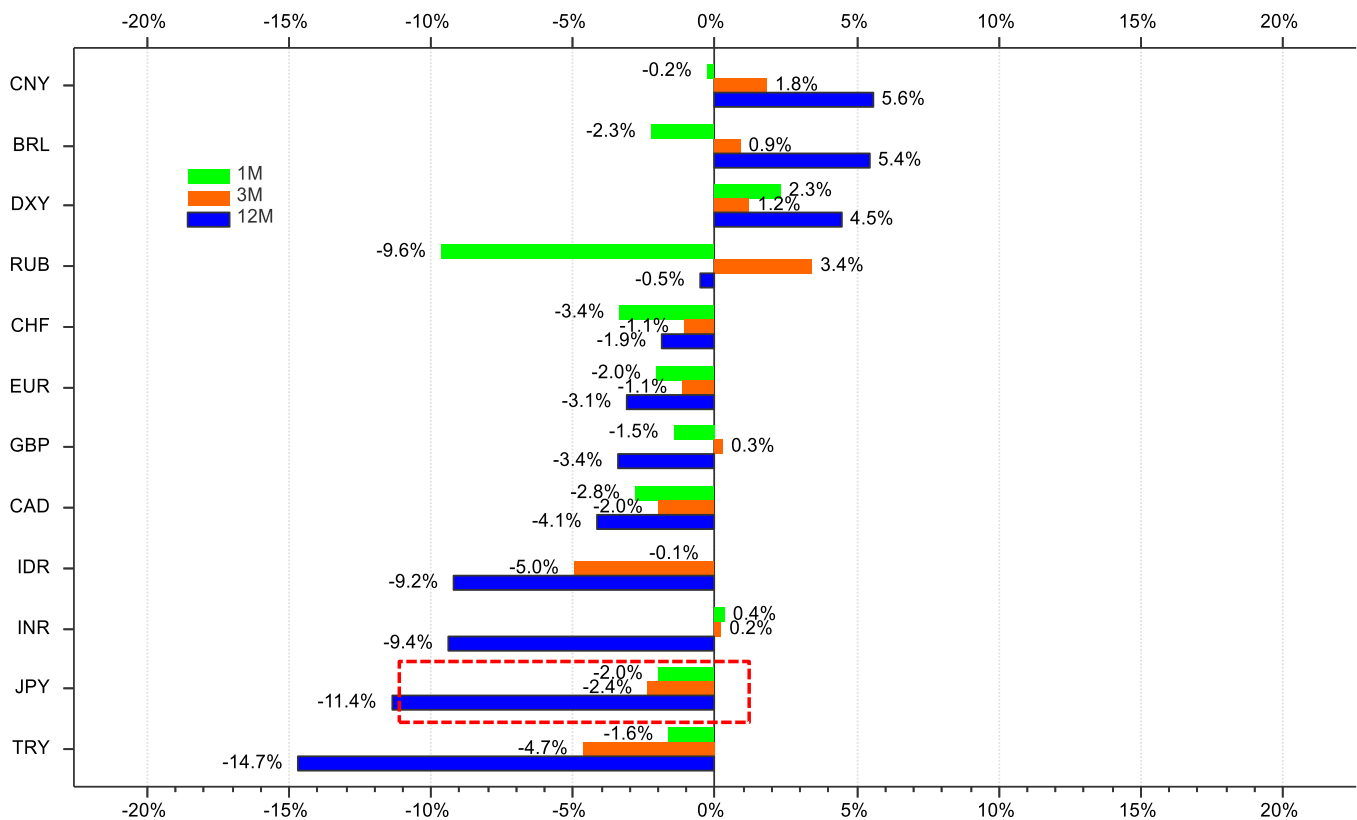
Figure 231: Annualised volatility of INR and other DM & EM currencies



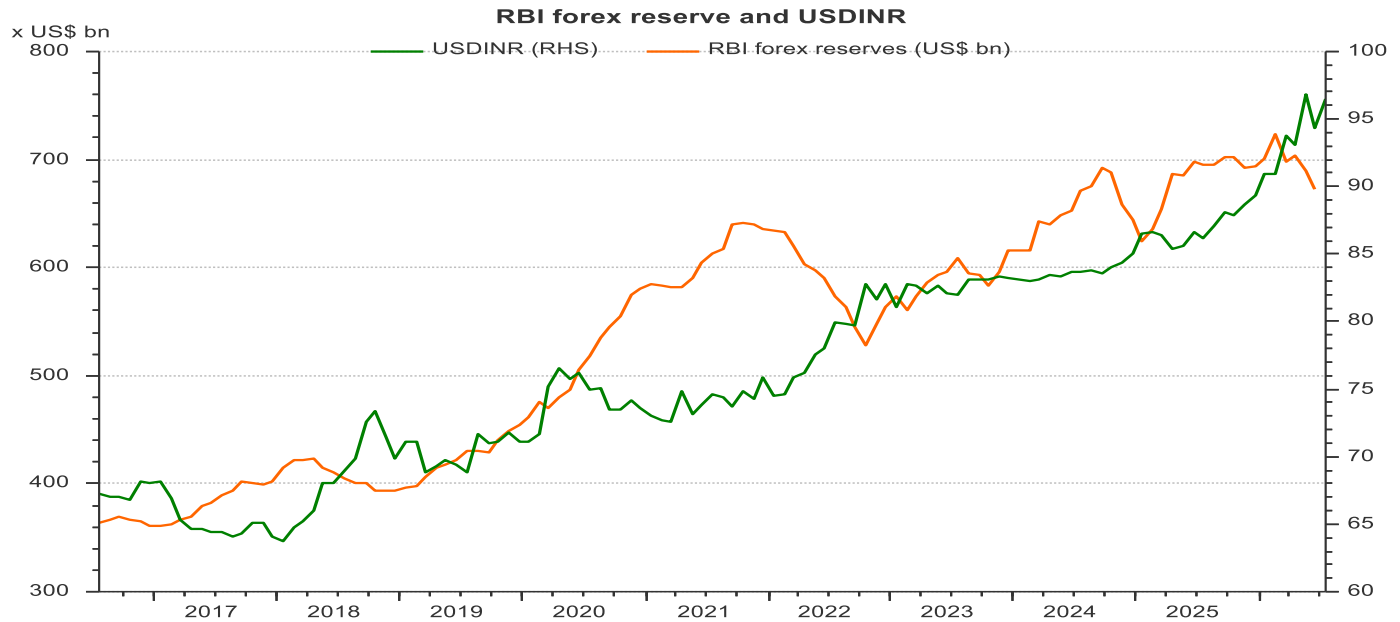
Source: LSEG Workspace, NSE EPR.

Figure 232: Change in INR and major DM & EM currencies (as on June 30th, 2026)

INR & Key Currencies vs. the USD (1M, 3M, 12M)

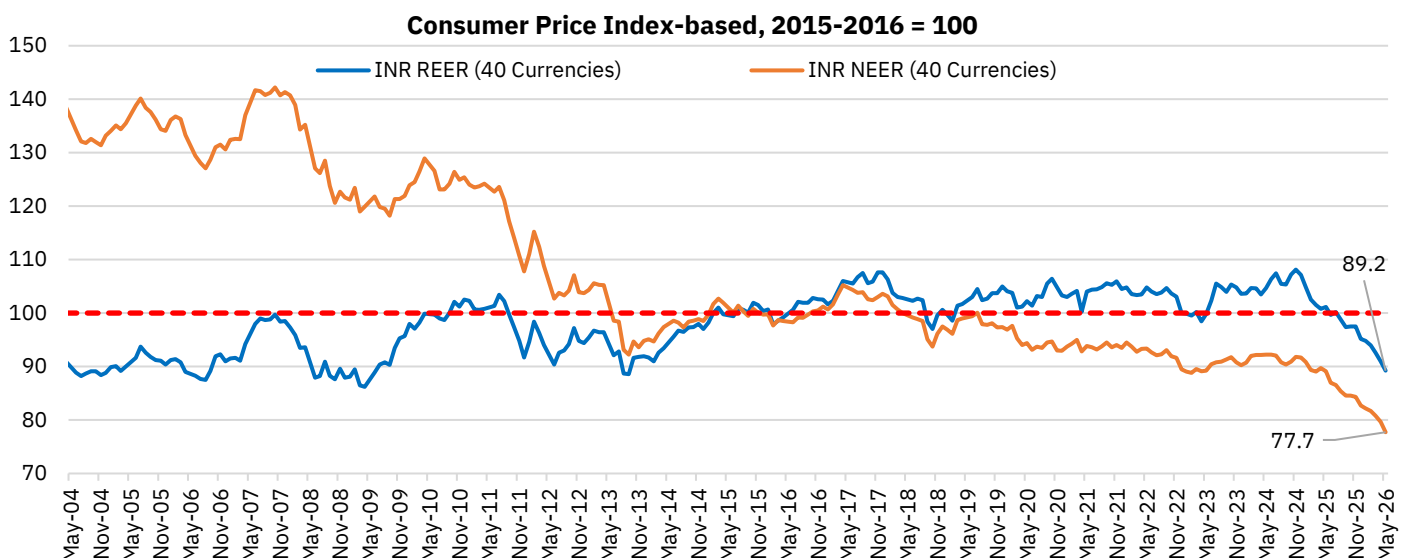


Source: LSEG Workspace, NSE EPR.

Figure 233: RBI forex reserves and USDINR


Source: LSEG Workspace, NSE EPR.

REER and NEER extend their decline in May, deepening INR undervaluation....The INR's undervaluation deepened further in May'26, with the 40-currency trade-weighted REER declining to 89.21 from 90.97 in April – a fall of 1.76 points MoM – while the NEER eased to 77.72 from 79.66, down 1.94 points MoM. The pace of decline was steeper than in April, with both measures recording larger monthly falls than in the preceding month. The latest readings imply a cumulative correction of approximately 18.9 points from the REER peak of 108.1, highlighting the extent of valuation adjustment since the November 2024 peak. The continued moderation in REER and NEER reflects a further deepening of the undervaluation phase following the earlier overvaluation cycle. While the lower REER points to potential improvement in price competitiveness, the continued decline in NEER reflects the recent nominal weakening of the INR against its major trading partners.

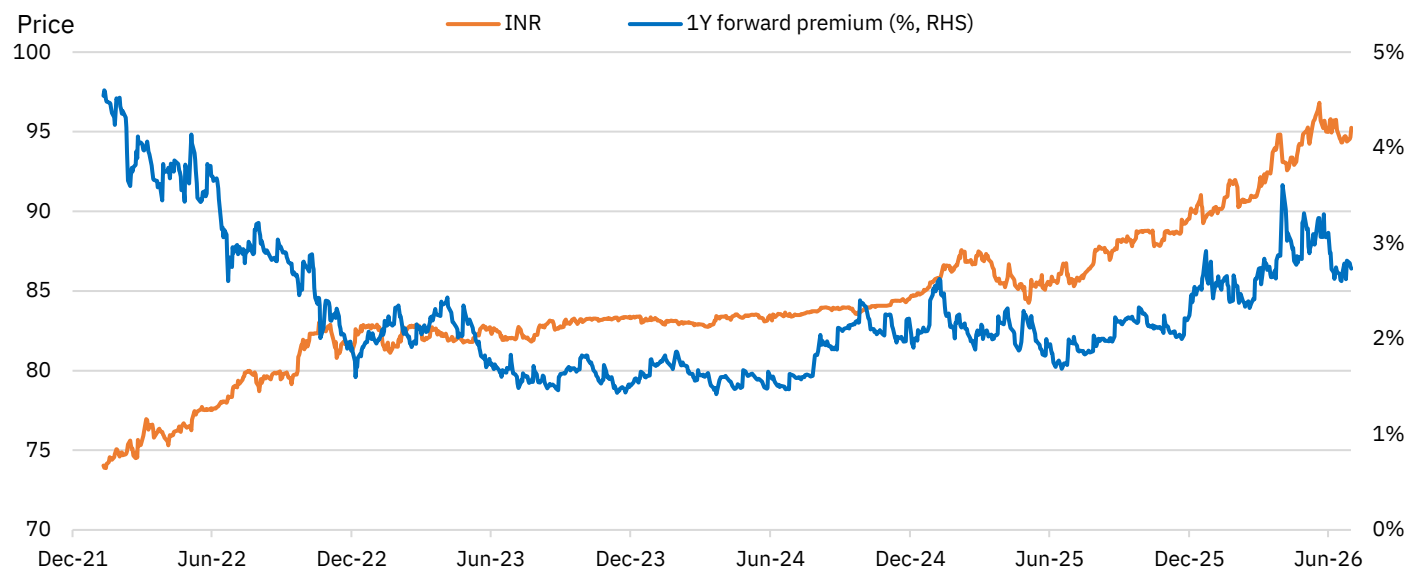
Figure 234: Real and nominal effective exchange rates of INR


Source: CMIE Economic Outlook, NSE EPR.

One-year forward premium moderates in June following the sharp firming observed during April–May...

The one-year forward premium on the INR moderated in June 2026, with the monthly average declining to 2.76% from 3.10% in May. The premium fluctuated within a range of 245.5–295.5 paise during the month before settling at 261 paise as of 30th June 2026, easing from recent highs. The moderation coincided with the RBI's comprehensive policy package aimed at strengthening external financing conditions, including initiatives to encourage FCNR(B) deposits and external commercial borrowings (ECBs). While forward premiums remained above the low levels observed through much of FY24–FY25, they moderated from the elevated levels seen during April–May 2026.

Figure 235: USDINR and 1-year forward premium



Source: NSE Cogencis, NSE EPR.

Institutional flows across market segments in India

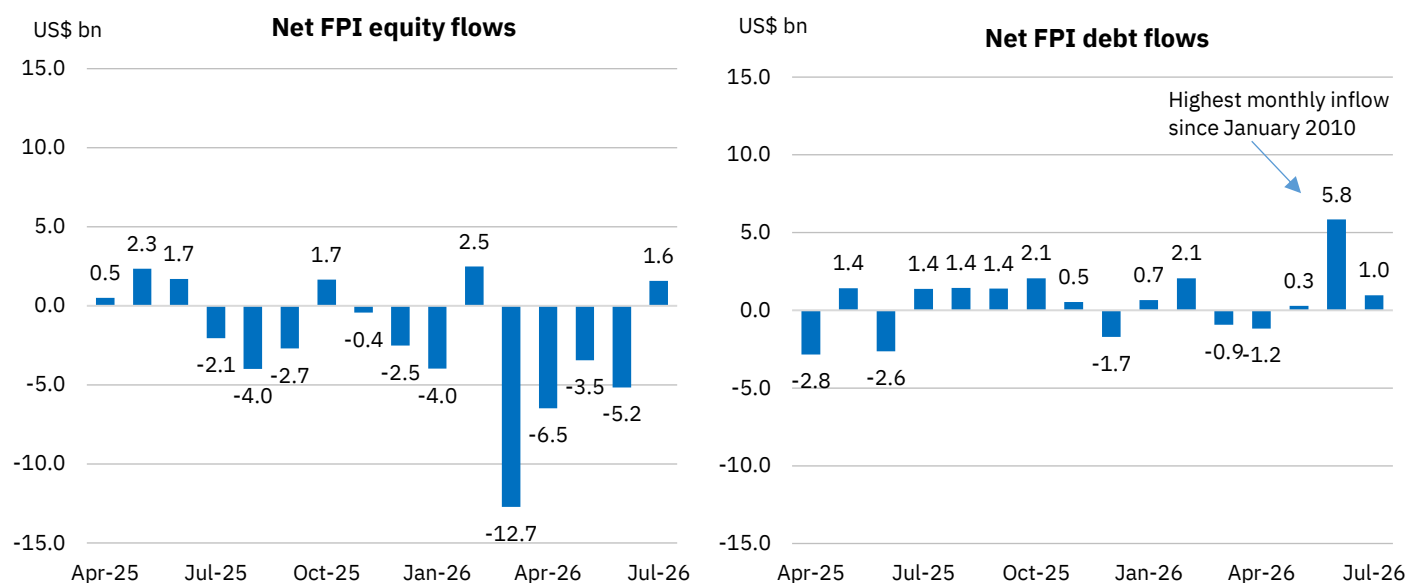
FPI equity flows turned positive in early July after four months of sustained selling...

After recording net outflows of US\$5.2 bn in June 2026, FPIs recorded net inflows of US\$1.6 bn in Indian equities as of 16th July 2026—the first positive monthly equity flow since February 2026, reversing the sustained selling witnessed through March-June 2026. While the turnaround suggests some moderation in foreign selling pressure, cumulative FPI equity flows in FY27TD remained deeply in deficit at US\$13.5 bn (as of July 16th, 2026), indicating that the improvement in July had yet to materially alter the broader pattern of FPI withdrawals. The recovery in flows coincided with moderation in crude oil prices from their April peaks, although foreign participation in Indian equities remained constrained by relatively expensive valuations, softer corporate earnings, continued global investor preference for AI-linked markets, and elevated global uncertainty.

...While FPI participation in Indian debt markets recorded its highest monthly inflow on record:

FPI participation in the debt segment accelerated sharply in June 2026, with net inflows of US\$5.8 bn, the highest monthly inflow since January 2010 and more than double the US\$2.1 bn recorded in February 2026. Positive momentum continued into early July, with FPIs investing a further US\$1.0 bn as of July 16th, 2026, taking cumulative FY27TD debt inflows to US\$5.9 bn. The surge in debt flows coincided with measures announced by the Government of India and the Reserve Bank of India to enhance foreign investor access to government securities, including tax exemptions on interest income and capital gains, expansion of the Fully Accessible Route, and relaxation of investment restrictions. Continued expectations of broader inclusion of Indian government securities in global bond indices also remained supportive of foreign participation. While cumulative FPI equity flows remained in deficit at US\$13.5 bn, debt inflows rose to US\$5.9 bn during FY27TD, underscoring the contrasting pattern of foreign participation across India's equity and fixed-income markets.

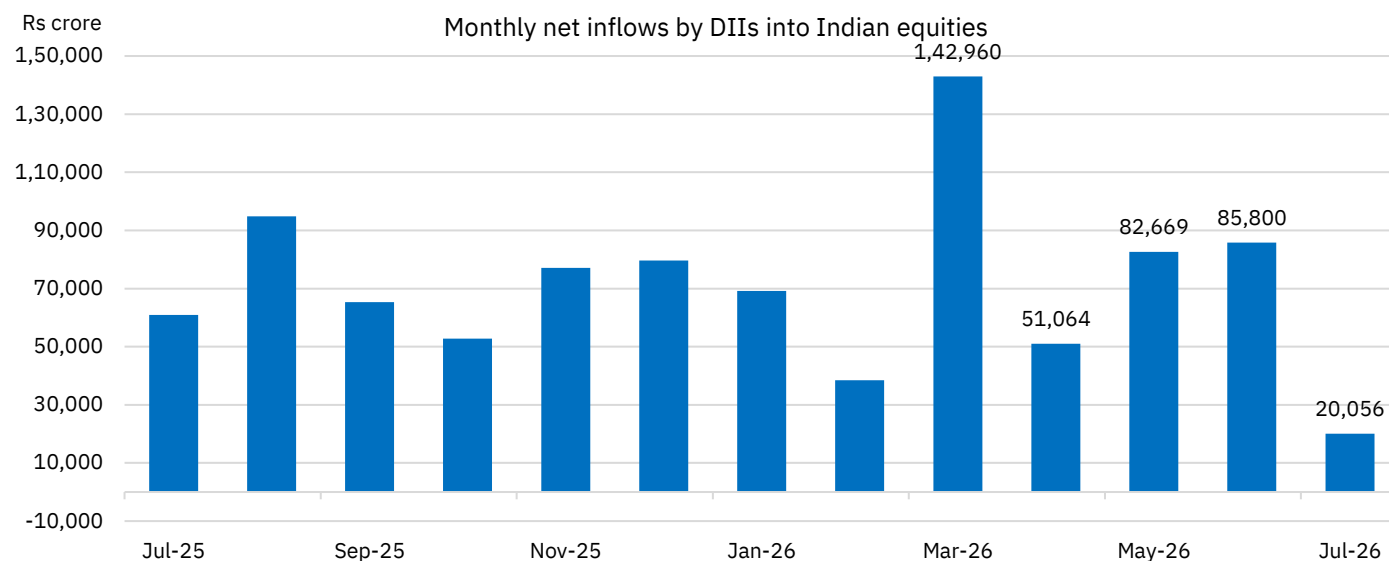
Figure 236: Monthly Net inflows by FPIs in Indian equity and debt markets



Source: NSDL, NSE EPR. Data for July is as of July 16th, 2026.

DII participation remained strong in June before moderating in early July...: DIIs invested Rs 85.8k crore (US\$9.0 bn) in Indian equities during June 2026 — above Rs 72.7k crore (US\$8.5 bn) recorded in June 2025 — before moderating in July to Rs 20.1k crore (US\$2.1 bn) as of July 16th, 2026. Cumulative DII equity inflows in FY27TD (as of July 16th) reached Rs 2.4 lakh crore (US\$25.3 bn), highlighting the continued resilience of domestic institutional participation despite sustained volatility in foreign portfolio flows. Within DIIs, domestic mutual funds continued to account for a significant share of equity inflows. DMFs invested Rs 50.6k crore (US\$5.3 bn) in equities during June 2026, above Rs 43.5k crore (US\$5.1 bn) recorded in June 2025, with a further Rs 6.4k crore (US\$0.7 bn) invested as of July 10th, 2026, taking cumulative FY27TD DMF equity inflows to approximately Rs 1.5 lakh crore. Monthly SIP contributions remained strong at Rs 31,781 crore in June 2026 continuing to support domestic equity allocations. In the debt segment, DMFs recorded net outflows of Rs 91.5k crore (US\$9.6 bn) in June and further net outflows of Rs 6.2k crore (US\$0.7 bn) as of July 16th, continuing the pattern of domestic fixed-income liquidation observed through much of FY27TD. Cumulative FY27TD DMF debt outflows remained substantial at Rs 1.6 lakh crore, suggesting that stabilisation in domestic fixed-income flows remained at an early stage.

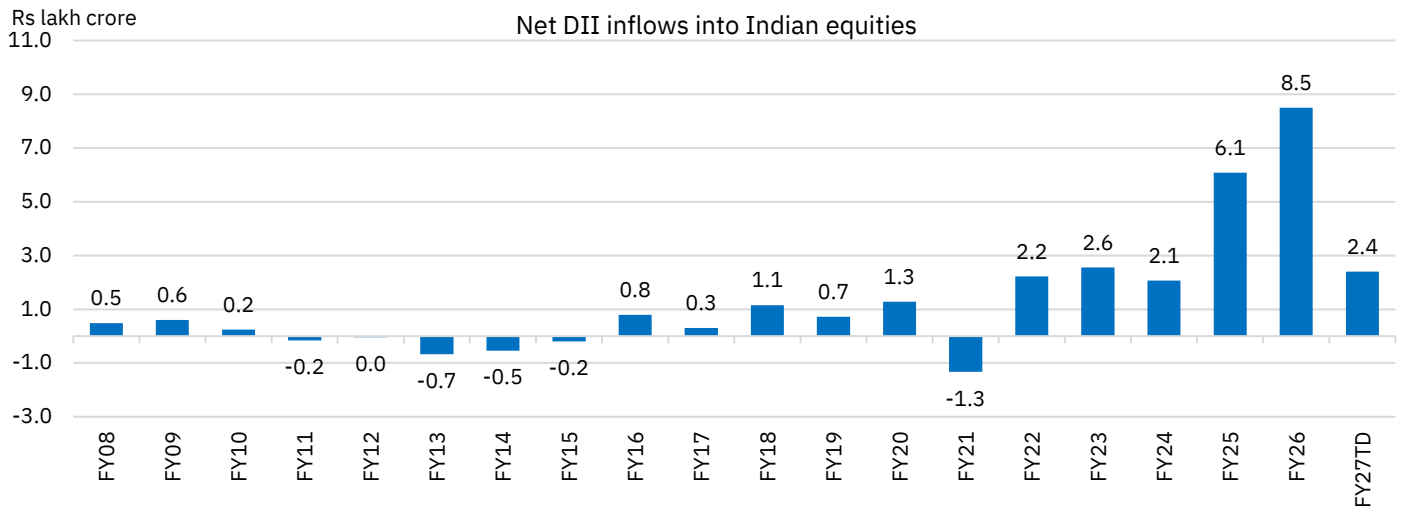
Figure 237: Monthly net inflows by DIIs in Indian equity markets



Source: CMIE Economic Outlook, NSE EPR. Data for July is as of July 16th, 2026.

Note: The figure above shows total traded value executed by DIIs across exchanges, compiled based on trading codes entered by Trading Members at the time of order entry and corresponding client category classification provided by trading members.

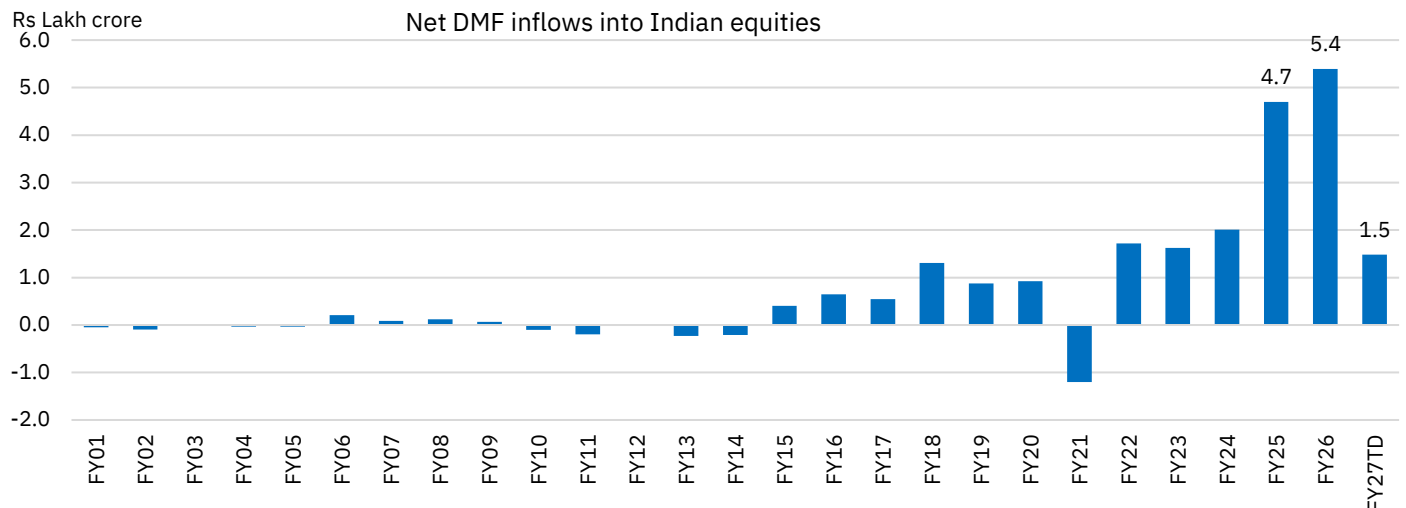
Figure 238: Annual net inflows by DIIs in Indian equity markets



Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of July 16th, 2026.

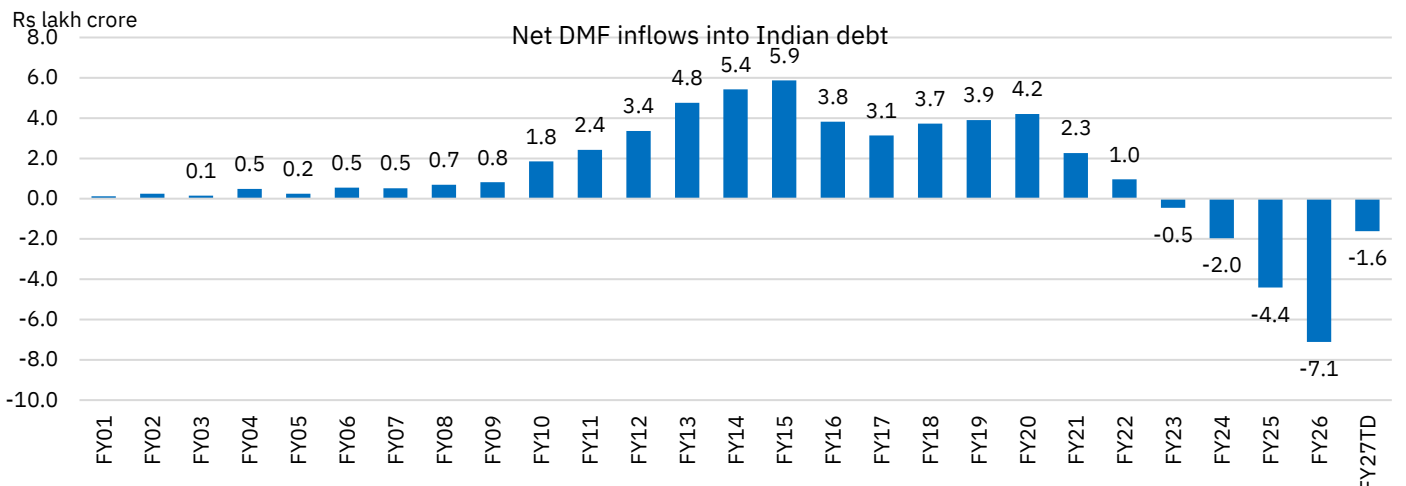
Note: The figure above shows total traded value executed by DIIs across exchanges, compiled based on trading codes entered by Trading Members at the time of order entry and corresponding client category classification provided by trading members.

Figure 239: Annual net inflows by domestic mutual funds in Indian equity markets



Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of July 10th, 2026.

Figure 240: Annual net inflows by domestic mutual funds in Indian debt markets



Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of July 10th, 2026.

Markets in depth

Key highlights of India's capital markets – Q1FY27

Capital mobilisation reached a record monthly high in June 2026, driven by strong debt issuances—particularly Commercial Papers—and increased preferential allotments, while the IPO market remained resilient despite a moderation in listings. The registered investor base continued its structural expansion, crossing 13.2 crore investors, although the pace of new registrations normalised following the exceptional post-pandemic surge. Secondary market activity displayed divergent trends during Q1FY27, with the cash market recording robust growth in trading activity, equity derivatives witnessing moderation, and commodity derivatives continuing to gain momentum. Trading activity remained highly concentrated among a small cohort of high-value participants, with institutional investors, particularly proprietary traders, accounting for the bulk of market turnover despite the broadening investor base. Overall, the quarter reflected resilient capital market fundamentals, sustained investor participation, and continued institutional dominance in trading activity.

Primary markets; Measured listings, healthy pipeline: Overall capital mobilisation rebounded sharply in June 2026 to a record monthly high, supported by strong debt issuances—particularly Commercial Papers (CPs)—along with higher preferential allotments in the equity segment. Despite this strong finish, primary market activity during Q1FY27 remained relatively measured, with IPO listings moderating compared with the corresponding period of FY26. Nevertheless, issuer participation remained broad-based across sectors. Industrials and Financials accounted for the largest share of Mainboard IPO fundraising, while Health Care and Consumer Discretionary led capital mobilisation on the NSE EMERGE platform. Importantly, the moderation in listings does not indicate weakening issuer interest. A healthy pipeline of draft offer documents (DODs) under various stages of regulatory processing at the exchange points to sustained demand for capital raising and suggests continued momentum in the primary market over the coming months.

Investor base continues the structural expansion: Investor onboarding accelerated significantly during the post-pandemic years, with average monthly registrations rising from 3.2 lakh in FY20 to a record 17.5 lakh in FY25. While the pace has moderated to 13.5 lakh in FY26 and further to 10.9 lakh during FY27TD, the slowdown largely reflects a normalisation following an exceptionally strong phase of investor registrations. Remarkably, India's registered investor base increased from 2.7 crore in FY19 to 13.2 crore as of June 2026. The sustained expansion of the investor base highlights the deepening penetration of equity markets and continued broadening of domestic investor participation, even as registration growth stabilises from its post-pandemic peak.

Market activity reflects mixed trends across segments: Trading activity across asset classes remained mixed during Q1FY27. The cash market witnessed healthy growth, with average daily turnover (ADT) rising 14% QoQ. In contrast, the equity derivatives segment moderated, with equity futures ADT and equity options premium ADT declining by 14% QoQ and 16% QoQ, respectively. Commodity derivatives continued to strengthen, supported by broad-based participation across futures and options, particularly in crude oil options. Notably, the Reserve Bank of India's revised prudential norms governing bank lending for proprietary trading in equity derivatives became effective from July 1, 2026. As these measures came into force after the June reference period, their implications for market activity will be assessed in subsequent editions of the report.

Market turnover remains concentrated among high-value participants: Market activity across the cash and equity derivatives segments continued to be highly concentrated among a small set of high-value participants despite a broad investor base. In June 2026, investors trading above Rs 10 crore represented only 0.3% of active cash market participants but accounted for nearly 80% of monthly turnover. Including investors in the Rs 1–10 crore category increased the combined share to ~92% of turnover, although these cohorts together comprised only 2.4% of active investors. A similar concentration was evident in equity options, where ~11,000 investors accounted for 69% of premium turnover, while investors trading below Rs 1 lakh represented 35% of active participants but contributed just 0.1% of premium turnover. Within the highest turnover cohort, proprietary traders accounted for nearly 70% of premium turnover, followed by individual and foreign investors, highlighting the continued dominance of institutional participants in market activity.

Record fund mobilisation in June; primary market activity remains measured in Q1FY27

Overall capital mobilisation rebounded sharply in June 2026, reaching a record monthly high, driven by strong debt issuances—particularly Commercial Papers (CPs)—along with higher preferential allotments in the equity segment. During the first quarter of FY27, primary market activity remained measured, with IPO listings moderating compared with the corresponding period of FY26, although sectoral participation remained broad-based. Industrials and Financials accounted for the largest share of Mainboard IPO mobilisation, while Health Care and Consumer Discretionary led fundraising on the NSE EMERGE platform. Despite a slower pace of listings, the IPO pipeline remained healthy, with several draft offer documents (DODs) under various stages of processing at the exchange, indicating sustained issuer interest in accessing the capital markets.

Fund mobilisation and new listings

Fund mobilisation reaches record high, driven by debt issuances: Total fund mobilisation through equity, debt, and business trusts surged 122% MoM to Rs 3.15 lakh crore in June 2026, marking the highest monthly mobilisation on record. The increase was primarily driven by debt issuances, which rose 142% MoM to Rs 2.59 lakh crore, supported by higher mobilisation through CPs and privately placed Non-Convertible Debentures (NCDs). Fund raising through equity issuances also recovered strongly, increasing 83% MoM to ~Rs 53,000 crore, led by higher preferential allotments and Qualified Institutional Placements (QIPs). In contrast, fund mobilisation through REITs and InvITs moderated to ~Rs 2,000 crore, compared with Rs 5,000 crore in May.

Debt issuances and preferential allotments lead capital-raising activity: Within the debt segment, CP issuances more than doubled to Rs 1.9 lakh crore (+137% MoM), while private NCD issuances increased to ~Rs 69,700 crore (+157% MoM), reflecting strong funding demand from corporates. Within equity issuances, preferential allotments remained the largest source of capital, raising ~Rs 22,500 crore (including Mainboard and NSE EMERGE issuances), followed closely by secondary market Offer for Sale (OFS) issuances at ~Rs 21,000 crore. QIPs also strengthened, mobilising ~Rs 7,500 crore, while IPO mobilisation remained relatively modest at ~Rs 1,900 crore across the Mainboard and NSE EMERGE platforms.

Primary market activity remains measured in Q1: During Q1FY27, eight companies were listed on the Mainboard platform, raising ~Rs 4,700 crore, while fourteen companies were listed on the NSE EMERGE platform, mobilising Rs 976 crore through IPOs. Although the pace of listings remained lower than in FY26, the primary market continued to attract issuers across diverse sectors. The average IPO size stood at ~Rs 585 crore on the Mainboard platform (down from Rs 1,603 crore in FY26) and ~Rs 70 crore on the SME platform (up from Rs 48 crore in FY26) during FY27 (up to June).

Industrials and Financials dominate Mainboard IPO fundraising: Sector-wise fundraising during the first quarter of FY27 indicates that Industrials emerged as the largest contributor to Mainboard IPO mobilisation, accounting for 40% of the total, followed closely by Financials at 39%. Consumer Staples contributed 12%, while Health Care accounted for the remaining 9%. This marks a shift from FY26, when Financials (32%) and Consumer Discretionary (31%) dominated fundraising, reflecting a diversified issuance pipeline led by industrial companies during the quarter.

Health Care leads SME IPO fundraising amid broadening sectoral participation: On the NSE EMERGE platform, Health Care accounted for the largest share of capital mobilisation at 30%, followed by Consumer Discretionary (28%) and Industrials (25%).

In FY26, SME fundraising was led by Industrials (36%), followed by Consumer Discretionary (25%) and Materials (9%). The evolving sectoral composition highlights broad-based participation across growth-oriented sectors, even as the overall number of SME listings eased compared with the corresponding period of the previous fiscal year.

NSE EMERGE continues to expand access to growth capital across India: SME IPO listings on the NSE EMERGE platform have grown steadily since its inception, reflecting the increasing role of capital markets in financing emerging businesses. As of June 2026, 735 companies have raised ~Rs 23,000 crore, with an aggregate market cap of ~Rs 2.4 lakh crore. While Maharashtra, Gujarat, and the NCT of Delhi account for the highest number of listings, participation from several other states highlights the expanding geographic reach of the SME ecosystem. The sustained growth in listings and capital mobilisation highlights the increasing adoption markets as a source of growth capital, supporting business expansion and further deepening India's equity capital markets.

Table 54: Monthly trends for fund mobilisation (Rs crore) through equity and debt in the last 11 months

Segments	Modes	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Equity (Main Board) - Primary markets	Fresh listing	7,803	5,598	10,909	11,754	7,365	1,816	1,824	2,784	1,558	850	661
	OFS	5,115	3,984	29,491	21,260	14,493	2,949	2,185	5,271	541	76	991
	IPO (Fresh + OFS)	12,918	9,582	40,400	33,014	21,858	4,765	4,009	8,056	2,099	926	1,652
	FPO	-	-	-	-	-	-	-	-	-	-	-
	Rights	3,149	1,349	582	1,073	26,488	381	74	780	1,260	174	153
	Preferential	2,763	4,101	6,475	19,180	7,861	27,134	3,118	5,423	46,317	9,225	22,434
	QIPs	1,202	2,000	1,100	1,200	11,085	4,150	-	182	2,500	4,000	7,580
Equity (SME) - Primary markets	Fresh listing	791	643	309	213	622	253	282	234	179	532	230
	OFS	53	55	17	-	24	5	24	7	26	9	-
	IPO (Fresh + OFS)	843	698	326	213	646	258	306	242	205	542	230
	FPO	-	-	-	-	-	-	-	-	-	-	-
	Rights	-	35	-	91	-	-	-	122	-	-	-
	Preferential	86	139	195	206	546	34	263	145	350	235	85
	QIPs	-	85	-	-	-	-	-	-	-	-	-
Secondary markets	OFS	828	1,304	252	51	4,061	3,313	8,265	1,020	-	13,913	21,068
Total equity raised		21,790	19,293	49,329	55,027	72,545	40,035	16,037	15,970	52,731	29,015	53,202
InvITS	Fresh listing	-	-	400	-	-	-	-	6,000	1,105	-	-
	Rights	-	-	-	-	-	-	-	-	-	-	-
	Preferential	-	-	-	1,789	-	-	-	1,314	-	1,004	300
	QIPs	-	-	3,248	-	1,250	1,500	-	2,469	-	-	1,700
REITs	Fresh listing	4,800	-	-	-	-	-	-	-	-	3,405	-
	Rights	-	-	-	-	-	-	-	-	-	-	-
	Preferential	-	1,000	-	-	-	1,819	-	-	-	662	-
	QIPs	-	-	-	-	3,500	-	-	-	2,600	-	-
Total business trusts raised		4,800	1,000	3,648	1,789	4,750	3,319	-	9,782	3,705	5,071	2,000
Debt	CPs	65,826	1,04,444	55,775	77,160	86,964	39,261	1,26,645	1,27,157	1,01,294	80,410	1,90,172
	NCDs (Private)	20,593	47,088	43,703	38,054	51,585	25,462	40,363	77,473	21,170	27,137	69,672
	NCDs (Public)	174	-	200	-	-	1,000	601	1,222	-	-	-
Total debt raised		86,593	1,51,532	99,678	1,15,214	1,38,549	65,723	1,67,608	2,05,851	1,22,463	1,07,548	2,59,844
Total fund mobilisation		1,13,182	1,71,825	152,655	1,72,030	2,15,844	1,09,077	1,83,645	2,31,604	1,78,899	1,41,634	3,15,046

Source: NSE EPR.

Note: 1) Debt issuances include reissuances.

2) Data for OFS Secondary market is computed as no of shares offered*floor price (Base issue+ Greenshoe)

Table 55: Quarterly trends for fund mobilisation (Rs crore) through equity and debt in FY26 and FY27

Segments	Modes	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Equity (Main Board) - Primary markets	Fresh listing	11,998	20,864	30,028	6,424	3,068
	OFS	1,852	26,195	65,243	10,405	1,609
	Fresh listing + OFS	13,851	47,059	95,271	16,829	4,677
	FPO	0	0	0	0	0
	Rights	7,086	6,195	28,143	1,236	1,587
	Preferential allotment	48,663	10,892	33,515	35,676	77,976
	QIPs	16,185	33,741	13,385	4,332	14,080
Equity (SME) - Primary markets	Fresh listing	1,176	1,999	1,143	770	941
	OFS	51	147	41	36	35
	Fresh listing + OFS	1,226	2,146	1,184	806	976
	FPO	0	0	0	0	0
	Rights	56	75	91	122	0
	Preferential allotment	557	387	946	443	670
	QIPs	25	155	0	0	0
Secondary markets	OFS	8,300	2,167	4,363	12,599	34,982
Total equity raised		95,950	1,02,816	1,76,901	72,042	1,34,948
InvITS	Fresh listing	0	1,300	400	6,000	1,105
	Rights	0	0	0	0	0
	Preferential allotment	141	0	1,789	1,314	1,304
	QIPs	0	0	4,498	3,969	1,700
REITs	Fresh listing	0	4,800	0	0	3,405
	Rights	0	0	0	0	0
	Preferential allotment	0	1,000	0	1,819	662
	QIPs	0	0	3,500	0	2,600
Total business trusts raised		141	7,100	10,187	13,102	10,776
Debt	CPs	2,43,683	2,44,753	2,19,899	2,93,062	3,71,876
	NCDs (Private)	1,76,659	95,561	1,33,342	1,43,297	1,17,979
	NCDs (Public)	700	1,174	200	2,822	0
Total debt raised		4,21,042	3,41,487	3,53,441	4,39,182	4,89,855
Total fund mobilisation		5,17,132	4,51,403	5,40,529	5,24,326	6,35,579

Source: NSE EPR.

Notes: 1) Debt issuances include reissuances.

2) Data for OFS Secondary market is computed as no of shares offered*floor price (Base issue+ Greenshoe)

Table 56: Annual trends for fund mobilisation (Rs crore) through equity and debt

Modes	FY24	FY25	FY26
IPO	65,991	1,69,628	1,78,372
FPO	27	18,150	-
Rights	13,557	16,096	43,005
Preferential allotment	34,920	63,798	1,31,078
QIPs	68,972	1,28,703	67,824
OFS (Secondary)	21,769	29,077	27,429
REITs and InvITs (Further)	24,162	22,893	18,030
REITs and InvITs (New listing)	14,068	1,578	12,500
Total Equity raised	2,43,466	4,49,922	4,78,238
CP	5,90,582	7,70,812	10,01,397
NCD Private	5,40,350	6,44,372	5,48,859
NCD Public	11,145	3,259	4,896
Total Debt raised	11,42,077	14,18,443	15,55,152
Total fund raised	13,85,543	18,68,364	20,33,390

Source: NSE EPR.

Notes:

1) IPO data including fresh issuance and offered for sale

2) Above data combines Mainboard and Emerge platform

3) Data for OFS Secondary market is computed as No of shares offered*floor price (Base issue+ Greenshoe).

Table 57: New listing on Mainboard platform during June 2026

Company Name	Issue Price	Listing Price	Listing gain / loss (%)	Fresh (Rs crore)	OFS (Rs crore)	Amount raised (Rs crore)	M-Cap ^ (Rs crore)
CMR Green Technologies Limited	192	268	39.6%	-	631	631	5,492
Hexagon Nutrition Limited	45	48	7.2%	-	139	139	779
Turtlemint Fintech Solutions Limited	152	135	-11.3%	661	222	883	4,023

Source: NSE

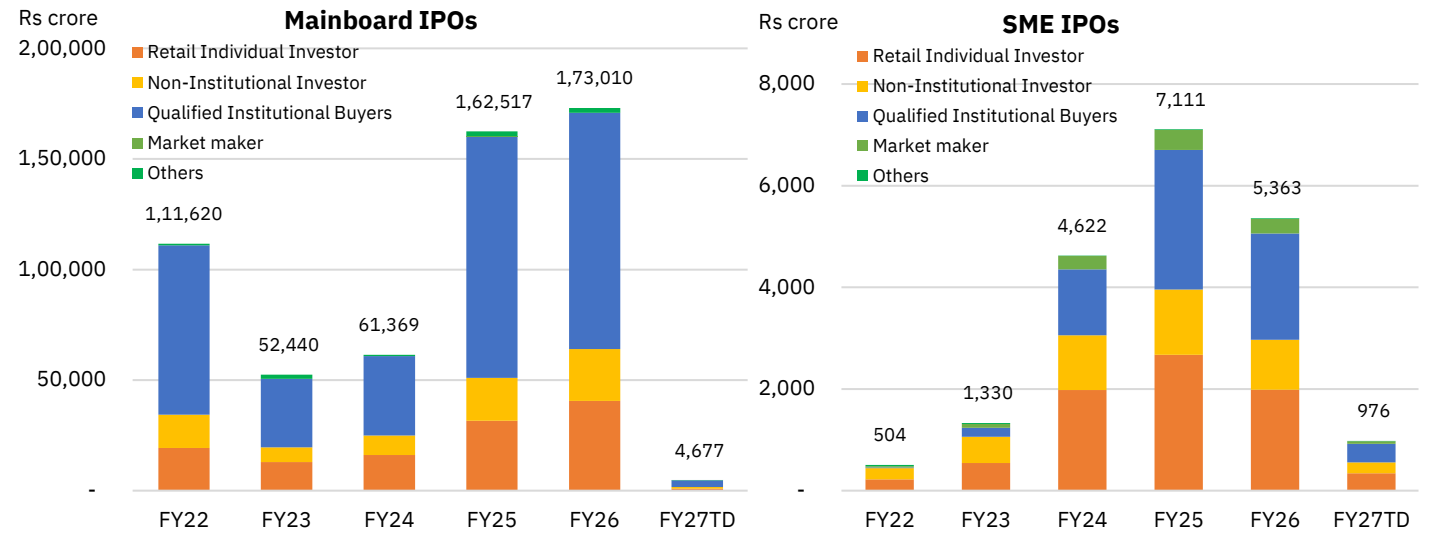
Note: 1) Listing gain/ loss has been calculated based on opening price. 2) Data for Market Cap is as of June 30th, 2026.

Table 58: New listing on Emerge platform during June 2026

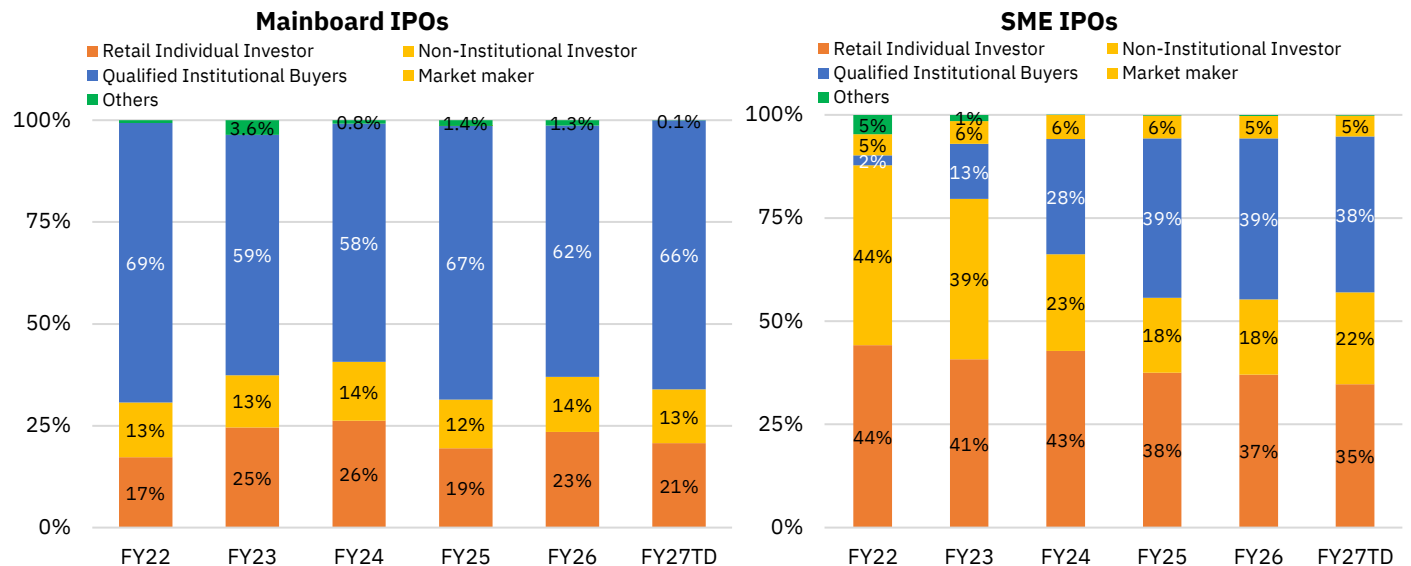
Company Name	Issue Price	Listing Price	Listing gain / loss (%)	Fresh (Rs crore)	OFS (Rs crore)	Amount raised (Rs crore)	M-Cap ^ (Rs crore)
GenXAI Analytics Limited	116	93	-20.0%	55	-	55	167
Utkal Speciality Industries India Limited	66	66	0.0%	35	-	35	82
Clay Craft India Limited	203	211	3.9%	110	-	110	392
Avience Biomedicals Limited	208	395	90.0%	30	-	30	205

Source: NSE

Note: 1) Listing gain/ loss has been calculated based on opening price. 2) Data for Market Cap is as of June 30th, 2026.

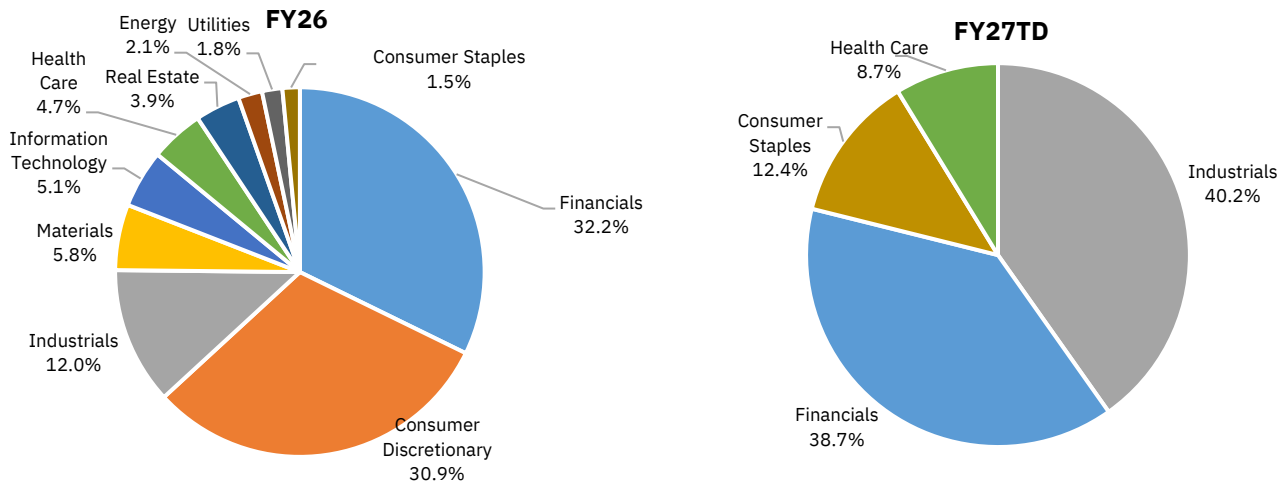
Figure 241: Annual trends in IPO proceeds allocation


source: NSE EPR. Note: Data for FY27TD is as of June 2026.

Figure 242: Annual trends in IPO proceeds allocation (%)


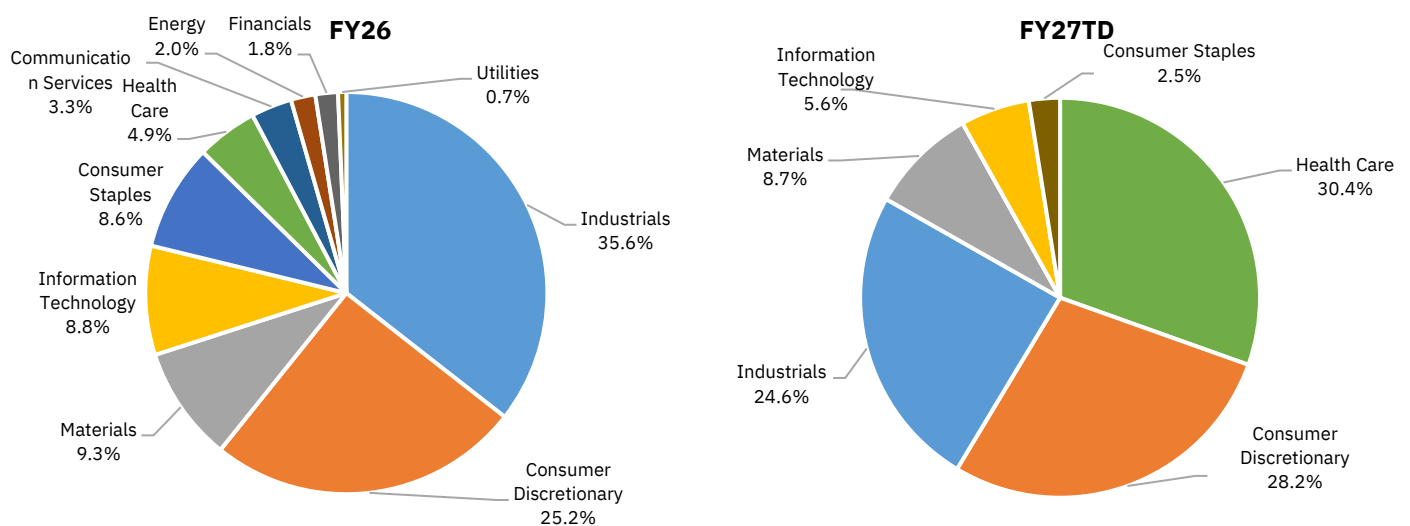
source: NSE EPR. Note: Data for FY27TD is as of June 2026.

Figure 243: Sector-wise fund-raising share for Mainboard IPO issuances for FY26 and FY27TD



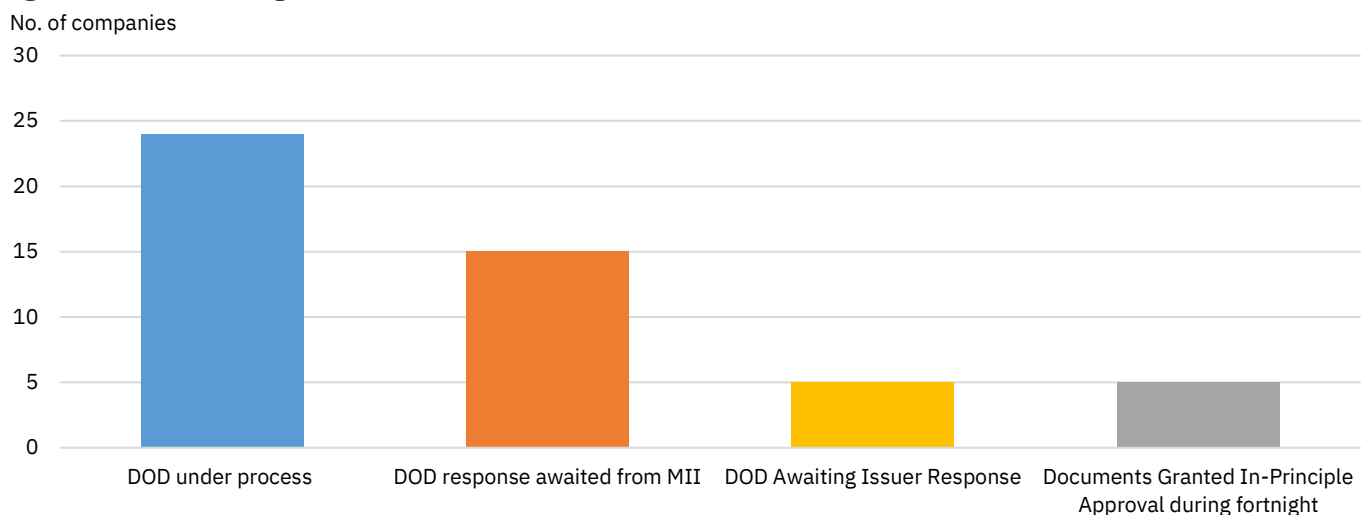
Source: NSE EPR. Note.1. Data for FY27TD is as of 30th June 2026

Figure 244: Sector-wise fund-raising share for SME IPO issuances for FY26 and FY27TD



Source: NSE EPR. Note.1. Data for FY27TD is as of 30th June 2026

Figure 245: Processing status of Mainboard draft Offer documents



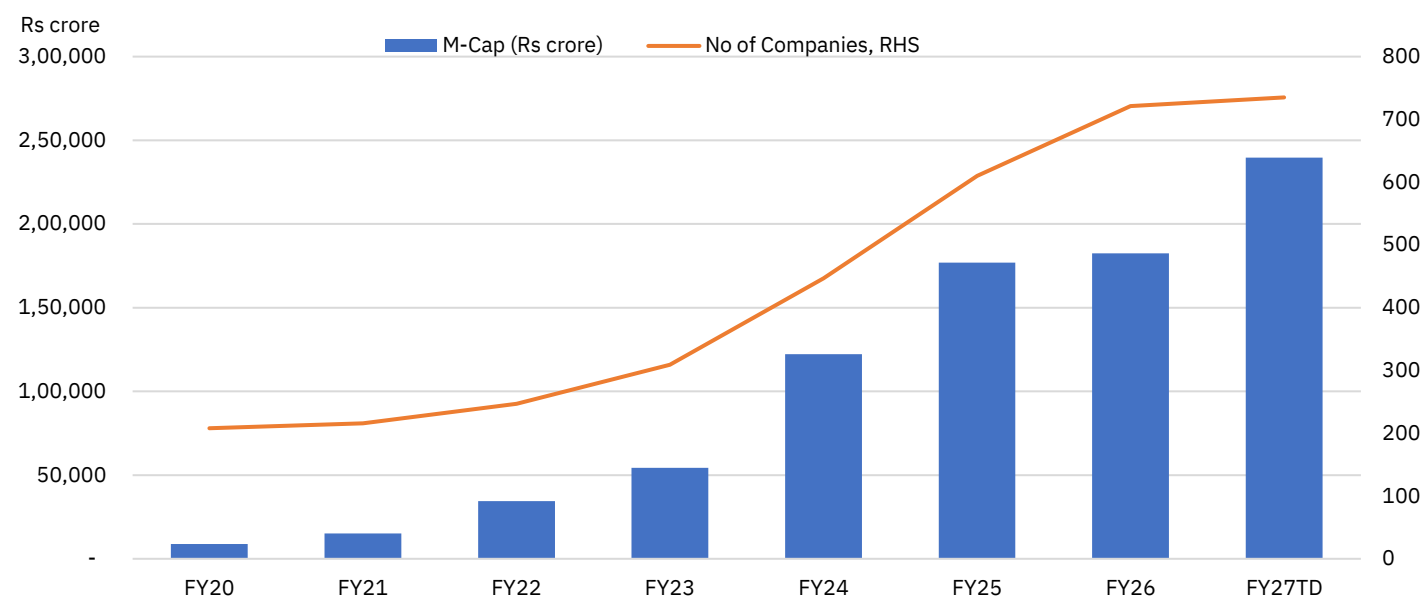
Source: NSE EPR. Note: 1) Data is as on June 30, 2026. 2) DOD = Draft Offer Document; MII = Market Infrastructure Institutions.

Table 59: State wise SME IPOs since inception

State	No of listing	Amount Raised (Rs crore)	M-Cap (Rs crore)
Maharashtra	204	6,256	54,225
Gujarat	182	4,846	55,397
NCT of Delhi	103	3,775	45,193
West Bengal	42	1,386	10,200
Rajasthan	35	1,106	17,847
Tamil Nadu	23	1,102	8,527
Karnataka	22	941	9,618
Madhya Pradesh	34	913	10,848
Uttar Pradesh	12	605	4,622
Haryana	18	589	3,627
Others	60	1,685	19,611
Grand Total	735	23,203	2,39,715

Source: NSE EPR

Note: M-Cap data is as of last day of June 2026.

Figure 246: Annual trend of listing and market capitalisation on NSE Emerge


Source: NSE EPR.

Notes: Market cap data for FY27TD is as of June 2026.

2. Data includes companies that are migrated to Mainboard of the exchange.

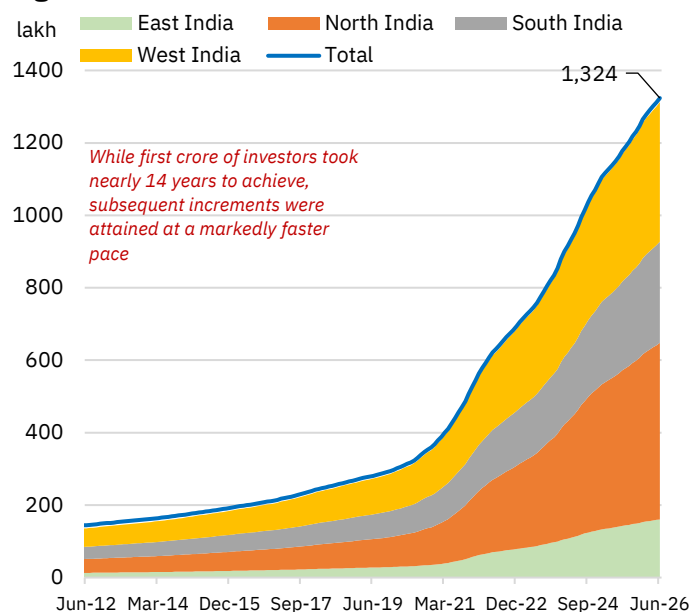
Investor participation: Broad based expansion in the investor base

Region wise distribution of total registered investors

The registered investor base expanded fivefold to 13.2 crore in FY27TD from 2.7 crore in FY19, with nearly 80% of the current investor base added during this period. The pace of investor addition has accelerated significantly since the pandemic. It took nearly 14 years for the registered investor base to reach the first one crore investors, followed by around six years to add the second crore. Thereafter, each successive one crore milestone was achieved in progressively shorter periods. Notably, the latest one crore addition was accomplished in just six months, taking the registered investor base beyond the 13-crore mark in April 2026.

Region-wise, North India recorded the fastest growth, with the registered investor base expanding 6.3 times between FY19 and FY27TD, adding 410.9 lakh investors. This was followed by East India (5.9x), South India (4.2x), and West India (4.0x). While North India witnessed both the highest growth and the largest absolute increase in investors, the robust expansion in East India underscores the deepening penetration of equity investing in regions that started with a relatively smaller investor base.

Figure 247: Trend of region wise total unique registered investors



Source: NSE EPR. Note: East India includes Mizoram, Odisha, West Bengal, Assam, Manipur, Arunachal Pradesh, Tripura, Nagaland, Meghalaya, Sikkim, Chhattisgarh; West India includes Maharashtra, Gujarat, Madhya Pradesh, Goa, Dadra & Nagar Haveli and Daman & Diu; North India includes Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Haryana, Delhi, Punjab, Jammu & Kashmir, Himachal Pradesh, Chandigarh, Ladakh and Rajasthan; South India includes Telangana, Keralam, Andhra Pradesh, Tamil Nadu, Karnataka, Pondicherry, Lakshadweep and Andaman & Nicobar.

Figure 248: Trend of region wise total unique registered investors (% share)

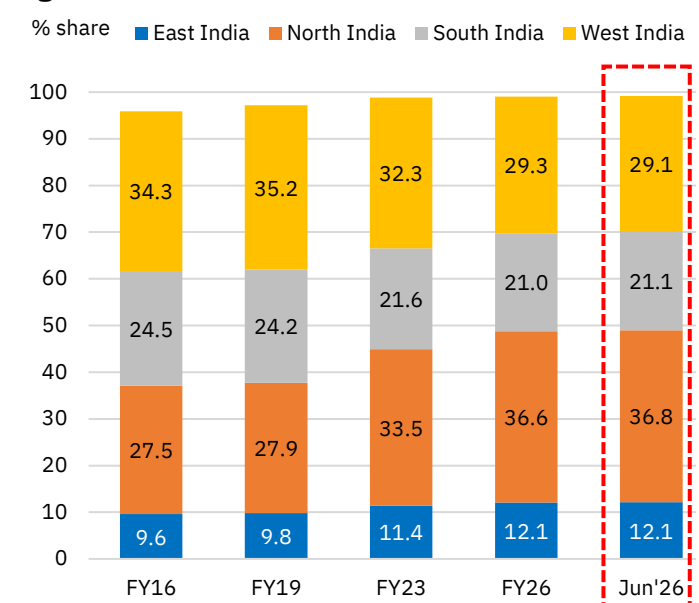
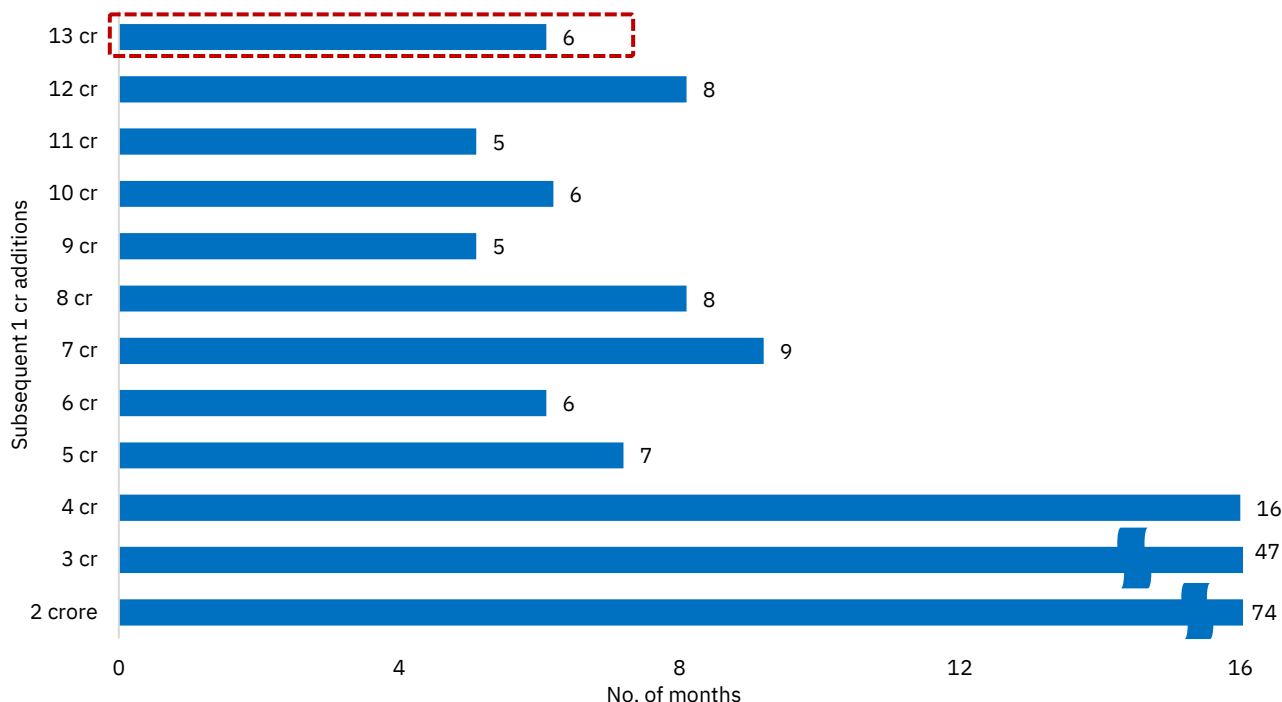


Figure 249: Trend in investor base milestones


Source: NSE EPR.

Table 60: Region-wise distribution of total unique registered investors (in lakh) at end of each fiscal year

Region	FY15	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
East India	17.0	24.1	27.0	30.4	39.3	65.7	82.8	107.7	135.8	156.3	160.6
North India	49.0	68.2	76.7	88.4	117.6	189.4	243.5	324.0	409.7	472.9	487.6
South India	43.4	59.7	66.6	75.1	97.0	132.5	157.3	189.2	232.9	271.4	278.9
West India	62.0	87.2	96.7	108.4	139.0	198.1	234.8	286.0	341.0	378.1	385.4
Others#	8.2	7.8	7.8	7.7	7.5	8.0	8.4	9.0	8.5	12.2	11.2
Total	179.6	247.0	274.9	310.0	400.3	593.7	726.9	915.8	1127.9	1290.9	1323.7

Source: NSE EPR. Note: Data for FY27TD is as of June 2026 #Others include Army Personnel Officers and investors for whom state mapping is unavailable

State-level distribution of registered investors

Maharashtra continues to lead India's investor base, while Uttar Pradesh strengthens its position:

As of June'26, Maharashtra continued to account for the largest registered investor base with ~2.1 crore investors, representing 15.5% of the overall investor base. Uttar Pradesh remained the second-largest investor state with ~1.6 crore investors (11.9% share), followed by Gujarat with ~1.1 crore (8.5%). Collectively, these three states accounted for 35.9% of the total registered investor base. During FY27TD, Maharashtra, Uttar Pradesh and Gujarat together added 10.5 lakh investors, accounting for 32.1% of the total expansion in the registered investor base.

The pre-pandemic and current composition of India's investor base highlights a notable shift in state-wise participation. Maharashtra retained its leadership throughout the period, while Uttar Pradesh overtook Gujarat to emerge as the second-largest investor state by FY27TD. West Bengal advanced to the fourth position, and Rajasthan entered the top five, replacing Tamil Nadu. In terms of investor share, Maharashtra's contribution declined from 19.4% in FY19 to 15.5% in FY27TD (-3.9 pp), while Gujarat's share

moderated from 12.5% to 8.5% (-4.0 pp). In contrast, Uttar Pradesh recorded the largest gain among the leading states, with its share rising from 7.2% to 11.9% (+4.7 pp). These shifts in state rankings and investor shares reflect the broadening geographical spread of investor participation, indicating that the expansion in India's investor base is increasingly being driven by states beyond the traditional investor hubs. Collectively, the top five investor states accounted for 52.8% of the total registered investor base in FY19. Their share moderated to 47.6% by FY27TD, reflecting the increasing participation of investors from a wider set of states and the gradual broadening of India's investor base.

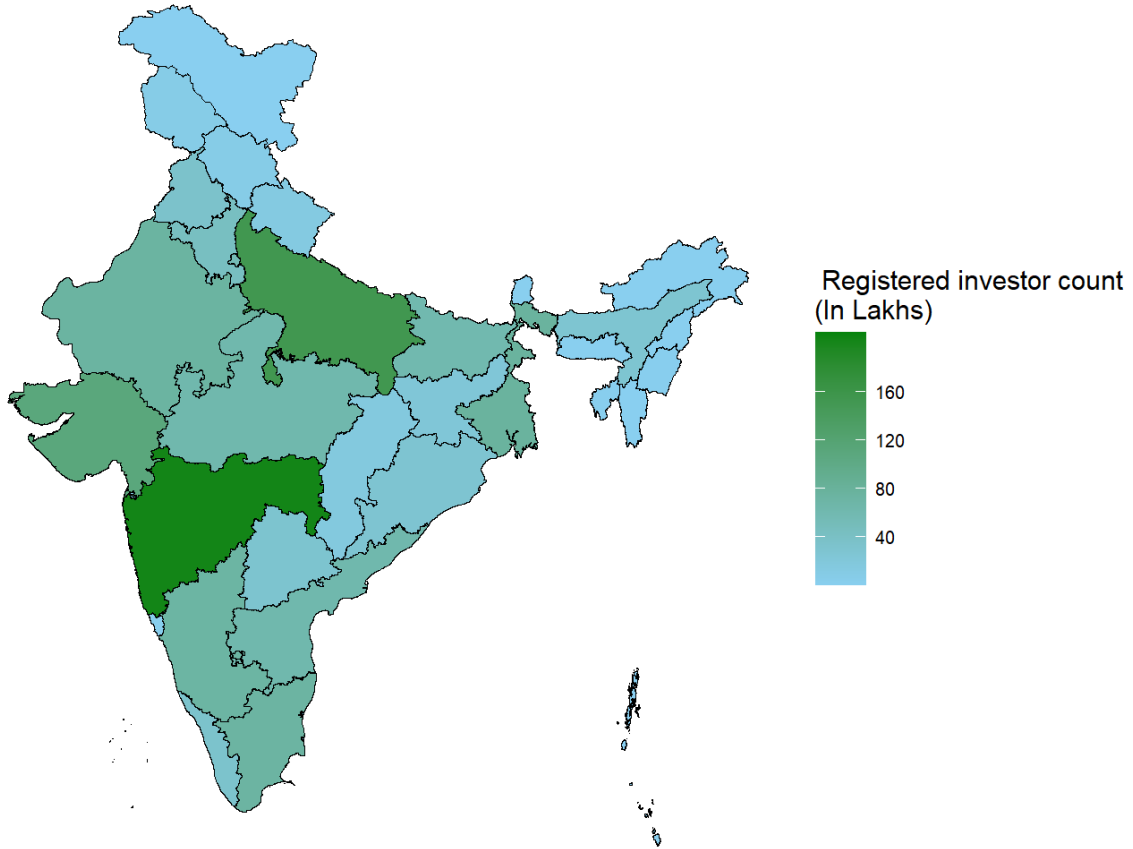
The broadening of investor participation across states has been supported by sustained investor education and financial literacy initiatives undertaken over the years. During FY26, NSE organised 17,916 Investor Awareness Programmes (IAPs), reaching 9,40,000 participants across the country. Coupled with simplified digital onboarding, greater accessibility to capital markets and increasing financial awareness, these initiatives have contributed to expanding retail participation beyond the traditionally dominant investor states. The impact is increasingly evident across smaller states and Union Territories, with Arunachal Pradesh, Nagaland, Mizoram and Meghalaya continuing to register strong growth in their investor bases, highlighting the widening geographical reach of India's capital markets.

Table 61: State-wise distribution of total unique registered investors at end of each fiscal year

	FY10		FY15		FY20		FY25		FY27TD	
	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)
Maharashtra	2,277	19.7	3,575	19.9	5,963	19.2	18,376	16.3	20,582	15.5
Uttar Pradesh	701	6.1	1,248	6.9	2,302	7.4	12,827	11.4	15,735	11.9
Gujarat	1,498	13.0	2,055	11.4	3,797	12.2	9,939	8.8	11,197	8.5
West Bengal	711	6.2	1,175	6.5	1,990	6.4	6,614	5.9	7,865	5.9
Rajasthan	426	3.7	667	3.7	1,328	4.3	6,454	5.7	7,608	5.7
Tamil Nadu	747	6.5	1,287	7.2	2,182	7.0	6,261	5.6	7,467	5.6
Karnataka	708	6.1	1,165	6.5	1,949	6.3	6,239	5.5	7,340	5.5
Madhya Pradesh	289	2.5	518	2.9	984	3.2	5,460	4.8	6,396	4.8
Andhra Pradesh	583	5.0	1,002	5.6	1,581	5.1	5,137	4.6	6,353	4.8
Bihar	145	1.3	294	1.6	670	2.2	5,085	4.5	6,189	4.7
Delhi	780	6.8	1,197	6.7	1,853	6.0	4,922	4.4	5,526	4.2
Haryana	327	2.8	531	3.0	971	3.1	3,845	3.4	4,421	3.3
Punjab	229	2.0	389	2.2	704	2.3	2,991	2.7	3,522	2.7
Keralam	345	3.0	583	3.2	942	3.0	2,817	2.5	3,401	2.6
Telangana	156	1.3	279	1.6	813	2.6	2,694	2.4	3,148	2.4
Orissa	121	1.1	250	1.4	494	1.6	2,446	2.2	2,940	2.2
Assam	55	0.5	109	0.6	221	0.7	2,527	2.2	2,890	2.2
Jharkhand	140	1.2	258	1.4	444	1.4	1,989	1.8	2,406	1.8
Chhattisgarh	67	0.6	129	0.7	252	0.8	1,422	1.3	1,628	1.2
Uttarakhand	66	0.6	123	0.7	234	0.8	1,194	1.1	1,417	1.1
Himachal Pradesh	31	0.3	60	0.3	123	0.4	759	0.7	868	0.7
Jammu & Kashmir	40	0.3	65	0.4	112	0.4	651	0.6	800	0.6
Goa	30	0.3	48	0.3	82	0.3	250	0.2	283	0.2
Chandigarh	38	0.3	63	0.3	100	0.3	245	0.2	260	0.2
Tripura	7	0.1	13	0.1	24	0.1	184	0.2	229	0.2
Manipur	1	0.0	5	0.0	18	0.1	125	0.1	159	0.1
Pondicherry	12	0.1	22	0.1	41	0.1	115	0.1	138	0.1
Meghalaya	3	0.0	6	0.0	12	0.0	76	0.1	102	0.1
DD, Dadra & N.Hav	6	0.1	10	0.1	16	0.1	71	0.1	83	0.1
Nagaland	1	0.0	3	0.0	8	0.0	62	0.1	82	0.1
Arunachal Pradesh	1	0.0	2	0.0	6	0.0	58	0.1	78	0.1
Sikkim	1	0.0	3	0.0	7	0.0	42	0.0	54	0.0
Mizoram	0	0.0	1	0.0	3	0.0	26	0.0	37	0.0
Andaman & Nicobar Islands	2	0.0	3	0.0	5	0.0	29	0.0	35	0.0
Ladakh	0	0.0	0	0.0	0	0.0	2	0.0	4	0.0
Lakshadweep	0	0.0	0	0.0	0	0.0	2	0.0	3	0.0
Others	1,007	8.7	823	4.6	773	2.5	853	0.8	1,125	0.8
Total	11,549	100.0	17,960	100.0	31,004	100.0	112,791	100.0	132,372	100.0

Source: NSE EPR. Note: Data for FY27 is as of June 30th, 2026; DD, Dadra & N.Hav – Dadra and Nagar and Haveli Daman & Diu; Kerala renamed as Keralam.

Figure 250: State-wise distribution of registered investors as of June 2026



Source: NSE EPR. Note: The maps above are created using the state-level shapefile from [\(Link\)](#)

Region wise distribution of new investor registrations

New investor additions recover sequentially in June'26, while FY27TD registrations moderate from last year's levels: New investor registrations witnessed a sequential recovery during June'26, with 11.6 lakh investors added during the month compared with 10.5 lakh in May'26, representing a 10.9% MoM increase. However, registrations remained 8.3% lower YoY compared with 12.7 lakh additions recorded in June'25.

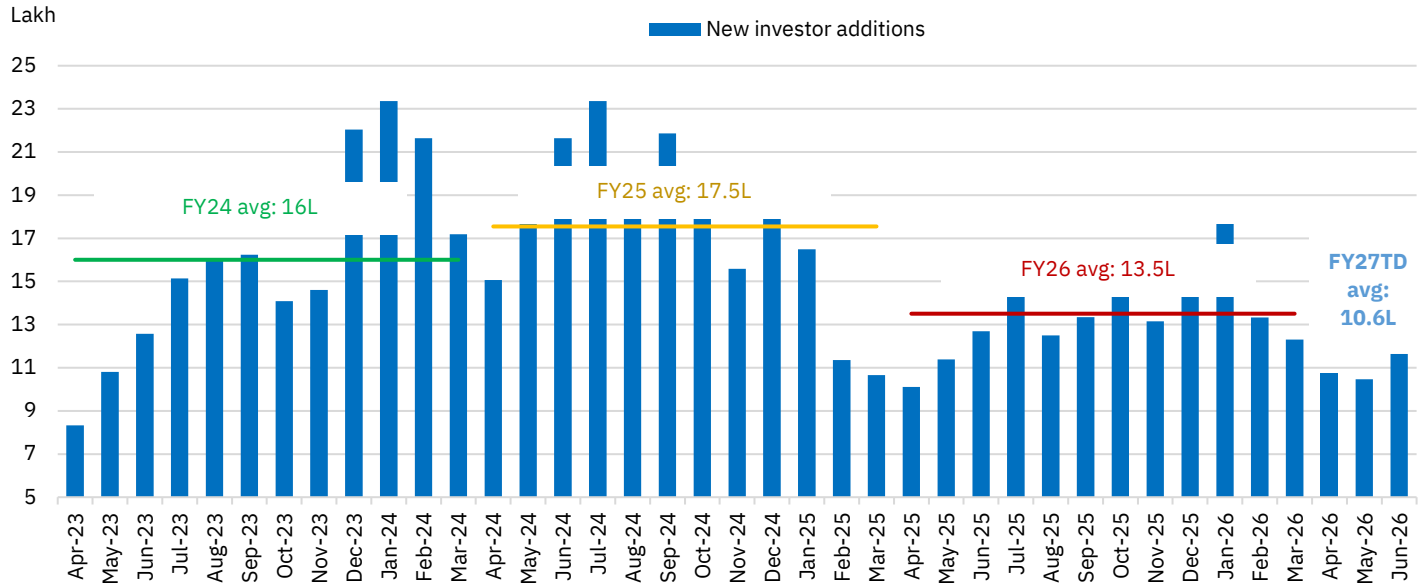
During the first quarter of FY27, the investor base expanded by 32.8 lakh, declining 4% YoY and 24% QoQ. North India continued to account for the largest share of new investor registrations, contributing ~13.7 lakh additions (41.6% share), followed by South India (~7.4 lakh; 22.6%), West India (~7.2 lakh; 21.8%) and East India (~4.5 lakh; 13.8%).

The pace of new investor registrations accelerated sharply in the post-pandemic period. Since then, the average monthly registrations have moderated to 13.5 lakh in FY26 and further to 10.9 lakh during FY27TD, reflecting the impact of global headwinds and heightened geopolitical tensions on market sentiment. The moderation has been broad-based across states, with the largest declines observed in traditionally high-registration states. Compared with FY25, Maharashtra recorded the steepest decline in average monthly investor registrations (from ~2.2 lakh to ~1.2 lakh), followed by Gujarat (from ~1.4 lakh to ~0.6 lakh) and Uttar Pradesh (from ~2.5 lakh to ~1.7 lakh).

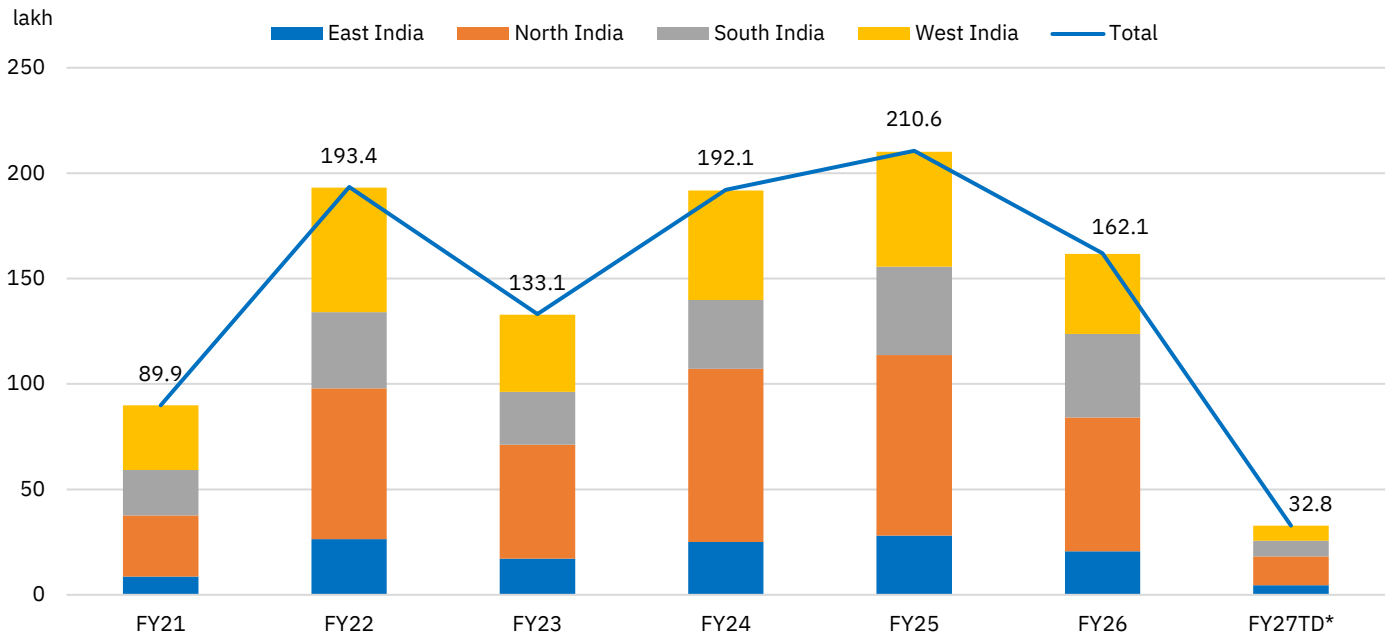
State-wise trends in new investor registrations

Uttar Pradesh added ~1.7 lakh new investors during June'26, accounting for 15.0% of total monthly registrations, followed by Maharashtra (~1.3 lakh; 11.1%) and Tamil Nadu (77.9 thousand). During FY27TD, Uttar Pradesh and Maharashtra together accounted for ~8.7 lakh new investor registrations, meaning that nearly one in every four new investors registered during the period originated from these two states.

While the leading states continued to account for a significant share of new investor registrations, investor onboarding is becoming increasingly broad-based across the states. Collectively, the top five states accounted for 45.5% of total new investor registrations during Jun'26, while the top ten contributed 72.7%. Consequently, states outside the top ten accounted for the remaining 27.2% of new registrations, reflecting the growing participation of investors from a wider set of states beyond the traditional investor hubs.

Figure 251: Trend in new investor additions


Source: NSE EPR.

Figure 252: Region-wise distribution of new investors registered each financial year


Source: NSE EPR. Data for FY27TD is as of June 2026.

Table 62: Number of new investors registered in top 25 states (in '000)

State	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Uttar Pradesh	253.9	197.8	172.1	170.1	168.4	174.6
Maharashtra	184.9	141.8	133.9	119.4	114.8	129.4
Tamil Nadu	117.2	93.3	82.7	67.7	62.5	77.9
Bihar	109.4	84.9	80.9	72.5	69.5	74.4
Gujarat	149.6	74.1	60.6	52.7	51.7	73.8
West Bengal	100.4	91.9	87.1	75.7	69.8	73.4
Rajasthan	107.1	73.3	64.6	58.8	60.5	68.5
Karnataka	98.6	75.4	66.9	57.1	57.8	66.0
Madhya Pradesh	88.9	67.8	61.4	52.9	53.8	61.0
Andhra Pradesh	88.9	67.2	62.3	45.8	43.8	47.5
Telangana	73.3	56.7	51.4	39.4	36.8	40.1
Delhi	56.0	41.3	64.2	33.5	33.9	36.5
Keralam	47.9	39.9	35.0	29.0	31.6	34.4
Haryana	53.4	36.4	22.0	30.2	30.2	33.1
Punjab	41.8	33.9	32.8	30.5	28.3	30.2
Jharkhand	36.1	26.7	24.6	22.1	22.3	28.6
Orissa	39.1	31.2	32.0	28.0	25.9	25.7
Assam	26.4	24.6	25.7	24.9	25.6	25.0
Chhattisgarh	23.7	18.2	17.1	14.9	14.8	16.4
Uttarakhand	19.5	15.2	14.6	12.8	12.6	13.6
Jammu & Kashmir	13.4	9.9	8.8	8.9	7.3	7.8
Himachal Pradesh	11.9	9.0	8.5	8.0	6.8	7.2
Tripura	3.8	3.6	3.6	3.2	2.9	3.2
Goa	2.8	2.2	2.1	1.7	1.7	2.0
Manipur	2.8	2.6	2.3	1.9	2.2	2.0
Others	16.1	14.2	13.2	11.8	11.0	11.2
Total	1767	1333	1231	1074	1046	1164

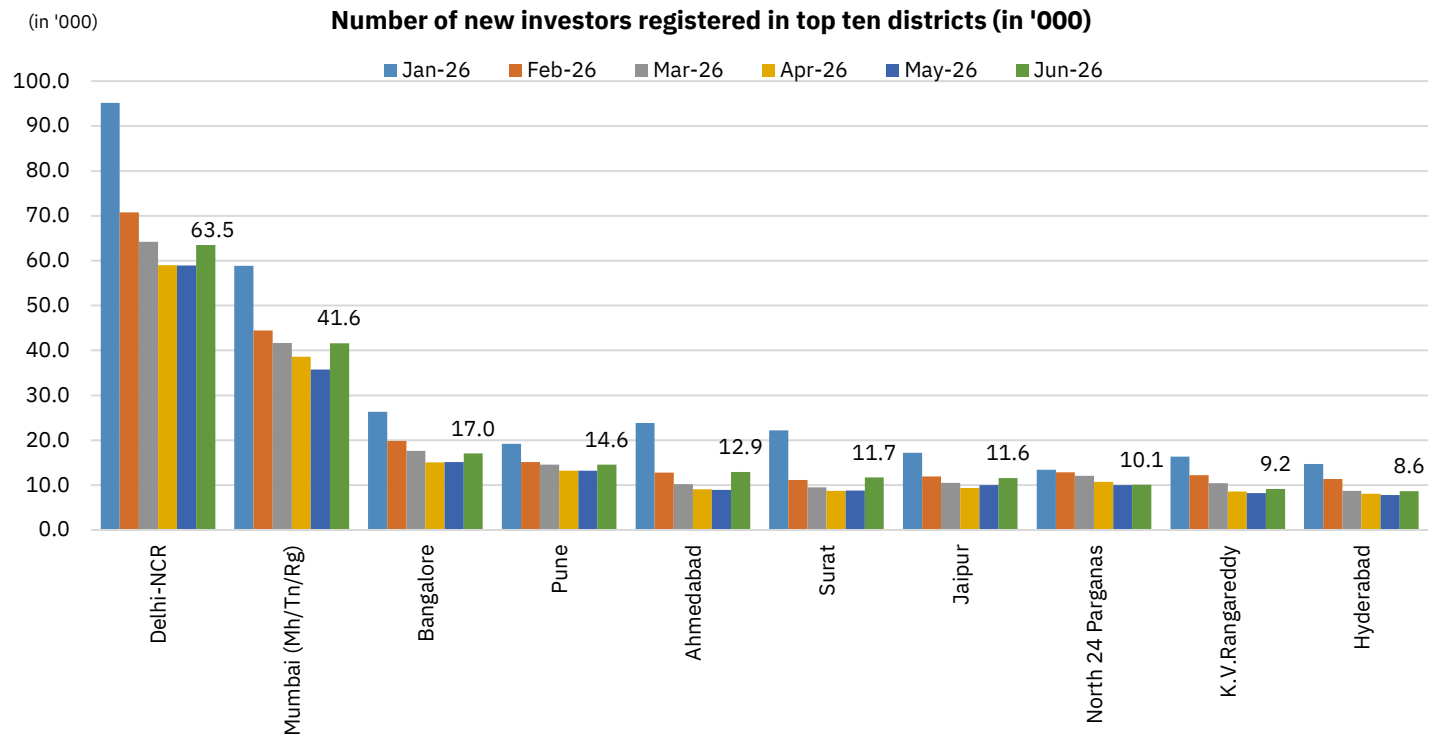
Source: NSE EPR.

Note: Data for the top 25 states are chosen based on last month's data.

District-level trends in investor registrations

Top 10 districts account for 15.7% of new registrations; top 50 contribute over one-third of investor additions: The top 10 districts continued to account for around 15.7% of new investor registrations during June'26. Delhi-NCR remained the largest contributor with 63.5 thousand new investor registrations (5.5% share), followed by Mumbai (41.6 thousand, 3.6% share), Bengaluru (17.0 thousand) and Pune (14.6 thousand). Within the leading districts, Ahmedabad (44.8% MoM) and Surat (33.4% MoM) recorded the strongest sequential increase in registrations, while Jaipur also reported a healthy 15.7% MoM rise. In contrast, eight of the top ten districts continued to witness lower investor additions compared with June'25, with Mumbai (-19.1% YoY), Bengaluru (-15.4% YoY) and North 24 Parganas (-17.3% YoY) recording some of the sharper declines.

Figure 253: Number of new investors registered in the top ten districts (in '000)



Source: NSE EPR, Note: Top 10 districts are chosen based on last month's data.

Investor profile

Investors below the age of 30 years comprised one-third of the registered base: The share of registered investors below 30 years increased sharply from 23.5% in Mar'20 to 40% as of Mar'24 before moderating to 37.9% as of Jun'26. This changing composition is also reflected in the median and mean ages of registered investors which has changed from 38 years and 41 years as of Mar'20 to 33 years and 36 years as of Jun'26. The trend has been primarily driven by the age profile of incremental investor additions, where investors below 30 years consistently accounted for more than half of the new registrations, ranging between 53–59% between Mar'20 and Jun'26. Correspondingly, the median age of new investors remained significantly lower, falling from 29 years to 27 years. Although there has been some moderation in the share of younger investors in the overall registered investor base since March 2024, recent annual additions continue to be dominated by younger cohorts, suggesting that India's retail investor base remains structurally young and increasingly digitally driven.

Table 63: Distribution of registered individual investor base across age groups

Age category	Share of registered investor base (%)							
	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26	Jun'26
Less than 30 years	23.5	29.4	37.5	38.5	40.0	39.5	38.4	37.9
30-39 years	31.2	30.4	28.9	29.2	29.1	29.6	30.1	30.2
40-49 years	19.7	17.9	15.8	15.6	15.4	15.8	16.3	16.5
50- 59 years	12.6	11	9.1	8.6	8.1	8.0	8.2	8.3
60 years and above	13	11.2	8.7	8.1	7.4	7.1	7.1	7.1

Source: NSE EPR.

Note: Only individuals and sole proprietorship firms have been considered in the above table

Table 64: Mean and median age of registered individual investors

Age (years)	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26	Jun'26
Median	38	36	33	33	32	32	33	33
Mean	41.1	39.2	36.8	36.4	36.8	35.8	36.1	36.2

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. 2. Age calculated at the end of respective period.

Table 65: Age distribution of new investors added every year (%)

Age category	Share of new investor additions (%)							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
Less than 30 years	52.1	57.8	59.1	58.3	58.8	53.2	56.4	59.0
30-39 years	26.5	25.4	23.9	24.4	23.6	25.7	23.1	22.2
40-49 years	10.7	9.5	10.0	10.4	10.7	12.5	12.1	11.3
50- 59 years	6.0	4.6	4.7	4.5	4.5	5.6	5.5	4.9
60 years and above	4.7	2.7	2.4	2.4	2.4	2.9	2.9	2.5

Source: NSE EPR

Note: Only individuals and sole proprietorship firms have been considered in the above table.

Table 66: Mean and median age of new investors added each year

Age (years)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
Median	29	28	27	27	27	29	28	27
Mean	32.6	30.7	30.4	30.4	30.3	31.5	30.9	30.1

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. 2. Age calculated at the end of respective periods.

Female investors stand at ~25% of all individual investors as of Jun'26: Female investor participation at NSE has risen consistently in the past three fiscal years and presently stands at 25% of individual investors as of Jun'26. Among the states with the largest number of registered investors, Maharashtra leads with women accounting for ~29% of the state's investor base as of Jun'26 (vs 26.4% share in FY24), followed by Tamil Nadu (with 28.5% share). In contrast, UP, despite being the second largest state in terms of investor count, falls in the bottom five, 19.2% of its investors being female – considerably below the national average of 24.9%. Notably, smaller states including Arunachal Pradesh (28.2% female investor share, +4.6 pp since FY24) and Sikkim (31.5% female investor share, +4.3pp since FY24) have recorded notable gains in terms of their female investor shares since FY24, reiterating the widespread impact of investor awareness programs on capital market participation.

Table 67: State-wise gender share (%) of unique registered investors

States	FY24		FY25		FY26		FY27TD*	
	Female	Male	Female	Male	Female	Male	Female	Male
Andaman and Nicobar	21.0%	79.0%	23.1%	76.9%	24.5%	75.5%	24.3%	75.7%
Andhra Pradesh	21.5%	78.5%	23.2%	76.8%	24.3%	75.7%	24.3%	75.7%
Arunachal Pradesh	23.6%	76.4%	26.3%	73.7%	28.2%	71.8%	28.2%	71.8%
Assam	30.0%	70.0%	29.7%	70.3%	29.5%	70.5%	29.4%	70.6%
Bihar	14.6%	85.4%	15.7%	84.3%	16.5%	83.5%	17.7%	82.3%
Chandigarh	31.0%	69.0%	31.9%	68.1%	32.4%	67.6%	28.9%	71.1%
Chhattisgarh	20.3%	79.7%	22.4%	77.6%	23.2%	76.8%	23.2%	76.8%
Delhi	28.6%	71.4%	30.3%	69.7%	31.1%	68.9%	30.6%	69.4%
Goa	31.0%	69.0%	32.5%	67.5%	33.3%	66.7%	33.0%	67.0%
Gujarat	26.5%	73.5%	27.8%	72.2%	28.4%	71.6%	28.1%	71.9%
Haryana	22.8%	77.2%	24.6%	75.4%	25.3%	74.7%	25.3%	74.7%
Himachal Pradesh	18.2%	81.8%	20.7%	79.3%	21.9%	78.1%	22.1%	77.9%
Jammu and Kashmir	14.3%	85.7%	15.9%	84.1%	16.8%	83.2%	16.8%	83.2%
Jharkhand	18.9%	81.1%	20.6%	79.4%	21.6%	78.4%	21.7%	78.3%
Karnataka	25.8%	74.2%	27.4%	72.6%	28.3%	71.7%	28.0%	72.0%
Keralam	26.2%	73.8%	27.5%	72.5%	28.3%	71.7%	28.3%	71.7%
Lakshadweep	13.3%	86.7%	15.3%	84.7%	16.2%	83.8%	16.2%	83.8%
Madhya Pradesh	20.2%	79.8%	21.8%	78.2%	22.3%	77.7%	22.4%	77.6%
Maharashtra	26.4%	73.6%	28.2%	71.8%	29.0%	71.0%	28.9%	71.1%
Manipur	23.0%	77.0%	24.8%	75.2%	26.1%	73.9%	26.2%	73.8%
Meghalaya	25.1%	74.9%	26.3%	73.7%	27.0%	73.0%	27.4%	72.6%
Mizoram	30.0%	70.0%	31.6%	68.4%	32.6%	67.4%	33.0%	67.0%
Nagaland	26.5%	73.5%	28.5%	71.5%	29.8%	70.2%	29.8%	70.2%
Odisha	18.2%	81.8%	20.0%	80.0%	21.3%	78.7%	21.4%	78.6%
Pondicherry	27.1%	72.9%	28.2%	71.8%	29.1%	70.9%	29.2%	70.8%
Punjab	24.7%	75.3%	26.5%	73.5%	27.4%	72.6%	27.4%	72.6%
Rajasthan	18.9%	81.1%	20.3%	79.7%	20.7%	79.3%	20.9%	79.1%
Sikkim	27.2%	72.8%	29.9%	70.1%	31.6%	68.4%	31.5%	68.5%
Tamil Nadu	26.8%	73.2%	27.8%	72.2%	28.7%	71.3%	28.5%	71.5%
Telangana	23.2%	76.8%	24.8%	75.2%	25.7%	74.3%	25.5%	74.5%
Tripura	16.2%	83.8%	18.1%	81.9%	19.0%	81.0%	18.3%	81.7%
Uttar Pradesh	17.3%	82.7%	18.5%	81.5%	19.1%	80.9%	19.2%	80.8%
Uttarakhand	20.3%	79.7%	22.1%	77.9%	23.0%	77.0%	23.0%	77.0%
West Bengal	22.2%	77.8%	23.2%	76.8%	23.7%	76.3%	23.9%	76.1%
India	23.0%	77.0%	24.3%	75.7%	24.9%	75.1%	24.9%	75.1%

Source: NSE EPR. Note: The gender classification is based on investor data where the gender was disclosed. The mapping is based on India Post's pin code level mapping (GoI).% shares for Daman and Diu and Dadra and Nagar Haveli need to be recomputed based on the new methodology. * Data for FY27 is as of June 30th, 2026

Market activity across segments and investor categories

Trading activity diverges across asset classes in Q1FY27

Trading activity across asset classes exhibited divergent trends during the first quarter of FY27. The cash market recorded healthy growth in average daily turnover (ADT), reflecting improved trading activity in the underlying securities market, while the equity derivatives segment witnessed moderation across both futures and options. Cash market ADT increased 14% QoQ, whereas equity futures ADT and equity options premium ADT declined 14% QoQ and 16% QoQ, respectively. Within the currency derivatives segment, ADT in both currency futures and interest rate futures increased during the quarter, while currency options activity moderated. In contrast, commodity derivatives continued to gain traction, registering broad-based growth across both futures and options, supported by sustained investor participation, particularly in crude oil options.

Additionally, the Reserve Bank of India's revised prudential norms governing bank lending for proprietary trading in the equity derivatives market came into effect on July 1st, 2026. As these measures became effective after the June reference period, their impact on trading activity will be assessed in subsequent editions of the report.

Cash market ADT reaches a record high in Q1FY27: Cash market activity, measured by average daily turnover (ADT), reached a record high of ~Rs 1.35 lakh crore during Q1FY27, marking the highest quarterly average on record. ADT increased 14% QoQ and 25% YoY during the quarter. On a monthly basis, however, cash market ADT declined 7% MoM in June, ending a three-month streak of consecutive increases. The average trade size (ATS) also declined 4% MoM to Rs 34,472, marking the second consecutive monthly decline after reaching a multi-month high in April.

Nonetheless, overall investor participation remained resilient, rising 7% MoM to ~1.16 crore during the month, suggesting that the moderation in turnover was driven primarily by lower participation from large-ticket investors. A detailed analysis is presented in the subsequent section, 'Distribution of Trading Activity by Turnover'.

Mainboard equities continue to dominate cash market activity: Within the NSE cash market, Mainboard equities remained the primary driver of trading activity, accounting for ~97% of overall ADT, even as turnover declined 7% MoM, in line with the broader cash market. ETFs, which accounted for ~3% of ADT, also declined 8% MoM, although turnover remained 94% higher YoY. Meanwhile, trading activity on the NSE EMERGE platform moderated further, declining 11% MoM, while continuing to account for a relatively small share of overall cash market turnover at ~0.2%, during the month.

Equity derivatives activity moderates further in June: Trading activity in the equity derivatives segment moderated after a brief recovery in the previous month. Equity futures ADT declined 8% MoM to ~Rs 1.45 lakh crore. The moderation was broad-based, with stock futures declining 9% MoM to a six-month low, while index futures fell 2% MoM to ~Rs 22,600 crore, marking the third consecutive monthly decline and the lowest level in 78 months. Within index futures, Nifty 50 contracts continued to account for ~two-thirds of the segment's ADT, although turnover declined 4% MoM during June. Average daily premium turnover (ADPT) in equity options also softened 8% MoM to ~Rs 61,600 crore, with index and stock options declining 7% and 20%, respectively.

From a quarterly perspective, equity futures ADT averaged ~Rs 1.5 lakh crore during Q1FY27, declining 14% QoQ and 9% YoY, with the moderation being more pronounced in index futures than in stock futures on both sequential and annual bases. Equity options ADPT stood at ~Rs 64,300 crore, declining 16% QoQ, although remaining higher on a YoY

basis. Overall, the data suggest that while derivatives activity has moderated following the revised STT regime, the adjustment has been more pronounced in index-based products than in single-stock contracts.

Commodity derivatives continue to outperform; Currency and interest rate futures moderate: Currency futures ADT declined 24% MoM to ~Rs 5,000 crore, reversing the rise in the previous month, although remaining 98% higher as compared to June 2025. Interest rate futures ADT fell 48% MoM from the multi-year high recorded in the last month but continued to remain more than 160% higher than a year earlier. Notably, the ADT for currency futures and IRF rose 14% and 50% QoQ respectively, in the 1st quarter of current fiscal year.

Remarkably, the commodity futures ADT increased 16% MoM to ~Rs 101 crore, with electricity futures increasing their share of turnover to ~37% from ~28% in May, while crude oil's share declined from 62% to 56%. Commodity options ADPT extended its record run, rising a further 18% MoM to an all-time high of ~Rs 182 crore premium, with crude oil options continuing to dominate the trading for the segment.

Table 68: Quarterly trend of turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Q1FY26	66,21,073	80,92,383	21,81,825	1,02,74,208	4,68,313	29,18,018	33,86,330	2,04,025	6.9	3,127	162	2,237
Q2FY26	61,25,131	74,73,191	15,53,514	90,26,705	3,88,719	25,83,554	29,72,274	1,61,497	5.4	3,962	5,382	2,409
Q3FY26	61,39,414	77,71,495	16,36,621	94,08,116	3,99,356	29,01,999	33,01,356	2,40,652	4.5	5,979	3,355	1,996
Q4FY26	71,76,999	86,99,173	19,74,272	1,06,73,445	5,20,703	40,61,791	45,82,494	2,75,728	5.4	6,311	4,388	3,477
Q1FY27	81,56,924	77,47,285	14,37,449	91,84,734	4,75,110	33,85,997	38,61,107	3,25,523	5.0	9,776	6,395	8,807

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 69: Monthly trend of turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Jun-25	23,82,248	27,00,815	6,62,756	33,63,570	1,49,906	8,80,137	10,30,043	55,023	2.4	952	81.0	545.7
Jul-25	21,84,895	26,52,976	5,50,179	32,03,155	1,41,398	8,60,919	10,02,317	50,292	1.4	864	1,048.7	801.0
Aug-25	17,77,362	22,99,875	4,99,973	27,99,848	1,10,086	7,89,317	8,99,404	42,834	2.5	1,438	1,997.5	744.9
Sep-25	21,62,875	25,20,339	5,03,362	30,23,701	1,37,236	9,33,318	10,70,553	68,372	1.6	1,661	2,335.4	863.2
Oct-25	20,73,539	27,11,781	5,87,061	32,98,842	1,42,690	10,41,799	11,84,489	83,625	1.2	1,836	1,083.8	835.6
Nov-25	19,86,953	24,95,117	5,23,609	30,18,726	1,23,624	9,13,277	10,36,901	74,036	1.2	2,207	1,202.5	524.8
Dec-25	20,78,923	25,64,597	5,25,951	30,90,548	1,33,042	9,46,923	10,79,965	82,991	2.2	1,936	1,068.4	635.4
Jan-26	23,91,197	30,30,657	5,82,392	36,13,049	1,76,100	11,53,154	13,29,254	78,015	1.0	2,004	1,191.5	884.5
Feb-26	24,07,596	29,59,273	6,04,938	35,64,211	1,87,214	12,83,969	14,71,183	71,636	1.9	2,287	1,144.5	1,028.7
Mar-26	23,78,206	27,09,243	7,86,942	34,96,185	1,57,389	16,24,668	17,82,056	1,26,077	2.5	2,020	2,051.5	1,563.8
Apr-26	26,94,182	26,24,086	5,21,343	31,45,429	1,65,360	11,24,391	12,89,752	95,170	1.8	2,878	2,332.4	1,573.2
May-26	26,91,106	25,56,313	4,40,752	29,97,064	1,64,850	11,12,872	12,77,722	1,24,889	1.6	4,401	1,836.4	3,230.3
Jun-26	27,71,636	25,66,887	4,75,354	30,42,240	1,44,900	11,48,734	12,93,633	1,05,464	1.6	2,497	2,226.1	4,003.3

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 70: Quarterly trend of average daily turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Q1FY26	1,08,542	1,32,662	35,768	1,68,430	7,677	47,836	55,514	3,458	0.12	53	2.5	34.9
Q2FY26	95,705	1,16,769	24,274	1,41,042	6,074	40,368	46,442	2,563	0.09	63	82.8	37.1
Q3FY26	99,023	1,25,347	26,397	1,51,744	6,441	46,806	53,248	3,881	0.07	96	52.4	31.2
Q4FY26	1,19,617	1,44,986	32,905	1,77,891	8,678	67,697	76,375	4,837	0.09	111	68.6	54.3
Q1FY27	1,35,949	1,29,121	23,957	1,53,079	7,919	56,433	64,352	5,517	0.08	166	99.9	137.6

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 71: Monthly trend of average daily turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Jun-25	1,13,440	1,28,610	31,560	1,60,170	7,138	41,911	49,050	2,620	0.12	45	3.9	26.0
Jul-25	94,995	1,15,347	23,921	1,39,268	6,148	37,431	43,579	2,187	0.06	38	45.6	34.8
Aug-25	93,545	1,21,046	26,314	1,47,360	5,794	41,543	47,337	2,254	0.13	76	99.9	37.2
Sep-25	98,312	1,14,561	22,880	1,37,441	6,238	42,424	48,662	3,256	0.07	79	106.2	39.2
Oct-25	98,740	1,29,132	27,955	1,57,088	6,795	49,609	56,404	3,982	0.06	87	49.3	38.0
Nov-25	1,04,576	1,31,322	27,558	1,58,880	6,507	48,067	54,574	3,897	0.06	116	60.1	26.2
Dec-25	94,496	1,16,573	23,907	1,40,479	6,047	43,042	49,089	3,772	0.10	88	48.6	28.9
Jan-26	1,19,560	1,51,533	29,120	1,80,652	8,805	57,658	66,463	3,901	0.05	100	56.7	42.1
Feb-26	1,14,647	1,40,918	28,807	1,69,724	8,915	61,141	70,056	3,770	0.10	120	54.5	49.0
Mar-26	1,25,169	1,42,592	41,418	1,84,010	8,284	85,509	93,792	7,004	0.14	112	93.3	71.1
Apr-26	1,34,709	1,31,204	26,067	1,57,271	8,268	56,220	64,488	5,009	0.09	151	111.1	74.9
May-26	1,41,637	1,34,543	23,197	1,57,740	8,676	58,572	67,249	6,573	0.08	232	87.4	153.8
Jun-26	1,31,983	1,22,233	22,636	1,44,869	6,900	54,702	61,602	5,022	0.08	119	101.2	182.0

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 72: Monthly trend of average daily activities in equity derivatives for exchanges (NSE+BSE)

Month	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore) *
Jun-25	20.1	345.8	2.2
Jul-25	21.7	381.1	2.0
Aug-25	24.2	414.6	2.1
Sep-25	25.1	436.1	2.0
Oct-25	28.7	506.3	2.3
Nov-25	26.8	480.7	2.3
Dec-25	26.2	472.1	2.1
Jan-26	36.0	592.3	2.8
Feb-26	31.4	514.4	2.7
Mar-26	34.1	516.4	3.1
Apr-26	32.0	485.8	2.6
May-26	32.1	485.9	2.6
Jun-26	32.6	492.0	2.3

Source: NSE EPR. *Premium has been considered for options contracts.

Table 73: Monthly trend of average daily activities in equity derivatives for NSE & BSE

Month	NSE			BSE		
	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore)*	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore) *
Jun-25	12.3	217.8	2.1	7.8	128.1	0.14
Jul-25	12.6	229.5	1.8	9.2	151.7	0.13
Aug-25	13.2	236.9	1.9	11.0	177.7	0.17
Sep-25	14.9	270.1	1.9	10.2	166.0	0.16
Oct-25	15.4	285.3	2.1	13.3	221.0	0.21
Nov-25	14.5	272.0	2.1	12.3	208.6	0.19
Dec-25	14.5	271.4	1.9	11.8	200.7	0.19
Jan-26	18.9	305.8	2.5	17.2	286.6	0.29
Feb-26	18.0	290.9	2.4	13.4	223.5	0.26
Mar-26	19.5	291.4	2.8	14.6	225.0	0.34
Apr-26	14.4	216.9	2.2	17.6	268.9	0.34
May-26	17.0	256.4	2.2	15.0	229.5	0.30
Jun-26	18.4	277.8	2.1	14.1	214.2	0.27

Source: NSE EPR. *Premium has been considered for options contracts.

Table 74: Monthly trends for Notional to premium ratio in index options across exchanges

Month	NSE			BSE		
	Notional turnover (Rs lakh crore)	Premium turnover (Rs lakh crore)	Ratio	Notional turnover (Rs lakh crore)	Premium turnover (Rs lakh crore)	Ratio
Jun-25	4,435	8.8	504	2,690	2.9	920
Jul-25	5,145	8.6	598	3,488	2.9	1,213
Aug-25	4,390	7.9	556	3,376	3.3	1,034
Sep-25	5,807	9.3	622	3,652	3.5	1,055
Oct-25	5,860	10.4	562	4,641	4.3	1,078
Nov-25	5,041	9.1	552	3,964	3.6	1,092
Dec-25	5,834	9.5	616	4,414	4.1	1,069
Jan-26	5,960	11.5	517	5,732	5.8	996
Feb-26	5,950	12.8	463	4,693	5.3	882
Mar-26	5,410	16.2	333	4,275	6.3	681
Apr-26	4,213	11.2	375	5,378	6.6	811
May-26	4,737	11.1	426	4,360	5.6	774
Jun-26	5,704	11.5	497	4,497	5.5	817

Source: NSE EPR.

Table 75: Monthly trends for Notional to premium ratio in stock options across exchanges

Month	NSE			BSE		
	Notional turnover (Rs crore)	Premium turnover (Rs crore)	Ratio	Notional turnover (Rs crore)	Premium turnover (Rs crore)	Ratio
Jun-25	1,04,57,535	1,49,906	70	9.93	0.10	99
Jul-25	1,00,21,452	1,41,398	71	10.60	0.17	62
Aug-25	84,13,398	1,10,086	76	4.25	-	-
Sep-25	1,04,59,428	1,37,236	76	37.19	0.52	72
Oct-25	98,86,986	1,42,690	69	10.46	0.12	87
Nov-25	97,63,209	1,23,624	79	13.73	0.22	62
Dec-25	1,05,98,952	1,33,042	80	35.70	0.42	85
Jan-26	1,19,20,408	1,76,100	68	3.68	0.07	53
Feb-26	1,23,13,230	1,87,214	66	13.63	0.29	47
Mar-26	91,53,739	1,57,389	58	6.27	0.08	78
Apr-26	93,86,439	1,65,360	57	3.07	0.03	102
May-26	1,04,22,887	1,64,850	63	10.18	0.16	64
Jun-26	1,00,78,665	1,44,900	70	67.65	1.72	39

Source: NSE EPR.

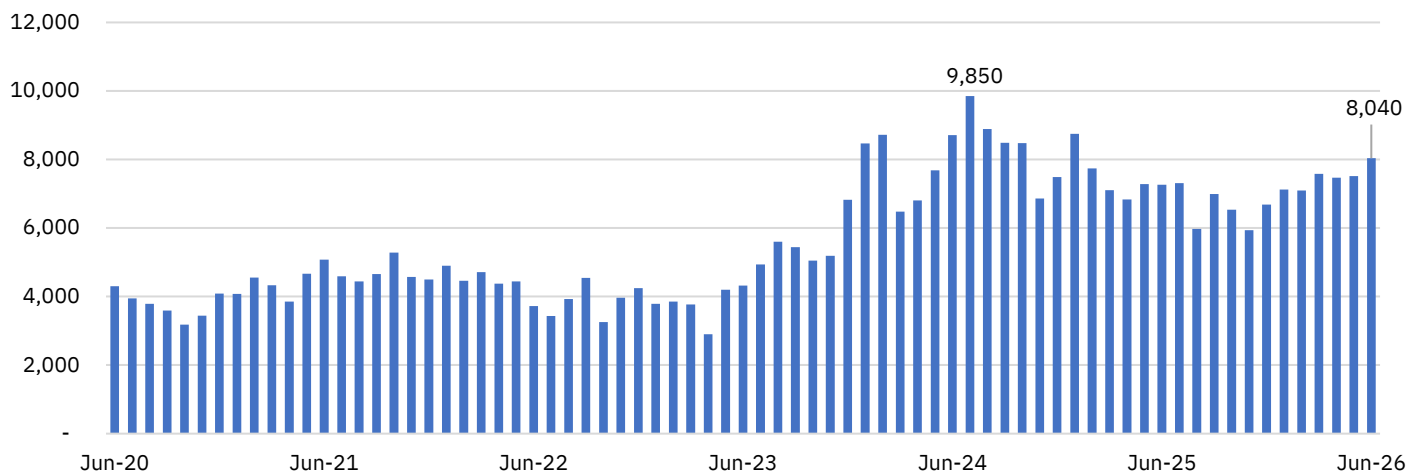
Table 76: Monthly trends for trades (in lakh) in equity cash and derivatives segment for NSE

Month	Equity Cash	Equity Futures		Equity Options	
		Index	Stock	Index	Stock
Jun-25	7,268	25	335	8,575	1,172
Jul-25	7,307	20	310	9,529	1,077
Aug-25	5,976	18	269	8,374	906
Sep-25	6,993	18	293	10,314	1,099
Oct-25	6,535	20	308	10,538	1,027
Nov-25	5,938	18	289	9,048	1,010
Dec-25	6,683	19	297	10,179	1,101
Jan-26	7,125	23	357	12,236	1,247
Feb-26	7,095	23	353	12,537	1,308
Mar-26	7,585	33	345	13,144	1,043
Apr-26	7,472	22	314	9,645	1,040
May-26	7,516	18	303	10,427	1,097
Jun-26	8,040	19	312	11,823	1,058

Source: NSE EPR. Note: Data is presented for trades i.e., (no. of buy trades + no. of sale trades)/2.

Figure 254: Monthly trend of total trades in NSE cash market segment

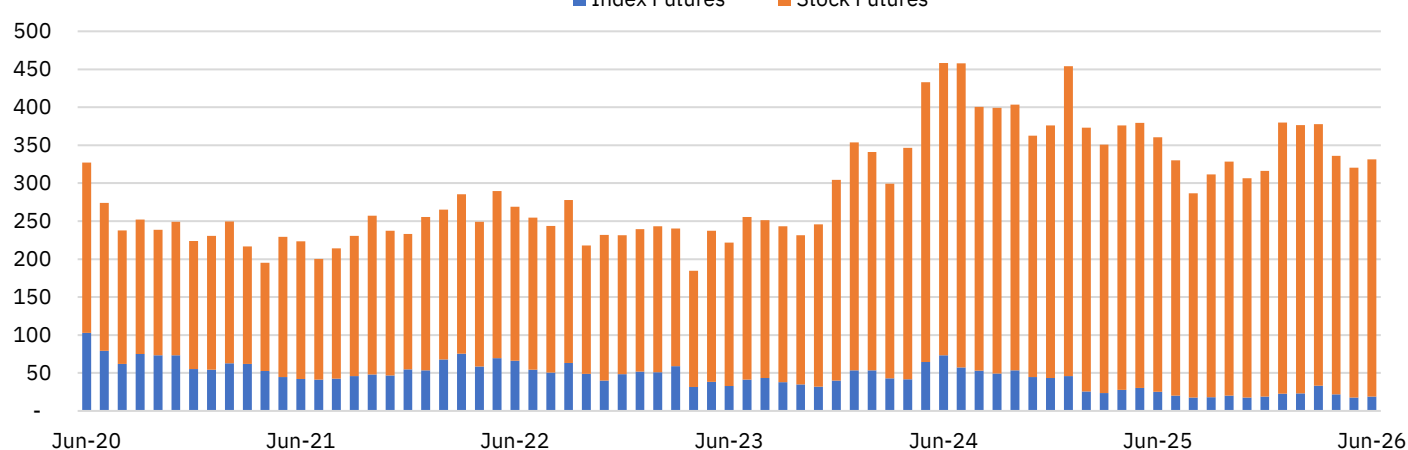
(In lakh)



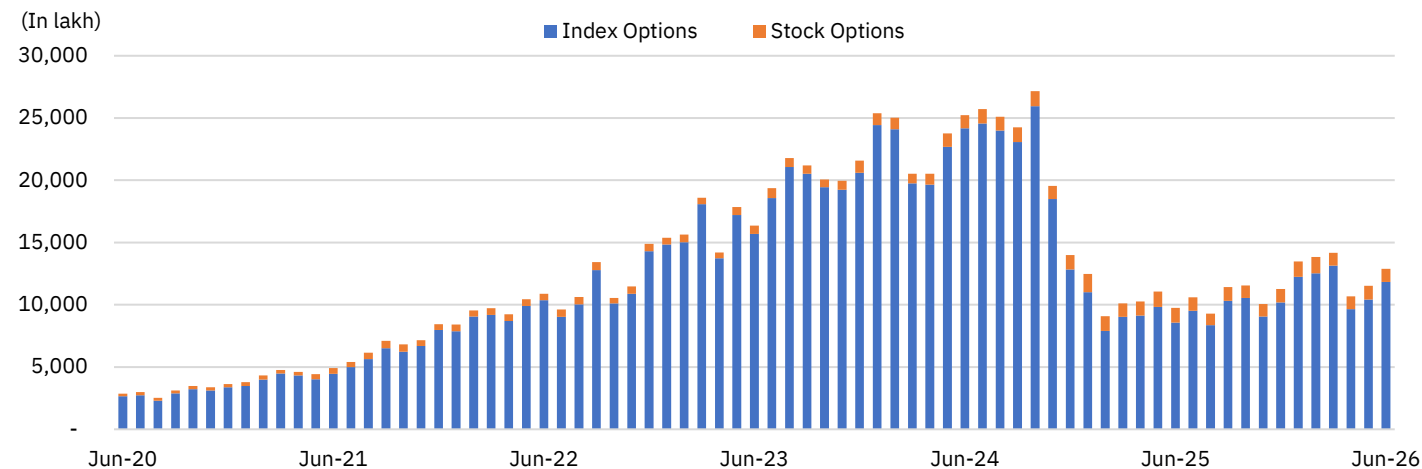
Source: NSE EPR. Note: Data has been provided for trades {(Buy trades + Sell trades)/2}.

Figure 255: Monthly trend of trades in equity futures

(In lakh)



Source: NSE EPR. Note: Data has been provided for trades {(Buy trades + Sell trades)/2}.

Figure 256: Monthly trend of total trades in equity options


Source: NSE EPR. Note: Data has been provided for trades {(Buy trades + Sell trades)/2}.

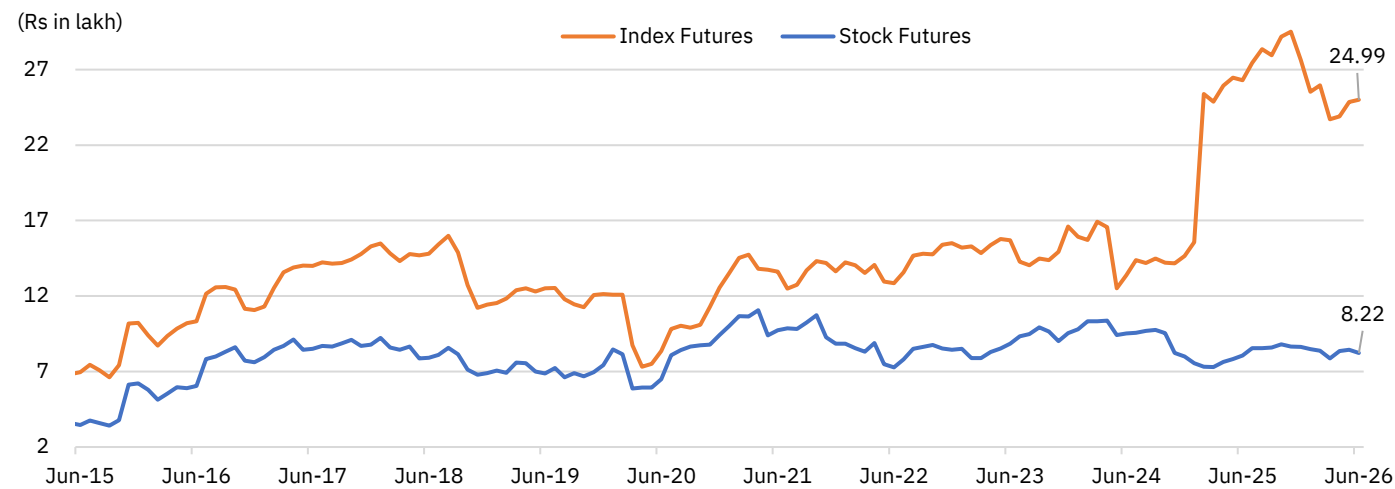
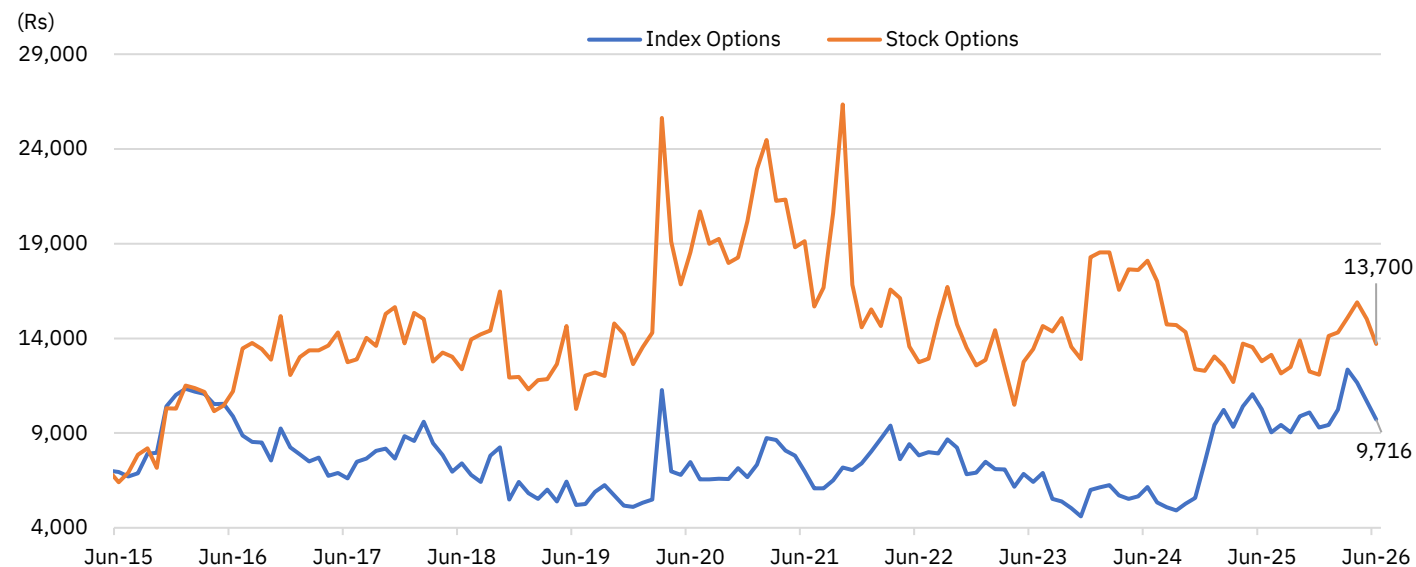
Table 77: Monthly trends for average trade size (Rs) in equity cash and derivatives segment for NSE

Month	Equity Cash	Equity Futures		Equity Options	
		Index Futures	Stock Futures	Index Options	Stock Options
Jun-25	32,778	26,29,556	8,05,668	10,264	12,788
Jul-25	29,900	27,43,428	8,55,572	9,034	13,125
Aug-25	29,742	28,35,177	8,55,206	9,426	12,147
Sep-25	30,927	27,94,897	8,59,112	9,049	12,488
Oct-25	31,731	29,18,513	8,79,499	9,886	13,898
Nov-25	33,464	29,50,964	8,64,446	10,094	12,244
Dec-25	31,110	27,63,372	8,63,358	9,303	12,087
Jan-26	33,559	25,52,905	8,48,916	9,425	14,122
Feb-26	33,933	25,96,224	8,38,030	10,241	14,308
Mar-26	31,352	23,71,584	7,85,896	12,360	15,089
Apr-26	36,057	23,90,225	8,35,055	11,658	15,900
May-26	35,803	24,86,308	8,44,791	10,673	15,021
Jun-26	34,472	24,99,288	8,22,114	9,716	13,700

Source: NSE EPR. Note: Premium has been considered for options contract.

Figure 257: Monthly trend of average trade size in NSE cash market segment

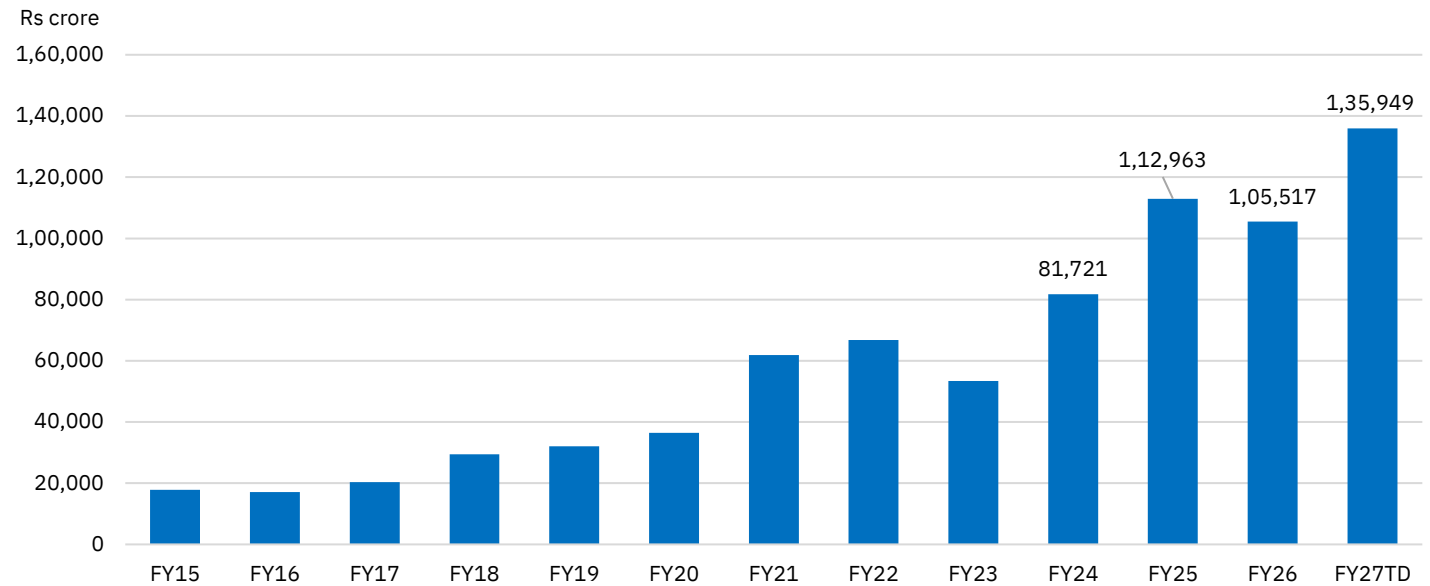

Source: NSE EPR.

Figure 258: Monthly trend in average trade size in equity futures

Figure 259: Monthly trend in average trade size in equity options premium

Table 78: Average daily turnover (Rs crore) in NSE CM Segment

Products	Jun-26	May-26	Jun-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Capital Market	131,983	141,637	113,440	(6.8)	16.3	135,949	105,517	127,783
Equities (Main Board)	127,517	136,758	110,863	(6.8)	15.0	131,112	100,467	120,099
Exchange Traded Funds	4,044	4,379	2,086	(7.6)	93.8	4,384	4,535	7,205
SME Emerge	242	272	287	(11.0)	(15.6)	245	254	219
Sovereign Gold Bonds	21	22	15	(5.5)	35.3	22	26	32
InvITs	63.7	67	76.2	(5.1)	(16.4)	66	63	67
REITs	70.5	101	47.7	(30.2)	47.8	87	87	109
Others	25	38	65	(34.7)	(61.5)	33	85	51

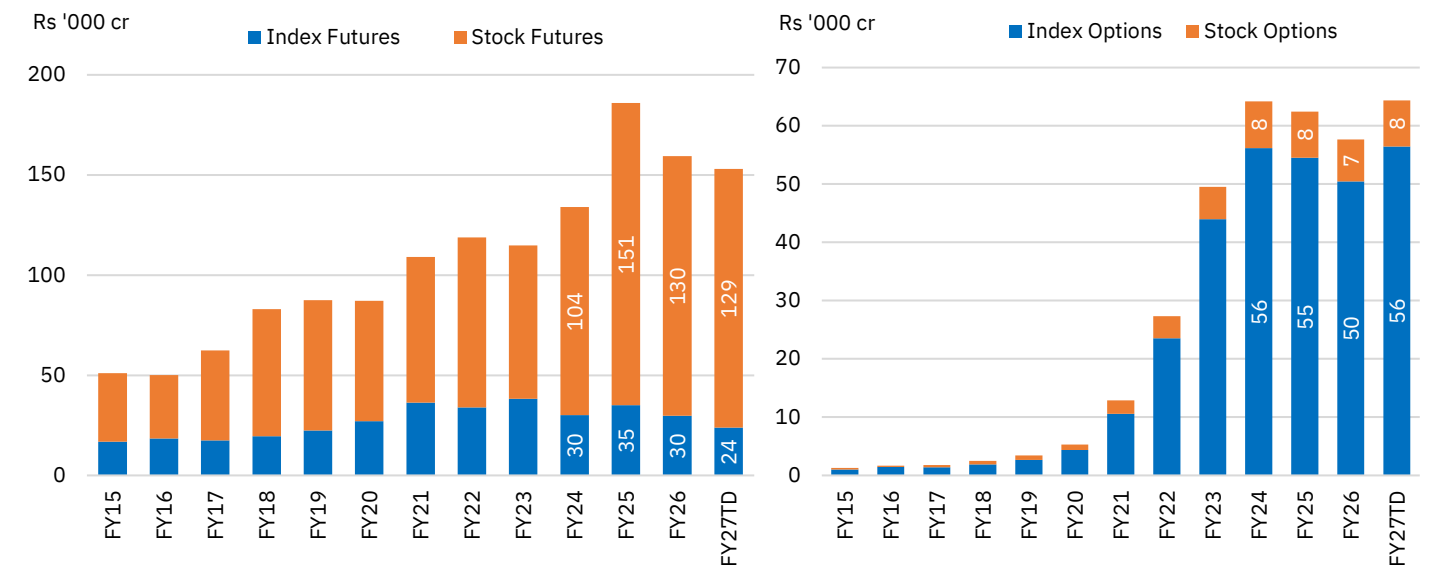
Source: NSE EPR. Notes: 1. Average daily turnover (ADT) excludes auction market turnover. Equities (Main Board) include stocks in EQ, BE, BL and BZ series.
2. Others include corporate and government debt instruments (excl. SGBs), preferential shares, partly paid-up shares, warrants etc., among others.
3. Figures in brackets indicate negative numbers. 4. FY27TD & 2026TD is as of Jun'26.

Figure 260: Annual trends in average daily turnover in NSE CM segment



Source: NSE EPR. Note: 1. Average daily turnover (ADT) excludes auction market turnover. 2. FY27TD is as of Jun'26.

Figure 261: Annual trends in average daily turnover in NSE's equity derivatives segment

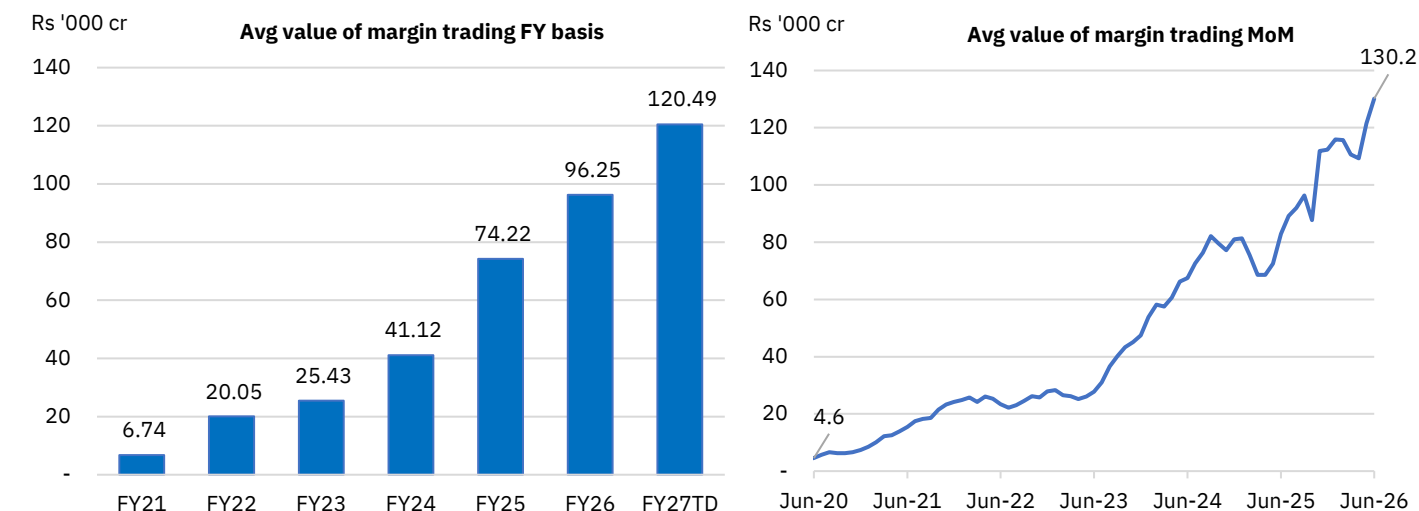


Source: NSE EPR. Notes: 1. The above figure reports premium turnover for options contracts. 2. FY27TD is as of Jun'26.

Table 79: Average daily turnover (Rs crore) in NSE's equity derivatives segment

Product	Jun-26	May-26	Jun-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Equity Futures	1,44,869	1,57,740	1,60,170	(8.2)	(9.6)	1,53,079	1,59,443	1,65,485
Stock futures	122,233	134,543	128,610	(9.1)	(5.0)	129,121	129,701	137,054
Index futures	22,636	23,197	31,560	(2.4)	(28.3)	23,957	29,742	28,431
BANKNIFTY	6,903	6,726	8,648	2.6	(20.2)	6,848	7,836	7,343
NIFTY50	14,742	15,318	21,433	(3.8)	(31.2)	15,970	20,326	19,606
FINNIFTY	35	39	130	(9.2)	(72.9)	40	94	63
MIDCPNIFTY	905	1,062	1,275	(14.8)	(29.0)	1,042	1,410	1,346
NIFTYNXT50	51	53	73	(3.6)	(30.8)	58	77	72
Equity Options	61,602	67,249	49,050	(8.4)	25.6	64,352	57,662	70,363
Stock options	6,900	8,676	7,138	(20.5)	(3.3)	7,919	7,195	8,298
Index options	54,702	58,572	41,911	(6.6)	30.5	56,433	50,467	62,065
BANKNIFTY	4,889	5,362	5,185	(8.8)	(5.7)	5,109	5,296	5,152
NIFTY50	49,392	52,777	36,031	(6.4)	37.1	50,897	44,417	56,313
FINNIFTY	55	56	168	(2.5)	(67.3)	52	140	85
MIDCPNIFTY	365	376	527	(2.8)	(30.7)	375	613	514
NIFTYNXT50	0.97	1	0.98	10.9	(0.5)	1	1	1

Source: NSE EPR. Notes: 1. The above table reports premium turnover for Options contracts. 2. FY27TD & 2026TD is as of Jun'26 3. Figures in brackets indicate negative numbers.

Figure 262: Annual and monthly trends in average value of margin trading


Source: NSE EPR. Notes: 1. FY27TD is as of Jun'26.

Table 80: Average daily open interest (Rs crore) in NSE's equity derivatives segment

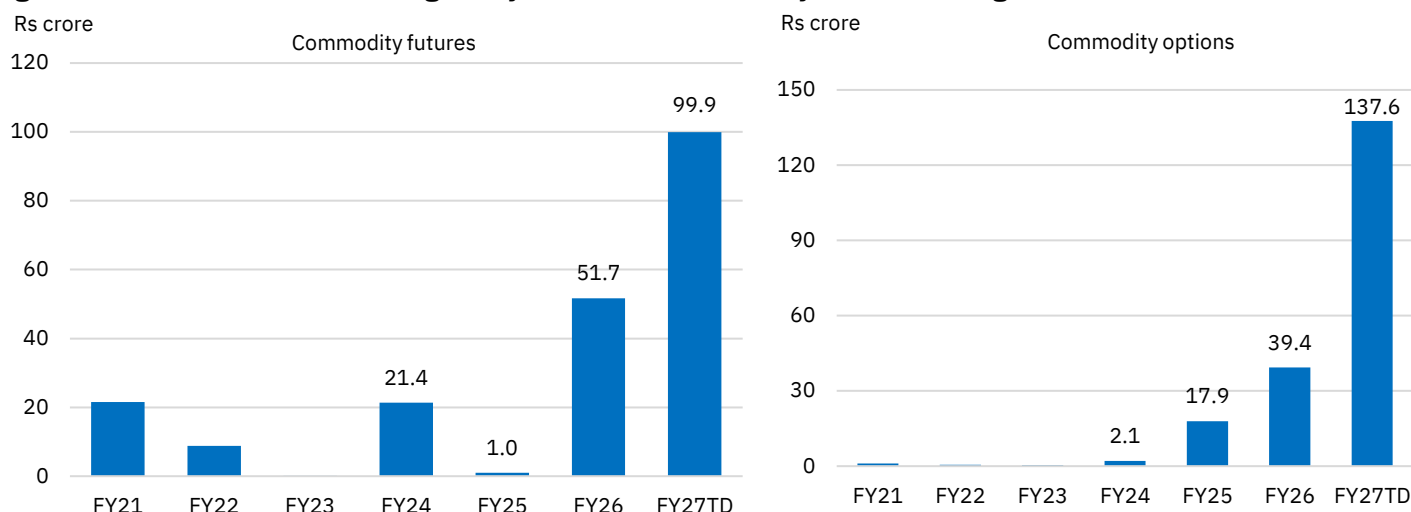
Product	Jun-26	May-26	Jun-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Equity Futures	6,16,335	6,01,369	5,22,780	2.5	17.9	5,96,194	5,43,237	5,85,003
Stock Futures	5,49,922	5,36,569	4,62,425	2.5	18.9	5,29,996	4,81,515	5,20,633
Index Futures	66,413	64,800	60,355	2.5	10.0	66,198	61,723	64,369
NIFTY	48,195	46,598	43,984	3.4	9.6	48,257	45,124	47,679
BANKNIFTY	14,588	14,769	12,876	(1.2)	13.3	14,357	12,893	13,035
FINNIFTY	89	77	255	14.6	(65.2)	78	176	110
MIDCPNIFTY	3,397	3,217	3,096	5.6	9.7	3,367	3,374	3,404
NIFTYNXT50	144	138	143	4.1	0.7	140	155	141
Equity Options	17,15,026	16,05,917	16,54,695	6.8	3.6	15,89,337	16,88,432	16,34,191
Stock Options	3,58,862	3,40,923	3,08,390	5.3	16.4	3,28,997	3,18,037	3,36,608
Index Options	13,56,164	12,64,994	13,46,304	7.2	0.7	12,60,341	13,70,395	12,97,584
NIFTY	11,24,498	10,64,049	10,96,223	5.7	2.6	10,51,436	11,31,140	10,91,619
BANKNIFTY	2,10,293	1,82,458	2,29,101	15.3	(8.2)	1,90,449	2,14,816	1,84,806
FINNIFTY	2,665	1,880	5,797	41.8	(54.0)	1,974	5,186	3,044
MIDCPNIFTY	18,600	16,532	15,109	12.5	23.1	16,393	19,147	18,011
NIFTYNXT50	107	75	75	42.6	43.9	89	107	104

Source: NSE EPR. Notes: 1. The above table reports notional turnover. 2. FY27TD & 2026TD is as of Jun'26. 3. Figures in brackets indicate negative numbers.

Table 81: Average daily turnover in commodity derivatives

Product (Rs crore)	Jun-26	May-26	Jun-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
FUTURE	101.2	87.4	3.9	15.7	2523	99.9	51.7	84.2
SILVER	1.4	1.5	0.4	(5.5)	250	1.4	0.6	1.1
CRUDE OIL	56.4	54.6	3.4	3.4	1542	53.9	6.1	35.0
BRENT CRUDE	0.4	-	-	-	-	0.6	-	-
ELECTRICITY	37.2	24.4	-	52.4	-	36.7	44.1	42.2
GOLD10G	5.5	7.0	-	(20.4)	-	7.3	0.9	5.5
OPTIONS	182.0	153.8	26.0	18.3	600	137.6	39.4	96.0
SILVER	0.8	2.0	1.0	(62.9)	(25)	1.1	0.7	0.9
NATURALGAS	0.8	0.0	0.0	-	-	0.3	0.0	0.1
CRUDEOIL	180.4	151.8	25.0	18.9	622	136.3	38.7	94.9

Source: NSE EPR. Notes: 1. The above table reports premium turnover for Options contracts. 2. FY27TD & 2027TD is as of Jun'26. 3. Figures in brackets indicate negative numbers.

Figure 263: Annual trends in average daily turnover in commodity derivatives segment


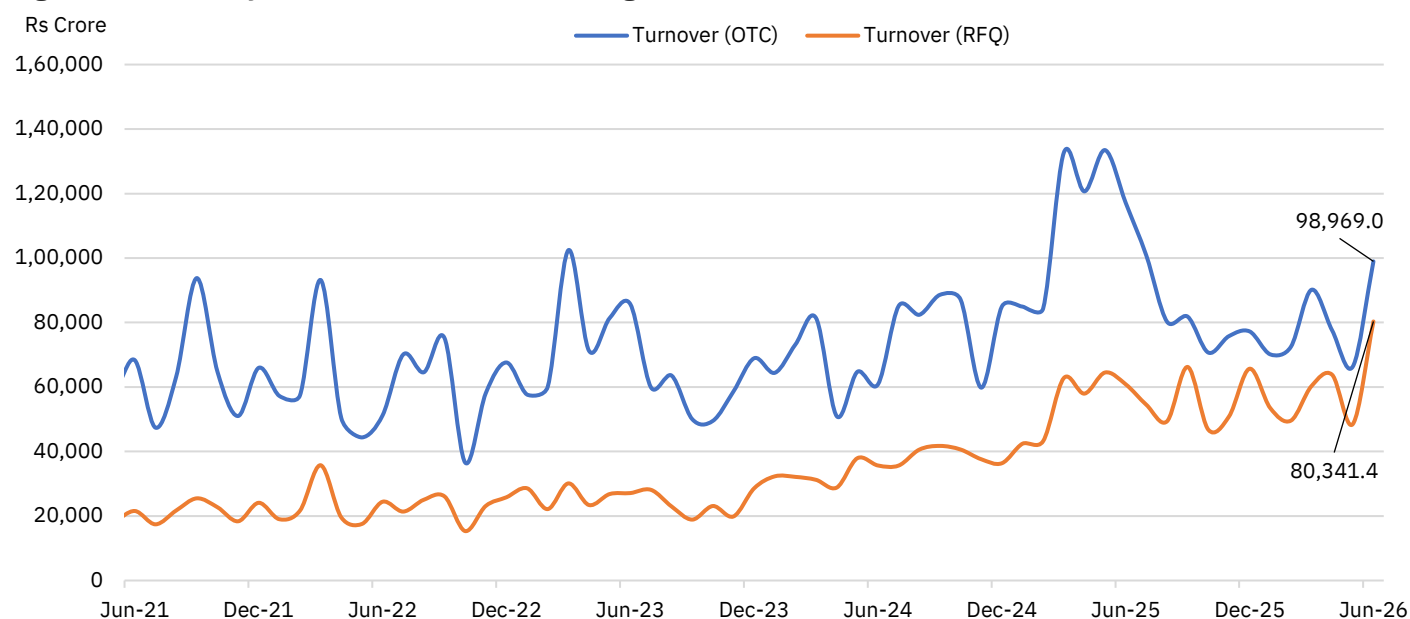
Source: NSE EPR. Notes: 1. Above figure reports premium turnover for options contracts. 2. FY27TD is as of Jun'26.

Secondary market activity in corporate bonds expanded sharply across both trading venues in June 2026:

OTC turnover rose from Rs 66,343 crore in May 2026 to Rs 98,969 crore in June (+49.2% MoM), while RFQ turnover increased more strongly from Rs 48,507 crore to Rs 80,341 crore (+65.6% MoM), taking aggregate turnover across both platforms to Rs 1.79 lakh crore. The expansion occurred alongside developments in the domestic fixed income market during the month, with FPI investment in debt securities recording an all-time monthly high, while the Government announced tax exemptions on interest income and capital gains from investments in FAR-eligible securities on June 5. RFQ's share in total turnover increased to 44.8% in June 2026 from 42.2% in May and remained well above the average of 33.1% recorded during the corresponding period of FY26 (Apr–Jun 2025), taking the cumulative FY27TD RFQ share in total turnover to 44.2%. On a year-on-year basis, the platform composition of secondary market activity has shifted materially. While total turnover in June 2026 was broadly in line with June 2025 (+0.8% YoY), OTC turnover declined 15.5% year-on-year whereas RFQ turnover expanded 32.1% over the same period. The expansion in secondary market turnover over the past year was concentrated within the RFQ platform, while OTC turnover declined over the same period.

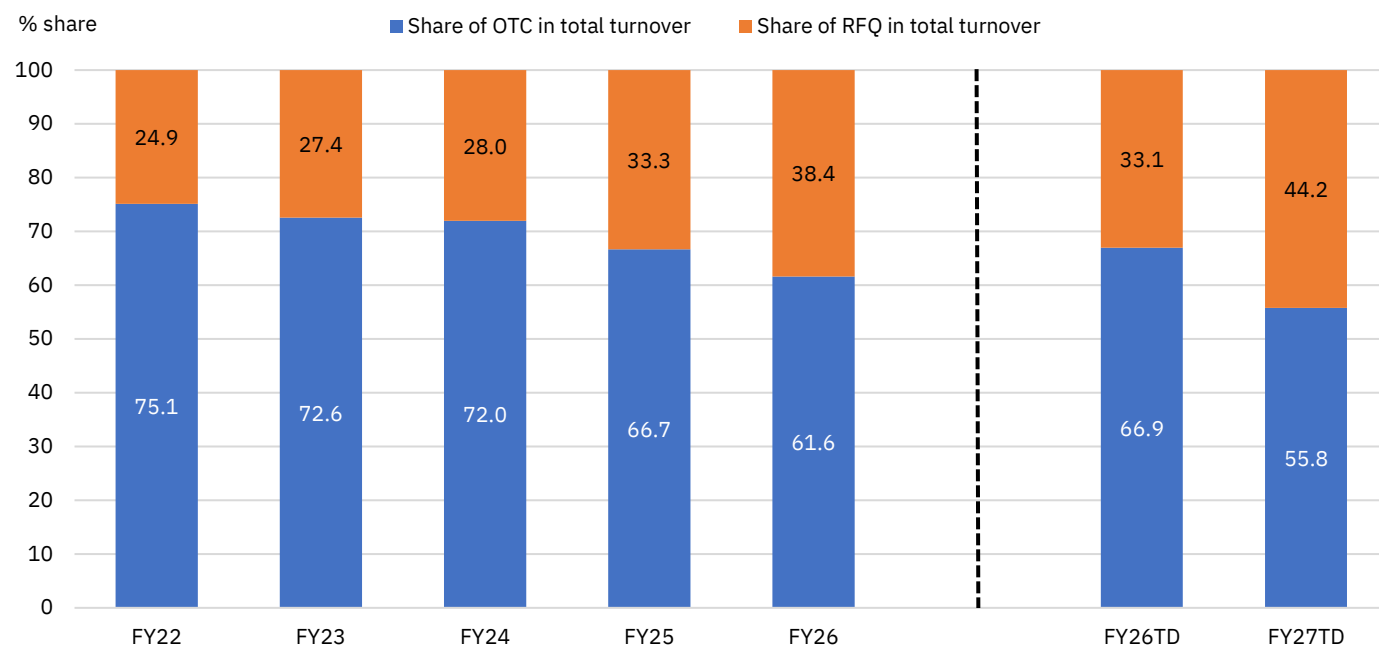
The recovery in turnover was also reflected in average daily turnover (ADT). OTC ADT rose to Rs 4,713 crore in June 2026 from Rs 3,492 crore in May (+35.0% MoM), while RFQ ADT increased to Rs 3,826 crore from Rs 2,553 crore (+49.9% MoM). Combined ADT rose to Rs 8,539 crore from Rs 6,045 crore in May 2026, the highest monthly ADT recorded during FY27TD. On a year-on-year basis, combined ADT was broadly stable at Rs 8,539 crore compared with Rs 8,473 crore in June 2025, with the marginal increase masking a significant shift in platform composition — OTC ADT declined year-on-year while RFQ ADT expanded materially over the same period.

Figure 264: Monthly trends of turnover in debt segment



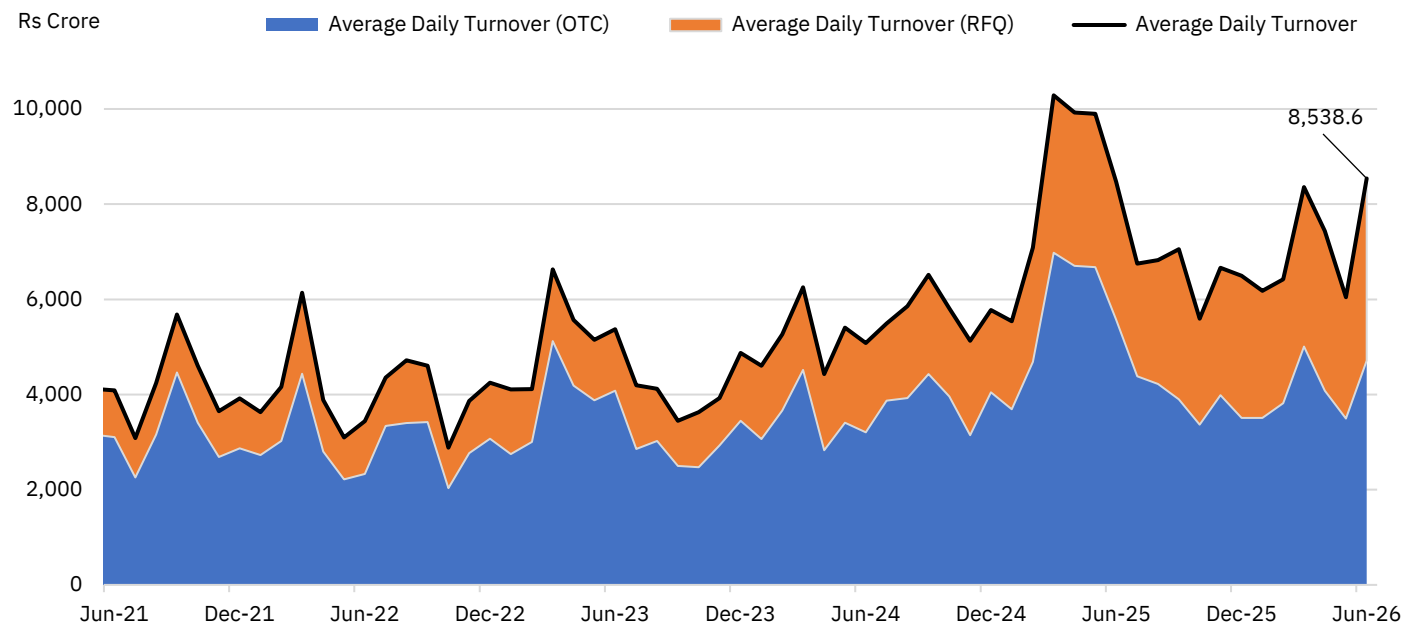
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 265: Annual share in total turnover across segments



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of June 2026.

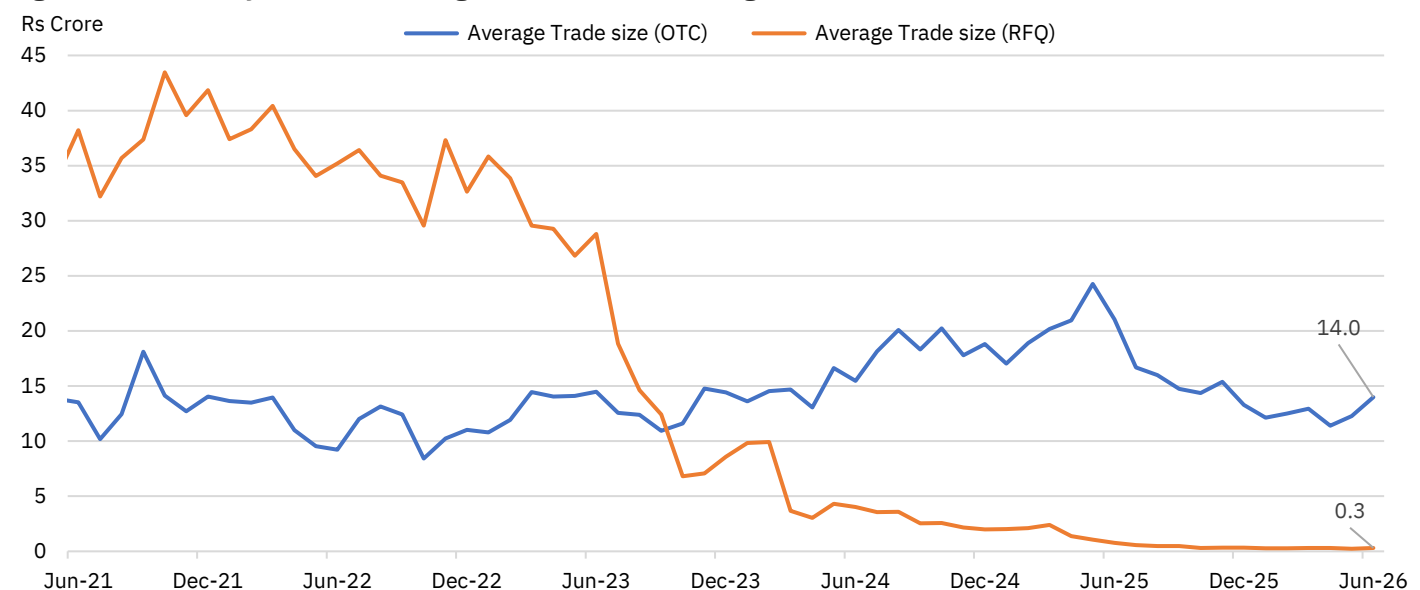
Figure 266: Monthly trends of average daily turnover in debt segment



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Average trade size recovered across both execution venues in June 2026: OTC average trade size increased to Rs 14.0 crore from Rs 12.3 crore in May (+14.2% MoM), reflecting a recovery in block-sized institutional transactions alongside the broader pickup in market activity. RFQ average trade size rose to Rs 0.32 crore from Rs 0.24 crore in May (+34.8% MoM), reversing the sustained compression observed over prior months. The recovery in average trade sizes across both platforms indicates that the increase in turnover during June was accompanied by higher transaction values rather than being driven solely by smaller-sized executions.

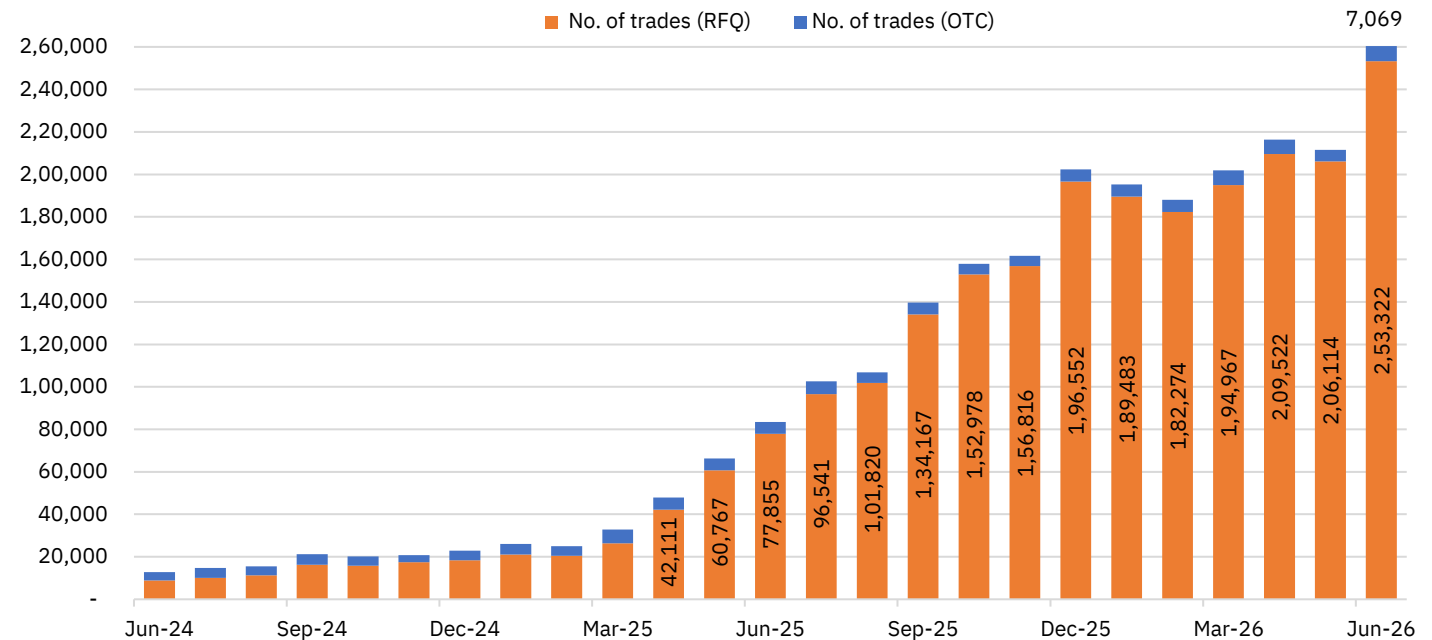
Figure 267: Monthly trends of average trade size in debt segment



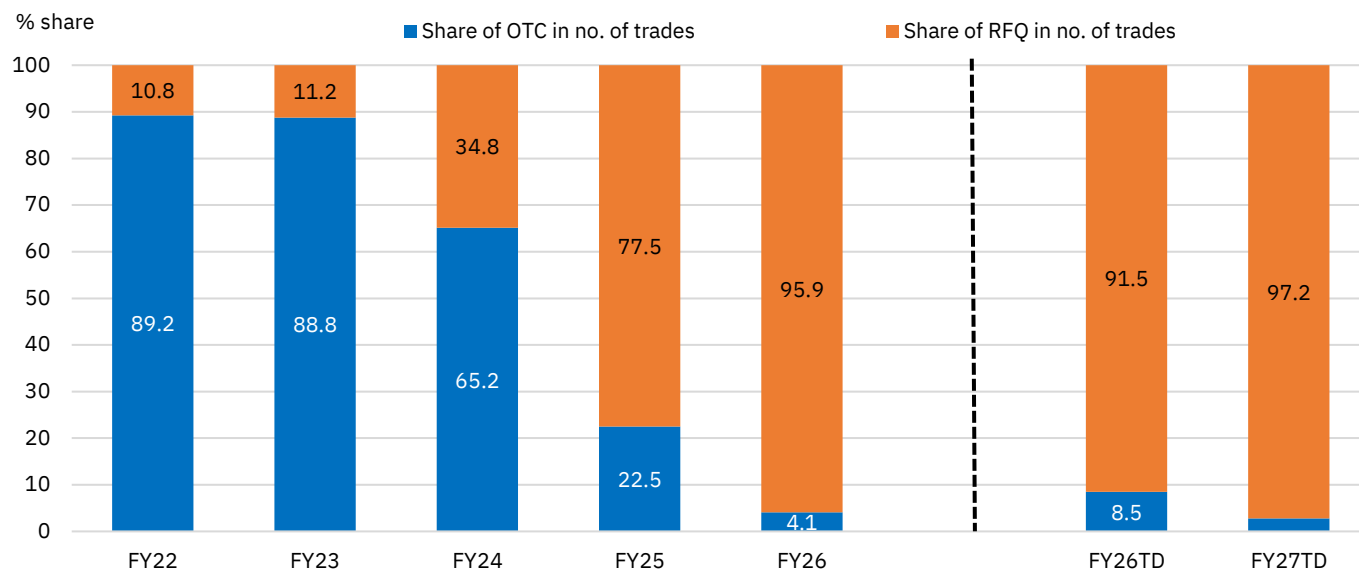
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Trade count dynamics continued to reflect the granular execution profile of the RFQ platform in June 2026, with RFQ trade counts reaching a new series high: RFQ trade counts rose to 2,53,322 trades (+22.9% MoM) from 2,06,114 in May, the highest monthly figure recorded in the series, while OTC trades increased to 7,069 (+30.7% MoM). The simultaneous increase in trade counts across both platforms indicates that the recovery was evident across both execution venues. Considered alongside the recovery in average trade sizes, the concurrent rise in RFQ turnover, trade counts and average trade size marked a departure from the pattern observed in recent months, when higher execution activity generally coincided with smaller average ticket sizes. Together, these movements suggest that June's recovery reflected both broader participation and higher-value transactions on the platform. On a cumulative FY27TD basis, RFQ accounted for 97.2% of total trades and 44.2% of total turnover, underscoring the persistence of the bifurcated market structure despite the continued narrowing of the turnover gap between the two execution platforms.

Figure 268: Monthly trend in number of trades reported across platforms



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 269: Annual share in number of trades reported across platforms


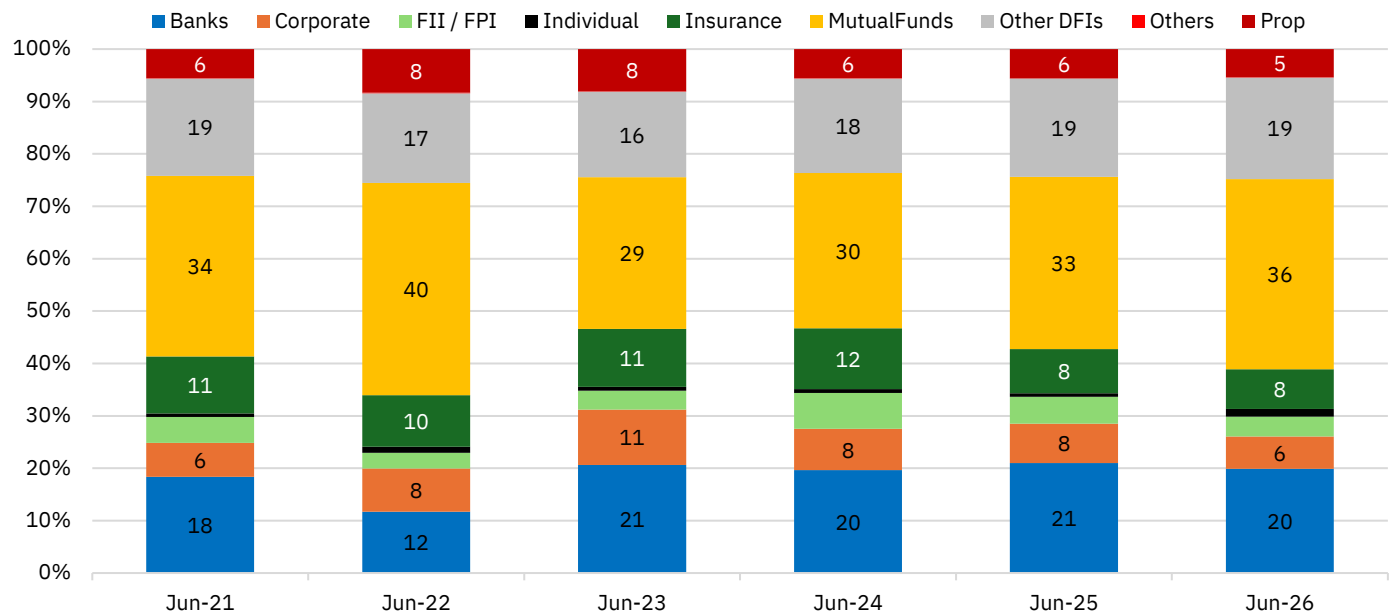
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of June 2026.

Institutional investors continued to account for the majority of secondary market turnover in June 2026, led by Mutual Funds, which saw their share rising to 36.3% from 32.9% in June 2025. Other Domestic Financial Institutions accounted for 19.4% of total turnover and Banks for 19.9%, with these three categories collectively accounting for ~75.6% of aggregate secondary market activity during the month. Insurance and FII/FPI participation moderated on a year-on-year basis, while Individual participant share remained modest at 1.4% of total turnover. Participation profiles continued to differ across execution venues. Within the OTC segment, Other Domestic Financial Institutions accounted for 26.4% of OTC turnover in June 2026 — their highest June share in the series — followed by Banks at 21.7% and Mutual Funds at 21.4%, consistent with the institutional nature of large-ticket negotiated transactions. On the RFQ platform, Mutual Funds remained the dominant category at 54.6% of RFQ turnover, while Banks increased their share of RFQ turnover to 17.7% in June 2026 from 12.9% in June 2025, the largest YoY increase among institutional categories on the platform. Higher participation by Banks and Other Domestic Financial Institutions during June indicates that the increase in RFQ activity was accompanied by broader institutional engagement, even as Individual participants continued to account for the majority of executions.

The picture was materially different when examined through the lens of trade counts. Individual and Proprietary participants together accounted for approximately 90% of RFQ trade counts in June 2026 — Individual participants at 76.1% and Proprietary participants at 13.8% — while their combined share in RFQ turnover remained below 7%. Although Individual participants accounted for over three-fourths of RFQ trade counts, institutional participants (Banks, Mutual Funds, Insurance, FII/FPI and Other DFIs) collectively accounted for approximately 92% of RFQ turnover, highlighting the continued distinction between execution frequency and value concentration on the platform. Mutual funds accounted for approximately 55% of RFQ turnover while contributing only 0.4% of RFQ trade counts. The share of Proprietary participants in RFQ trade counts rose from 9.3% in June 2025 to 13.8% in June 2026, while the share of Other Domestic Financial Institutions more than doubled from 1.9% to 4.7%, indicating greater participation by

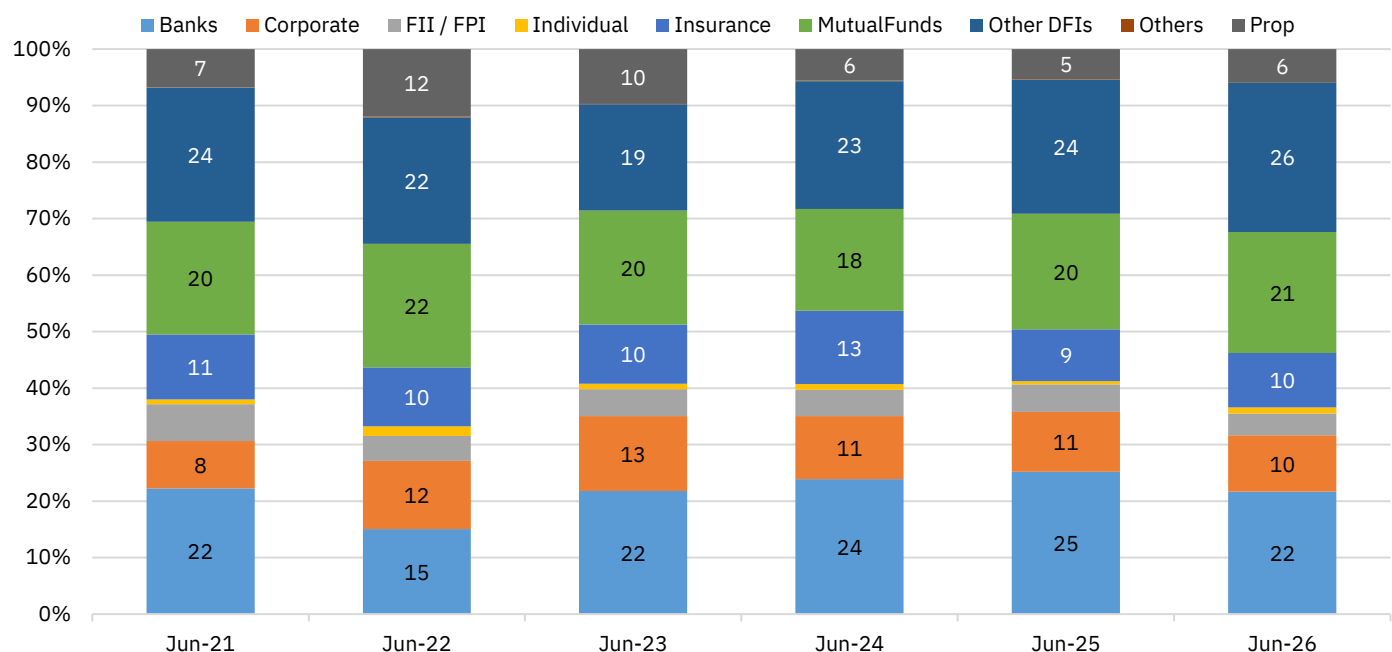
these categories even as Individuals remained dominant in execution frequency. These participation patterns reinforce the complementary roles of institutional and retail participants within the RFQ market, with institutions continuing to account for the majority of transaction value and Individuals for the majority of execution frequency.

Figure 270: Share in total turnover across participant categories



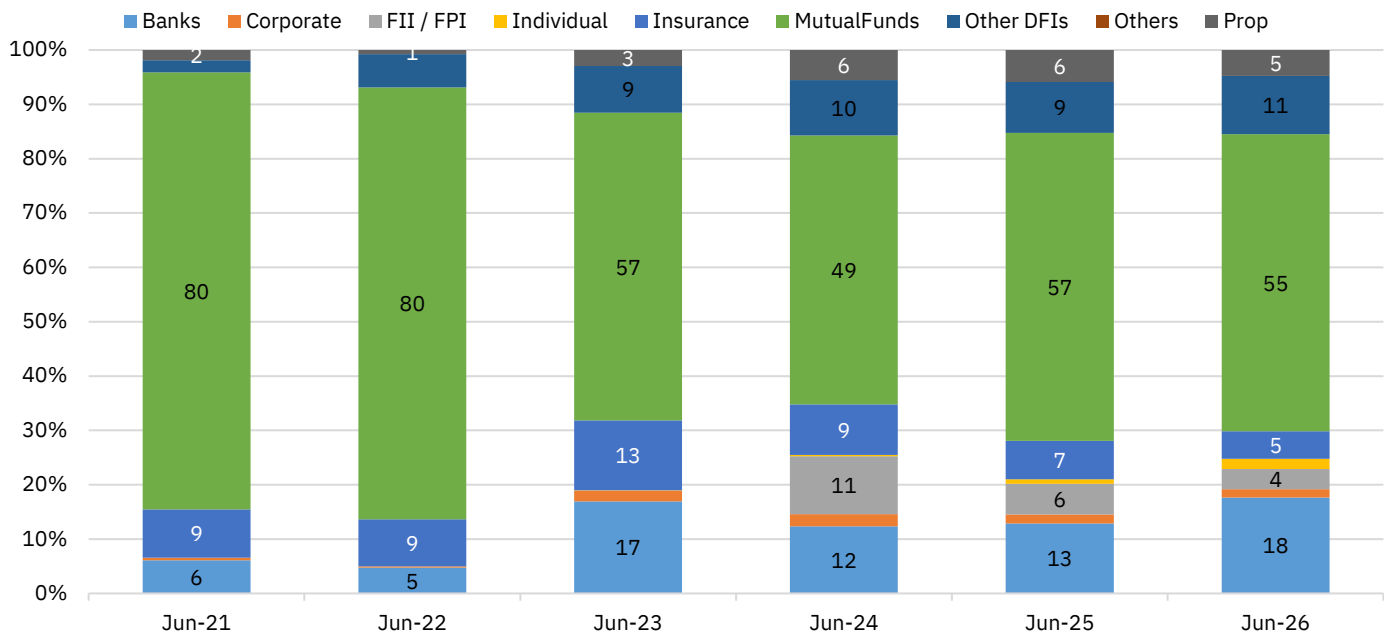
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 271: Share in OTC turnover across participant categories



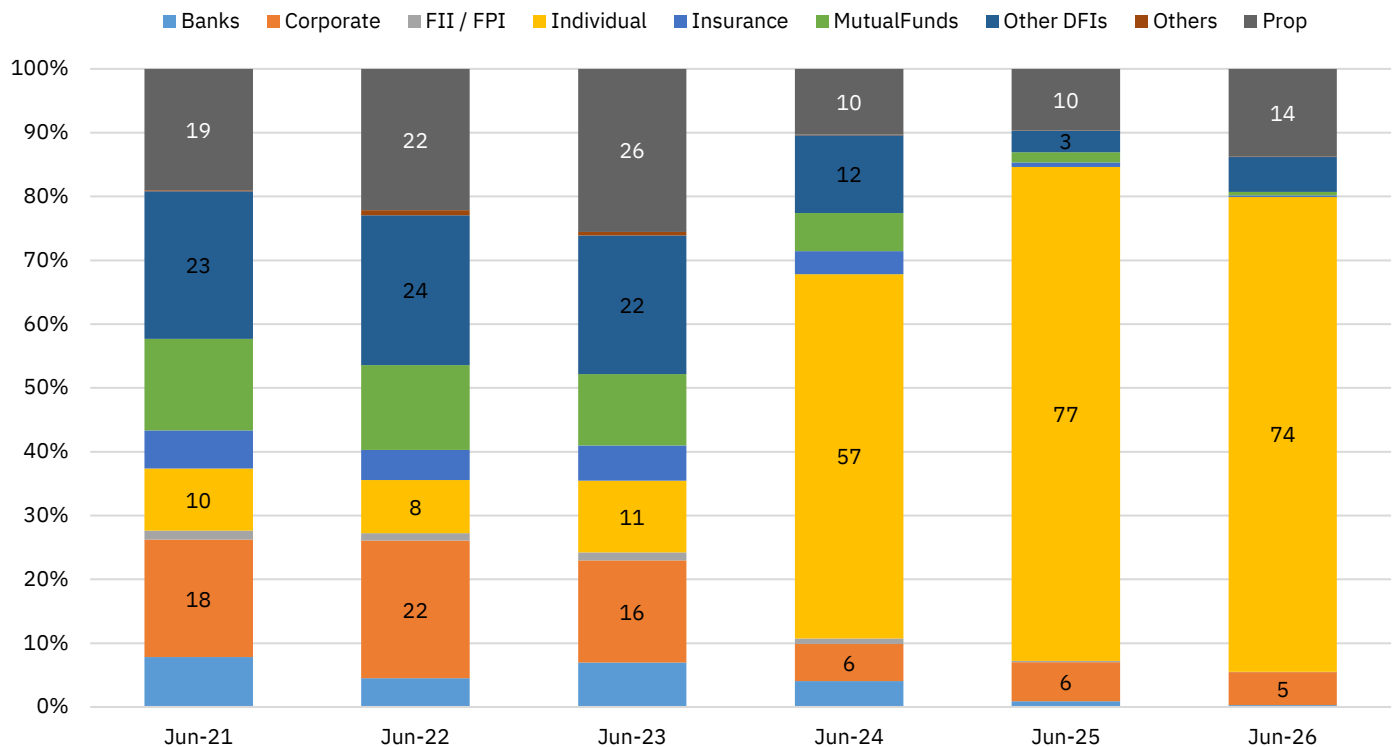
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 272: Share in RFQ turnover across participant categories



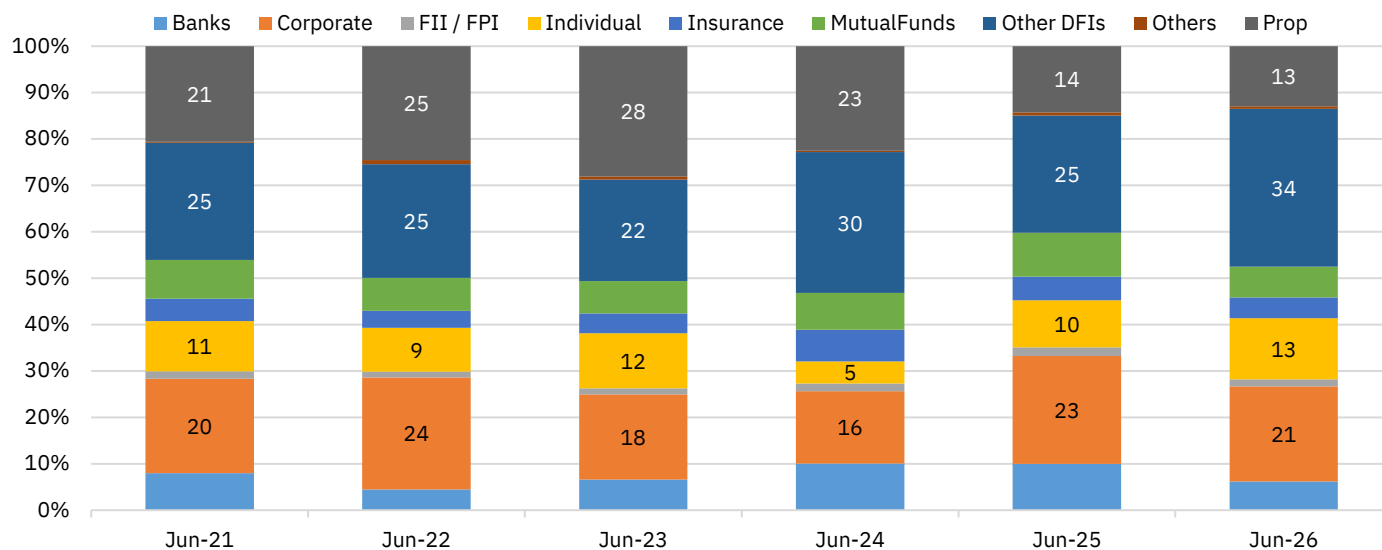
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 273: Share in total number of trades across participant categories



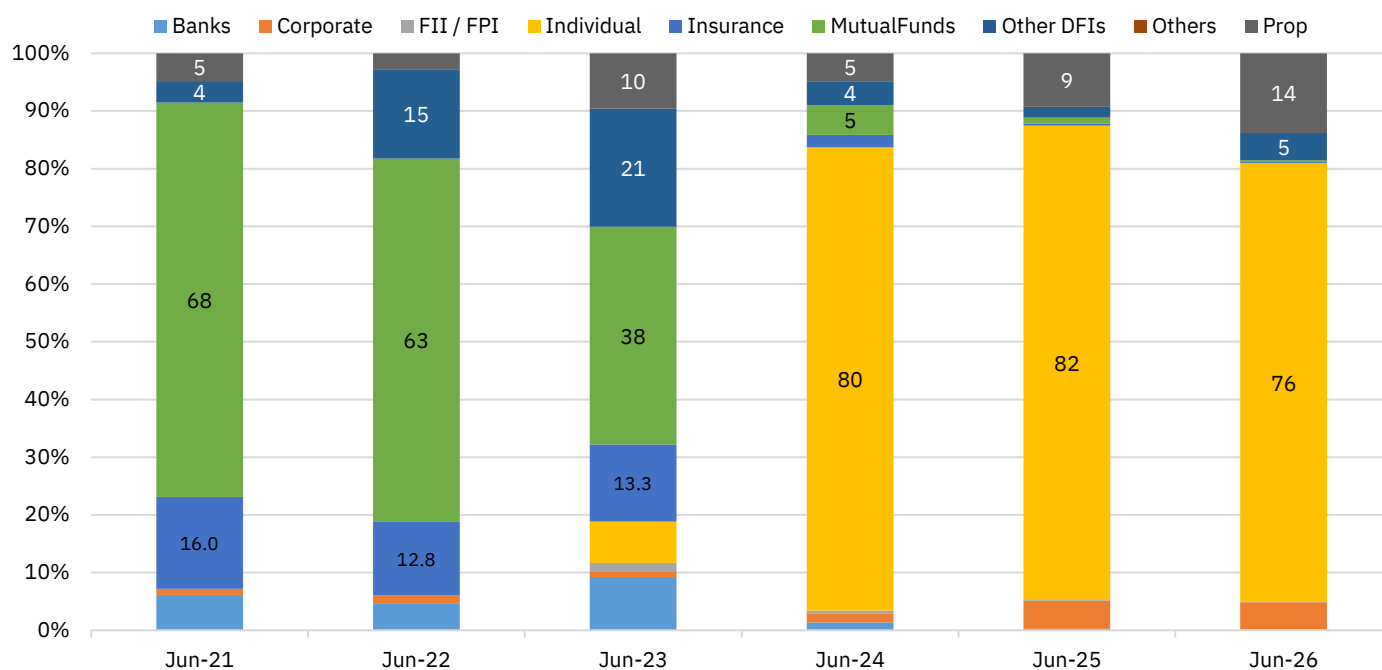
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 274: Share in OTC trade counts across participant categories



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 275: Share in RFQ trade counts across participant categories



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Category-wise participation across segments: Investor participation broadens across markets

Market participation in June 2026 reflected mixed trends. Proprietary traders continued to dominate despite a moderation in their share and domestic institutional participation strengthened. Across equity derivatives, participation trends remained divergent. Equity futures witnessed a further strengthening of institutional participation, with foreign investors' share reaching an all-time high alongside continued improvement in DII participation, while proprietary and retail shares moderated. In contrast, equity options exhibited increased participation by individual investors, while proprietary participation remained below the 50% mark for the third consecutive month. Participation across commodity derivatives also remained mixed. Commodity futures witnessed a partial recovery in proprietary participation following the sharp decline in May, while commodity options continued to experience strengthening retail participation, reflecting the evolving composition of market activity. In the interest rate futures (IRF) segment, participation underwent a notable rebalancing, with corporate participation recovering sharply from the previous month's multi-year low, although proprietary traders continued to account for the largest share of turnover.

Overall, participation patterns in June 2026 point to a gradual broadening of the investor base, characterised by strengthening institutional participation in equity futures, sustained gains in retail participation across options segments, and a moderation in proprietary dominance across select market segments, while the cash market and IRF segment continued to remain largely driven by proprietary activity.

Share of proprietary traders moderates in June 2026: Cash market turnover increased to a 23-month high of Rs 27.7 lakh crore in June 2026 (+3 % MoM) from Rs 26.9 lakh crore in May, accompanied by mixed participation trends across investor categories. Proprietary traders continued to account for the largest share of turnover. However, their participation moderated to 33% (-129 bps MoM), marking a six-month low, while remaining substantially higher than a year ago (+523 bps YoY). The share of individual investors remained broadly stable at 32.7% (-13 bps MoM), but trailed its year-ago level by 171 bps, indicating a slight moderation in trading activity. Institutional participation, however, exhibited divergent trends with DII share increasing sharply to 13.7% (+174 bps MoM), although it remained marginally below its year-ago level (-45 bps YoY). In contrast, foreign investors' share eased to 13.4% (-74 bps MoM, -146 bps YoY), while corporate participation remained broadly stable at 3.9%. Overall, the participation mix reflected a modest shift towards domestic institutional investors, even as proprietary traders continued to dominate cash market activity.

Institutional participation strengthened in equity futures: Participation in equity futures continued to shift in favour of institutional investors. Foreign investors' share rose further to a record high of 31.5% in June, increasing by 21 bps MoM and 487 bps YoY, and remained the largest participant category for the third consecutive month. DII participation also strengthened to 13.8%, up 79 bps MoM and 219 bps YoY. In contrast, the share of proprietary traders moderated further to 27.4%, its lowest level in six years (-57 bps MoM, -508 bps YoY). Individual investor participation also declined to 15.9% (-63 bps MoM, -232 bps YoY) – a three-month low.

In equity options (premium turnover) participation exhibited divergent trends where proprietary traders share moderated further to 48% (-101 bps MoM, -282 bps YoY), remaining below the 50% mark for the third consecutive month. In contrast, individual investors' share increased to 39.3% (+73 bps MoM, +326 bps YoY), extending the steady rise in their participation. Foreign investors' share remained broadly stable at 6.6% (+4 bps MoM), although it remained well below its year-ago level (-208 bps YoY). Overall, participation trends suggest a gradual rebalancing in the options segment.

IRF participation undergoes rebalancing in June 2026: Participation patterns in the interest rate futures (IRF) segment witnessed a notable shift in June 2026. While proprietary traders continued to account for the largest share of turnover, their participation declined sharply to 56% (-1,063 bps MoM), although remaining substantially higher than a year ago (+3,715 bps YoY). Corporate participation, meanwhile, rose to 38.1%, increasing by 1,155 bps MoM and recovering from the four-year low recorded in May, although it remained 3,634 bps below the year-ago level. Foreign investors' share more than doubled to 3.2% (+186 bps MoM, +233 bps YoY), while individual investors' participation moderated further to 2.7% (-59 bps MoM, -314 bps YoY) remaining subdued.

Participation trends across commodity derivatives remained mixed: In commodity futures, the share of proprietary traders increased to 52.1% (+342 bps MoM), reversing part of the sharp decline witnessed in May, although remaining marginally below its year-ago level (-118 bps YoY). In contrast, individual investors' share moderated to 25.7% (-685 bps MoM, -406 bps YoY) after reaching an all-time high in May. Foreign investors' participation also eased to 5.4% (-171 bps MoM), though it remained significantly higher than a year ago (+515 bps YoY). Corporate participation increased to 2.5% (+109 bps MoM), while the share of other participants rose to 14.3% (+406 bps MoM).

In commodity options (premium turnover), participation trends continued to shift towards retail investors for the third consecutive month. The share of individual investors increased to 32.1% (+317 bps MoM, +546 bps YoY), while proprietary traders' share declined further to 49.7% (-140 bps MoM, -2,014 bps YoY). Foreign investors' participation moderated to 17.7% (-156 bps MoM), although it remained substantially above its year-ago level (+1,731 bps YoY). Overall, participation trends across commodity derivatives reflected a mixed pattern, characterised by a recovery in proprietary participation in the futures segment alongside continued strengthening of retail participation in commodity options.

Table 82: Share of client participation in NSE cash market segment (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	3.9	3.9	4.1	1	(18)	3.8	3.7	3.7
DIIs	13.7	11.9	14.1	174	(45)	13.0	14.2	13.5
Foreign Investors	13.4	14.2	14.9	(74)	(146)	13.1	14.6	13.4
Individuals	32.7	32.8	34.4	(13)	(171)	33.1	33.4	32.5
Prop	33.0	34.3	27.7	(129)	523	33.9	30.9	34.1
Others	3.3	2.9	4.8	41	(143)	3.0	3.2	2.8

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD and CY26TD are as of Jun'26.

Figure 276: Annual trends in share of client participation in NSE cash market segment (%)

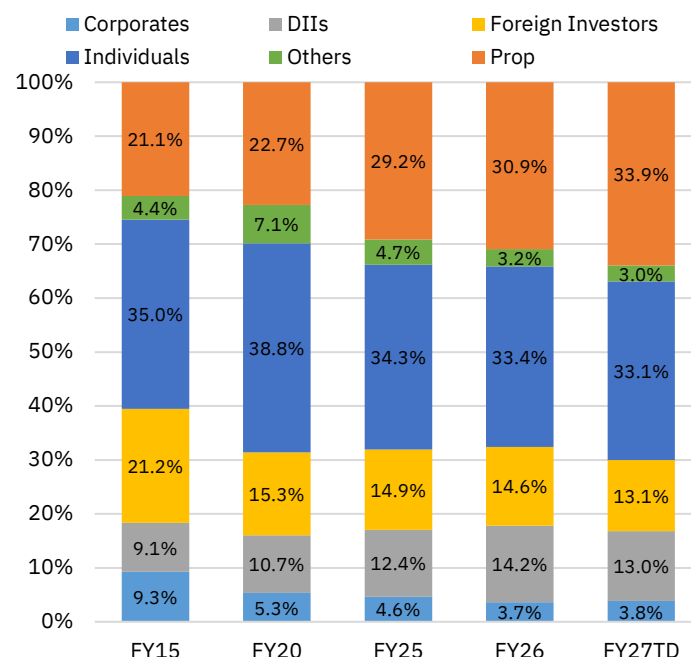
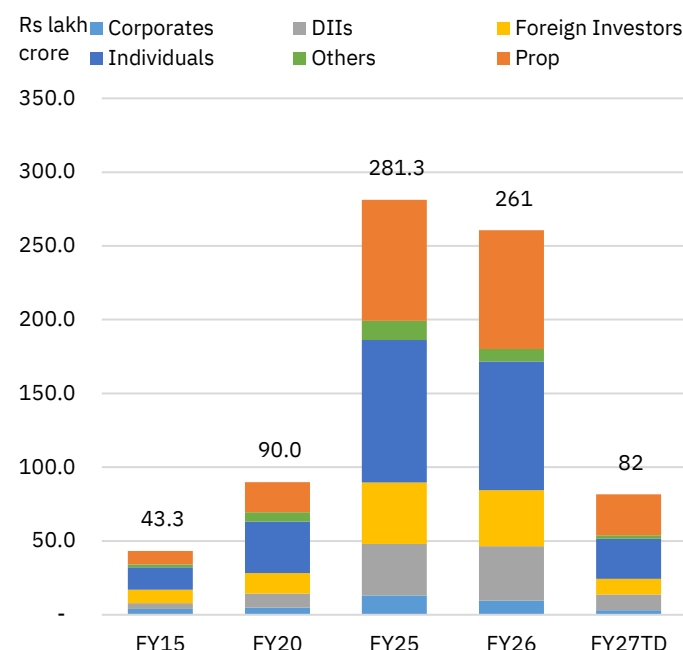


Figure 277: Annual trends in share of client participation in NSE cash market segment



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

Table 83: Share of client participation in Equity Derivatives segment (Notional turnover) of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.1	2.1	2.3	2	(23)	2.1	2.2	2.1
DIIs	0.3	0.3	0.2	(2)	3	0.3	0.2	0.3
Foreign Investors	5.7	6.1	8.2	(39)	(253)	6.0	6.9	6.5
Individuals	30.7	30.9	26.3	(22)	440	30.8	29.2	30.2
Prop	58.1	57.8	60.7	30	(265)	57.8	59.3	58.4
Others	3.2	2.9	2.2	31	97	3.0	2.2	2.5

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCI, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4 Data for FY27TD and CY26TD are as of Jun'26.

Figure 278: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE (%)

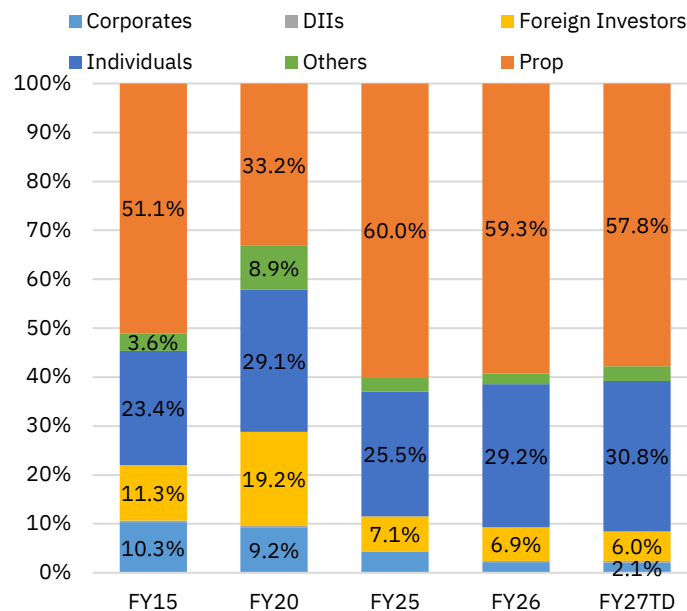
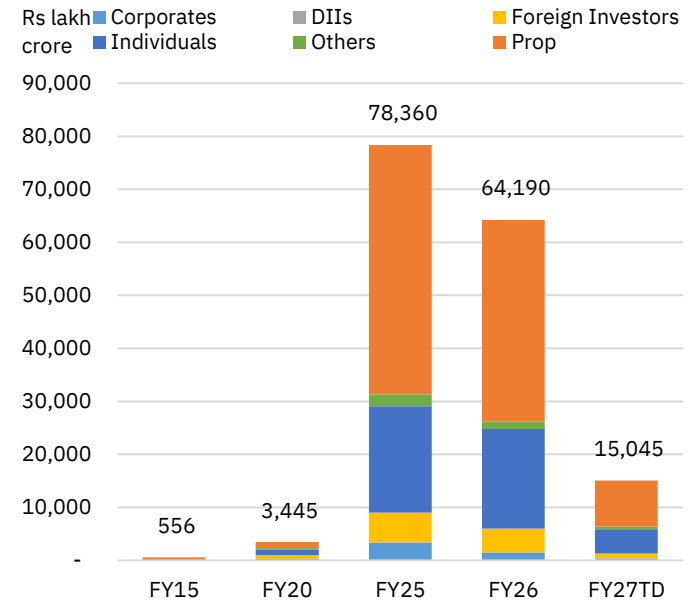


Figure 279: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in gross notional turnover i.e., buy-side notional turnover + sell-side notional turnover.
4. Data for FY27TD is as of Jun'26.

Table 84: Share of client participation in Equity futures (Notional Turnover) segment of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	7.3	7.2	6.6	9	70	7.0	6.8	7.0
DII's	13.8	13.0	11.6	79	219	13.1	12.3	12.5
Foreign Investors	31.5	31.3	26.6	21	487	31.2	27.5	29.6
Individuals	15.9	16.5	18.2	(63)	(232)	16.7	17.0	16.2
Prop	27.4	27.9	32.5	(57)	(508)	27.9	31.9	30.5
Others	4.2	4.1	4.5	10	(36)	4.0	4.4	4.1

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD and CY26TD are as of Jun'26.

Figure 280: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE (%)

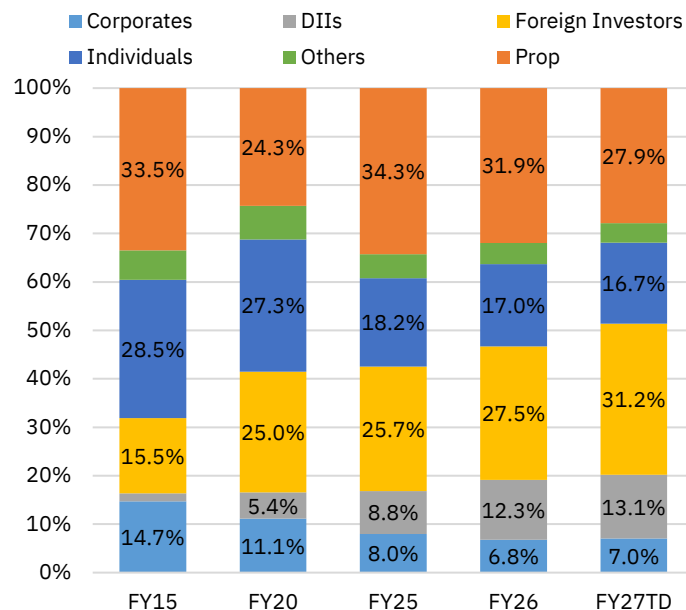
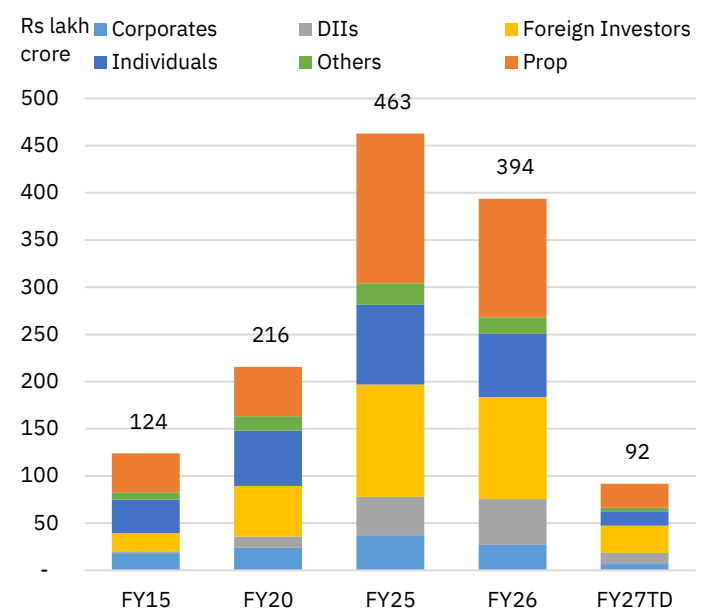


Figure 281: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in gross notional turnover i.e., buy-side notional turnover + sell-side notional turnover.

4. Data for FY27TD is as of Jun'26.

Table 85: Share of client participation in Equity options segment (Premium Turnover) of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.1	2.2	2.2	(11)	(15)	2.2	2.2	2.3
DIIIs	0.2	0.2	0.1	(3)	8	0.2	0.1	0.2
Foreign Investors	6.6	6.6	8.7	4	(208)	6.6	7.3	7.0
Individuals	39.3	38.6	36.0	73	326	38.8	37.5	38.0
Prop	48.0	49.0	50.8	(101)	(282)	48.6	50.7	49.6
Others	3.8	3.4	2.1	38	171	3.6	2.2	2.9

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD and CY26TD are as of Jun'26.

Figure 282: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE (%)

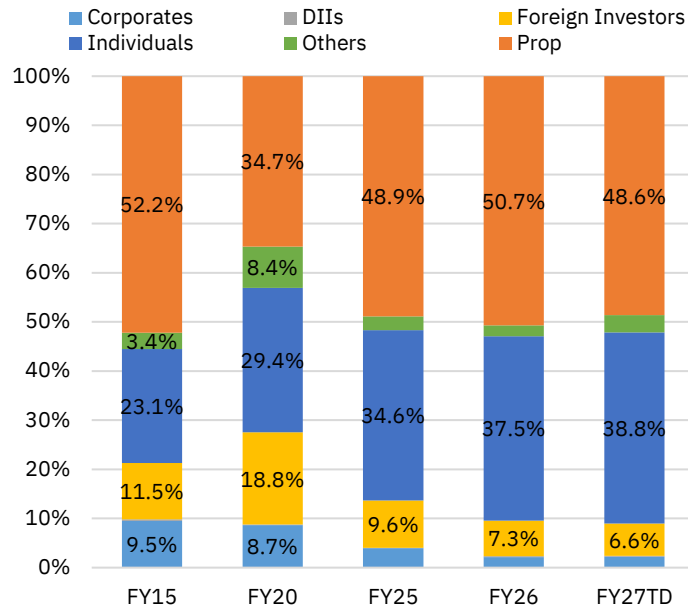
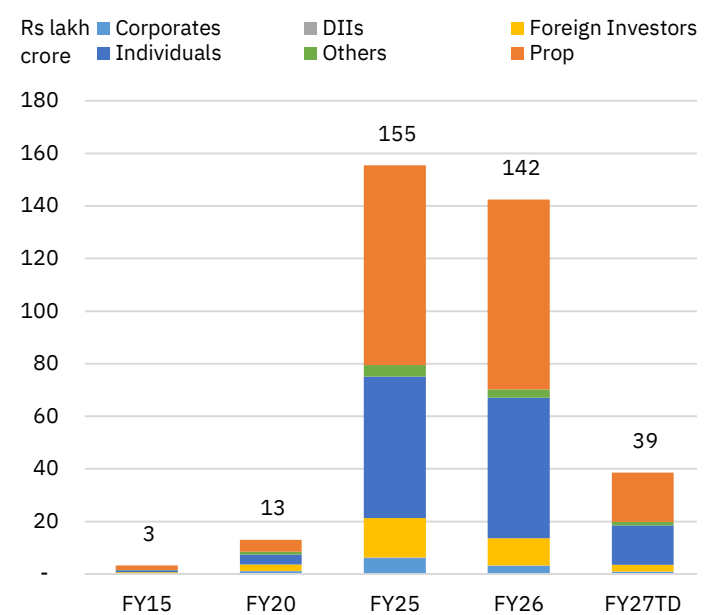


Figure 283: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

Table 86: Share of client participation in Index Futures of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	9.6	9.1	10.4	52	(81)	9.6	9.3	9.2
DIIIs	6.0	6.9	5.5	(93)	43	6.5	5.9	5.8
Foreign Investors	21.5	17.6	15.2	384	623	18.9	16.5	18.5
Individuals	32.0	34.6	33.4	(263)	(138)	34.6	31.4	31.9
Prop	24.9	25.8	29.9	(83)	(493)	24.7	31.4	29.1
Others	6.0	6.0	5.5	2	46	5.8	5.5	5.5

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of Jun'26.

Figure 284: Annual trends in share of client participation in Index Futures at NSE (%)

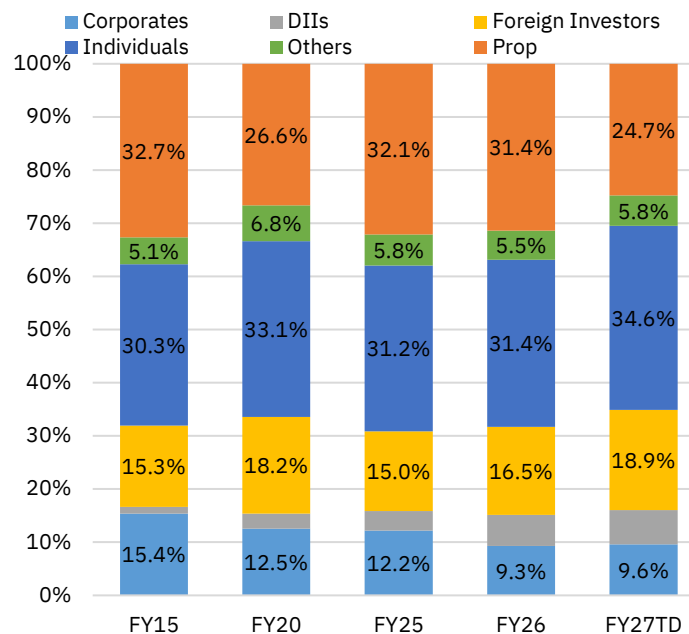
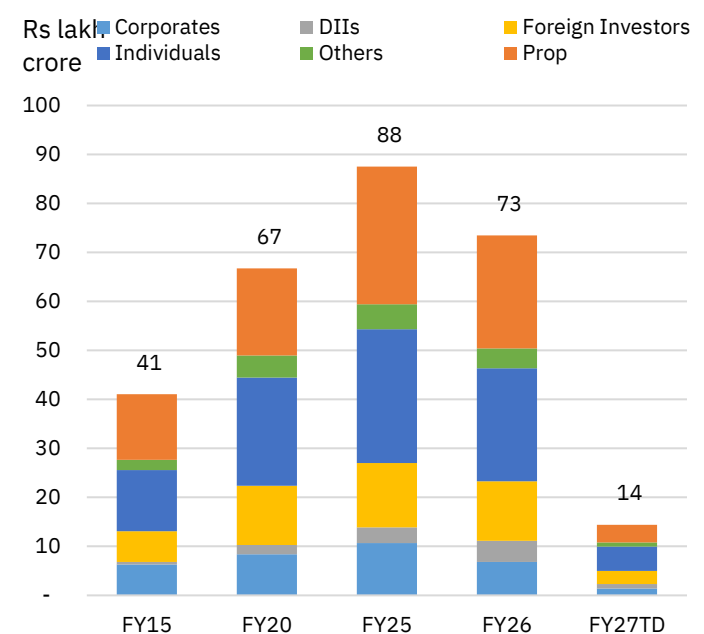


Figure 285: Annual trends in share of client participation in Index Futures at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

Table 87: Share of client participation in Stock Futures of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	6.8	6.8	5.6	(2)	121	6.6	6.2	6.6
DIIs	15.2	14.0	13.1	119	215	14.4	13.8	13.9
Foreign Investors	33.3	33.6	29.4	(28)	394	33.5	30.1	31.9
Individuals	12.9	13.4	14.5	(49)	(158)	13.4	13.7	13.0
Prop	27.8	28.3	33.1	(49)	(527)	28.4	32.1	30.8
Others	3.8	3.7	4.3	10	(45)	3.7	4.2	3.8

Source: NSE EPR.

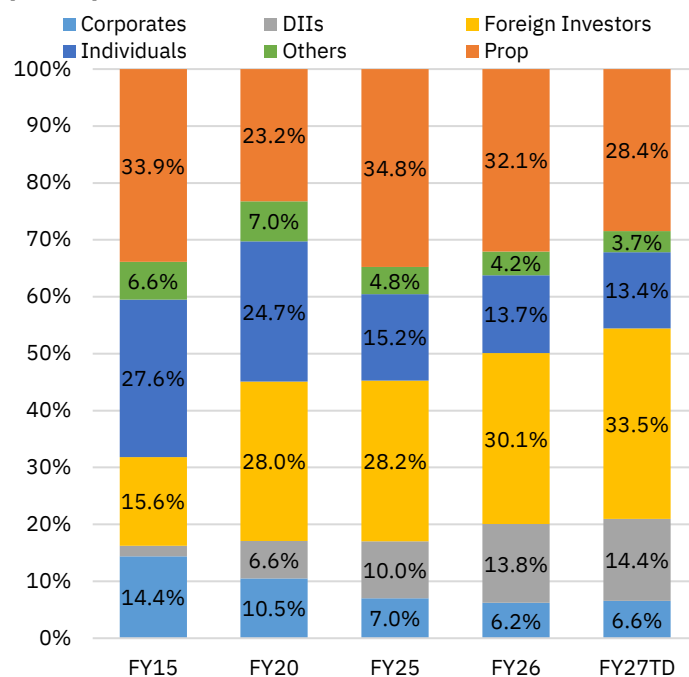
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of Jun'26.

Figure 286: Annual trends in share of client participation in Stock Futures at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

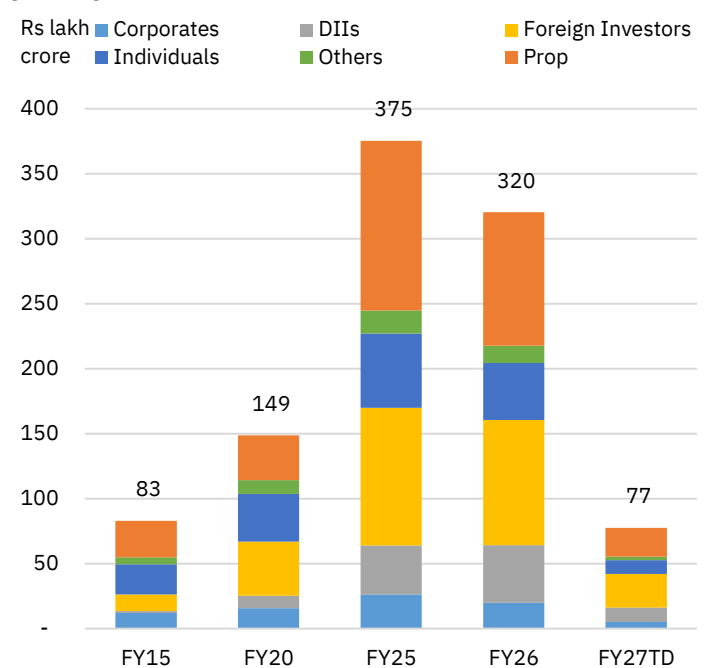
Figure 287: Annual trends in share of client participation in Stock Futures at NSE


Table 88: Share of client participation in Index Options (Premium Turnover) of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.0	2.1	2.2	(10)	(25)	2.1	2.1	2.2
DIIs	0.2	0.2	0.1	(3)	5	0.2	0.1	0.2
Foreign Investors	6.7	6.8	7.9	(10)	(119)	6.8	7.3	7.3
Individuals	40.8	40.5	37.5	36	332	40.6	39.0	39.5
Prop	46.3	46.8	50.2	(51)	(386)	46.5	49.3	47.8
Others	4.0	3.7	2.1	38	193	3.8	2.3	3.1

Source: NSE EPR.

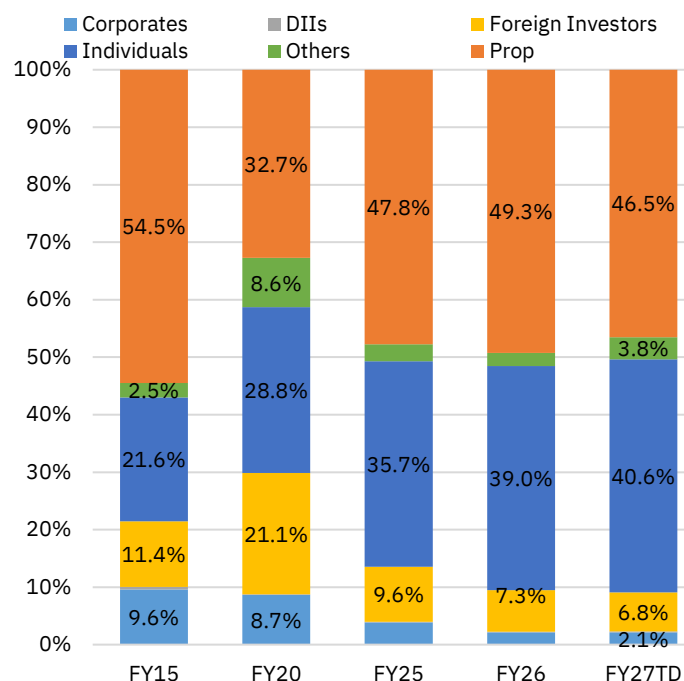
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2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of Jun'26.

Figure 288: Annual trends in share of client participation in Index Options (premium turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

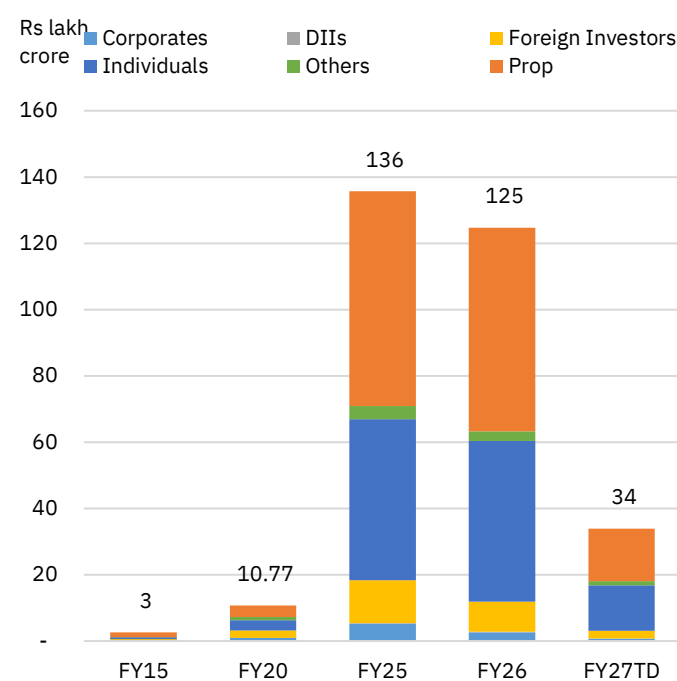
Figure 289: Annual trends in share of client participation in Index Options (premium turnover) at NSE


Table 89: Share of client participation in Stock Options (Premium Turnover) of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.7	2.9	2.1	(13)	60	2.7	2.5	2.6
DIIs	0.5	0.4	0.2	7	29	0.5	0.3	0.5
Foreign Investors	6.1	5.1	13.5	91	(745)	5.2	7.4	5.0
Individuals	27.3	25.9	27.5	141	(18)	26.6	27.2	26.5
Prop	61.7	64.0	54.8	(234)	686	63.4	60.8	63.6
Others	1.7	1.6	1.8	8	(12)	1.6	1.9	1.7

Source: NSE EPR.

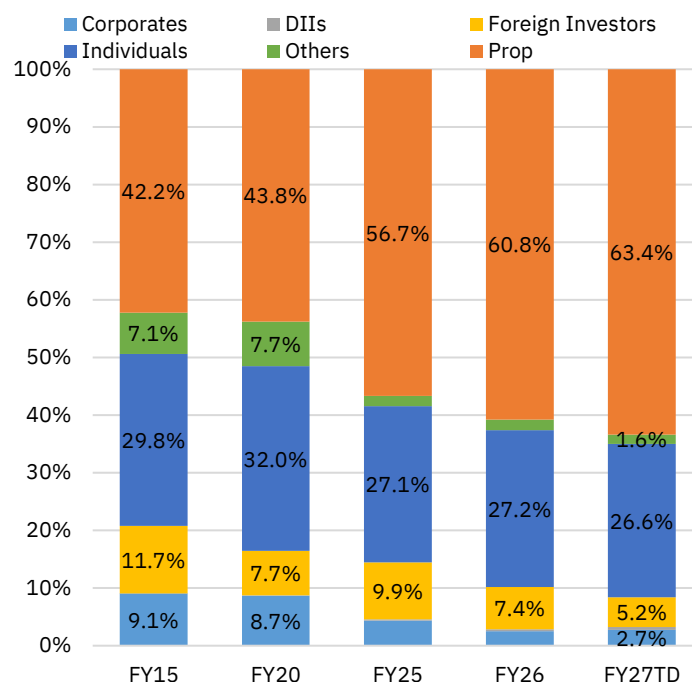
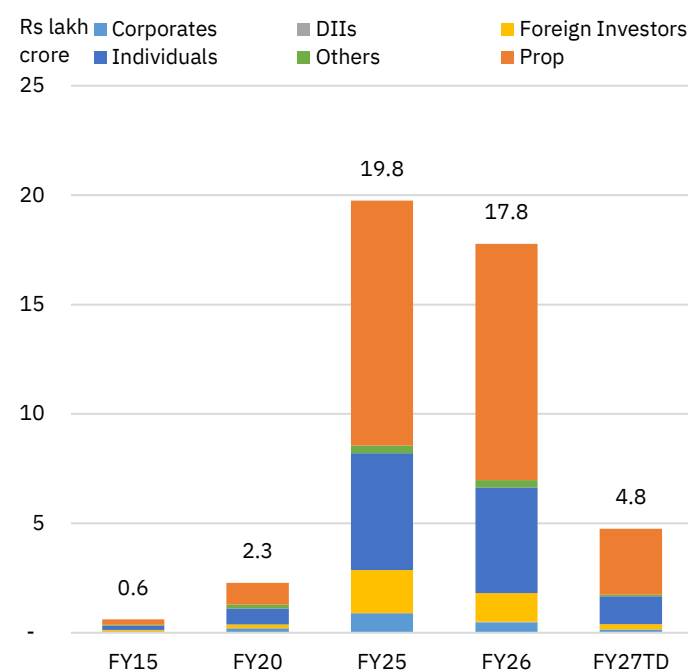
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2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFes, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of Jun'26.

Figure 290: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE (%)

Figure 291: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

Table 90: Share of client participation in Currency Derivatives segment (Notional Turnover) of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	14.9	12.1	17.8	288	(282)	14.3	15.4	14.3
DIIIs	2.8	3.0	4.1	(25)	(131)	2.9	2.9	2.4
Foreign Investors	21.3	17.2	18.7	402	256	18.4	15.9	17.3
Individuals	11.5	11.4	11.7	9	(17)	11.2	8.3	9.3
Prop	48.6	55.2	45.5	(663)	311	52.1	56.0	55.4
Others	0.9	1.0	2.3	(12)	(138)	1.2	1.6	1.3

Source: NSE EPR.

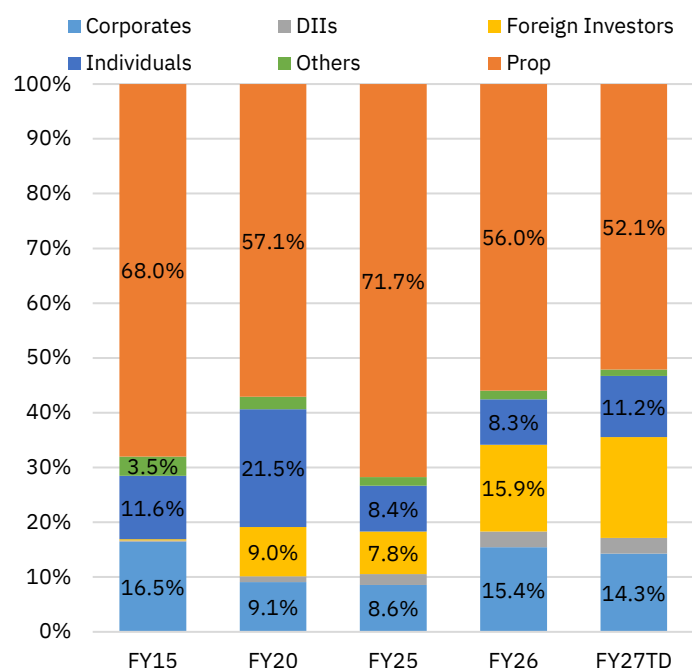
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of Jun'26.

Figure 292: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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4. Data for FY27TD is as of Jun'26.

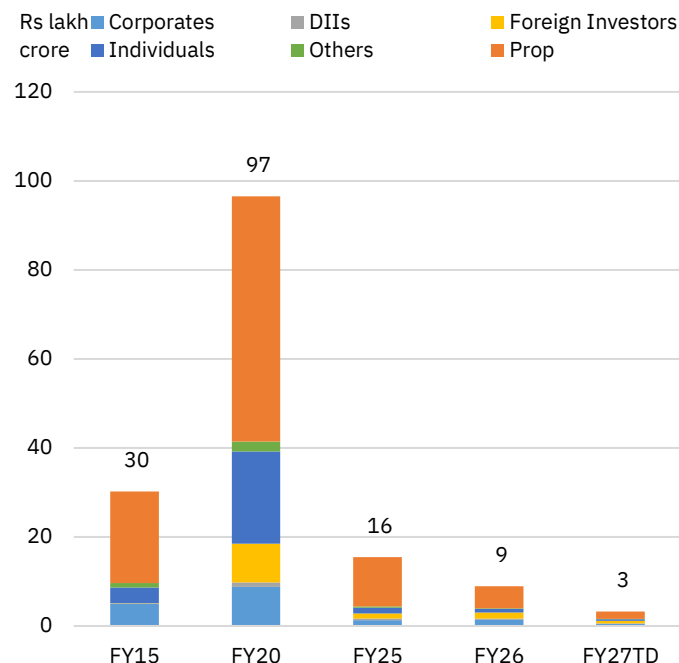
Figure 293: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE


Table 91: Share of client participation in Currency Futures of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	14.7	11.9	17.3	282	(257)	14.1	15.1	14.0
DIIIs	2.8	3.0	4.2	(25)	(139)	2.9	2.9	2.4
Foreign Investors	21.4	17.3	19.1	405	227	18.5	16.1	17.4
Individuals	11.3	11.1	11.0	15	29	10.9	7.9	9.0
Prop	48.9	55.6	46.1	(666)	282	52.5	56.5	55.8
Others	0.9	1.0	2.3	(11)	(142)	1.2	1.6	1.3

Source: NSE EPR.

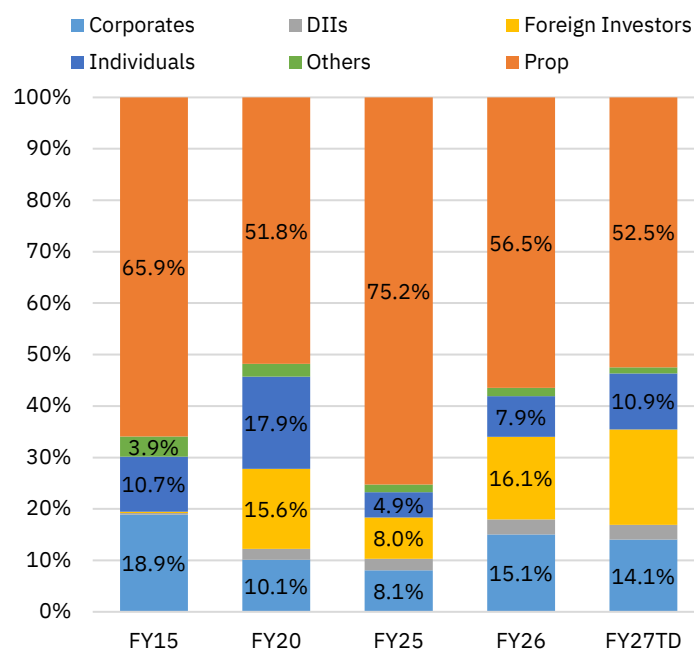
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5 Data for FY27TD and CY26TD are as of Jun'26.

Figure 294: Annual trends in share of client participation in Currency Futures at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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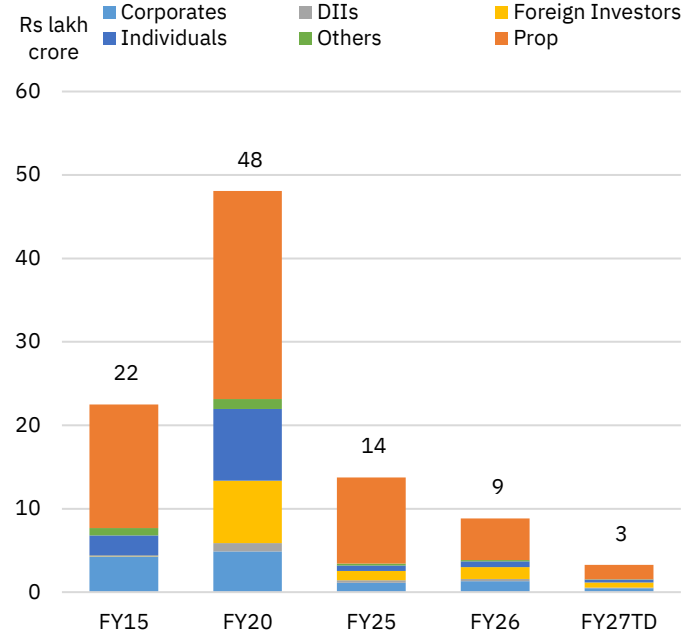
Figure 295: Annual trends in share of client participation in Currency Futures at NSE


Table 92: Share of client participation in Currency Options (Premium Turnover) of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	41.9	31.2	39.2	1,063	267	38.2	48.6	45.9
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign Investors	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Individuals	58.0	67.5	37.4	(947)	2,058	61.4	37.8	48.5
Prop	0.0	0.0	23.4	-	(2,335)	0.0	13.4	5.3
Others	0.1	1.3	0.0	(117)	10	0.5	0.2	0.3

Source: NSE EPR.

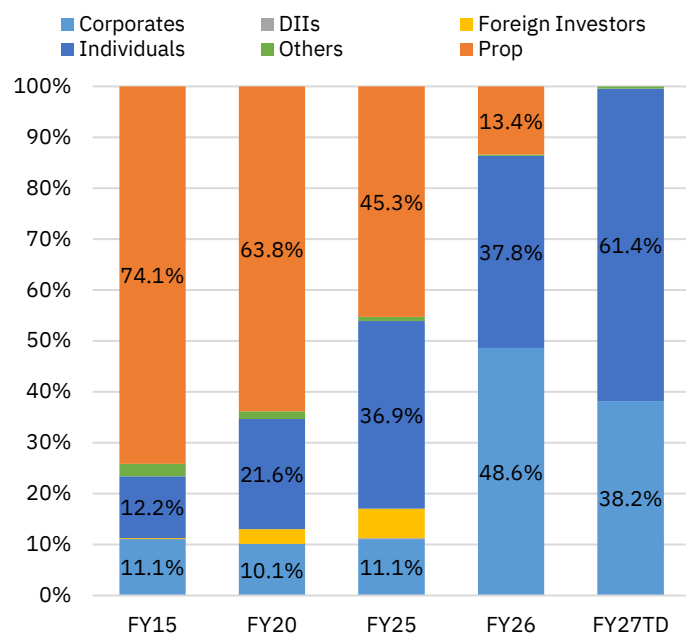
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5 Data for FY27TD and CY26TD are as of Jun'26.

Figure 296: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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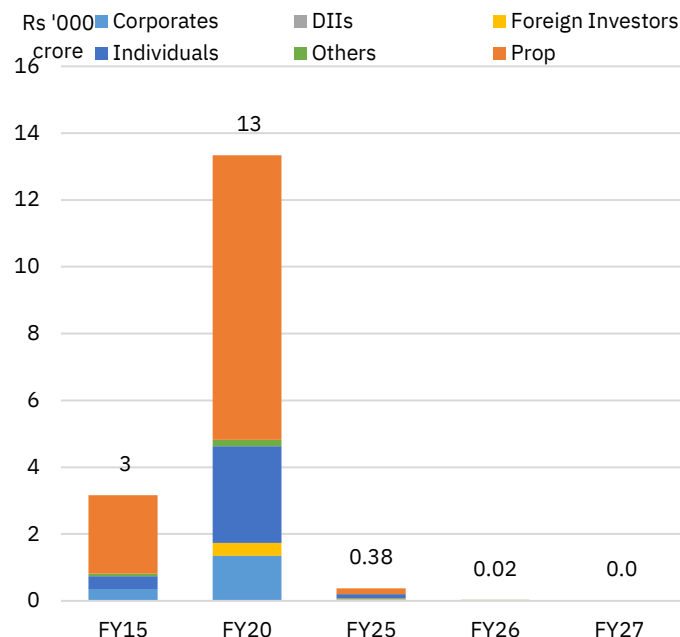
Figure 297: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE


Table 93: Share of client participation in Interest Rate Futures of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	38.1	26.5	74.4	1,155	(3,634)	29.9	56.3	36.5
DIIIs	0.0	0.0	0.0	-	-	0.0	0.1	0.1
Foreign Investors	3.2	1.3	0.9	186	233	1.6	0.5	1.1
Individuals	2.7	3.3	5.9	(59)	(314)	2.8	6.9	4.0
Prop	56.0	66.6	18.8	(1,063)	3,715	64.8	36.2	57.7
Others	0.0	2.2	0.0	(218)	1	1.0	0.0	0.6

Source: NSE EPR.

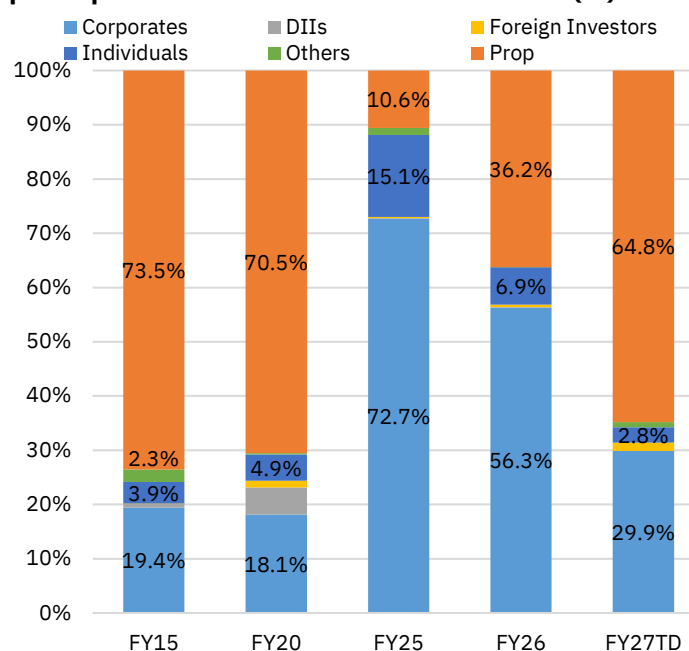
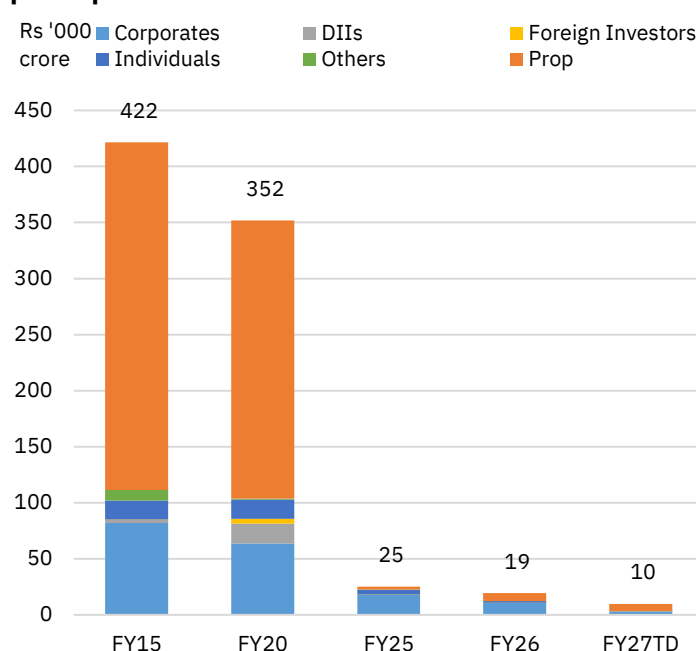
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. Data for FY27TD and CY26TD are as of Jun'26.

Figure 298: Annual trends in share of client participation in Interest Rate Futures at NSE (%)

Figure 299: Annual trends in share of client participation in Interest Rate Futures at NSE


Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

Table 94: Share of client participation in Commodity derivatives segment of NSE (%)

Client category	Jun-26	May-26	Jun-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Commodity Futures								
Corporates	2.5	1.4	3.4	109	(95)	2.2	1.9	2.0
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	5.4	7.1	0.2	(171)	515	6.0	1.2	4.7
Individuals	25.7	32.6	29.8	(685)	(406)	27.9	9.5	22.7
Prop	52.1	48.7	53.3	342	(118)	50.1	72.4	52.8
Others	14.3	10.2	13.3	406	103	13.8	15.1	17.8
Commodity Options (Premium Turnover)								
Corporates	0.2	0.2	0.8	8	(60)	0.3	0.3	0.3
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	17.7	19.2	0.4	(156)	1,731	19.3	13.3	21.0
Individuals	32.1	28.9	26.6	317	546	29.6	28.0	28.3
Prop	49.7	51.1	69.9	(140)	(2,014)	50.5	57.4	50.1
Others	0.3	0.5	2.3	(29)	(204)	0.4	0.9	0.4
Commodity Derivatives (Notional Turnover)								
Corporates	0.5	0.3	1.2	13	(74)	0.5	0.7	0.5
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	9.5	8.2	0.2	125	931	8.8	5.0	9.5
Individuals	34.0	37.7	16.3	(364)	1,778	35.0	17.1	31.9
Prop	55.0	52.5	78.3	248	(2,337)	54.3	74.9	56.1
Others	1.0	1.3	4.0	(22)	(297)	1.4	2.3	1.9

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5 Data for FY27TD and CY26TD are as of Jun'26.

Figure 300: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover) (%)

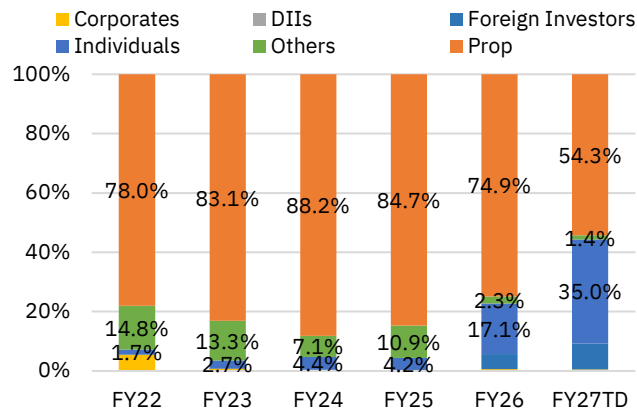


Figure 301: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover)

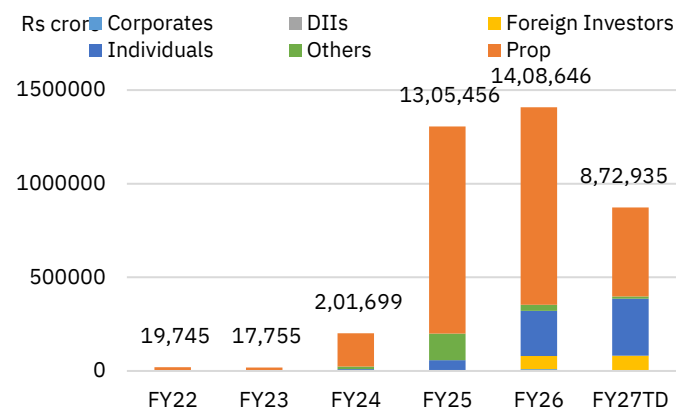


Figure 302: Annual trends in share of client participation in Commodity Futures at NSE (%)

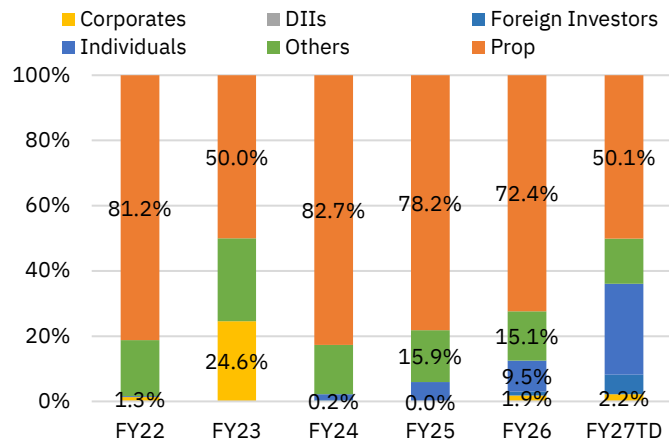


Figure 303: Annual trends in share of client participation in Commodity Futures at NSE

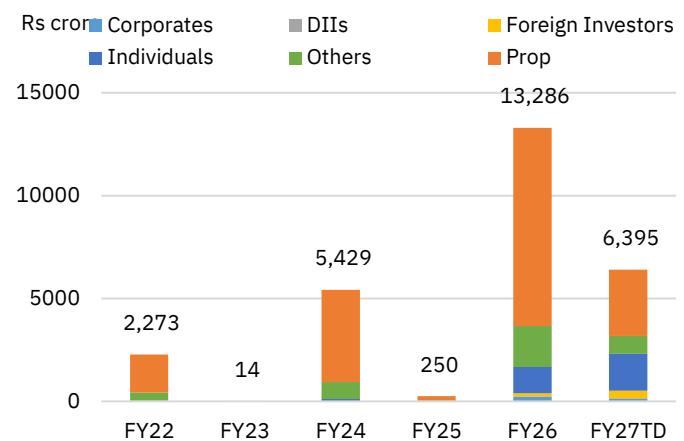


Figure 304: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE (%)

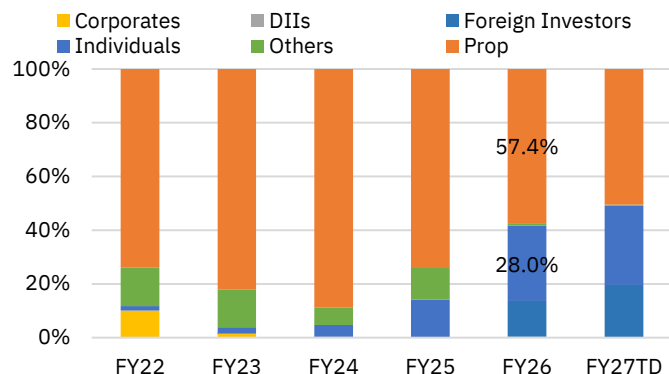
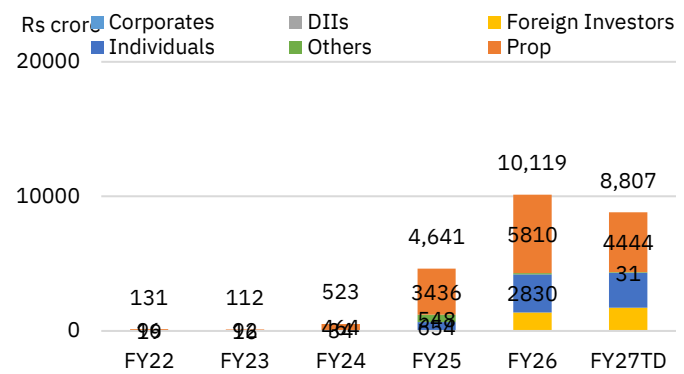


Figure 305: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.

2. DII: Banks, insurance companies, mutual funds, DFIIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIIs, depository receipts, foreign nationals, QFIs, EFIs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.

i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY27TD is as of Jun'26.

Channel-wise turnover distribution: Technology-driven execution continues to evolve across market segments

Technology-enabled execution channels continued to gain prominence across market segments during FY27 (up to June), reflecting the increasing digitalisation of trading. In the cash market, the share of turnover executed through Colocation and Smart Order Routing (SOR) reached record highs, while Mobile trading climbed to a six-year high. Within equity derivatives, institutional execution continued to dominate futures trading, whereas Mobile trading gained further traction in options. A similar trend was visible in commodity derivatives, where Mobile trading reached a six-year high in options despite CTCL/NEAT terminals remaining the dominant execution channel. Overall, the evolving execution mix highlights the growing adoption of technology-driven trading channels and the increasing diversification of order execution across investor segments.

Colocation and SOR reach record share in the cash market; Mobile trading at a six-year high:

On an annual basis, the share of turnover executed through Colocation, Mobile and Smart Order Routing (SOR) increased to 43.0% (a record high), 22.7% (a six-year high) and 2.8% (a record high), respectively, during FY27 (up to June 2026). On a monthly basis, however, the share of turnover executed through Colocation declined by 95 bps MoM in June 2026, although it remained 554 bps higher YoY. Mobile-based trading also eased marginally by 23 bps MoM, while remaining 93 bps higher YoY. Internet-Based Trading (IBT) and Direct Market Access (DMA) remained broadly stable on a monthly basis but were lower by 177 bps and 201 bps YoY, respectively.

Meanwhile, the share of Smart Order Routing (SOR) has steadily increased since mid-2025, reaching a record high of 3.3% in March 2026 before stabilising within the 2.7%–2.9% range over the subsequent months. These developments highlight the growing role of technology in enhancing market accessibility and execution efficiency, enabling investors to participate seamlessly irrespective of location.

Equity futures remain dominated by institutional execution, while Mobile trading continues to expand in options:

The share of Colocation declined by 137 bps and 136 bps in equity futures and equity options, respectively, during the first quarter of FY27 (up to June), compared with entire FY26. In contrast, the share of Mobile trading increased by 61 bps in equity futures and 229 bps in equity options over the same period. Notably, the share of DMA increased by 140 bps for equity futures to its highest level during FY27 (up to June), indicating growing participation from institutional investors.

Within equity futures, the decline in Colocation was considerably sharper in index futures, where its share fell by 347 bps, compared with a decline of 132 bps in stock futures. This may partly reflect the increase in trading costs following the revision in the Securities Transaction Tax (STT). In equity options, however, a divergent trend was observed: the share of Colocation declined by 196 bps in index options, while increasing by 304 bps in stock options. Meanwhile, the share of Mobile trading increased to 30.9% in index options and 20.4% in stock options during FY27 (up to June), the highest annual levels for both instruments.

Commodity derivatives: Mobile trading in options reaches a six-year high: During the first quarter of FY27, the share of turnover executed through CTCL/NEAT terminals in commodity derivatives moderated to 56% of notional turnover, while the share of Mobile trading increased to 31%, the highest annual level on record. The share of DMA also strengthened to 9% during the quarter.

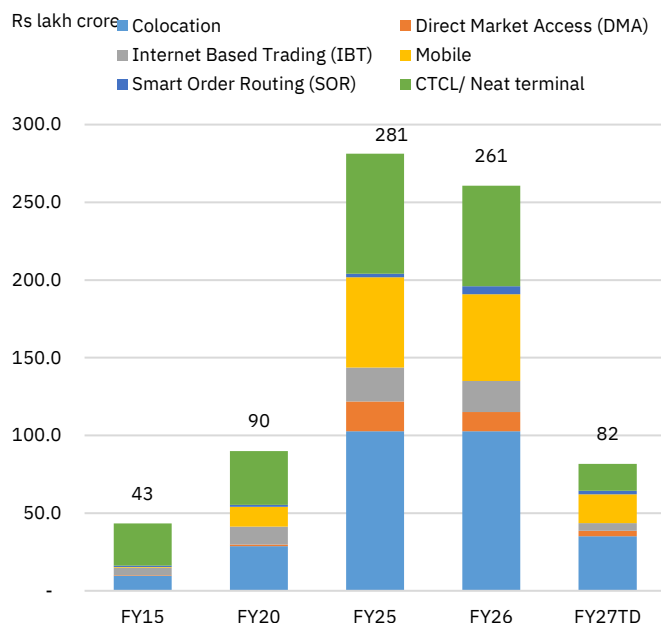
Within commodity futures, CTCL/NEAT accounted for 54% of notional turnover, while the shares of Internet-Based Trading (IBT) and Mobile trading increased to 17% and 23%, respectively, during the first quarter. In commodity options, CTCL/NEAT remained the dominant execution channel, accounting for 59% of premium turnover, while Mobile trading increased to 21%, the highest level in six years. DMA recorded a significant rise, accounting for 13% of premium turnover, during the period.

Table 95: Monthly trend in share (%) of different channels of trading in NSE CM segment

Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	42.3	43.2	36.7	-95	554	43.0	39.4	43.0
Direct Market Access (DMA)	4.6	4.7	6.6	-5	-201	4.3	4.8	4.1
Internet Based Trading (IBT)	6.1	6.0	7.9	5	-177	6.1	7.6	6.4
Mobile	22.3	22.5	21.3	-23	93	22.7	21.4	22.1
Smart order routing	2.9	2.7	0.6	23	226	2.8	2.0	2.9
CTCL/ Neat terminal	21.9	20.9	26.8	95	-494	21.1	24.8	21.6

Source: NSE EPR. Notes: 1. The above figures have been computed based on traded value. 2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of June 2026.

Figure 306: Annual turnover trend for different channels in the NSE CM segment



Source: NSE EPR. Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. 2. FY27TD is as of June 2026.

Figure 307: Annual trend in turnover share for different channels in the NSE CM segment

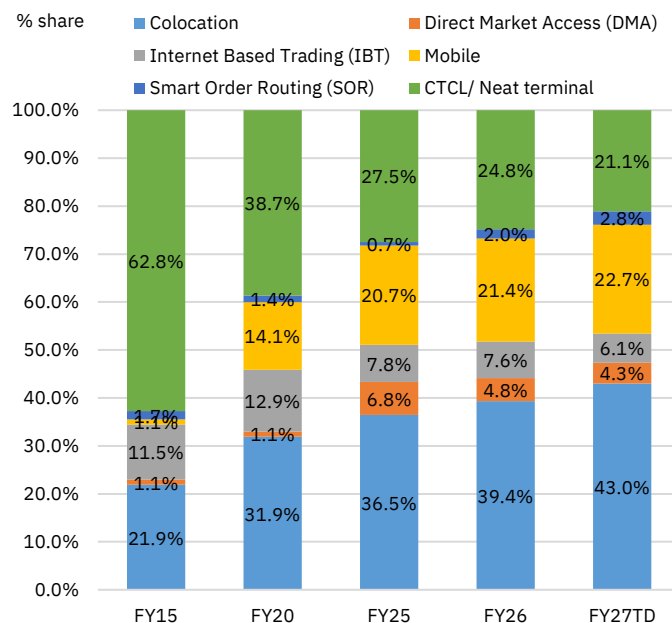
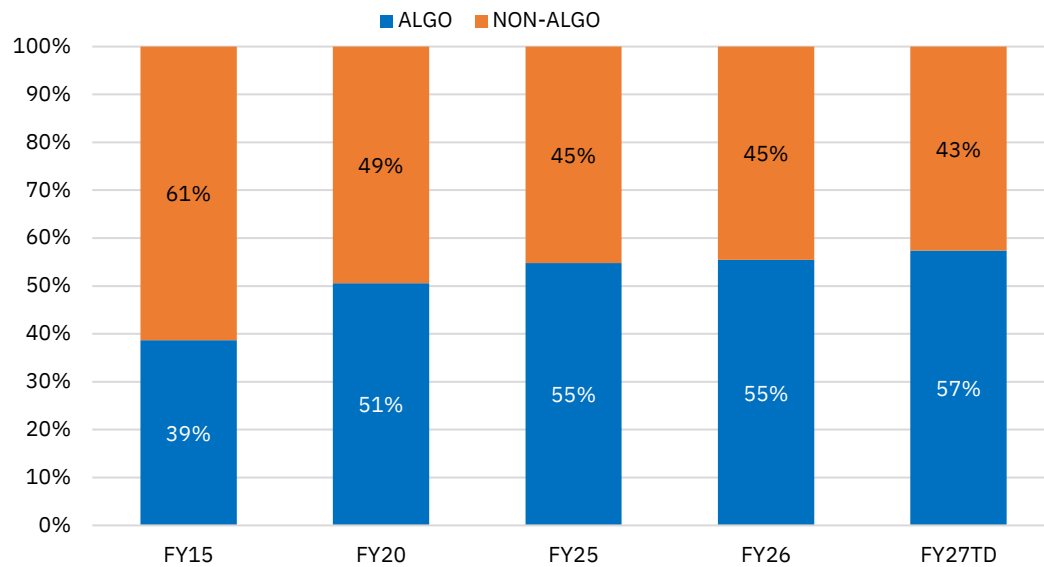


Figure 308: Annual trends in share (%) for modes of trading in NSE CM segment


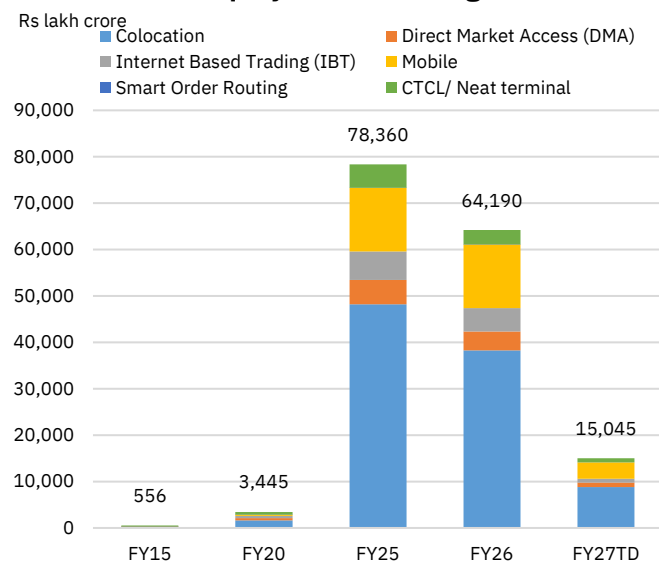
Source: NSE EPR. Notes: 1. The above figures have been computed in terms of % share on the basis of net turnover. 2. FY27TD is as of June 2026.

Table 96: Share (%) of different channels of trading in equity derivatives segment (notional turnover)

Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	59.0	58.8	60.5	13	-149	58.8	59.6	59.3
Direct Market Access (DMA)	6.0	6.0	8.2	-6	-224	6.0	6.4	6.2
Internet Based Trading (IBT)	5.3	5.5	7.6	-16	-228	5.5	7.8	6.3
Mobile	23.7	23.7	18.6	-4	510	23.7	21.4	23.2
Smart order routing	0.0	0.0	0.0	0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	6.1	6.0	5.2	12	92	6.0	4.8	5.0

Source: NSE EPR Notes: 1. The above figures have been computed based on traded value.

2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of June 2026.

Figure 309: Annual turnover trend for different channels in the equity derivatives segment


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed on the basis of traded turnover. 3. FY27TD is as of June 2026.

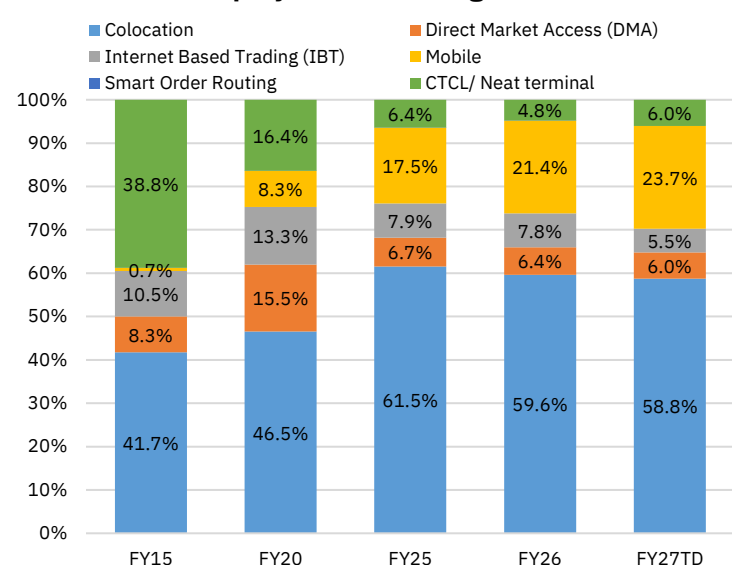
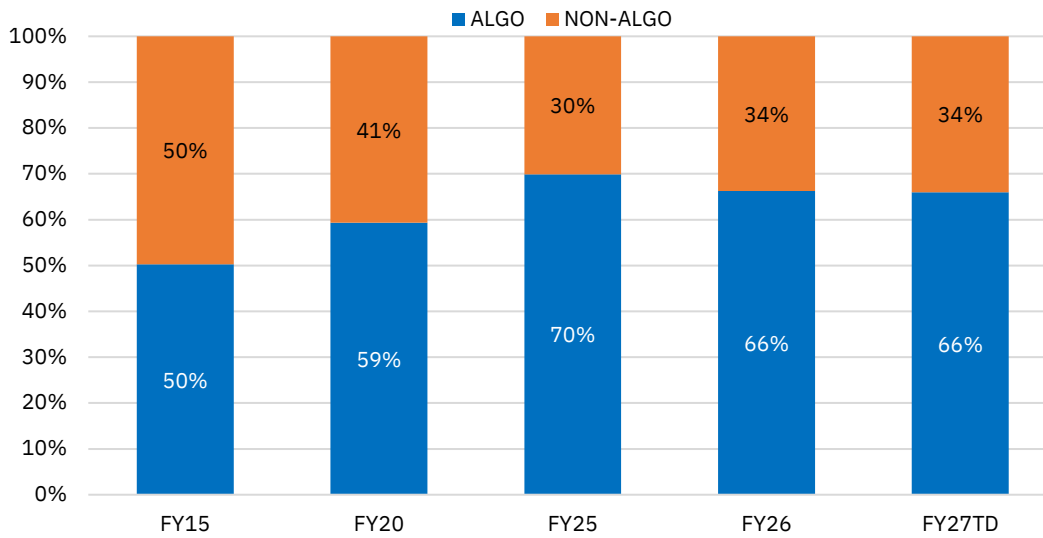
Figure 310: Annual trend in turnover share for different channels in the equity derivatives segment


Figure 311: Annual trends in share (%) for modes of trading in equity derivatives


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on notional turnover.

2. FY27TD is as of June 2026.

Table 97: Monthly trend in share (%) of different channels of trading in Equity futures (based on turnover)

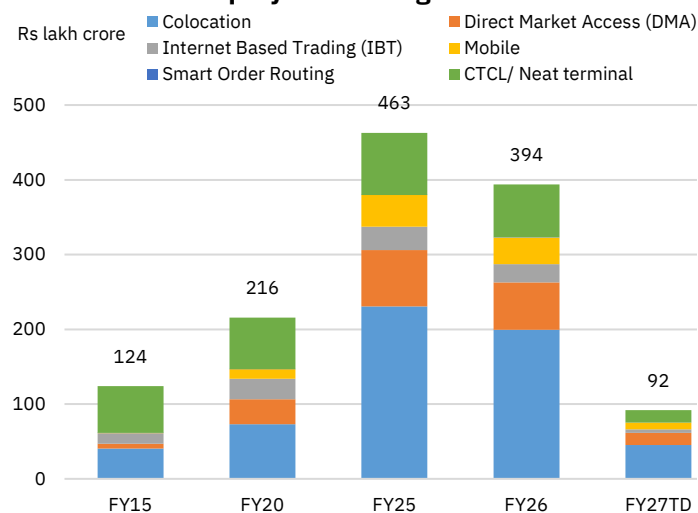
Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	50.4	49.0	51.4	132	-105	49.3	50.7	50.6
Direct Market Access (DMA)	17.2	17.8	15.7	-58	156	17.5	16.1	17.1
Internet Based Trading (IBT)	5.1	5.3	6.4	-18	-128	5.4	6.2	5.6
Mobile	9.1	9.5	9.8	-35	-65	9.7	9.1	9.2
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	18.1	18.4	16.7	-21	142	18.2	18.0	17.5

Source: NSE EPR

Note: 1. The above figures have been computed based on traded value.

2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover.

3. Data for FY27TD and CY26TD is as of June 2026.

Figure 312: Annual turnover trend for different channels in the equity futures segment


Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed on the basis of traded turnover.

3. FY27TD is as of June 2026.

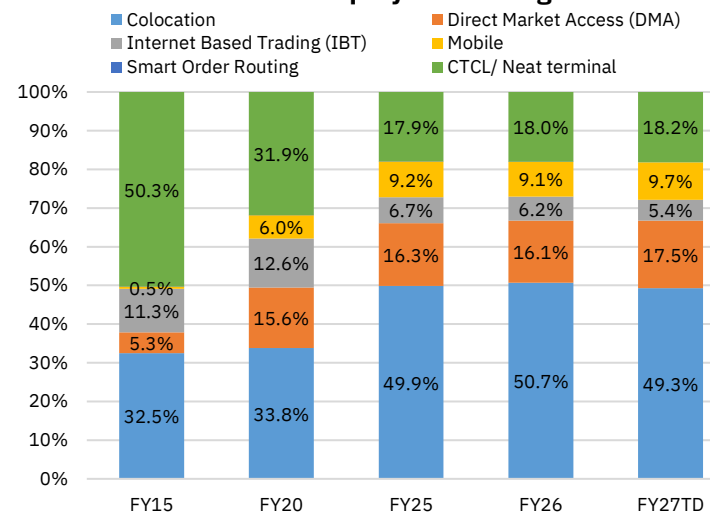
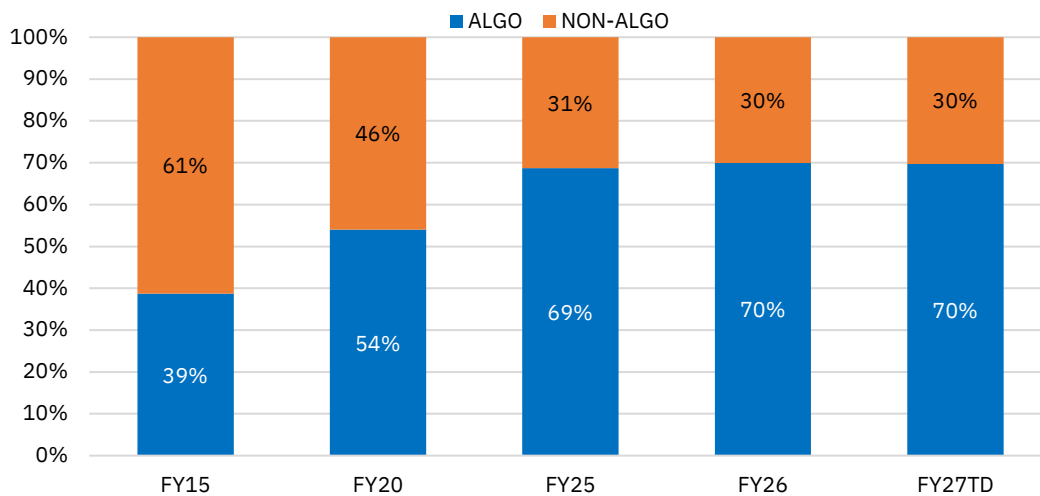
Figure 313: Annual trend in turnover share for different channels in the equity futures segment


Figure 314: Annual trends in share for modes of trading in equity futures turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on turnover.

2. FY27TD is as of June 2026.

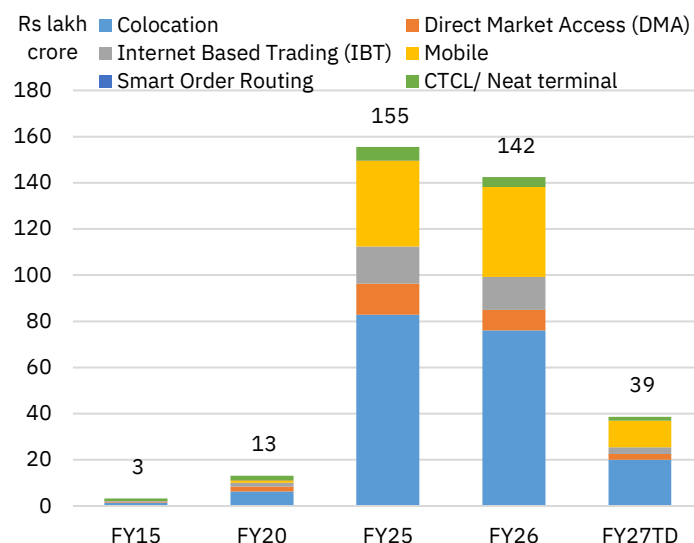
Table 98: Monthly trend in share (%) of different channels of trading in Equity options (Premium value)

Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	51.5	52.5	52.7	-105	-119	52.1	53.4	53.0
Direct Market Access (DMA)	6.5	6.2	8.2	37	-169	6.3	6.2	6.3
Internet Based Trading (IBT)	7.4	7.5	10.3	-3	-292	7.6	10.0	8.3
Mobile	30.2	29.4	25.5	76	470	29.6	27.3	28.9
Smart order routing	0.0	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	4.4	4.4	3.3	-5	110	4.4	3.0	3.5

Source: NSE EPR.

Notes: 1. The above figures have been computed based on premium traded value.

2. IBT - Internet-based Trades, SOR - Smart Order Routing, Colo - Colocation, DMA - Direct Market Access. The above figures are based on net turnover. 3 Data for FY27TD and CY26TD is as of June 2026.

Figure 315: Annual turnover trend for different channels in the equity options segment


Source: NSE EPR.

Note: 1. IBT - Internet-based Trades, SOR - Smart Order Routing, Colo - Colocation, DMA - Direct Market Access.

2. The above figures have been computed in % share based on premium turnover.

3. FY27TD is as of June 2026.

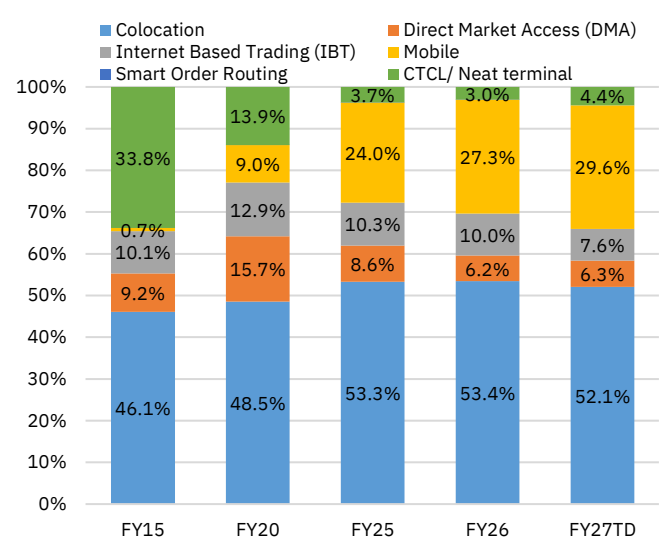
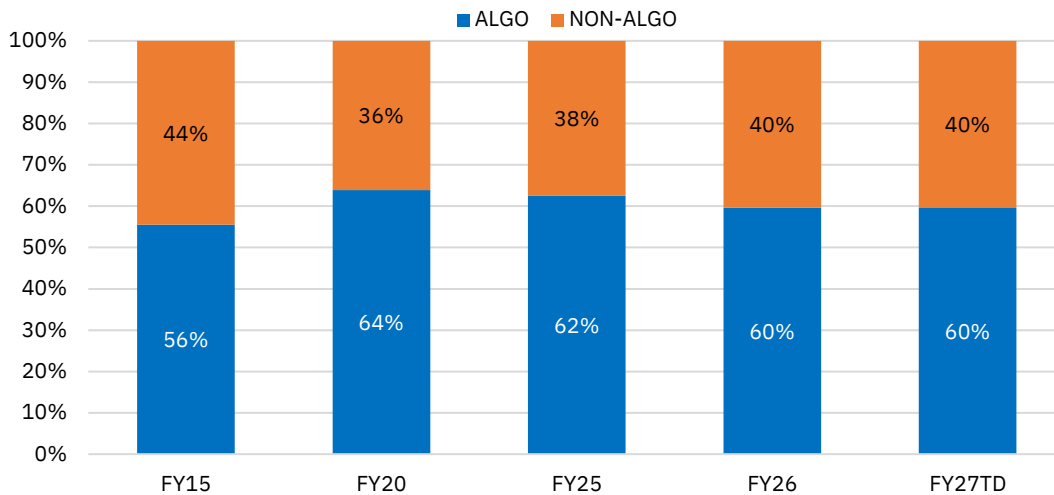
Figure 316: Annual trend in turnover share for different channels in the equity options segment


Figure 317: Annual trends in share for modes of trading in equity options premium turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on turnover.

2. Data for FY27TD is as of June 2026.

Table 99: Monthly Share (%) of different channels in index futures turnover

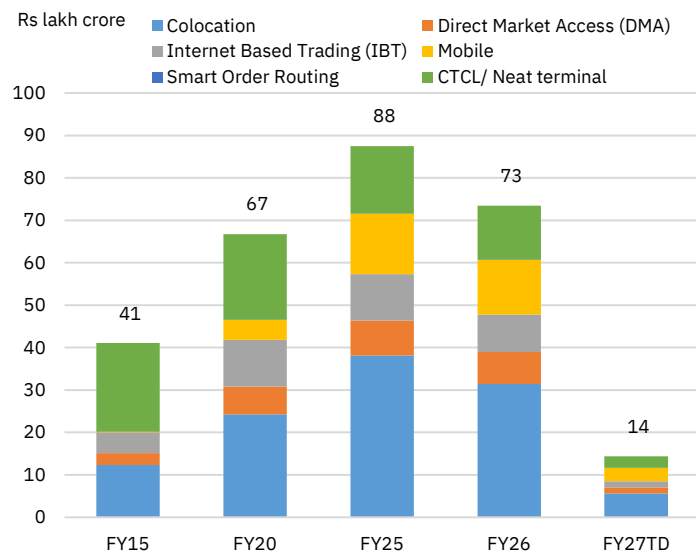
Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	41.6	39.7	41.6	188	-0	39.3	42.7	42.0
Direct Market Access (DMA)	10.1	9.4	10.2	67	-8	9.8	10.3	10.3
Internet Based Trading (IBT)	9.4	9.7	12.4	-29	-301	10.0	12.1	10.8
Mobile	20.2	21.7	18.5	-152	168	21.8	17.6	19.6
Smart order routing	-	-	0.0	-	-0	-	0.0	0.0
CTCL/ Neat terminal	18.8	19.5	17.3	-74	141	19.1	17.3	17.3

Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % based on turnover.

3. Data for FY27TD and CY26TD is as of June 2026.

Figure 318: Annual turnover trend for different channels in Index futures


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on turnover

3. Data for FY27TD is as of June 2026.

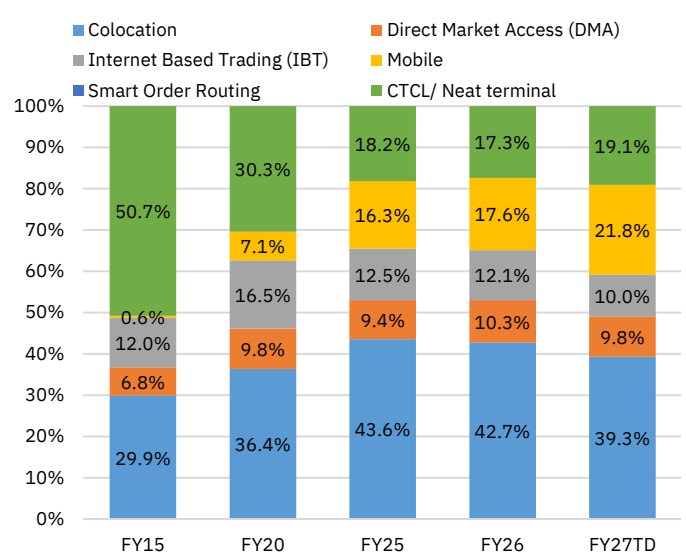
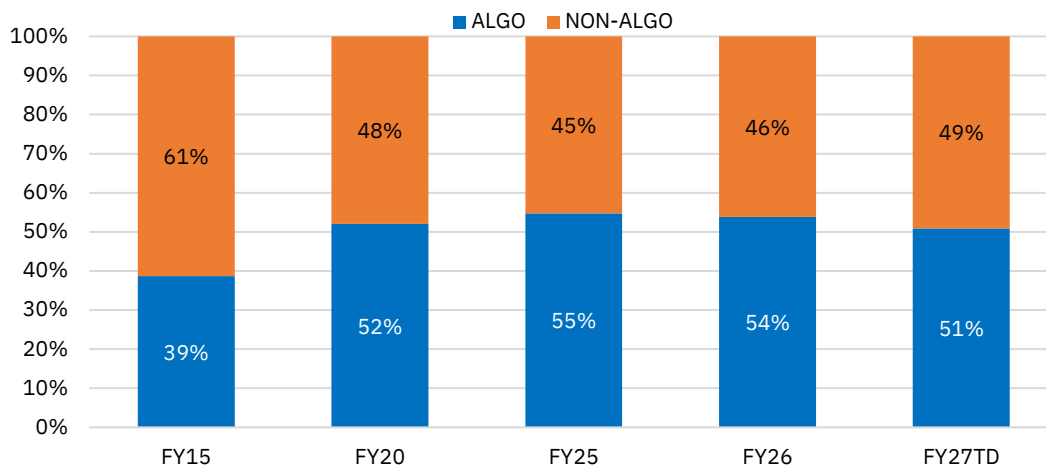
Figure 319: Annual trend in turnover share for different channels in Index futures


Figure 320: Annual trends in share for different modes in index futures turnover


Source: NSE EPR.

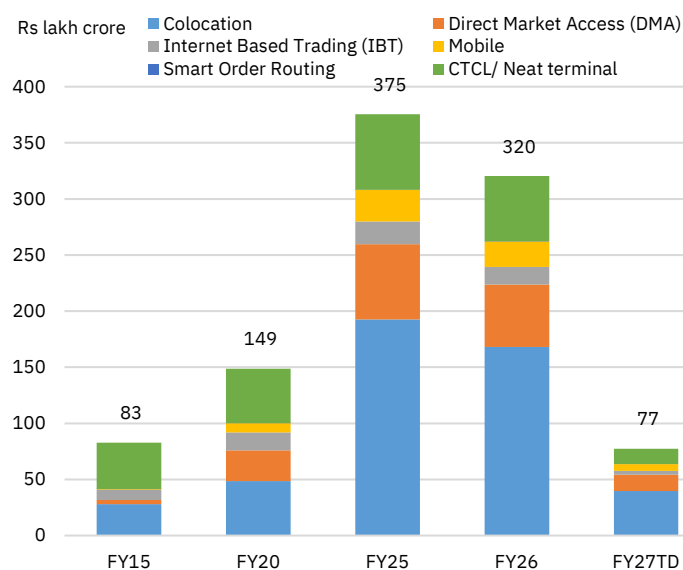
Notes: 1. The above figures have been computed in terms of % share based on turnover
2. Data for FY27TD is as of June 2026.

Table 100: Monthly share (%) of different channels in stock futures turnover

Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	52.0	50.6	53.8	134	-183	51.1	52.5	52.4
Direct Market Access (DMA)	18.5	19.3	17.0	-71	153	18.9	17.4	18.5
Internet Based Trading (IBT)	4.4	4.6	5.0	-22	-59	4.5	4.9	4.5
Mobile	7.1	7.4	7.6	-29	-56	7.4	7.1	7.1
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	18.0	18.2	16.6	-13	146	18.0	18.1	17.5

Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed based on turnover.
3. Data for FY27TD and CY26TD is as of June 2026.

Figure 321: Annual turnover trend for different channels in stock futures


Source: NSE EPR.

Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on turnover
3. Data for FY27TD is as of June 2026.

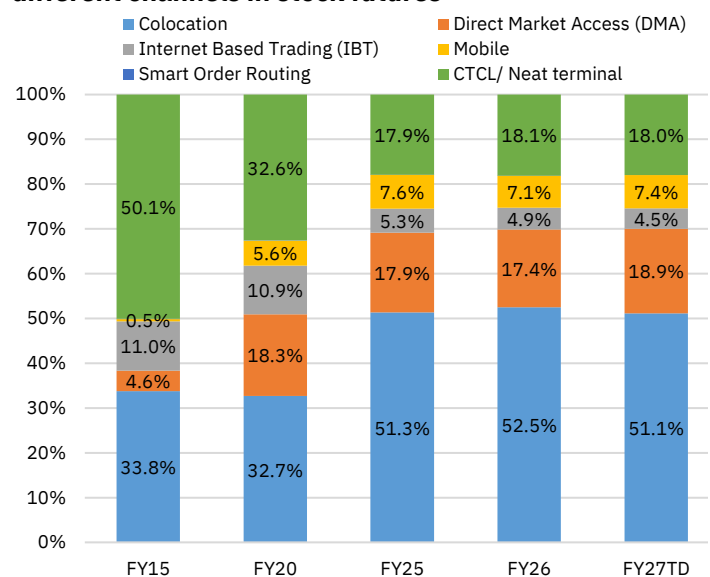
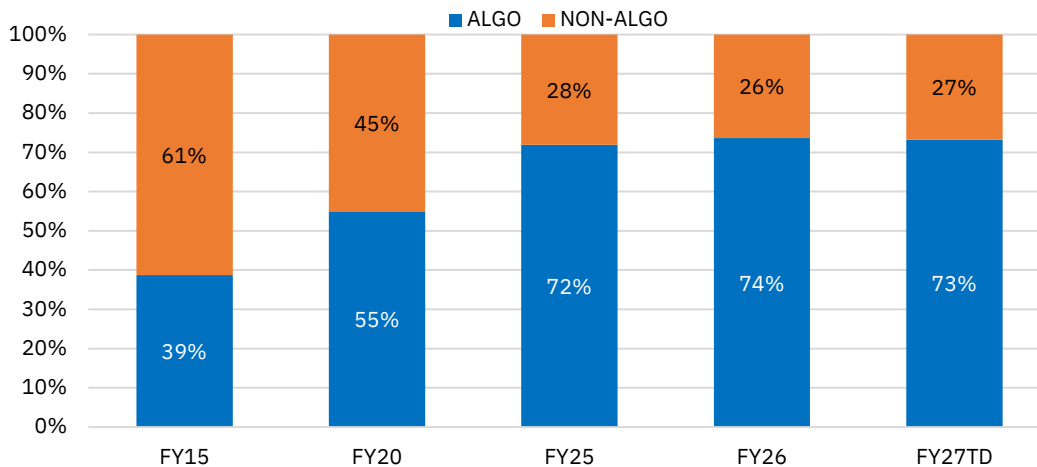
Figure 322: Annual trend in turnover share for different channels in stock futures


Figure 323: Annual trends in share for different modes in stock futures turnover


Source: NSE EPR.

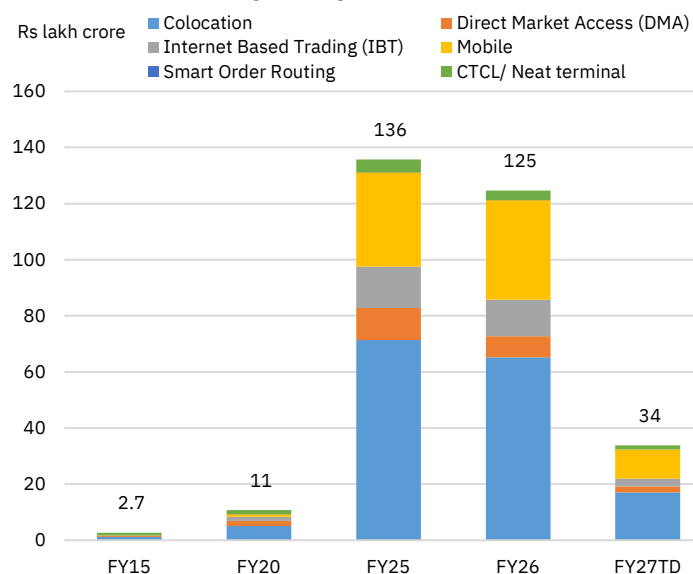
Notes: 1. The above figures have been computed in terms of % share based on turnover.
2. Data for FY27TD is as of June 2026.

Table 101: Monthly share (%) of different channels in index options premium turnover

Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	50.0	50.7	52.2	-63	-219	50.3	52.3	51.5
Direct Market Access (DMA)	6.6	6.3	7.3	27	-71	6.5	6.0	6.4
Internet Based Trading (IBT)	7.7	7.8	11.0	-10	-325	7.9	10.5	8.7
Mobile	31.4	30.9	26.5	48	490	30.9	28.4	30.1
Smart order routing	0.0	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	4.3	4.3	3.0	-2	126	4.3	2.7	3.3

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been presented in % based on premium turnover.
3. Data for FY27TD and CY26TD is as of June 2026.

Figure 324: Annual turnover trend for different channels in Index options premium


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on premium turnover
3. Data for FY27TD is as of June 2026.

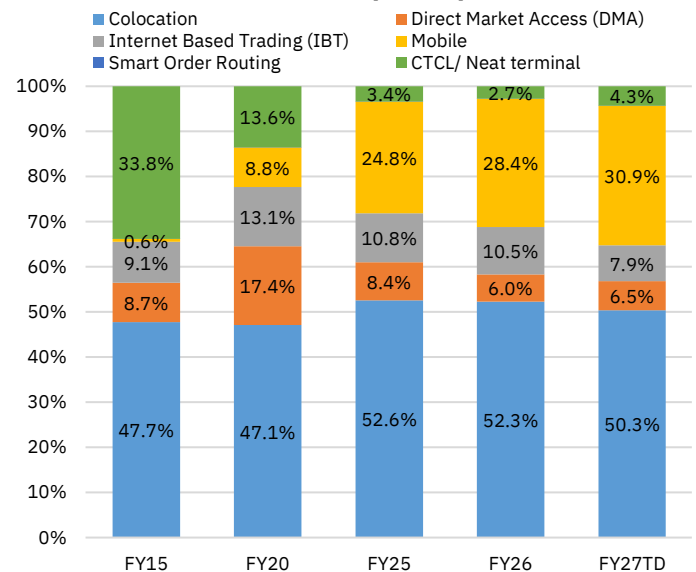
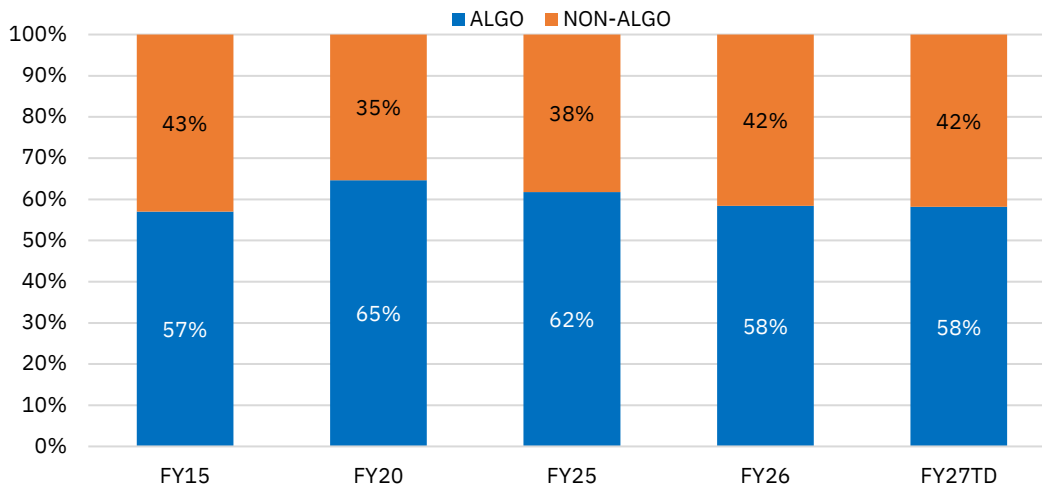
Figure 325: Annual trend in turnover share for different channels in Index options premium


Figure 326: Annual trends in share for different modes in index options premium turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share based on premium turnover

2. Data for FY27TD is as of June 2026.

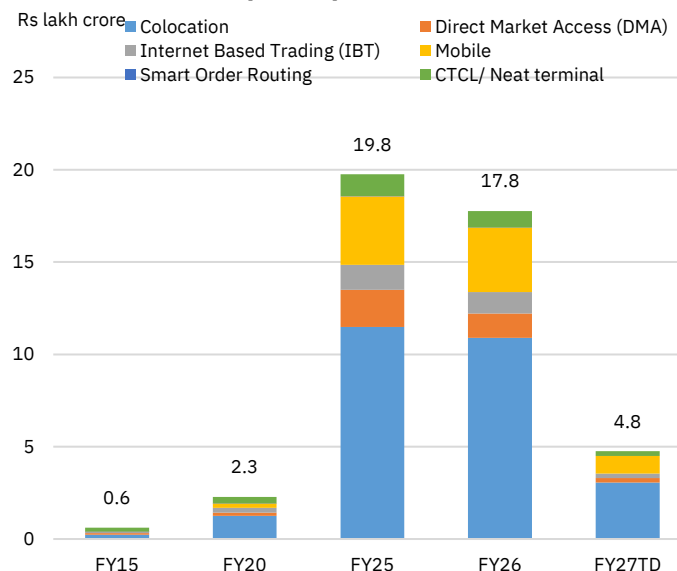
Table 102: Monthly share (%) of different channels in stock options premium turnover

Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	62.9	65.0	55.2	-216	767	64.4	61.4	64.5
Direct Market Access (DMA)	5.9	5.0	13.6	93	-761	5.0	7.4	4.9
Internet Based Trading (IBT)	5.1	5.1	6.7	5	-158	5.1	6.5	5.4
Mobile	21.0	19.7	19.9	132	116	20.4	19.7	20.1
Smart order routing	0.0	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	5.1	5.2	4.7	-14	37	5.1	5.0	5.0

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed on the basis of net turnover. 3. Data for FY27TD and CY26TD is as of June 2026.

Figure 327: Annual turnover trend for different channels in stock options premium


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been presented in % share based on the premium turnover

3. Data for FY27TD is as of June 2026.

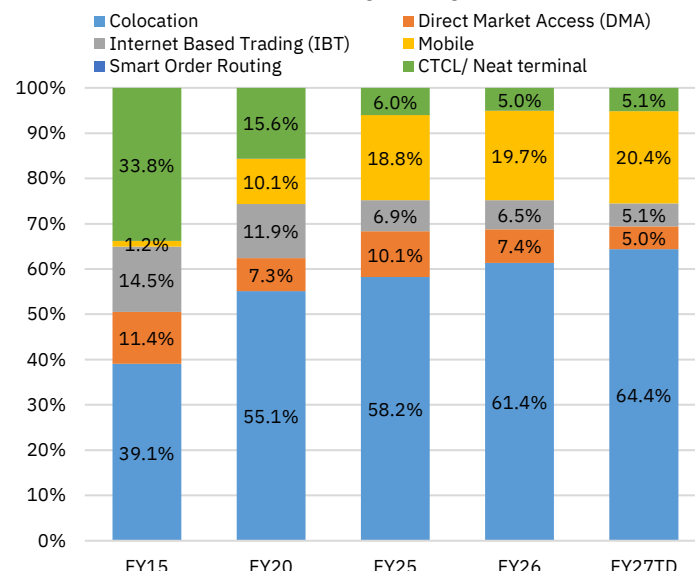
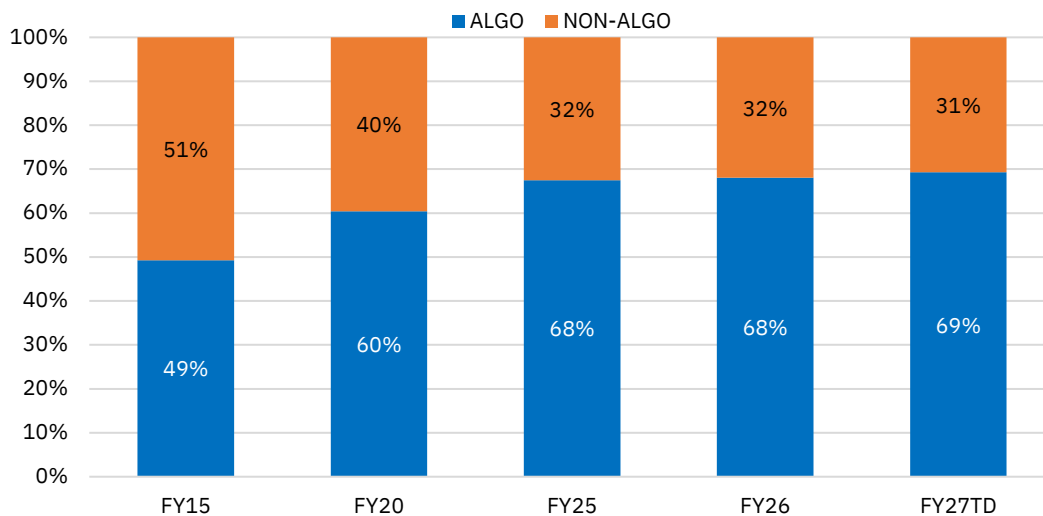
Figure 328: Annual trend in turnover share for different channels in stock options premium


Figure 329: Annual trends in share for different modes in stock options premium turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share on the basis of net turnover.

2. Data for FY27TD is as of June 2026.

Table 103: Share (%) for different channels of trading in commodity derivatives

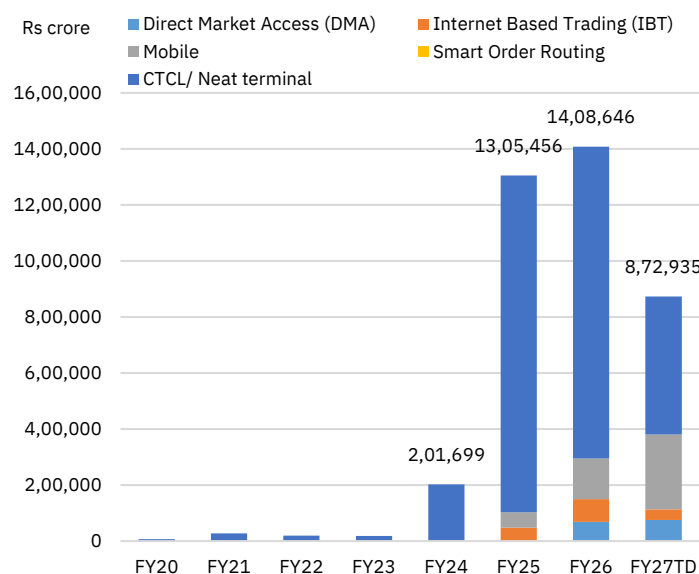
Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	9.1	8.2	0.2	91	899	8.6	4.9	9.4
Internet Based Trading (IBT)	4.1	4.0	7.3	15	-321	4.4	5.8	4.8
Mobile	29.9	33.7	7.8	-375	2,209	30.7	10.3	26.7
CTCL/ Neat terminal	56.8	54.1	84.7	269	-2,786	56.4	79.1	59.1

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on notional turnover.

3. Data for FY27TD and CY26TD is as of June 2026.

Figure 330: Annual turnover trend for different channels in the commodity derivatives segment


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on notional turnover

3. Data for FY27TD is as of June 2026.

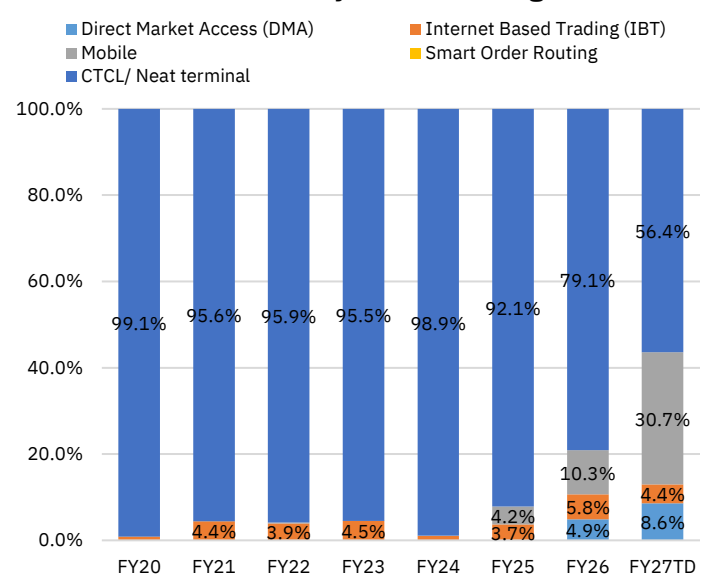
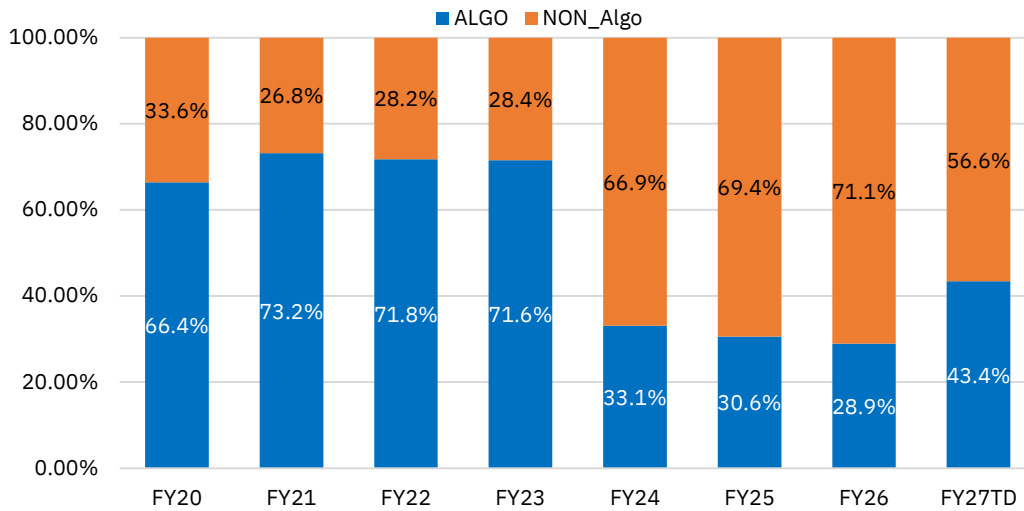
Figure 331: Annual trend in turnover share for different channels in the commodity derivatives segment


Figure 332: Annual trends in share for different modes in commodity derivatives


Source: NSE EPR.

Notes: 1. The above figures have been computed in % share based on notional turnover.

2. Data for FY27TD is as of June 2026.

Table 104: Share (%) of different channels of trading in commodity futures turnover

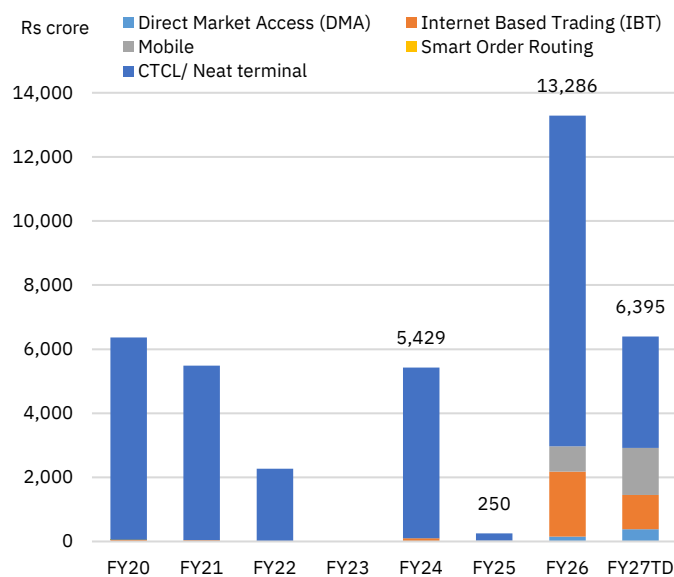
Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	5.4	7.1	0.2	-174	511	5.9	1.1	4.6
Internet Based Trading (IBT)	19.2	12.8	9.7	645	954	16.7	15.3	20.0
Mobile	20.9	26.9	20.9	-607	-7	23.0	6.0	18.8
CTCL/ Neat terminal	54.6	53.2	69.2	137	-1,459	54.3	77.6	56.5

Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on turnover.

3. Data for FY27TD and CY26TD is as of June 2026.

Figure 333: Annual turnover trend for different channels in commodity futures


Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on turnover.

3. Data for FY27TD is as of June 2026.

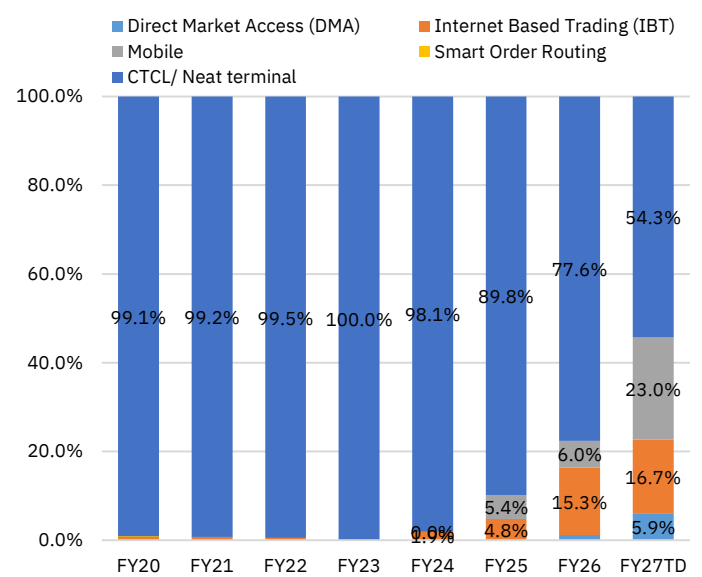
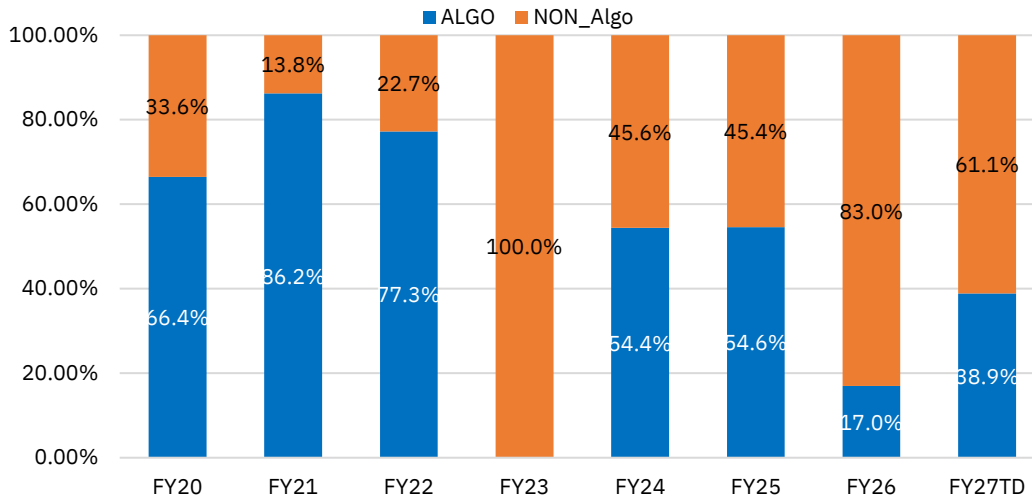
Figure 334: Annual trend in turnover share for different channels in commodity futures


Figure 335: Annual trends in share for different modes in commodity futures


Source: NSE EPR.

Notes: 1. The above figures have been computed in % share based on turnover.

2. Data for FY27TD is as of June 2026.

Table 105: Monthly share (%) of different channels in commodity options premium turnover

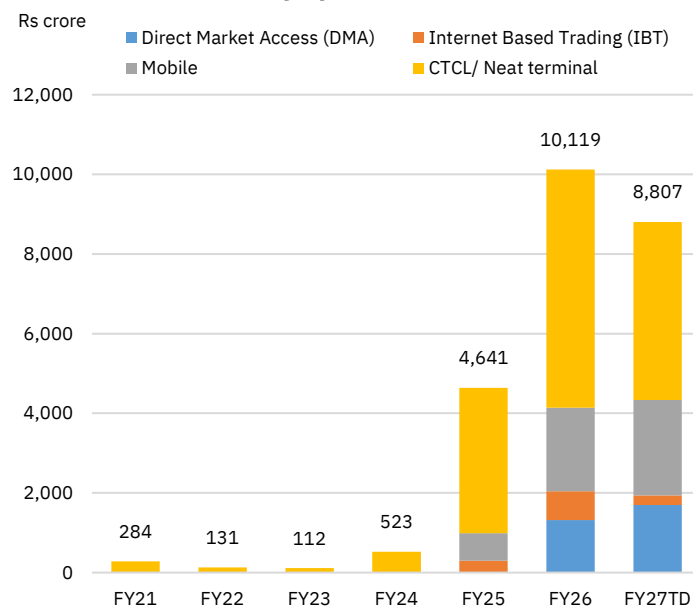
Mode	Jun-26	May-26	Jun-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	17.7	19.2	0.3	-154	1,735	19.3	13.0	20.8
Internet Based Trading (IBT)	2.9	2.4	6.7	52	-379	2.7	7.1	3.1
Mobile	29.4	27.0	20.1	239	923	27.2	20.8	25.3
CTCL/ Neat terminal	50.1	51.4	72.9	-137	-2,279	50.8	59.1	50.7

Source: NSE EPR

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on premium turnover.

3. Data for FY27TD and CY26TD is as of June 2026.

Figure 336: Annual turnover trend for different channels in commodity options


Source: NSE EPR

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed in % share based on premium turnover.

3. Data for FY27TD is as of June 2026.

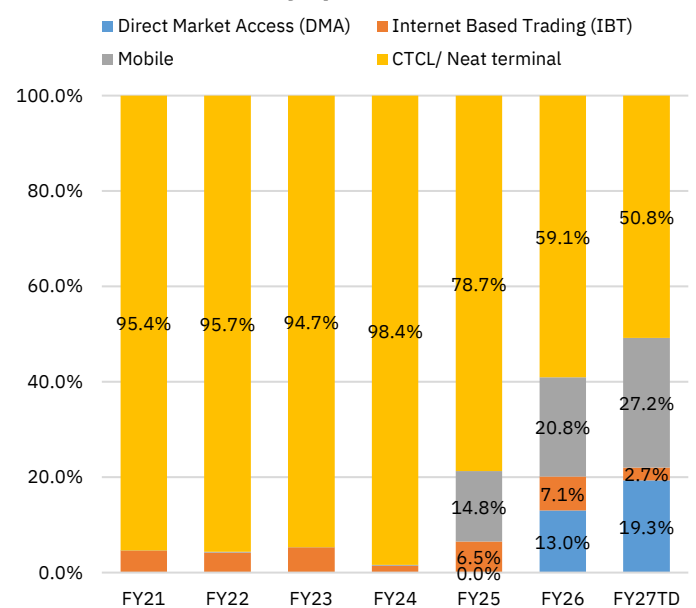
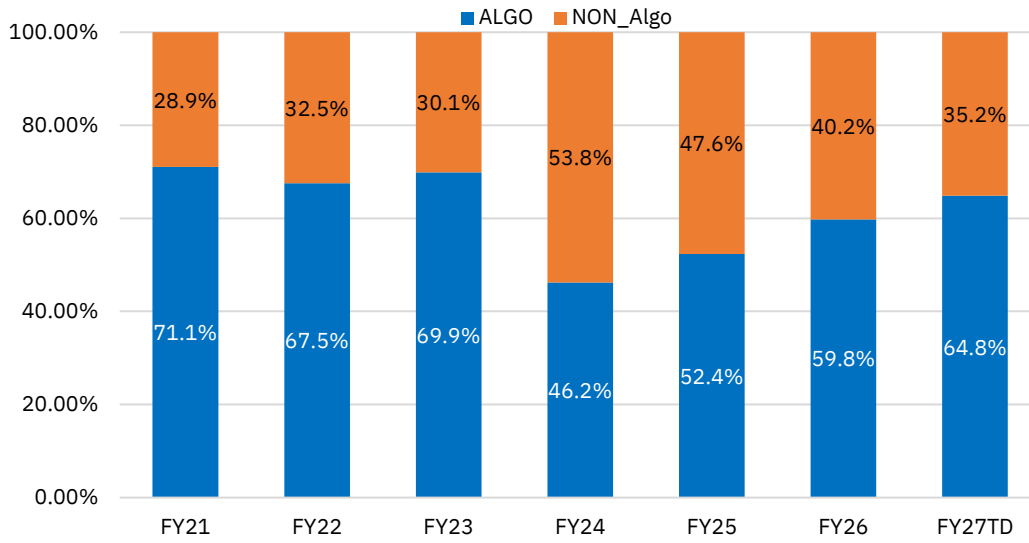
Figure 337: Annual trend in turnover share for different channels in commodity options


Figure 338: Annual trends for different modes in commodity options premium turnover



Source: NSE EPR.

Notes. 1. The above figures have been computed based on premium turnover.

2. Data for FY27TD is as of June 2026.

Distribution of trading activity by turnover: Activity shaped by high-value participants

Across cash market and equity derivatives, market activity continued to be driven by a narrow set of high-value participants, despite a broad investor base. In the cash market, top investors with trading value above Rs 10 crore accounted for ~79% of monthly turnover during the month. In equity options, these investors in the top cohort accounted for ~69% of total premium turnover. Equity futures remained the most concentrated segment, with the top cohort accounting for ~93% of the monthly increase in turnover despite a decline in investor participation in the cohort, indicating that market activity continued to be driven by higher trading intensity among a small group of institutional-scale participants.

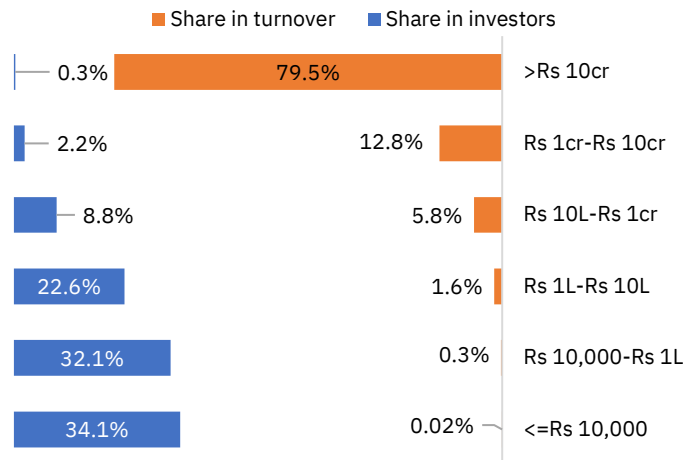
Top 0.3% investors account for ~79% of cash market activity: Investors trading above Rs 10 crore, representing just 0.3% of the active investor base, accounted for 79.5% of the cash market turnover in June 2026. Including the Rs 1-10 crore cohort raises the combined share to ~92% of total turnover, despite these two cohorts together representing only 2.4% of active investors during the month. In June 2025, these two cohorts accounted for ~91% of the monthly turnover, indicating that concentration has strengthened over the past year.

In contrast, investors trading below Rs 1 lakh accounted for 66.2% of active investors but generated only 0.3% of turnover. The top turnover cohort continued to exhibit a distinctly institutional profile, with proprietary traders accounting for the largest share of turnover (41.5%), followed by DIIs (17.1%) and foreign investors (16.8%). Individuals remained the dominant participant category across all lower turnover cohorts, contributing over 96% share of the turnover.

0.3% investors account for ~69% of premium turnover: The top cohort continued to dominate aggregate activity, accounting for 69% of the premium turnover while representing only ~11,000 investors out of the 35.4 lakh investors active during the month. In contrast, investors trading below Rs 1 lakh accounted for 35% of active participants but contributed only 0.1% of the premium turnover. The top turnover cohort was dominated by proprietary traders, who accounted for ~70% of its premium turnover, followed by individual investors (12%) and foreign investors (10%), highlighting the institutional dominance during the month.

Top 7% investors account for over 93% of equity futures turnover: The equity futures segment continued to exhibit the highest concentration among the major equity segments in June 2026. Investors trading above Rs 10 crore, representing just 7.3% of the active investor base, accounted for 93.4% of total turnover and 94.8% of the incremental turnover during the month. The top turnover cohort continued to exhibit a distinctly institutional profile, led by foreign investors (33.7%), followed by proprietary traders (29.3%) and DIIs (14.8%), which together accounted for nearly four-fifths of turnover within the cohort.

Figure 339: Distribution of trading activity by turnover in NSE CM segment in June 2026



Source: NSE EPR.

Figure 340: Distribution of trading activity by turnover in NSE CM segment in June 2025

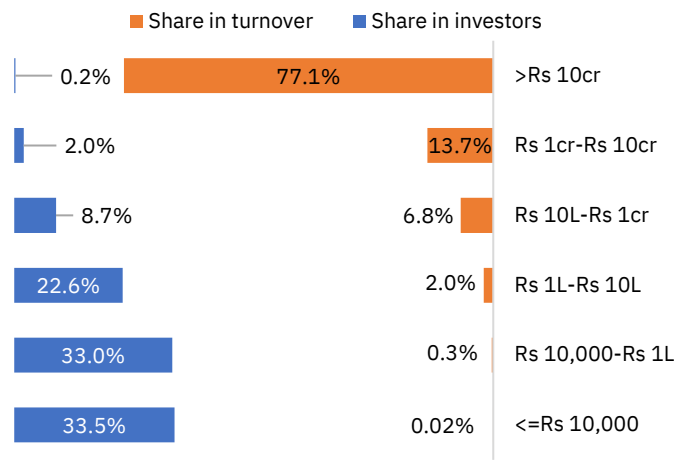


Table 106: Distribution of turnover by range in NSE CM segment for all investors

Turnover range	Jun-25		May-26		Jun-26			
	Turnover (Rs crore)	Investors (In lakh)	Turnover (Rs crore)	Investors (in Lakh)	Turnover (Rs crore)	Share in turnover	Investors (In lakh)	Share in investors
<= Rs 10,000	579	40.4	539	36.4	588	0.02%	39.8	34.1%
Rs 10,000 - Rs 1 lakh	7,539	39.8	6,805	34.6	7,174	0.3%	37.5	32.1%
Rs 1 lakh - Rs 10 lakh	46,886	27.3	43,613	25.4	45,320	1.6%	26.4	22.6%
Rs 10 lakh - Rs 1 crore	1,62,605	10.5	1,56,180	10.0	1,59,657	5.8%	10.2	8.8%
Rs 1 crore - Rs 10 crore	3,27,417	2.4	3,48,375	2.5	3,55,973	12.8%	2.5	2.2%
> Rs 10 crore	18,37,220	0.3	21,35,595	0.3	22,02,924	79.5%	0.3	0.3%
Total	23,82,248	120.6	26,91,106	109.2	27,71,636	100%	116.8	100%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross traded value i.e. buy traded value + sell traded value. 2. Categorisation is based on gross traded value. 3. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 107: Category-wise share in turnover across turnover ranges in NSE CM segment in June 2026

Turnover range	Turnover (Rs crore)	Share in turnover (%)	Client category-wise turnover share (%)					
			Corporates	DII's	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	588	0.02%	0.0%	0.0%	0.0%	99.7%	0.0%	0.3%
Rs 10,000 - Rs 1 lakh	7,174	0.3%	0.0%	0.0%	0.0%	99.5%	0.0%	0.4%
Rs 1 lakh - Rs 10 lakh	45,320	1.6%	0.2%	0.2%	0.0%	98.8%	0.0%	0.8%
Rs 10 lakh - Rs 1 crore	1,59,657	5.8%	0.7%	0.3%	0.0%	98.0%	0.0%	1.0%
Rs 1 crore - Rs 10 crore	3,55,973	12.8%	1.8%	0.3%	0.3%	96.2%	0.1%	1.4%
> Rs 10cr	22,02,924	79.5%	4.6%	17.1%	16.8%	16.1%	41.5%	3.9%
Total	27,71,636	100%	3.9%	13.7%	13.4%	32.7%	33.0%	3.3%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover. 2. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2. 3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc. 4. DII's include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Figure 341: Distribution of trading activity by turnover in equity options premium turnover in June 2026

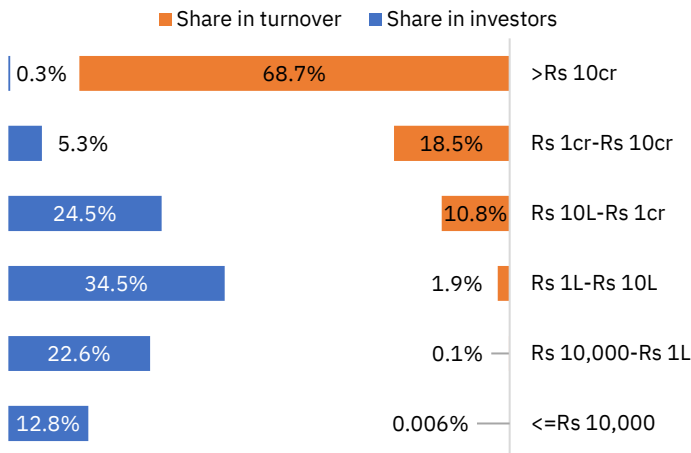
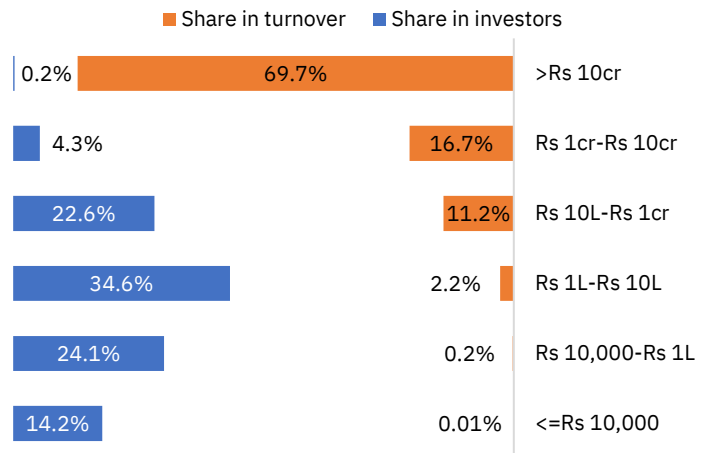


Figure 342: Distribution of trading activity by turnover in equity options premium turnover in June 2025



Source: NSE EPR.

Table 108: Distribution of turnover by range in NSE equity options premium turnover for all investors

Turnover range	Jun-25		May-26		Jun-26			
	Premium Turnover (Rs crore)	Investors (In lakh)	Premium Turnover (Rs crore)	Investors (In lakh)	Premium Turnover (Rs crore)	Share in turnover	Investors (In lakh)	Share in investors
<Rs 10,000	81	4.6	72	4.0	80	0.01%	4.5	12.8%
Rs 10,000-Rs 1 lakh	1,700	7.9	1,640	7.5	1,734	0.1%	8.0	22.6%
Rs 1 lakh - Rs 10 lakh	22,437	11.3	23,842	11.8	24,499	1.9%	12.2	34.5%
Rs 10 lakh - Rs 1 crore	1,15,756	7.4	1,37,237	8.5	1,40,060	10.8%	8.7	24.5%
Rs 1 crore – Rs 10 crore	1,71,853	1.4	2,31,586	1.8	2,39,001	18.5%	1.9	5.3%
>Rs 10 crore	7,18,216	0.07	8,83,346	0.11	8,88,261	68.7%	0.11	0.3%
Total	10,30,043	32.7	12,77,722	33.8	12,93,633	100%	35.4	100%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross premium turnover i.e. buy premium turnover + sell premium turnover. 2. Categorisation is based on gross premium turnover. 3. Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 109: Distribution of turnover and the share of investors categories in equity options in June 2026

Turnover range	Premium Turnover (Rs crore)	Share in turnover (%)	Client category-wise share in premium turnover (%)					
			Corporates	DII's	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	80	0.01%	0.0%	0.0%	0.0%	99.9%	0.0%	0.1%
Rs 10,000 - Rs 1 lakh	1,734	0.1%	0.1%	0.0%	0.0%	99.8%	0.0%	0.1%
Rs 1 lakh - Rs 10 lakh	24,499	1.9%	0.1%	0.0%	0.0%	99.7%	0.0%	0.2%
Rs 10 lakh - Rs 1 crore	1,40,060	10.8%	0.2%	0.0%	0.0%	99.5%	0.0%	0.3%
Rs 1 crore- Rs 10 crore	2,39,001	18.5%	0.9%	0.0%	0.0%	98.1%	0.1%	0.8%
> Rs 10cr	8,88,261	68.7%	2.7%	0.3%	9.6%	12.2%	69.9%	5.3%
Total	12,93,633	100%	2.1%	0.2%	6.6%	39.3%	48.0%	3.8%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross premium turnover 2. Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2. 3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc 4. DII's include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Table 110: Distribution of turnover by range in equity futures market for all investors

Turnover range	Jun-25		May-26		Jun-26			
	Turnover (Rs cr)	Investors (In lakh)	Turnover (Rs cr)	Investors (in lakh)	Turnover (Rs cr)	Share in turnover	Investors (In lakh)	Share in investors
Rs 1 lakh - Rs 10 lakh	524	0.2	692	0.2	708	0.02%	0.2	7.3%
Rs 10 lakh - Rs 1 crore	26,624	1.2	27,513	1.3	28,267	0.9%	1.3	47.1%
Rs 1 crore – Rs 10 crore	1,99,341	1.2	1,71,679	1.1	1,73,257	5.7%	1.1	38.3%
>Rs 10 crore	31,37,082	0.3	27,97,181	0.2	28,40,008	93.4%	0.2	7.3%
Total	33,63,570	2.9	29,97,064	2.8	30,42,240	100%	2.8	100%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover i.e., buy turnover + sell turnover. 2. Categorisation is based on gross turnover. 3. Data has been provided for single side i.e. (Buy turnover + sell turnover)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 111: Distribution of turnover and the share of investors categories in equity futures in June 2026

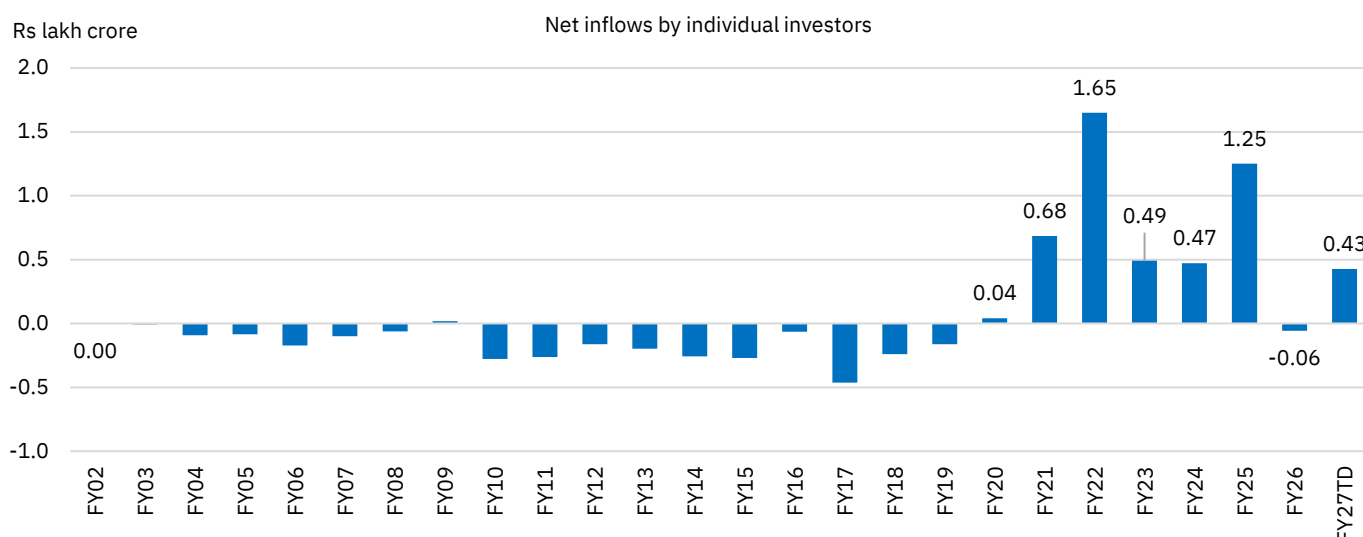
Turnover range	Turnover (Rs crore)	Share in turnover (%)	Client category-wise share in premium turnover (%)					
			Corporates	DIIIs	Foreign investors	Individual	Prop	Others
Rs 1 lakh - Rs 10 lakh	708	0.02%	0.5%	0.0%	0.0%	98.7%	0.0%	0.8%
Rs 10 lakh - Rs 1 crore	28,267	0.9%	0.8%	0.0%	0.0%	98.3%	0.0%	0.9%
Rs 1 crore - Rs 10 crore	1,73,257	5.7%	1.8%	0.0%	0.0%	96.5%	0.1%	1.6%
> Rs 10 crore	28,40,008	93.4%	7.7%	14.8%	33.7%	10.2%	29.3%	4.4%
Total	30,42,240	100%	7.3%	13.8%	31.5%	15.9%	27.4%	4.2%

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover. 2. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2. 3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc. 4. DIIIs include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Individual investors' activity in the equity segment: Retail flows stayed positive along with modest recovery in participation

Individual investors remained net buyer in Q1FY27: Individual investors remained net buyers in the NSE's cash market for the fourth consecutive month, with net purchases increasing sharply to Rs 19,016 crore in June from Rs 3,011 crore in May. Consequently, cumulative net inflows by individual investors reached Rs 42,744 crore during Q1FY27 (as of June 30th, 2026), marking a significant turnaround from the net outflow of Rs 5,803 crore recorded in FY26. The sustained net buying in the first quarter of the current fiscal remained aligned with the market performance, as Nifty 50 delivered a return of 6.9% during the corresponding period. Meanwhile, the share of individual investors in cash market turnover remained broadly stable at 32.7% in June, easing marginally by 13 bps MoM. Participation in the primary market remained relatively muted during Q1FY27 with retail investments amounting to Rs 1,307 crore amid lower IPO activity. As a result, aggregate investments by individual investors across the primary and secondary markets stood at Rs 44,051 crore in Q1FY27.

Figure 343: Annual net inflows by individual investors in NSE's CM segment (secondary market)



Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. FY27TD data is as of June 30th, 2026.

Table 112: Annual net inflows by individual investors in primary and secondary market

FY	NSE CM Segment (Rs crore)	Primary Market (Rs crore)	Net flows (Rs crore)
FY21	68,357	7465	75,822
FY22	1,64,892	19,539	1,84,431
FY23	49,225	13,448	62,673
FY24	47,241	18,057	65,298
FY25	1,25,127	34,336	1,59,463
FY26	-5,803	42,608	36,805
FY27TD	42,774	1,307	44,051

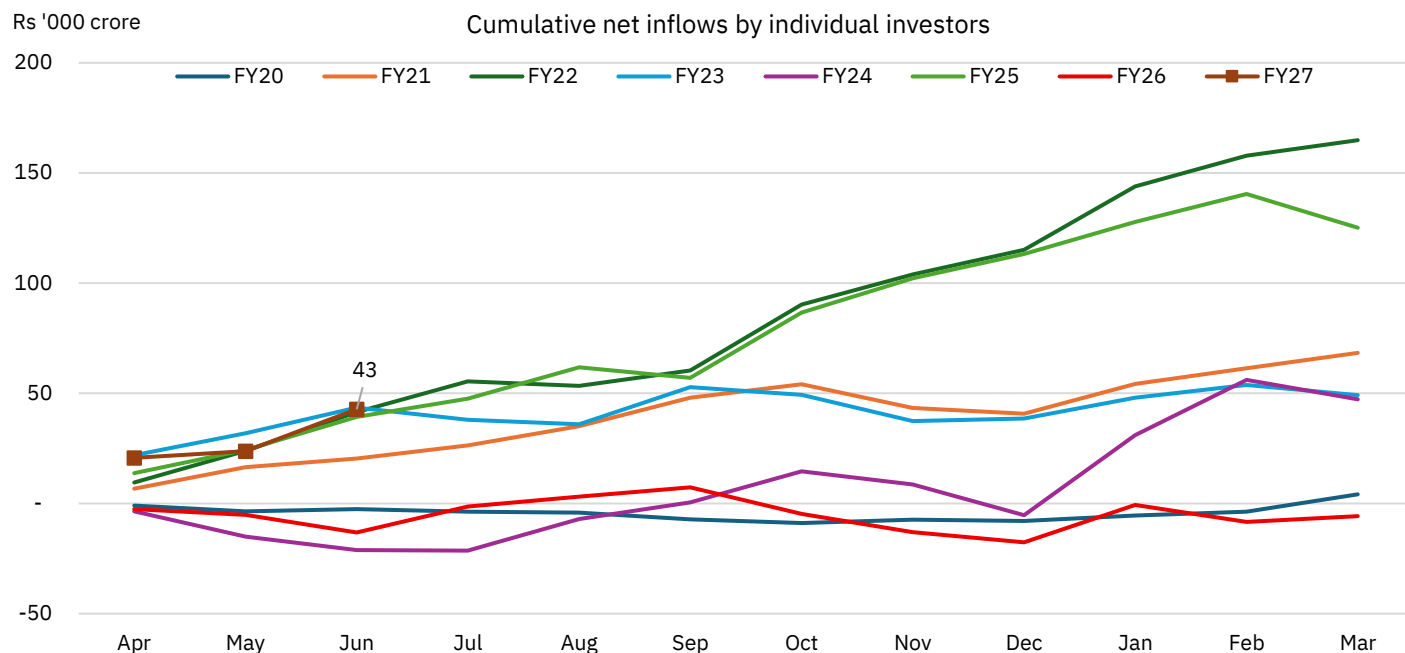
Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. Primary market investments by Retail Individual Investors (investors applying up to Rs 2 lakh) only considered in the table above.

3. FY27TD data is as of June 30th, 2026.

Figure 344: Overall cumulative net inflows of individual investors in NSE's CM segment in last seven years



Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. FY27 data is as of June 30th, 2026.

Retail investor participation recovers in June: The number of investors participating in the cash market segment increased marginally to 1.16 crore in June from 1.08 crore in May, marking the first increase after five consecutive months of decline. Similarly, participation in the equity derivatives segment edged up to 35.5 lakh from 34.6 lakh, indicating a modest recovery in overall investor activity.

Within the cash market, the share of investors trading on only one day during the month declined marginally to 38.9% (45.2 lakh investors) in June from 39.8% (43.2 lakh investors) in May, contributing just 0.56% of total cash market turnover. Meanwhile, the proportion of investors trading on all trading days of the month eased to 1.47% from 1.70%, with their share in turnover moderating to 9.14% from 10.0%. This continues to highlight the concentration of trading activity, wherein a relatively small group of highly active investors account for a disproportionately large share of market turnover. A similar trend was seen in the equity derivatives segment, where the share of investors trading on only one day declined marginally to 13.48% (4.9 lakh) from 13.52% (4.7 lakh), while the proportion of investors active on all trading days moderated to 4.21% from 4.85%.

On a trailing 12M basis ending June, the number of individual investors who traded at least once in the cash segment moderated to 3.55 crore during Jul'25–Jun'26 from a peak of 3.69 crore in the corresponding period a year ago. The decline was primarily driven by a 19% YoY reduction in investors participating in both the cash and derivatives segments, which fell to 63.3 lakh from 78 lakh, while the number of investors trading exclusively in the cash market remained broadly stable at 2.92 crore. Consequently, the annual investor base in the equity derivatives segment also moderated to 84.8 lakh from 98 lakh in the previous year. On the other hand, investors participating exclusively in equity derivatives segment stood at just over 21 lakh or 1.6% of the registered investor base.

Figure 345: Monthly trend of individual investors' participation in the NSE CM and equity derivative segments

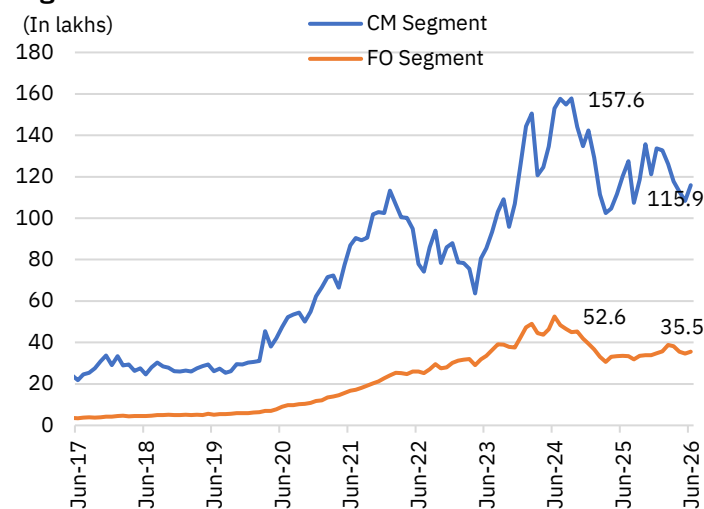
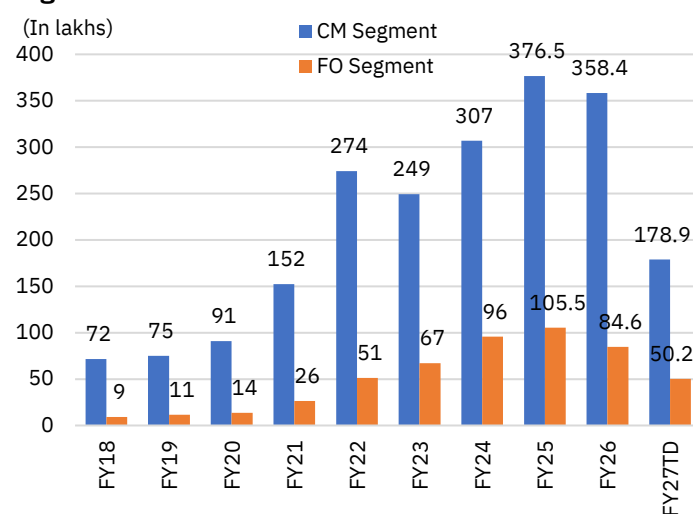


Figure 346: Yearly trend of individual investors' participation in the NSE CM and equity derivative segments



Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.
2. The chart above gives the count of individual investors who traded at least once in the month/fiscal year.
3. FY27TD data is as of June 30th, 2026.

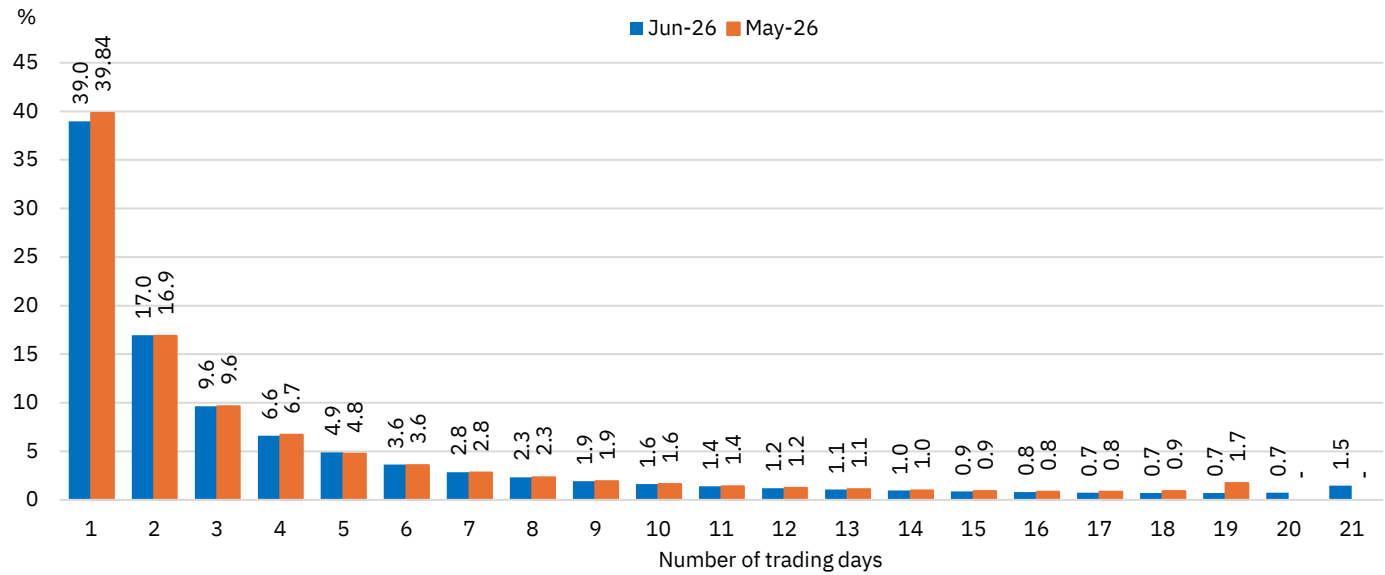
Table 113: Trend of individual investors participation (in lakhs) in NSE cash and equity derivatives
(For the last 12-month period ending June of each year)

Period	CM Total	FO Total	CM Alone	FO Alone	CM & FO Both
Jul'15-Jun'16	46	7	40	1	6
Jul'16-Jun'17	55	8	48	1	7
Jul'17-Jun'18	74	10	65	1	9
Jul'18-Jun'19	77	12	66	2	10
Jul'19-Jun'20	102	16	87	2	15
Jul'20-Jun'21	178	31	150	3	28
Jul'21-Jun'22	285	56	236	7	50
Jul'22-Jun'23	240	70	184	14	55
Jul'23-Jun'24	333	105	248	20	85
Jul'24-Jun'25	369	98	291	20	78
Jul'25-Jun'26	355	85	292	21	63

Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

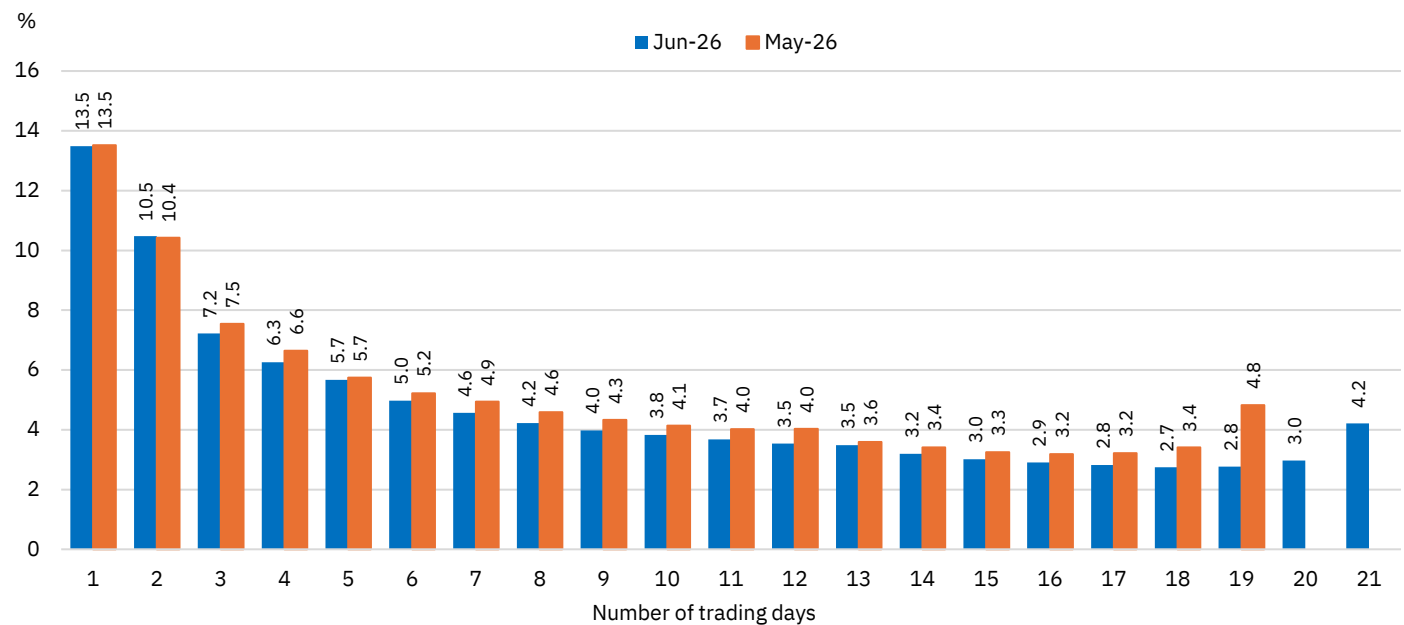
Figure 347: Trading frequency of individual investors participation (% share) in the CM segment



Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Figure 348: Trading frequency of individual investors participation (% share) in equity derivatives



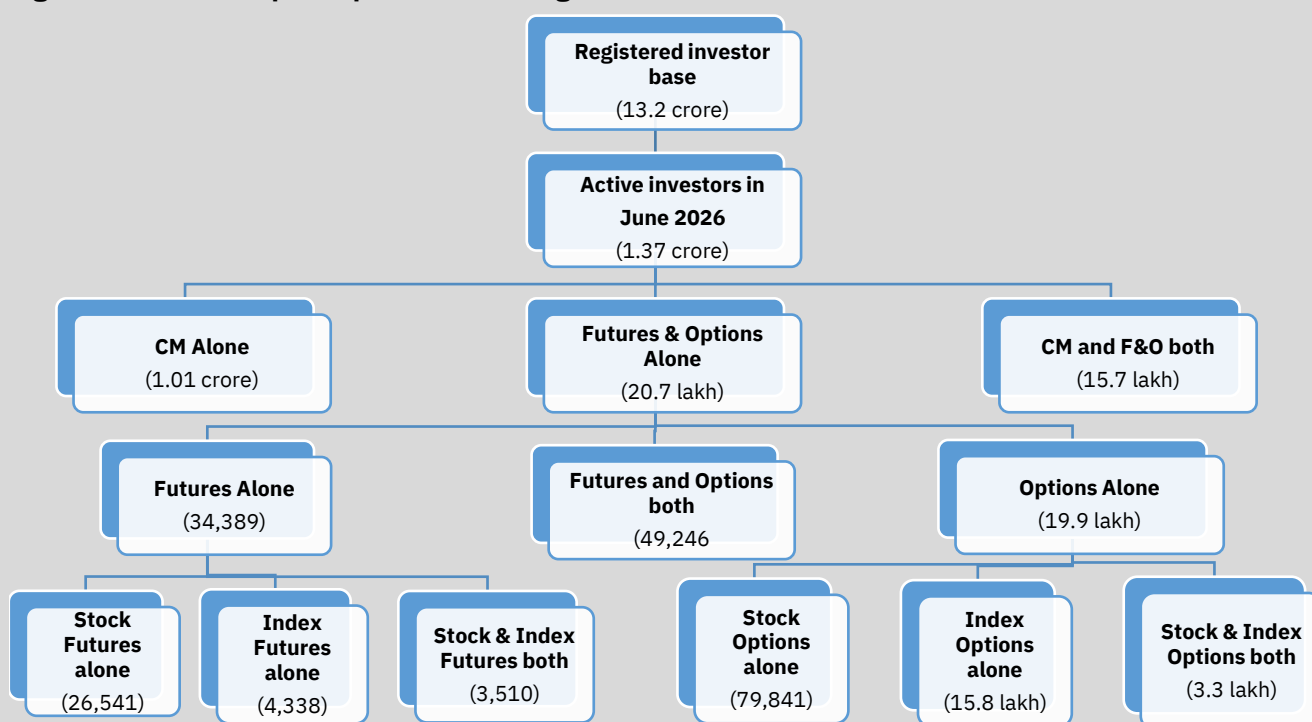
Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Investor participation in June 2026 (Number of investors who traded at least once)

As of June 30th, 2026, out of a total 13.2 crore unique registered investors, about 1.37 crore traded at least once during the month across equity cash and derivatives. Participation remained heavily skewed toward the cash market, with 1 crore investors—around 7.7% of the total base – trading exclusively in the cash segment. Derivatives participation was relatively limited: 20.7lakh investors (1.6% of the total base) traded only in F&O. Within the derivatives-only category, activity was overwhelmingly options-driven—19.9 lakh investors traded only in options, predominantly index options (15.8 lakh), followed by stock options (79,841) and those trading both (3.3 lakh). Futures-only participation was modest at 34,389 investors, largely concentrated in stock futures (26,541). Overall, trading patterns continue to reflect a clear dominance of the cash segment in terms of number of investors, while participation in equity derivatives remains miniscule.

Figure 114: Investor participation across segments in June 2026



Source: NSE EPR

Note: All investor categories considered in the above table.

Spatial distribution of individual investor activity in the cash market

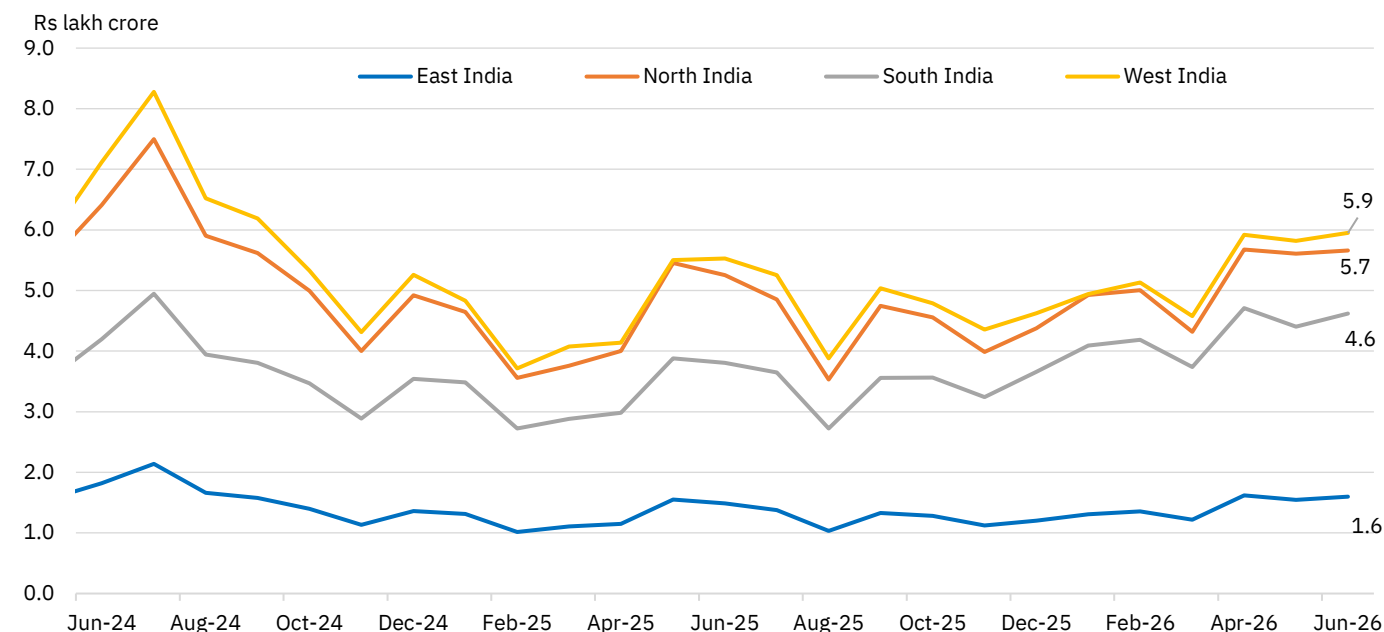
Region-wise individual investor activity

Individual investors' turnover rises in Jun'26; continues to remain below the peak attained in the past 12 months: The total turnover of individual investors in the equity cash segment rose by 2.6% MoM (+10.6% YoY) to Rs 18.1 lakh crore in Jun'26, with turnover having risen in two of the three months in the current fiscal. Additionally, average cash market turnover during Q1FY27 stood at Rs 18 lakh crore (+18.5% YoY vs Q1FY26, Rs 15.2 lakh crore).

Between Jun'22 and Jun'26, cash market turnover has risen at a CAGR of 26.8% from Rs 7 lakh crore to Rs 18.2 lakh crore. Regionally, turnover rose most significantly during the month in the Southern region (+4.9% MoM) to Rs 4.6 lakh crore, comprising a turnover share of 25.5% in Jun'26, followed by Eastern India, which posted MoM gains of 3.2% (Rs 1.6 lakh crore, 8.8% turnover share) and Western India (+2.2% MoM and Rs 5.9 lakh crore), with a turnover share of 32.8%. Northern India with turnover of Rs 5.6 lakh crore (31.2% turnover share) recorded the slowest sequential decline in turnover across regions in Jun'26.

The distribution of individual investors participating in the equity market has also shifted considerably since Jun'22. The Western region's share of investors declined by ~4pp to 33.3% in Jun'26 (vs 37.2% in Jun'22), while Southern India's investor share has risen to 21.8% in Jun'26, with the region recording a 2.6 pp increment in active investor share since Jun'22. Moreover, the Northern region continues to lead, accounting for 33.3% of active investors in Jun'26 (vs 32.2% in Jun'22), while the Eastern region's active investor share stood at 9.8% during the month, having dipped below 10% for the first time in the past four months.

Figure 349: Region-wise distribution of individual investors' turnover in equity cash



Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF.

Figure 350: Region-wise share of individual investors' turnover in cash market (%)

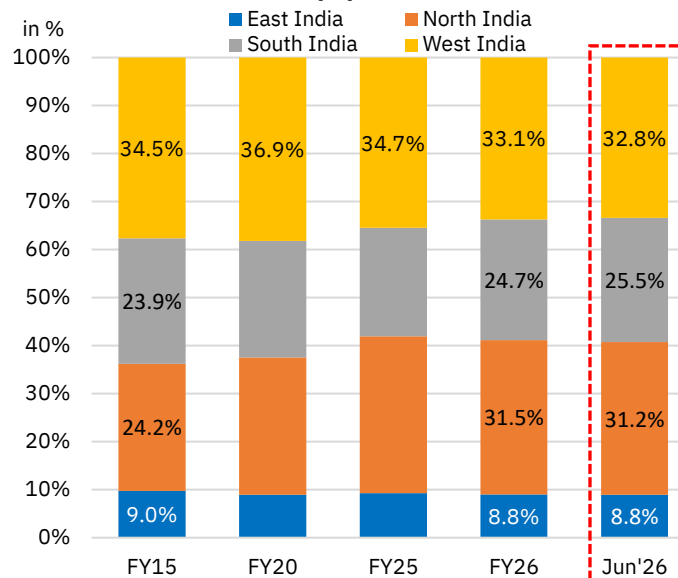
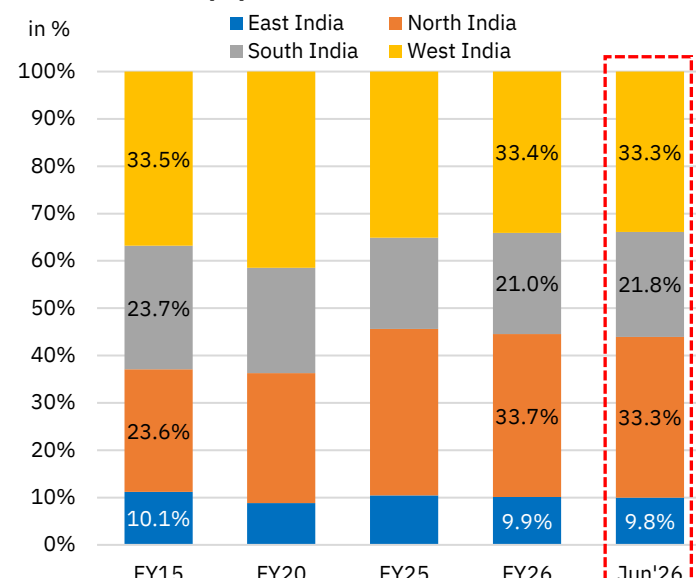


Figure 351: Region-wise share of individual investors in cash market (%)



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF who trade once a month. 2. "Others" — not provided in the charts above—include pin codes for which region mapping was not available. The shares of the respective regions are calculated considering turnover/number of individual investors in "Others".

Maharashtra and Gujarat continue to lead in individual investor turnover; top five states account for over half of individual investor participation in Jun'26:

During the month of Jun'26, Maharashtra and Gujarat continued to dominate in terms of equity cash turnover of individual investors, having recorded turnover of Rs 3.45 lakh crore and Rs 1.9 lakh crore respectively, with turnover rising by 3.2% MoM and 0.5% MoM in the respective states. Additionally, average cash market turnover in the top 10 states in Q1FY27 stood at Rs 13.8 lakh crore (+20% YoY vs Rs 11.5 lakh crore in Q1FY26). Uttar Pradesh, Karnataka and Delhi were the other three states in the top five with these states comprising a ~50% share of equity cash turnover in Jun'26. All of the top 10 states, apart from Uttar Pradesh and Telangana witnessed MoM increments in cash market turnover in Jun'26, with Tamil Nadu and Karnataka recording the most significant MoM increments (+7.8% and +6.7% MoM respectively).

Reflecting the trend in terms of equity market turnover, Maharashtra continued to dominate in terms of individual investor participation, accounting for 17.2% (20.8 lakh) of active investors in Jun'26, having recorded a 6.5% MoM increment in its active investors during the month, with Gujarat in second place, having witnessed a 12.8% MoM increment in terms of individual investor participation (14.6 lakh active investors, 12.1% share) followed by Uttar Pradesh (11.2 lakh investors, +4.3% MoM). Significantly, all the top 10 states recorded sequential increments of at least 5% in terms of investor participation during the month, with Gujarat (+12.8% MoM) and Tamil Nadu (+11.7% MoM) recording the highest sequential increments in participation. Notably, the top five states accounted for ~51% of active investors in Jun'26, with states outside the top 10 accounting for 25.2% of individual investors participating in the cash market in Jun'26.

Figure 352: Top 10 states based on turnover of individual investors in equity cash

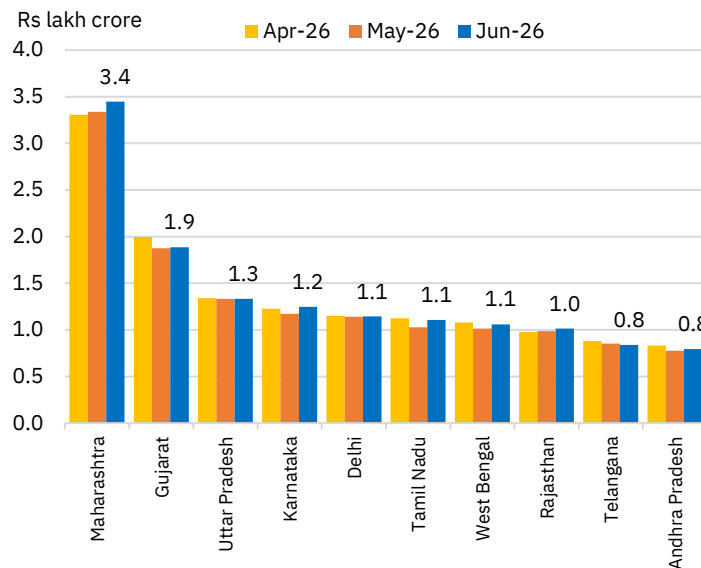
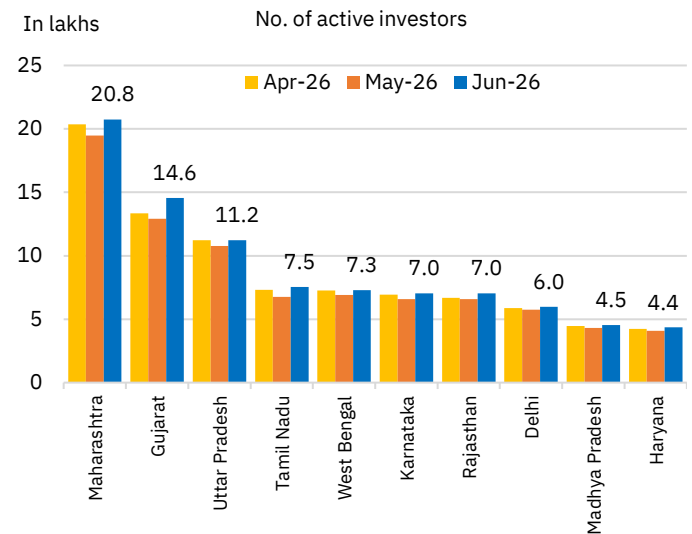


Figure 353: Top 10 states based on individual investors' participation in equity cash



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF; 2. The top ten states are chosen based on latest month's data.

Figure 354: Share of the top 10 states based on turnover of individual investors in equity cash

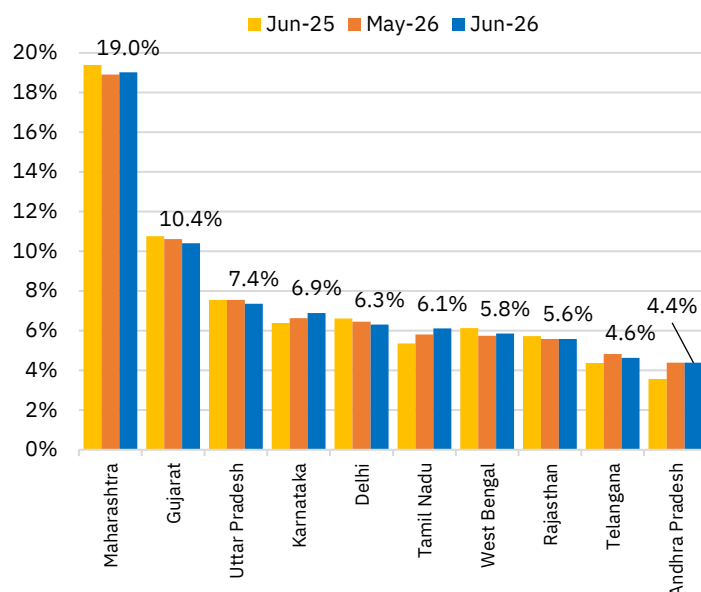
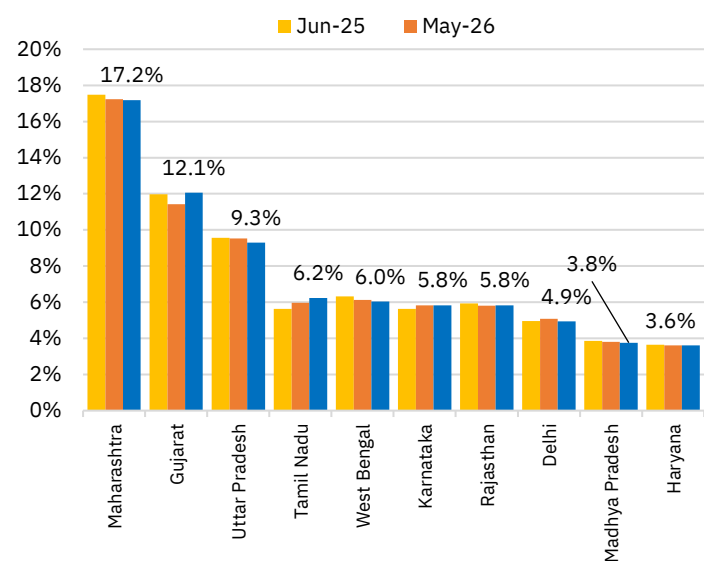


Figure 355: Share of the top 10 states based on individual investors' participation in equity cash



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF; 2. The top ten states are chosen based on latest month's data.

District-wise individual investor activity:

Individuals' turnover in the top 10 districts rises; at its highest level since Sep'24...:

Individual investors' turnover in the top 10 districts (by turnover), rose to Rs 5.3 lakh crore in Jun'26(+3.4% MoM). In Q1FY27, average cash market turnover in these districts was Rs 5.2 lakh crore, representing a 17% YoY increment from Q1FY26 (Rs 4.4 lakh crore). Notably, the top 10 districts accounted for 29% of cash market turnover during the month. Within the top 10 districts, Mumbai Suburban and Bengaluru Urban were the top ranked districts, recording turnover of Rs 1.1 lakh crore (+3.4% MoM, 6.3% share of turnover) and Rs 75k crore (+7% MoM, 4.2% share of turnover). 7 of the top 10 districts (all but

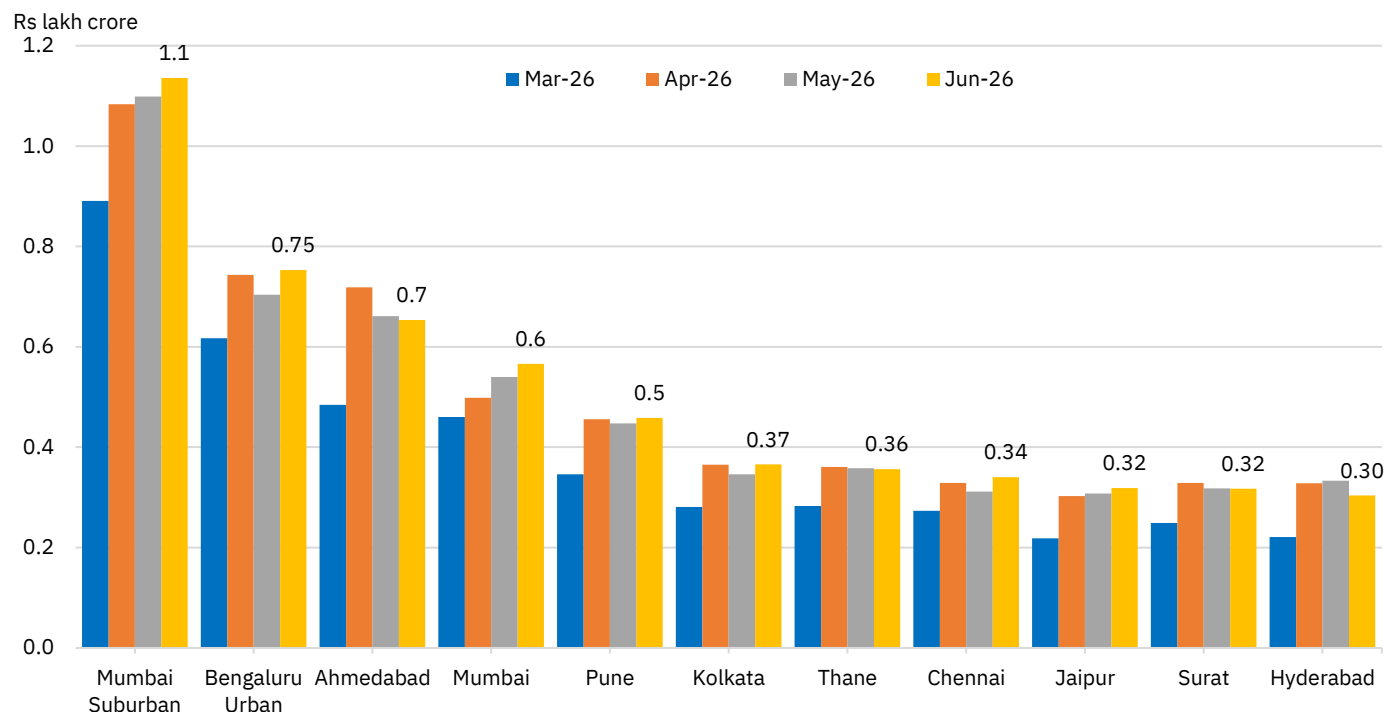
Ahmedabad, Thane and Surat) recorded sequential increments in cash market turnover during the month, with Chennai (+9.2% MoM, Rs 34k crore), Bengaluru Urban and Kolkata (+5.6% MoM, Rs 37k crore) witnessing significant increments in Jun'26. The top 50 districts accounted for a ~56% share of turnover in the equity segment in Jun'26, having declined by ~3pp since Jun'24.

...With the count of active investors rising sequentially for the first time since Dec'25:

In line with the trend observed in terms of turnover in the equity segment in the top 10 districts, the number of individual investors trading at least once in Jun'26 in the top 10 districts rose sequentially for the first time since Dec'25 (+8.3% MoM, 26.3 lakh active investors recorded during the month). Additionally, in Q1FY27, the average number of individual investors participating in the equity segment stood at 25.2 lakh (vs 24.9 lakh active investors in Q1FY26).

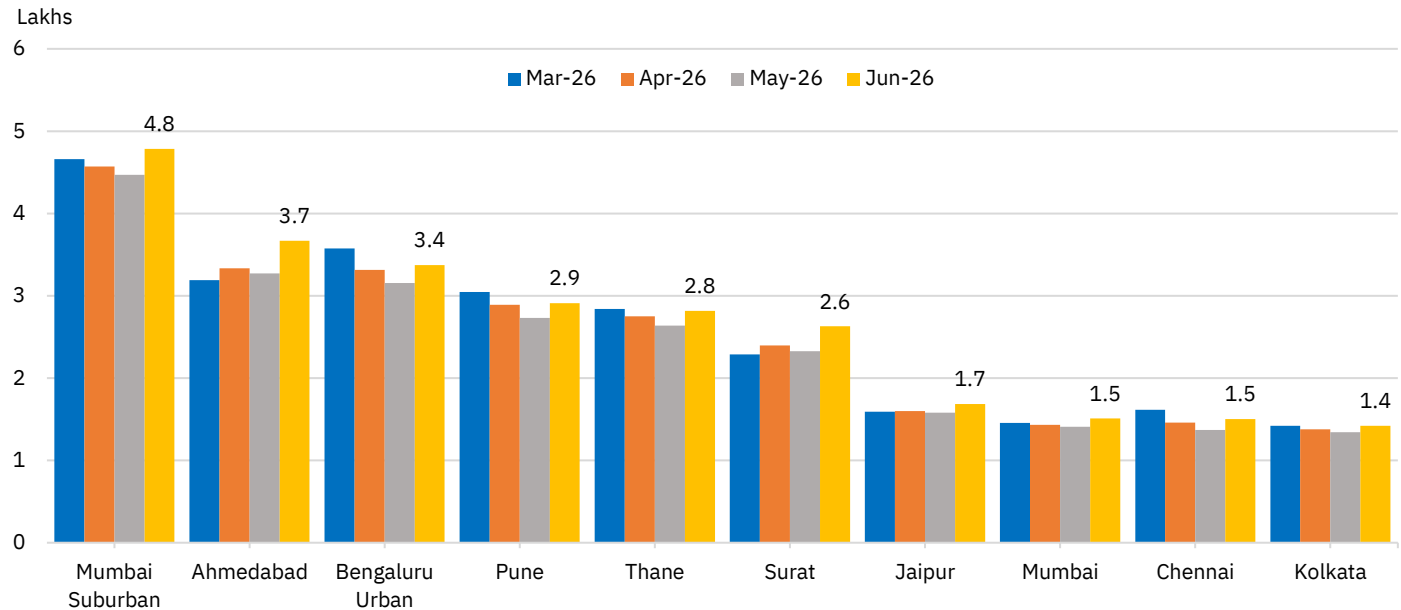
The set of top 10 districts remain unchanged from the previous month, with Mumbai Suburban leading in terms of individual participation as well, with 4.8 lakh active investors (+7% MoM, 4% share of investors), followed by Ahmedabad with 3.7 lakh active investors (+12.2% MoM, 3% investor share) in Jun'26. Significantly, all of the top 10 districts recorded significant MoM increments in cash market turnover during the month, with Surat (2.6 lakh active investors, +13% MoM), Ahmedabad and Chennai (1.5 lakh active investors, +9.7% MoM) recording notable gains during the month. Additionally, districts outside the top 50 accounted for 54.5% of individual investors in Jun'26.

Figure 356: Top 10 districts based on equity cash turnover of individual investors



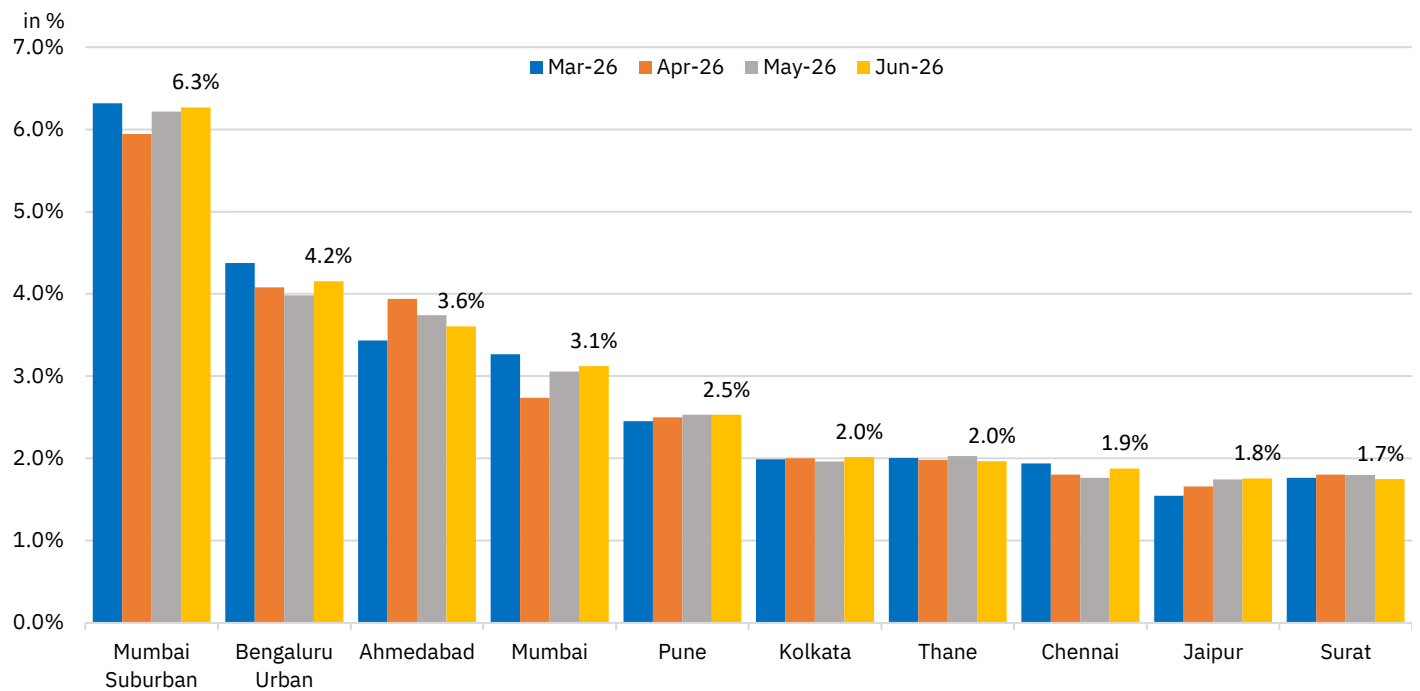
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest month's data.

Figure 357: Top 10 districts based on individual investors participation in the equity cash market



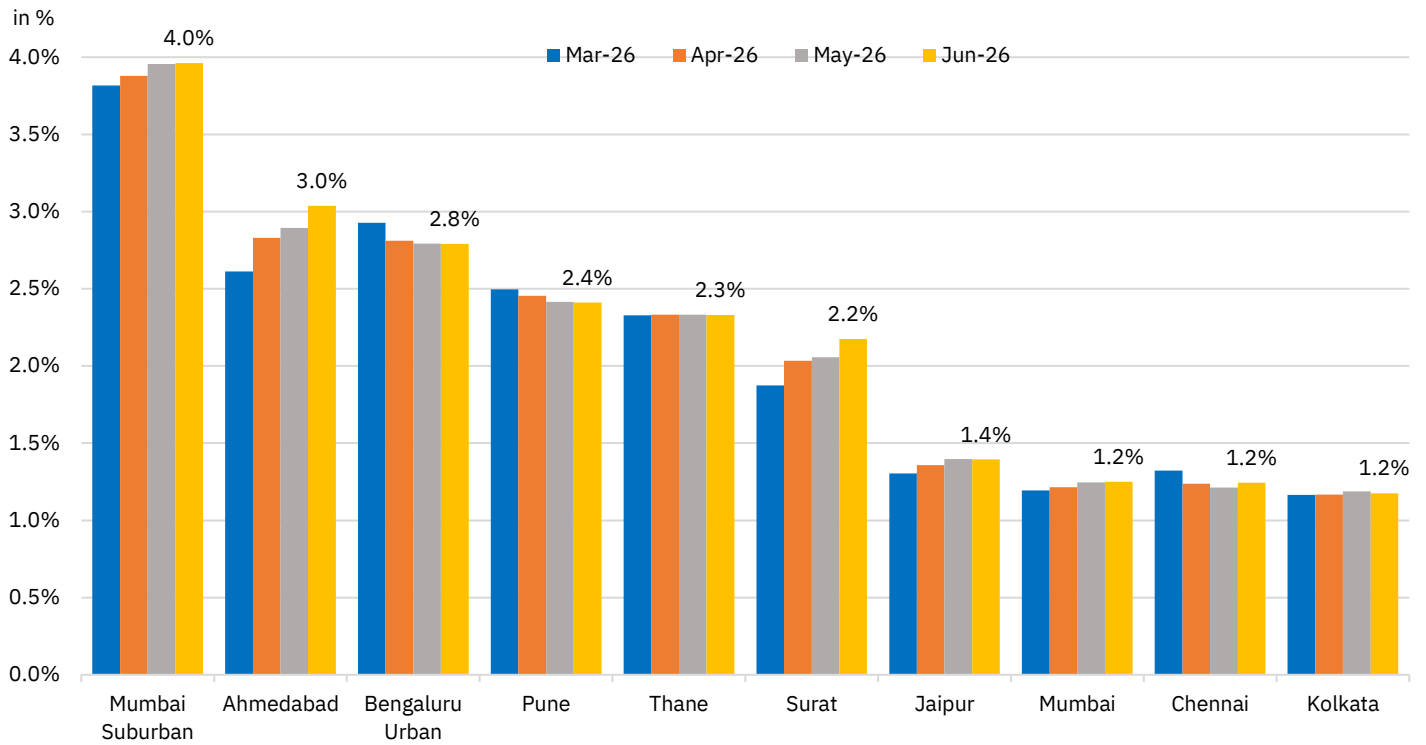
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest data.

Figure 358: Share of the top 10 districts based on individual investors' turnover in equity cash



Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on previous month's data.

Figure 359: Share of the top 10 districts based on individual investors traded in the cash market



Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on previous month's data.

Turnover of top 10 traded securities during June 2026

Turnover of the top 10 securities in the CM segment remained broadly stable in Jun'26:

The combined turnover of the top 10 traded securities remained unchanged on MoM basis at Rs 3.57 lakh crore in the month of June 2026. However, their share in the overall CM segment turnover declined to 12.9% from 13.3%, a moderation of 37 bps, indicating that trading activity was relatively broad-based across the market during the month despite marginal change in total turnover for the top 10 cohort.

While total turnover for the top cohort was stable, the turnover profile of the top 10 securities in Jun'26 reflected a mixed trend across individual counters. Strong gains in select technology and mid-cap stocks, particularly Netweb Technologies, TCS, and MTAR Technologies, largely offset declines in major large-cap counters such as Bharti Airtel, SBI, and ICICI Ban, resulting in broadly unchanged aggregate turnover. The moderation in the top 10 securities' share of overall turnover suggests that trading activity became relatively more dispersed across the broader market during the month.

Among individual counters, Netweb Technologies India Ltd recorded the strongest growth in turnover, rising 64.9% MoM, followed by Tata Consultancy Services Ltd (+29.0%), Infosys Ltd (+13.2%), MTAR Technologies Ltd (+11.1%), HDFC Bank Ltd (+2.9%), and Reliance Industries Ltd (+0.8%). On the other hand, Bharti Airtel Ltd witnessed the sharpest decline in turnover at 33.0% MoM, followed by State Bank of India (-16.6%), BSE Ltd (-7.5%), and ICICI Bank Ltd (-5.5%).

Table 115: Top 10 traded securities in NSE CM segment in June 2026

Securities Name	Jun-26	May-26	%Change
HDFC Bank Ltd	59,561	57,884	2.9
Reliance Industries Ltd	45,782	45,431	0.8
ICICI Bank Ltd	43,000	45,479	(5.5)
Infosys Ltd	36,636	32,354	13.2
BSE Ltd	31,837	34,435	(7.5)
MTAR Technologies Ltd	31,245	28,124	11.1
State Bank of India	29,734	35,648	(16.6)
Bharti Airtel Ltd	28,225	42,139	(33.0)
Tata Consultancy Services Ltd	26,327	20,404	29.0
Netweb Technologies India Ltd	25,140	15,248	64.9
Top 10 scrips turnover	357,488	357,146	0.1
Total turnover	2,771,636	2,691,106	3.0
% share of Top 10 scrips	12.9	13.3	(0.37)

Source: NSE EPR.

Note: 1. Figures in brackets indicate negative numbers.

2. The scrip-wise turnover data for the previous month is based on the current month's top 10 scrips.

Turnover concentration increased across both stock futures and stock options in Jun'26:

In the stock futures segment, turnover of the top 10 contracts increased 11.9% MoM to Rs 5.34 lakh crore from Rs 4.77 lakh crore in May'26. Consequently, their share in overall stock futures turnover rose to 20.8% from 18.7%, indicating higher concentration in the most actively traded contracts. Among the leading contracts, Tata Consultancy Services Ltd. recorded the highest growth in turnover (+36.8% MoM), followed by Reliance Industries Ltd. (+31.0%), HDFC Bank Ltd. (+25.2%), and Infosys Ltd. (+23.2%). In contrast, Idea Ltd. (-14.9%), State Bank of India (-14.1%), and Bharti Airtel Ltd. (-4.6%) registered the sharpest declines.

In the stock options segment, premium turnover of the top 10 contracts increased 7.9% MoM to Rs 38,488 crore from Rs 35,668 crore in May'26. Their share in overall premium turnover increased to 26.6% from 21.6%, reflecting greater concentration in a limited set of actively traded contracts. Tata Consultancy Services Ltd. registered the strongest growth in premium turnover (+117.6% MoM), followed by Infosys Ltd. (+70.7%), ICICI Bank Ltd. (+41.8%), HDFC Bank Ltd. (+32.7%), and Reliance Industries Ltd. (+31.9%). On the other hand, Adani Enterprises Ltd. (-34.7%), State Bank of India (-31.3%), and Multi Commodity Exchange of India Ltd. (-28.0%) recorded the steepest declines.

Overall, trading activity in Jun'26 became more concentrated in both stock futures and stock options, with strong turnover growth in select banking and IT stocks contributing to a higher share of the top 10 contracts in overall trading activity

Table 116: Top 10 traded scrips in stock futures segment in June 2026

Securities (Rs lakh cr)	Jun-26	May-26	%Change
HDFC Bank Ltd.	98,020	78,311	25.2
ICICI Bank Ltd.	70,909	64,654	9.7
Reliance Industries Ltd.	67,595	51,611	31.0
Infosys Ltd.	61,839	50,210	23.2
TCS Ltd.	51,329	37,515	36.8
State Bank of India	43,596	50,760	(14.1)
Bharti Airtel Ltd.	40,455	42,422	(4.6)
Axis Bank Ltd.	34,072	30,992	9.9
BSE Ltd.	33,941	32,782	3.5
Vodafone Idea Ltd.	32,382	38,045	(14.9)
Top 10 scrips turnover	534,138	477,300	11.9
Total stock futures notional turnover	25,66,887	25,56,313	0.41
% share of Top 10 scrips	20.8	18.7	11.4

Table 117: Top 10 traded scrips (premium turnover) in stock options in June 2026

Securities Name (Rs cr)	Jun-26	May-26	%Change
Reliance Industries Ltd.	6,008	4,555	31.9
BSE Ltd.	5,480	5,922	(7.5)
TCS Ltd.	4,268	1,962	117.6
HDFC Bank Ltd.	4,205	3,170	32.7
Infosys Ltd.	3,895	2,281	70.7
State Bank of India	3,552	5,167	(31.3)
Dixon Tech Ltd.	2,945	2,956	(0.4)
ICICI Bank Ltd.	2,898	2,044	41.8
MCX Ltd.	2,863	3,973	(28.0)
Adani Enterprises Ltd.	2,374	3,638	(34.7)
Top 10 scrips turnover	38,488	35,668	7.9
Total stock futures notional turnover	1,44,900	1,64,850	(12.1)
% share of Top 10 scrips	26.6	21.6	4.93

Source: NSE EPR.

Notes: 1. Figures in brackets indicate negative numbers.

2. The scrip-wise turnover data for the previous month is based on the current month's top 10 scrips.

Trading activity in Electricity Futures

Across August 2025 to June 2026 contracts, NSE Electricity Futures recorded cumulative trading volume of **35,048 MUs**, against spot market volumes of 67,943 MUs, resulting in a futures-to-spot volume ratio of **0.52**. The strong participation reflects increasing alignment between spot and futures markets and growing adoption of electricity futures for price discovery and risk management.

During the period, cumulative turnover reached **Rs 13,468 crore**, highlighting sustained market interest and improving liquidity. NSE maintained a dominant **~70% market share**, reinforcing its position as a leading platform for electricity derivatives trading in India.

Overall, consistent trading activity across successive contracts signals rising market confidence and broader adoption of electricity futures for managing price volatility in India's power market.

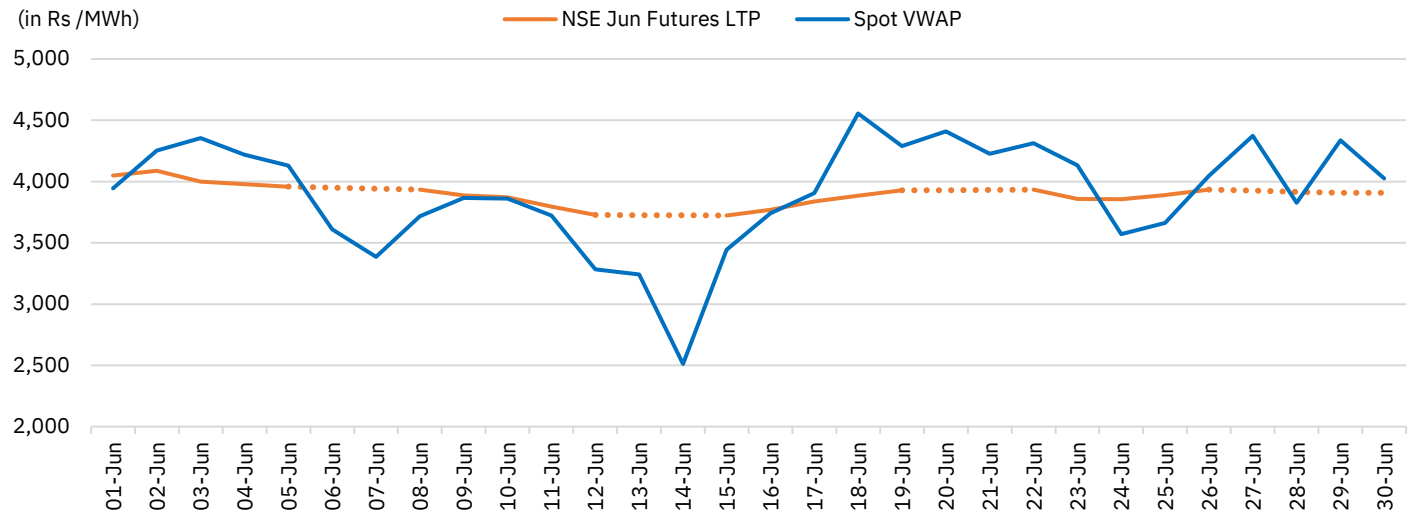
Trading Activity in NSE Electricity Futures – Jun 2026 Contract

The Jun 2026 Electricity Futures contract traded at an average price of **Rs 4,248/MWh**, demonstrating stable price behaviour despite intermittent volatility in the underlying spot market. The contract recorded aggregate turnover of **Rs 727 crore** and cumulative trading volume of **1,868 MUs**, compared with 5,185 MUs in the spot market, resulting in a futures-to-spot volume ratio of **0.36**. This points to strengthening participation in the futures segment and a gradual progression in India's electricity market.

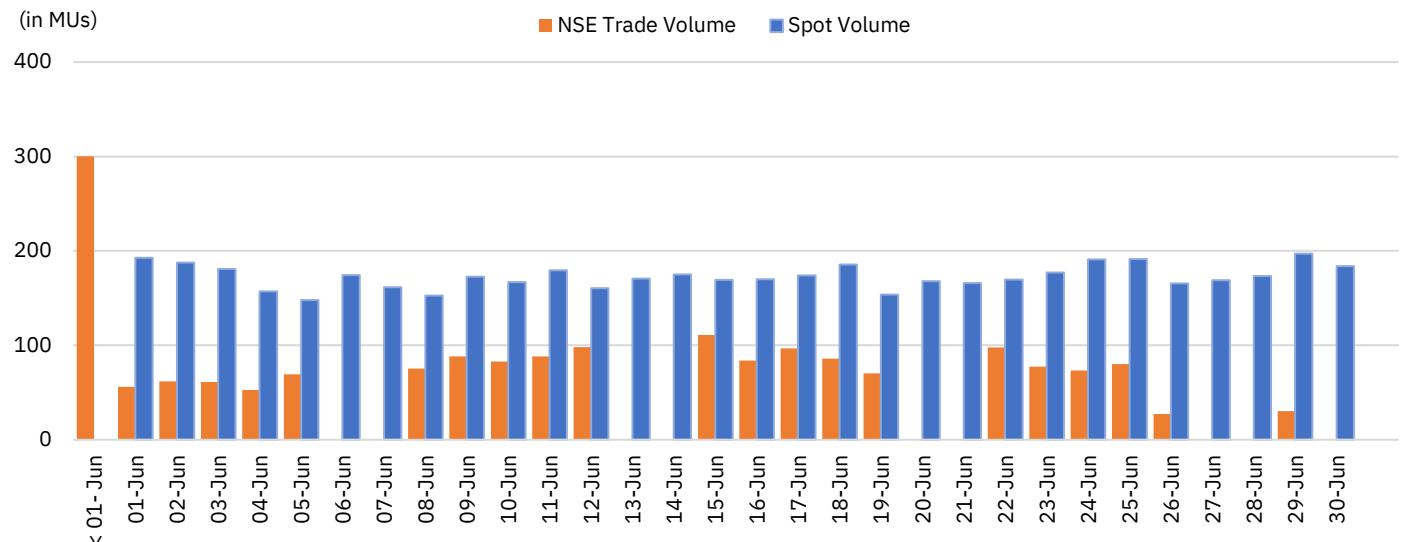
Trading activity remained robust throughout the contract, with the highest single-day trading volume of **111.15 MUs** recorded on 15th Jun 2026. Open interest remained stable over the contract, with an average of **196.56 lots** and reaching a peak of **911 lots** on 23rd Jun 2026, indicating continued growth in market participation and hedging activity.

Overall, the Jun 2026 contract exhibited stable pricing and closer alignment with movements in the underlying spot market. The combined growth in trading volumes and open interest underscores strengthening market depth and operational robustness of NSE's electricity futures. With **~51% market share**, the contract's performance further reinforces NSE's role as a transparent and efficient platform for electricity price discovery and risk management in India's evolving electricity derivatives market.

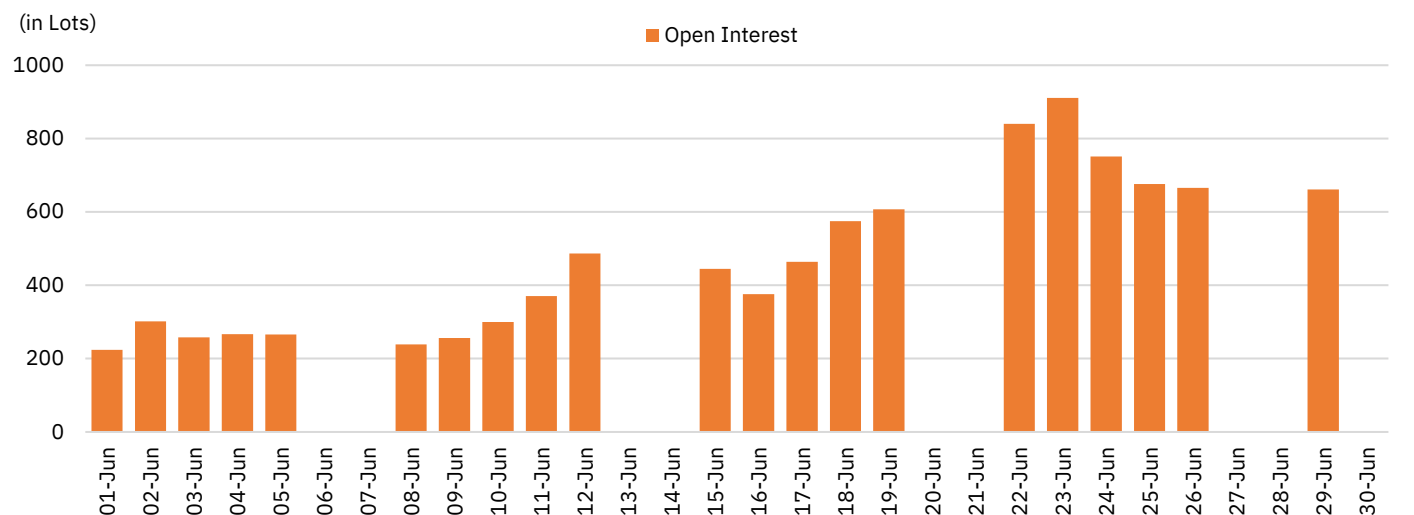
A detailed primer on this newly launched electricity futures product is provided below.

Figure 360: Comparison of Spot VWAP and NSE Electricity Futures LTP - Jun 2026 Contract


Source: NSE.

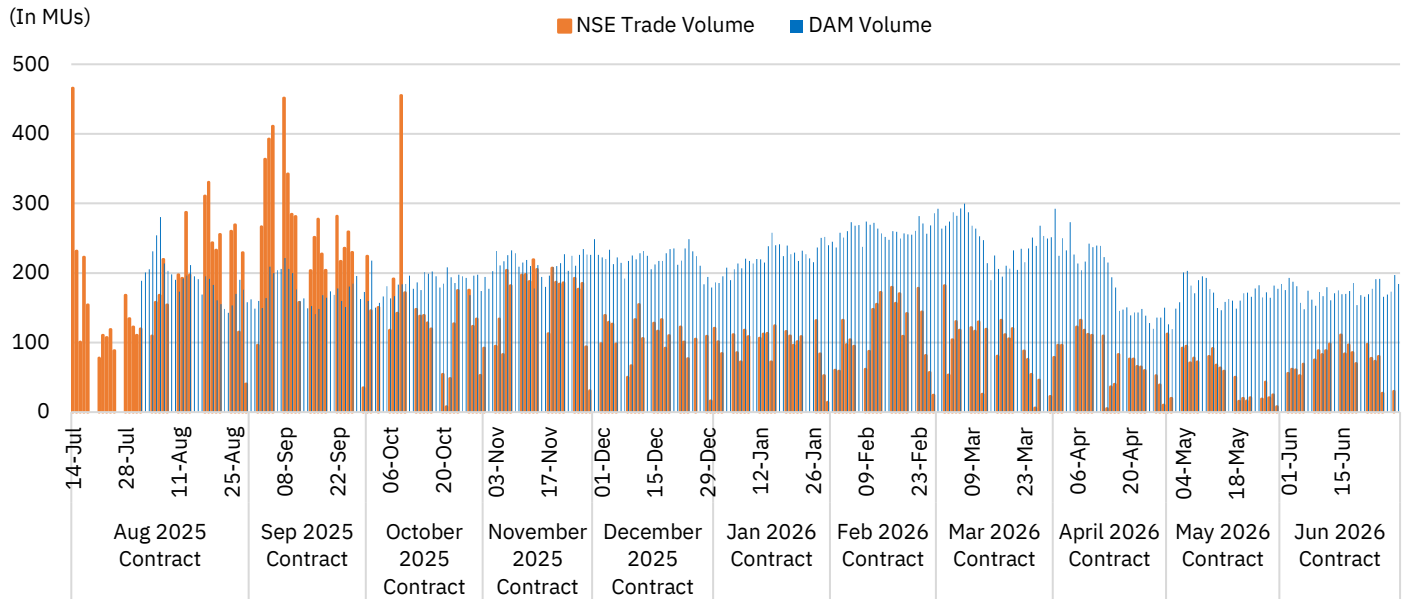
Figure 361: Comparison of NSE Electricity Futures Trade Volume and Spot Volume – Jun 2026 Contract


Source: NSE.

Figure 362: Daily Open Interest in NSE Electricity Futures – Jun 2026 Contract


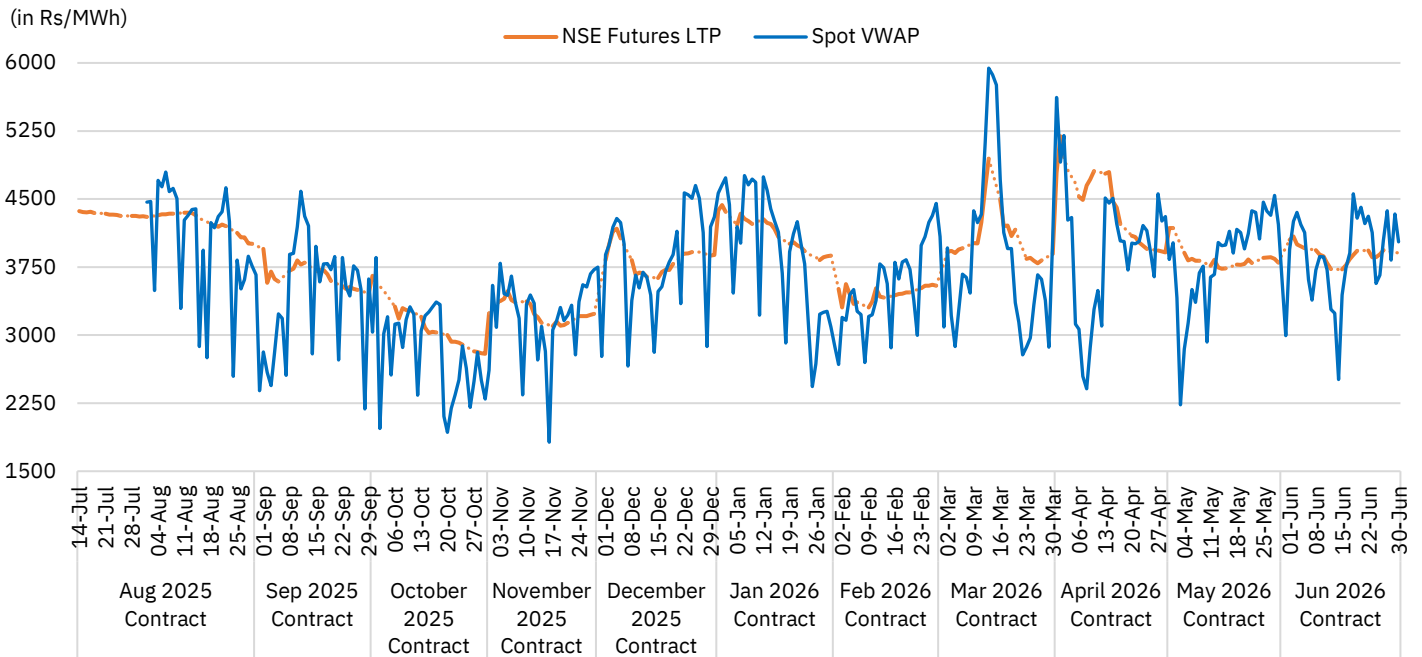
Source: NSE.

Figure 363: Comparison of NSE Electricity Futures Trade volume and spot volume (Aug'25 to Jun'26 contracts)



Source: NSE.

Figure 364: Comparison of Spot VWAP and NSE Electricity Futures LTP (Aug'25 to Jun'26 contracts)



Source: NSE.

Market Trade Metrics: Aug 2025 to Jun 2026



NSE ELECTRICITY FUTURES (ELECMBL) AUG 2025 TO JUN 2026 SNAPSHOT

Price Movement

Start (Aug Contract)	₹4430 /MWh
DDR (Jun 2026)	₹3899 /MWh
Futures Price	12% ↓
Spot VWAP	13% ↓

DDR



NSE Market Share ~ 70%

Volume:

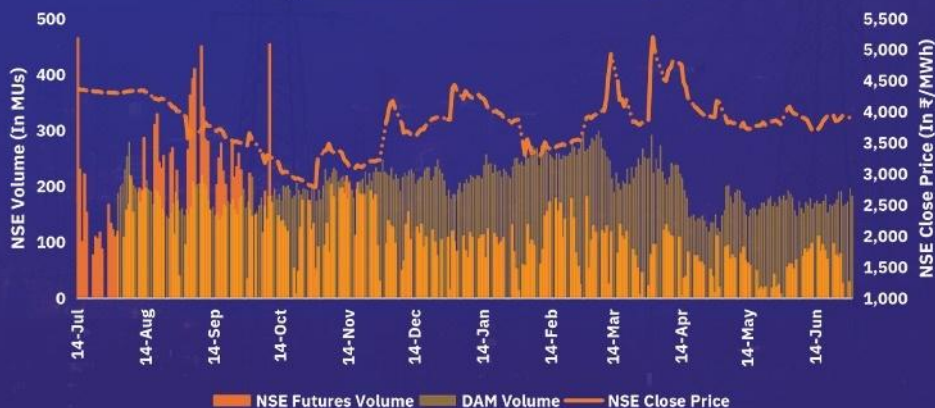
NSE Futures: 52% of DAM



Participation

7,00,956 Lots Traded
₹ 13,468 Cr Turnover

Volume & Price Trends



Primer: Electricity Futures Market

Why Electricity Futures Market is Needed

In FY 2025, India generated over **1,829.70 billion units (BU)** of electricity, of which nearly **1,623.5 BU** traded through long-term power purchase agreements (PPAs). Only **206.20 BU** was traded via short-term market mechanisms such as the Day-Ahead Market (DAM), Term-Ahead Market (TAM), Real-Time Market (RTM), and over the counter (OTC) trades. Despite spot exchanges like **IEX, PXIL, and HPX** handle only relatively **10%** of the total volume, they bear the brunt of price volatility and operational risk. This segment lacks **hedging instruments**, exposing generators to **earnings volatility**, DISCOMs to **cost uncertainty**, and financiers to **increased credit risk**.

Globally, electricity derivatives are integral for risk management and price discovery. Within the European Union, EEX supports trading of over 12,000 BU of electricity futures annually, more than 4 times the region's physical generation. In the United States, electricity derivatives markets exceed 3,000 BU, enabling market participants to hedge generation fluctuations and transmission constraints.

As India advances toward a net-zero energy future, renewable sources are expected to exceed 50% of installed capacity by 2030. Thus, power generation will become increasingly weather-dependent and intermittent. This shift increases financial uncertainty, particularly for capital-intensive projects with long investment horizons.

Given the substantial capital expenditure, the absence of financial instruments like electricity derivatives leaves these investments exposed to market risks—including sudden changes in electricity prices, fuel costs, and demand patterns. In this context, electricity futures serve as critical financial instrument allowing market participants to hedge price risk, stabilise cash flows, and make informed long-term investment decisions amid rising volatility.

Regulatory Clarity: An enabler for Electricity Derivatives in India

A landmark regulatory milestone was reached in October 2021, when the Supreme Court of India clarified jurisdiction over electricity market instruments. The ruling established that:

- The **Central Electricity Regulatory Commission (CERC)** will oversee contracts involving physical delivery of electricity, and
- The **Securities and Exchange Board of India (SEBI)** will regulate financial derivatives, including electricity futures and options.

This legal clarification resolved longstanding regulatory uncertainty and paved the way for the introduction of structured financial instruments in India's power sector.

What are Electricity Futures?

Electricity futures are standardised, cash-settled financial contracts that allow market participants to lock in electricity prices today for financial settlement at a future date. These instruments are non-deliverable and operate independently of physical transmission logistics.

They function as a financial overlay to the physical market, offering forward price visibility without requiring asset ownership or operational coordination. Their primary value lies in enabling price certainty, improving budgeting accuracy, strengthening risk management, and supporting strategic procurement decisions in an inherently volatile market environment.

Benefits of Electricity Futures

Electricity futures function as a core risk-management tool, enabling generators, DISCOMs, traders, and large Commercial and Industrial consumers to hedge exposure to short-term price volatility. Market participants face uncertainty arising from real-time price fluctuations, demand uncertainty, and grid constraints—risks that cannot be effectively managed in the absence of financial hedging instruments. Electricity futures facilitate risk management, enhance market resilience, and contribute to more stable and predictable cash flows.

Stakeholders	Strategic advantages
Generators	• Hedge merchant exposure by locking in forward prices. • Enhance revenue predictability for credit assessments. • Mitigate downside risk from spot price volatility. • Strengthen financial viability for capital raising and refinancing. • Optimize maintenance scheduling and dispatch planning.
Distribution Companies (DISCOMs)	• Fix procurement costs ahead of demand surges. • Reduce reliance on reactive tariff adjustments and fuel cost pass-throughs. • Improve cash flow management and reduce regulatory lag.
Industrial Consumers	• Secure electricity costs ahead of production cycles. • Embed energy cost certainty into pricing and budgeting models. • Shift from reactive to strategic procurement behaviour.
Traders & Market Intermediaries	• Exploit arbitrage opportunities across geographies and time horizons. • Enhance market liquidity and tighten bid-ask spreads. • Contribute to efficient price discovery.
Financial Institutions	• Develop structured products linked to energy markets. • Introduce electricity as a tradable asset class. • Facilitate renewable energy investments via hedging instruments.

Launch of Fundamentals of Electricity Derivatives Certificate Course

Recognizing the rising interest in electricity derivatives, NSE has developed a **free, self-paced online course** offering structured and comprehensive insights into this emerging market.

- This course is accessible to anyone interested to develop in-depth understanding of the strategic applications of electricity futures.
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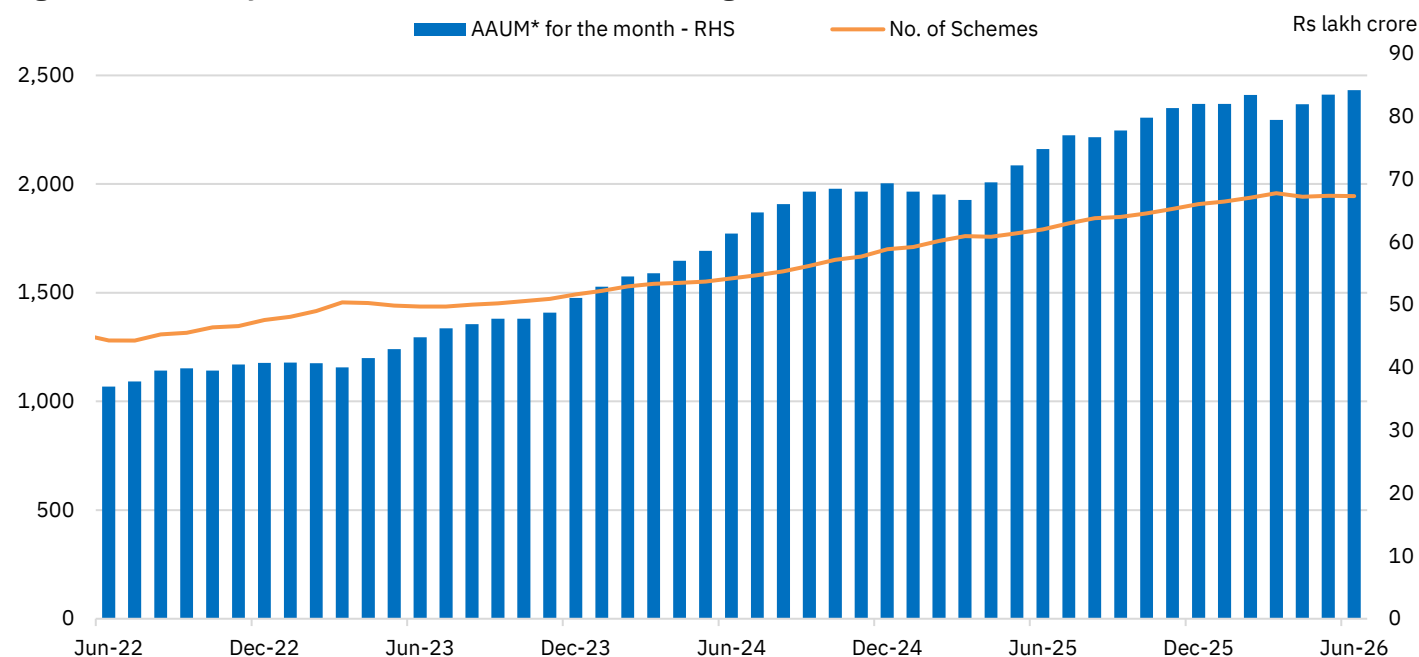


Investment through mutual funds in India

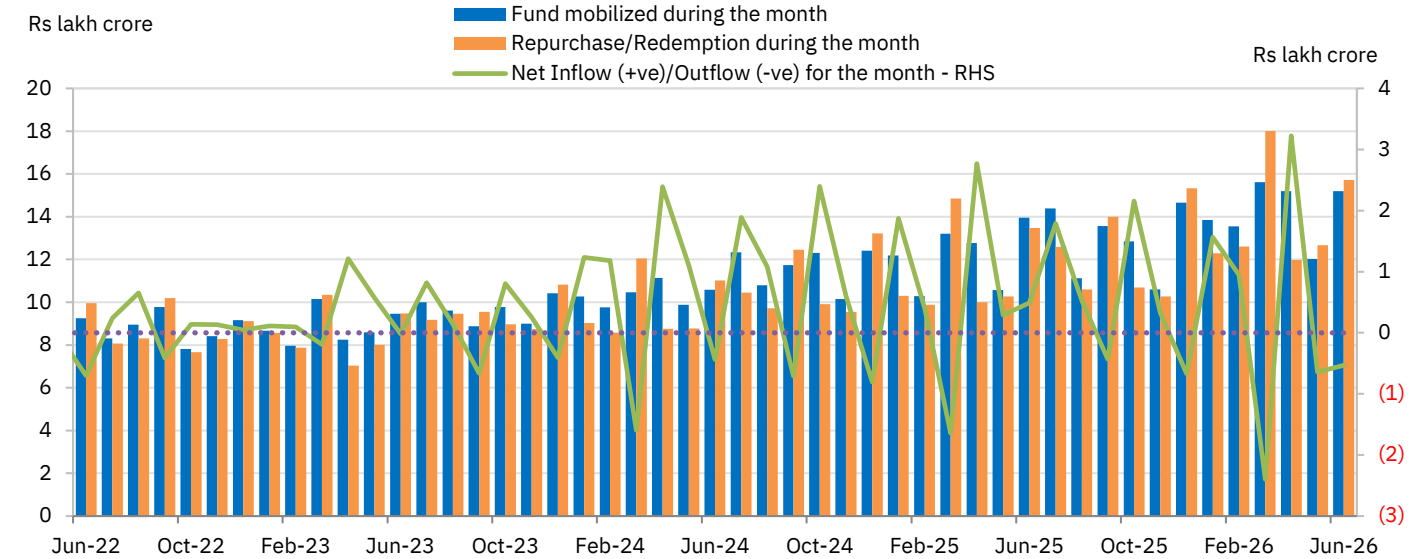
Average Assets Under Management (AAUM) at over Rs 84 lakh crore...: Supported by mark-to-market gains amid improving investor sentiment, easing geopolitical uncertainties, softer crude oil prices, and sustained equity-market participation, the mutual fund industry's average assets under management (AAUM) reached a fresh record high of Rs 84.2 lakh crore in June 2026. Assets rose by 0.9% MoM/ 12.6% YoY, despite the industry recording aggregate net outflows of Rs 53k crore during the month. Investor sentiment was partly weighed down by heightened market volatility at the beginning of the month and the RBI's downward revision of India's GDP growth forecast. Meanwhile, the typical quarter-end redemption cycle—driven by varied liquidity requirements—along with tight banking-system liquidity led to debt-oriented schemes recording net outflows of more than Rs 1.1 lakh crore. In June alone, 20.3 lakh net folios were added in a month, taking the total number of folios to 27.9 crore, of which 2/3rd pertain to equity schemes.

...With equity flows remaining stable but debt segments recording outflows: The mutual fund industry recorded net outflows of Rs 53k crore for the second consecutive month, primarily driven by debt-oriented schemes. These were partly offset by net inflows into equity schemes (Rs 29k crore), hybrid funds (Rs 12.9k crore), and gold and silver ETFs (Rs 7.7k crore). Equity schemes have now registered net inflows for 64 consecutive months, underscoring investors' sustained preference for equities despite heightened volatility and muted returns in recent quarters. In June, the highest inflow within the equity category was seen in the mid-cap fund (Rs 6,090 crore), followed by small-cap fund (Rs 5,602 crore) and flexi-cap funds (Rs 5,231 crore). After recording net outflows in gold and silver ETFs during May'2026, there has been a noticeable reversal in trend with inflow of Rs 7,730 crore, the highest in the last five months. During the first quarter of FY27, net flow rose significantly to Rs 2.1 lakh crore, significantly higher than Rs 11k crore in the previous quarter, led by healthy flows in equity (Rs 90k crore) and

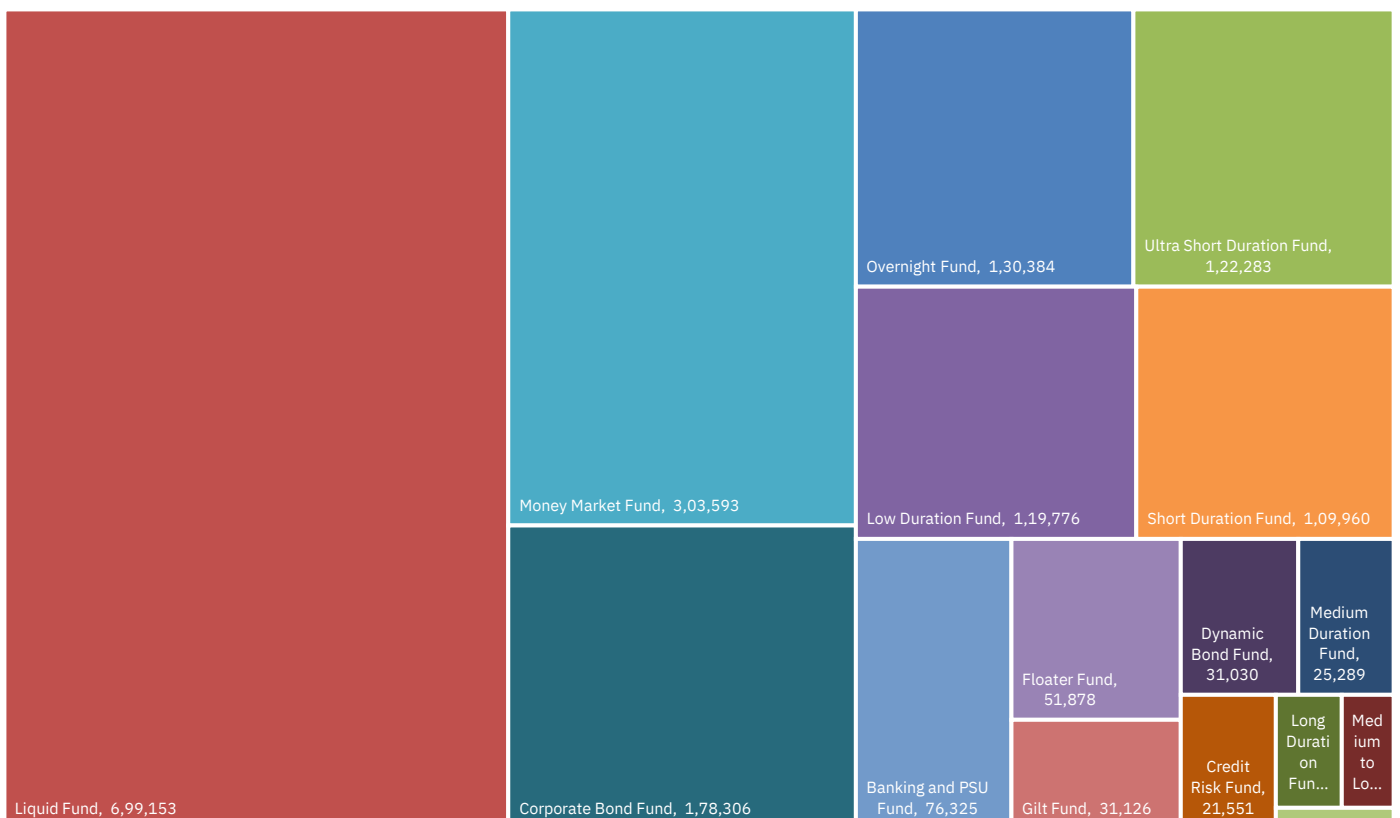
Figure 365: Monthly trend of total MF schemes and average AUM



Source: AMFI, NSE EPR. *AAUM-Average Assets under Management.

Figure 366: Monthly trend of total investment through mutual funds

Figure 367: Category-wise AUM of open-ended debt schemes

AUM (Rs crore) – June 2026



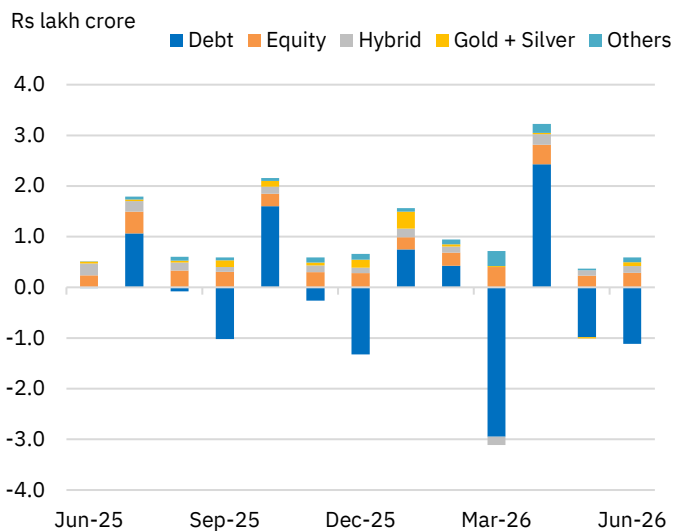
Source: AMFI, NSE EPR.

Figure 368: Category-wise AUM of open-ended equity schemes

AUM (Rs crore) – June 2026



Source: AMFI, NSE EPR.

Figure 369: Monthly trends in flows across categories


Source: AMFI, NSE EPR.

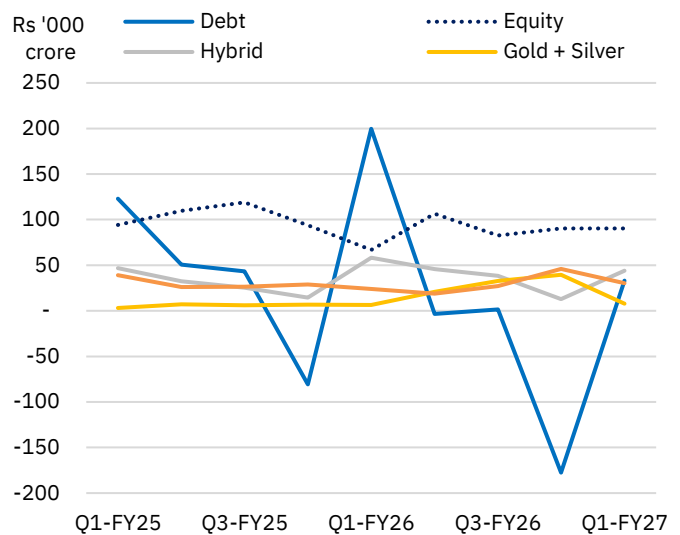
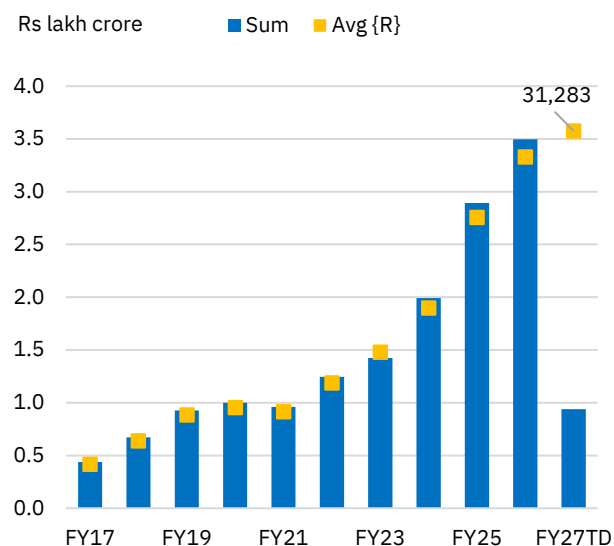
Figure 370: Quarterly trends in flows across categories


Table 118: Quarterly trend of flows across categories

Quarters (Rs crore)	Equity	Multi Cap Fund	Large Cap Fund	Large & Mid Cap Fund	Mid Cap Fund	Small Cap Fund	Dividend Yield Fund	Value Fund/Contr Fund	Focused Fund	Sectoral /Thematic Funds	ELSS	Flexi-cap
Q1-FY25	94,222	10,077	1,991	7,948	6,927	7,197	1,307	5,418	-921	46,731	-839	8,387
Q2-FY25	1,09,772	13,069	5,076	9,514	7,829	8,389	2,660	5,863	-977	49,758	-1,192	9,781
Q3-FY25	1,18,986	10,298	8,011	13,349	14,660	12,552	1,026	6,059	1,579	35,268	1,190	14,996
Q4-FY25	94,073	8,838	8,409	9,497	11,994	13,535	424	4,457	3,457	14,898	2,147	16,417
Q1-FY26	66,869	8,345	5,616	8,740	9,877	11,239	76	2,140	2,797	4,529	-1,606	15,116
Q2-FY26	1,06,554	10,743	7,279	12,166	15,599	15,840	-246	4,719	4,168	14,540	-617	22,363
Q3-FY26	82,655	7,218	4,179	11,774	12,470	11,707	-711	2,676	4,036	4,177	-1,954	27,083
Q4-FY26	90,457	6,910	7,115	11,627	13,252	13,087	10	3,876	4,882	6,729	-1,681	24,651
Q1-FY27	90,321	9,167	6,185	12,090	17,027	17,433	-167	2,674	3,143	4,066	-1,852	20,555

Source: AMFI, NSE EPR

SIP flows continued to remain above Rs 30k crore: Monthly contribution under SIPs saw inflows of Rs 31,781 crore in June, marking the fourth consecutive month of healthy inflows of over Rs 30k crore. The average SIP flows have nearly doubled from Rs 16.6k crore in FY24 to over Rs 31k crore in FY27TD (Q1-FY27), underscoring the growing popularity of SIPs as a preferred investment avenue among investors. SIP assets increased 3.4% MoM/ 15.7% YoY to Rs 17.7 lakh crore, constituting 21% of the overall average assets under management.

Figure 371: Trends in annual SIP contribution


Source: AMFI, NSE EPR Notes: 1) Data for FY27TD is till June 2026

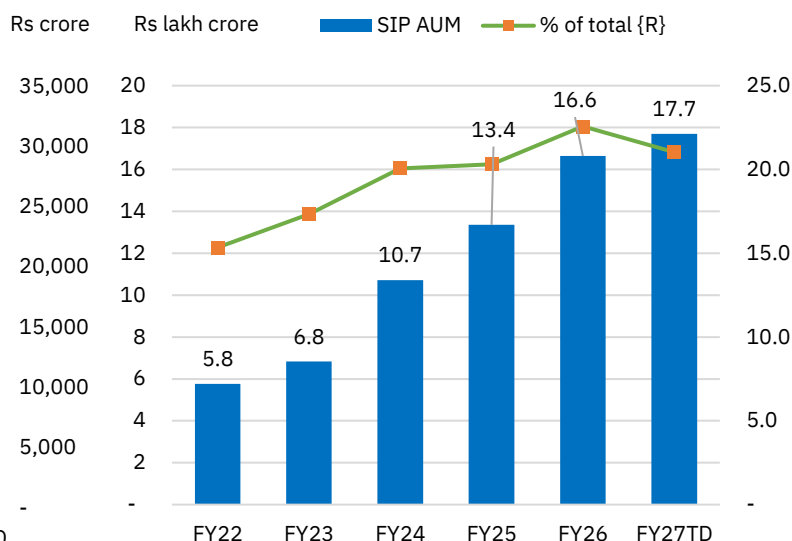
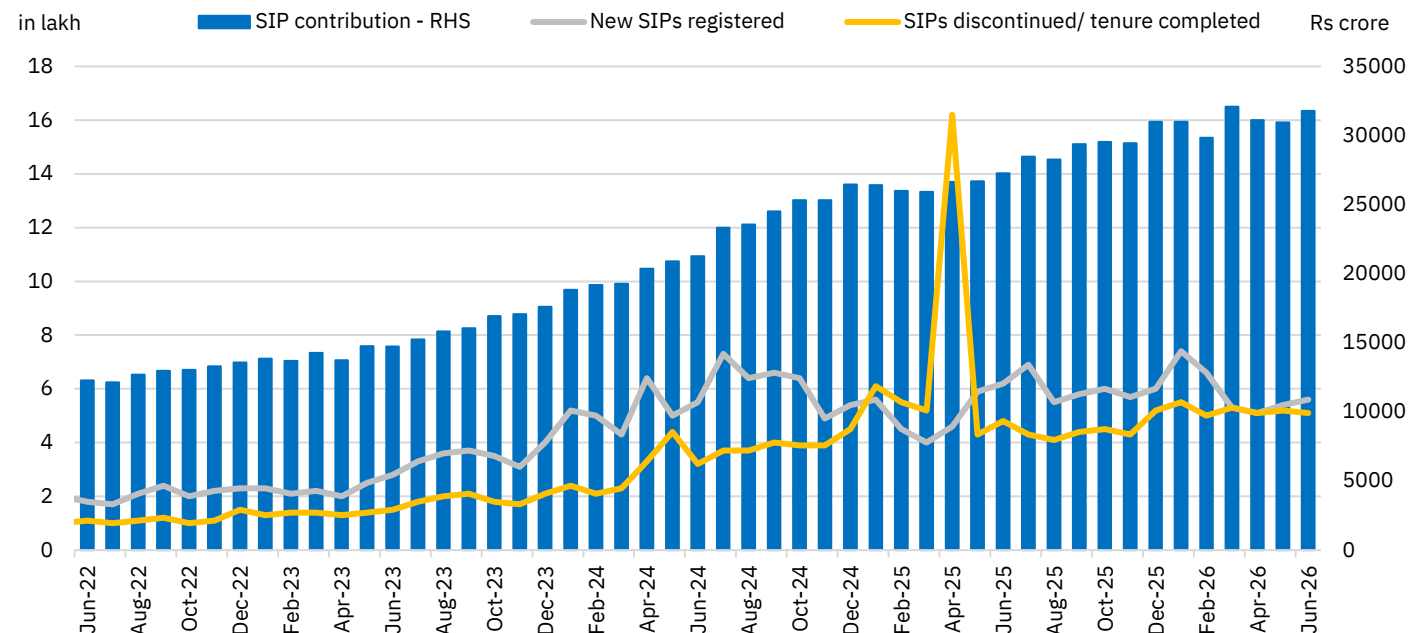
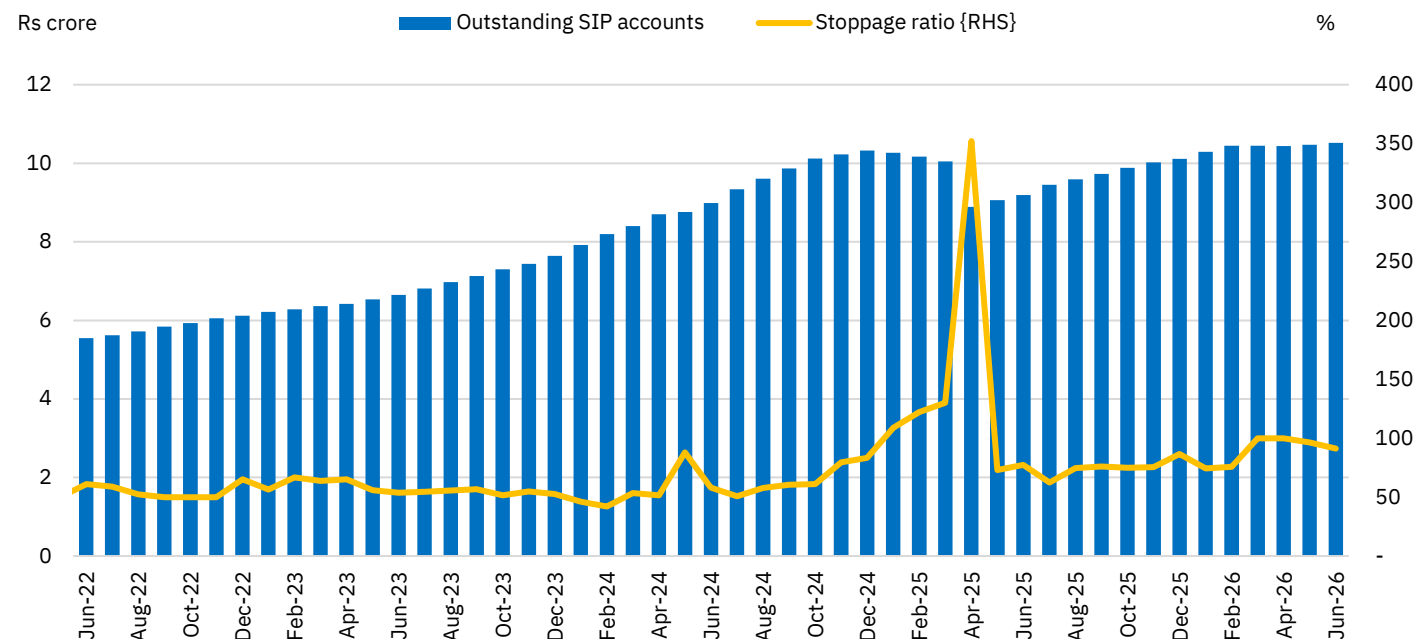
Figure 372: Trends in SIP AUM


Figure 373: Monthly trend of SIP contribution, SIP registered and discontinued

Figure 374: Monthly trend of outstanding SIP accounts and stoppage ratio


Equity AAUM at record high levels in June: Average assets in the equity segment have scaled a record high level of Rs 36.7 lakh crore in June, 12.2% YoY higher and accounting for 55.8% of total assets. Active equity AAUM — which accounted for nearly four-fifth of the equity assets — registered a healthy growth of 12.2% YoY in June while passive funds also registered a solid growth of 12% YoY. Of the open-ended equity funds, AAUM of flexi-cap funds have the highest AAUM accounting for more than 15%, followed by thematic funds (~15%), mid-cap (13.5%) and large-cap funds (11%).

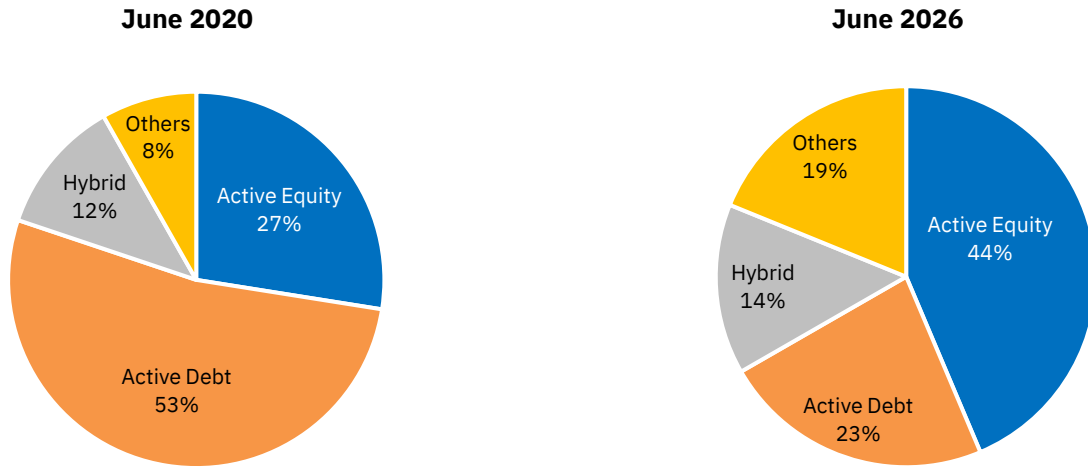
This contrasts with the debt funds which have registered a tepid growth of 2.1% YoY and the assets under these schemes have fallen in two consecutive months. Notably, the YoY fall has been significant in passive debt funds while active debt funds have exhibited a growth of 3.3% YoY. Hybrid fund assets — which accounted for 14.5% of total assets — also rose to its highest level and were above Rs 12 lakh crore for the first time in June, reflecting sustained inflows into this segment. Importantly, passive funds — which account for 18% of total assets — have registered a 23% YoY growth in June as against a relatively muted growth of 9% YoY for active funds.

In the last six years, the share of active debt has declined from half of the asset size to 23%, while the share of active equity and others (predominantly passive funds) have grown 16pp and 11pp to 44% and 19% respectively.

Table 119: Monthly trend of average AUM of mutual funds across categories

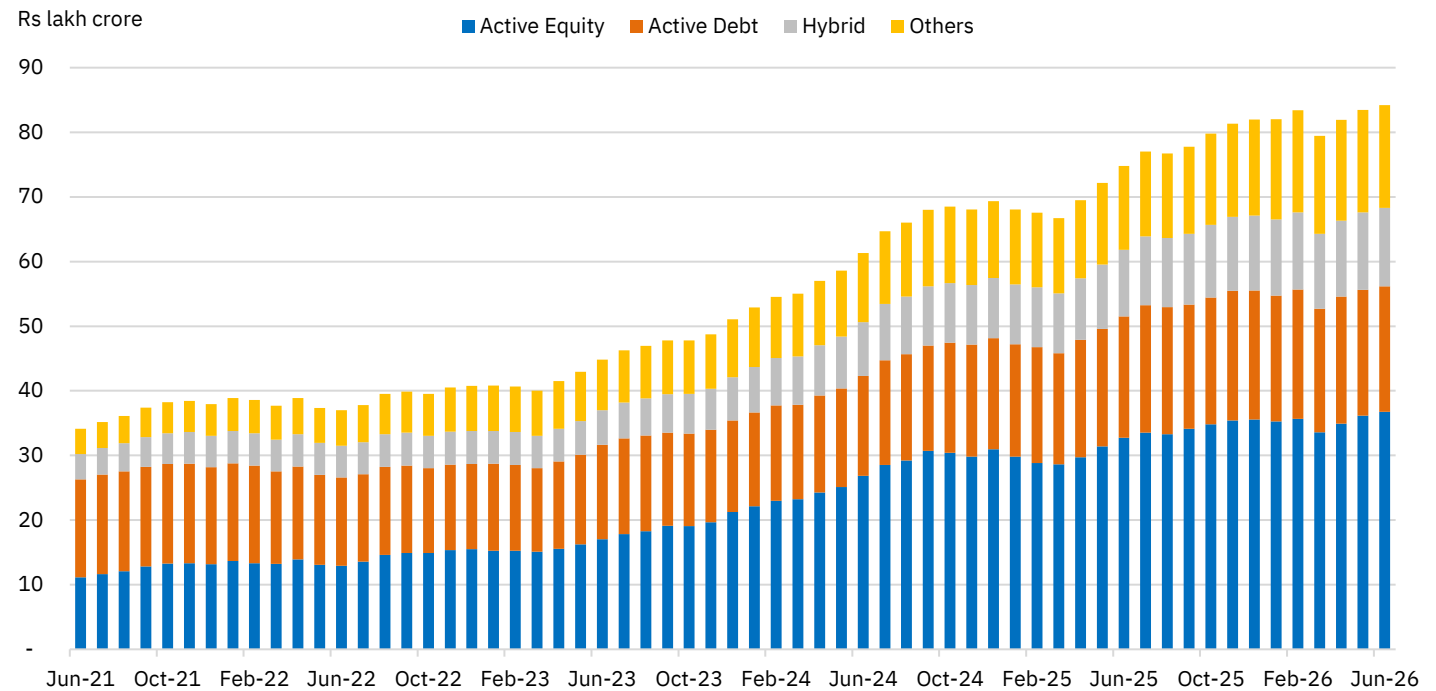
Rs crore	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	% share
Total MF AUM	82,01,175	83,42,617	79,46,028	81,94,396	83,46,579	84,18,486	100.0
Equity	45,26,333	45,74,637	43,12,193	44,90,875	46,33,871	47,01,606	55.8
Active	35,25,609	35,64,144	33,57,484	34,93,683	36,16,853	36,73,148	43.6
Passive	10,00,725	10,10,493	9,54,709	9,97,192	10,17,018	10,28,458	12.2
Index funds	2,15,490	2,18,984	2,08,060	2,23,313	2,33,115	2,36,726	2.8
Domestic	2,08,616	2,12,143	2,01,297	2,16,171	2,25,127	2,28,689	2.7
International	6,874	6,842	6,763	7,142	7,988	8,036	0.1
ETFs	7,85,235	7,91,509	7,46,649	7,73,879	7,83,903	7,91,732	9.4
Domestic	7,67,675	7,74,489	7,29,735	7,55,891	7,63,447	7,71,209	9.2
International	17,560	17,020	16,914	17,988	20,456	20,523	0.2
Debt	21,51,724	22,05,009	21,14,130	21,69,048	21,33,381	21,30,206	25.3
Active	19,48,624	20,03,369	19,12,431	19,66,574	19,44,298	19,42,006	23.1
Passive	2,03,100	2,01,640	2,01,699	2,02,474	1,89,083	1,88,200	2.2
Index funds	1,03,617	1,02,198	1,03,204	1,04,351	96,240	94,607	1.1
Domestic	1,03,617	1,02,198	1,03,204	1,04,351	96,240	94,607	1.1
ETFs	99,483	99,441	98,496	98,123	92,843	93,593	1.1
Hybrid	11,77,654	11,95,277	11,57,565	11,73,237	11,98,257	12,17,191	14.5
Others*	3,45,464	3,67,694	3,62,139	3,61,236	3,81,071	3,69,482	4.4

Source: AMFI, NSE EPR. *Others include Gold and silver ETFs, other ETFs and index funds, solution-oriented schemes, interval schemes, FoFs investing overseas in active and passive funds.

Figure 375: Share of overall mutual fund AUM across asset classes


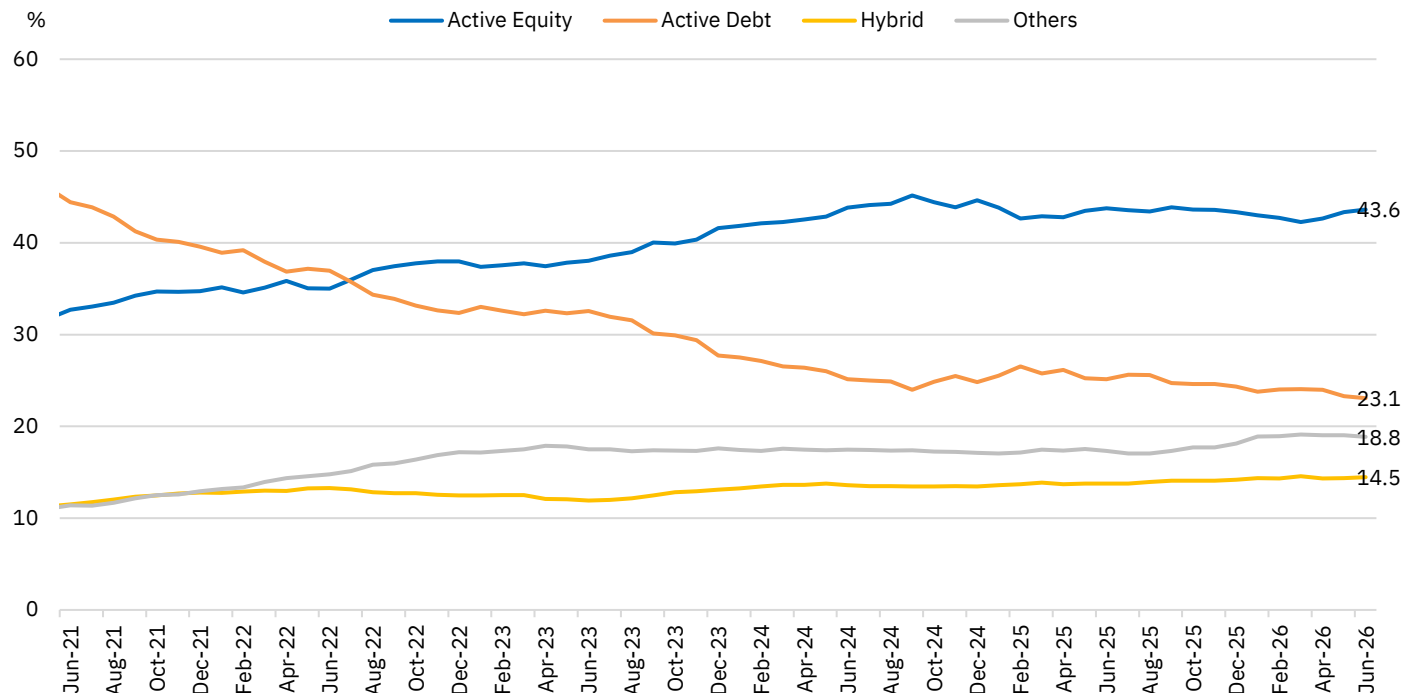
Source: CMIE Economic Outlook, AMFI, NSE EPR

Note: 1) Equity and debt funds include both actively and passively managed funds. Others include Index funds, ETFs, solution-oriented schemes, interval schemes, fund of funds investing overseas in active and passive funds.

Figure 376: Category-wise mutual fund AUM split*


Source: CMIE Economic Outlook, AMFI, NSE EPR.

Note: 1) Equity and debt funds include both actively and passively managed funds. *Others include Index funds, ETFs, solution-oriented schemes, interval schemes, fund of funds investing overseas in active and passive funds.

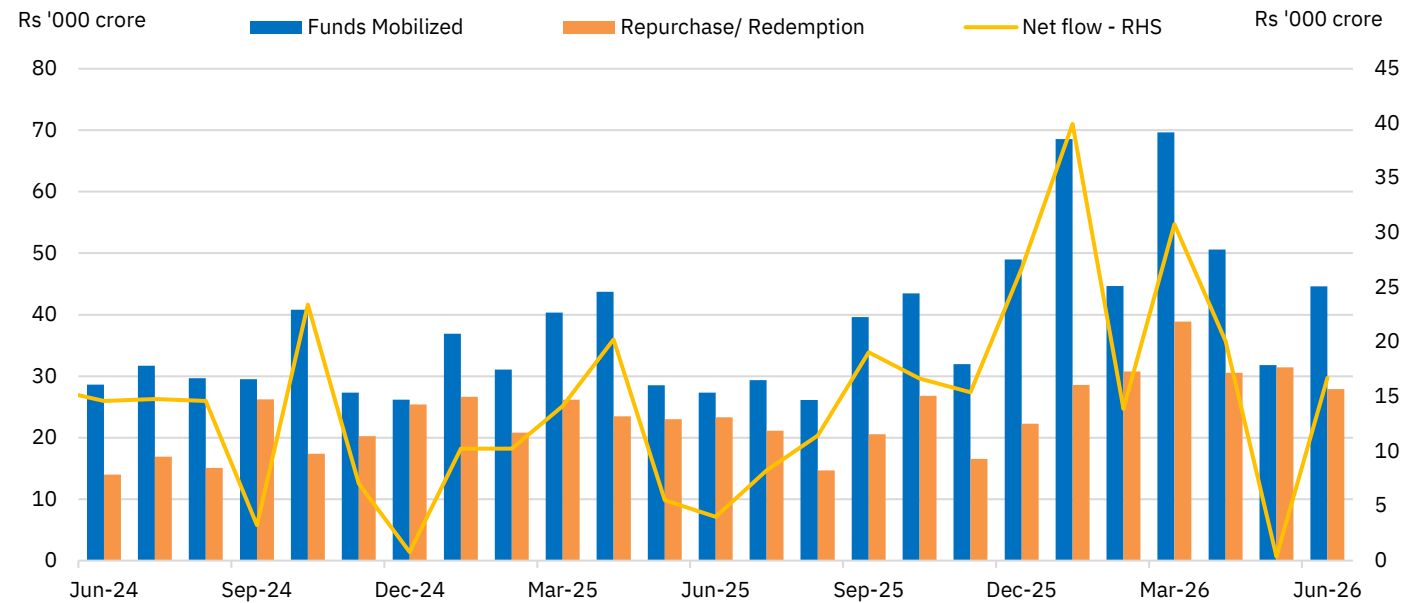
Figure 377: Category-wise share in mutual fund AUM*


Source: CMIE Economic Outlook, AMFI, NSE EPR.

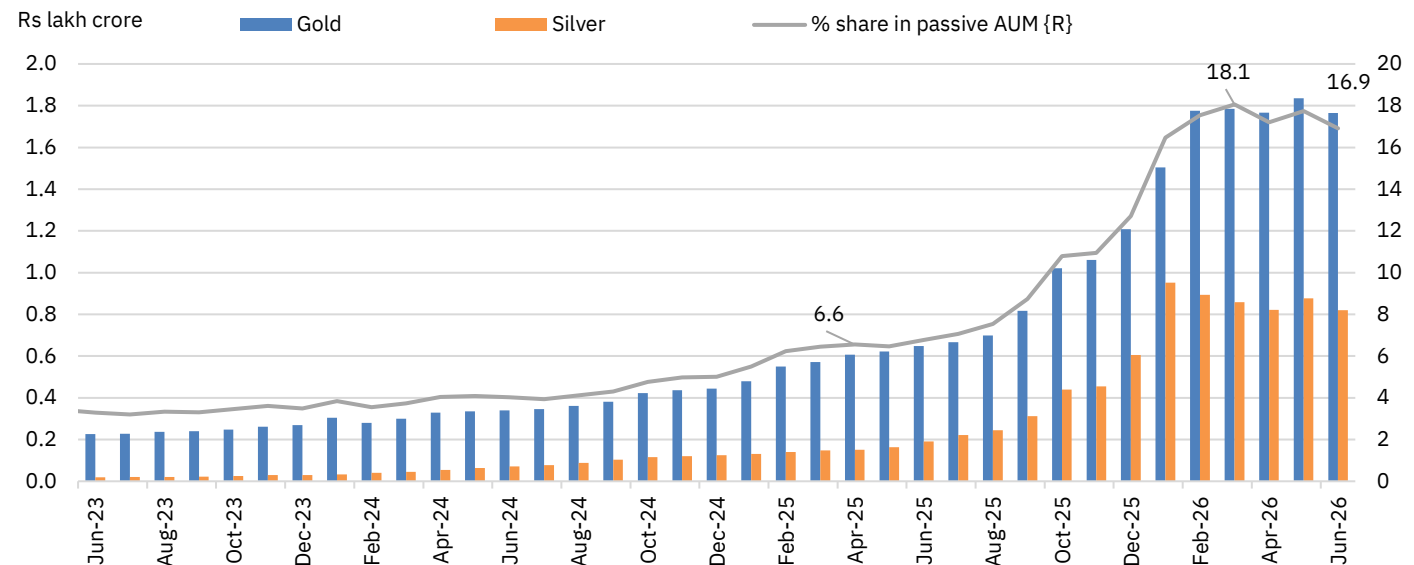
Note: 1) Equity and debt funds include both actively and passively managed funds. *Others include Index funds, ETFs, solution-oriented schemes, interval schemes, fund of funds investing overseas in active and passive funds.

A marginal dip in passive funds AAUM²³ weighed down by debt outflows: Passive fund AAUM registered a marginal decline of 0.1% MoM to Rs 15.3 lakh crore as of June 2026 but has remained above the Rs 15 lakh crore mark for three consecutive months. On a YoY basis, the growth has been robust at 23.1% on account of the exponential growth seen in gold (172%) and silver ETFs (328% YoY) while equity passive funds have also grown at a healthy pace of 12%. That said, the recent corrections observed in global and domestic bullion prices have led to a decline in the gold and silver AAUM even though June saw a reversal in flows into these two categories aggregating Rs 7.7k crore with investors treating the dips as fresh buying opportunity. This contrasts with the de-growth seen in debt passive funds of 9.1% YoY which has seen sustained outflows in the last seven months including Rs 2,369 crore in June and Rs 13,823 crore in the first quarter of this fiscal. Conversely, net inflows into passive funds in June have been supported by equity ETFs and index funds (Rs 11,423 crore), silver ETFs (Rs 4,286 crore) and gold ETFs (Rs 3,443 crore).

²³ Includes domestic and international equity index funds and ETFs, domestic debt index funds and ETFs, gold and silver ETFs, fund of fund investing overseas and other index funds and ETFs.

Figure 378: Monthly trend of average AUM of passive mutual funds across categories


Source: CMIE Economic Outlook, AMFI, NSE EPR.

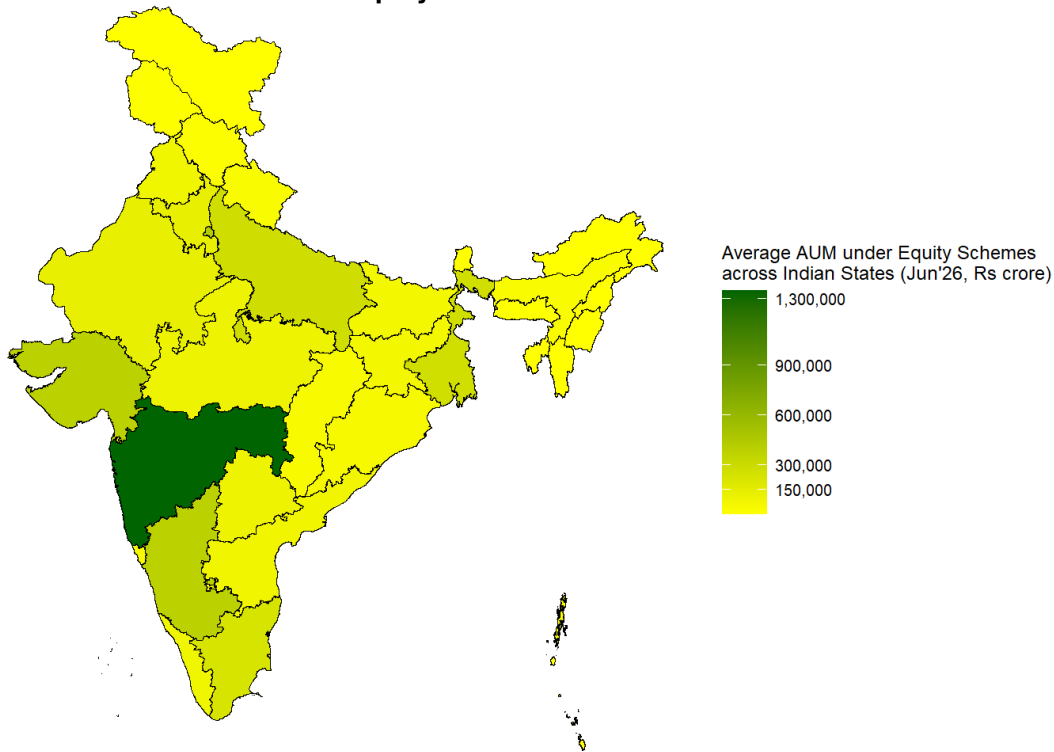
Figure 379: Monthly trend of gold and silver ETF AAUM


Source: AMFI, CMIE Economic Outlook, NSE EPR

Maharashtra leads in equity MF assets, followed by New Delhi and Gujarat:

Equity AAUM of the top five and ten states in India accounted for 60% and 79% of the overall equity AAUM in June 2026 led by Maharashtra (28.9%), New Delhi (9.2%) and Gujarat (8.3%). Barring Haryana and Uttar Pradesh, all the major states have registered a solid double-digit YoY growth in equity AAUM. In the last four years, the rankings of the top seven states have remained unchanged and the equity AAUM of each of these states have exhibited healthy double-digit growth of over 25% each. The share of equity AAUM of New Delhi has gained by nearly a percentage point in the last four years, followed by Telangana (+47.2bps) with the fall in Maharashtra (83 bps), Uttar Pradesh (48.7bps), West Bengal (43.2bps) and Haryana (46.9 bps) highest among the top 10. Beyond the top 10 States/UTs have equity AAUM of Rs 7.4 lakh crore, which account for 15.8% of the total equity AAUM.

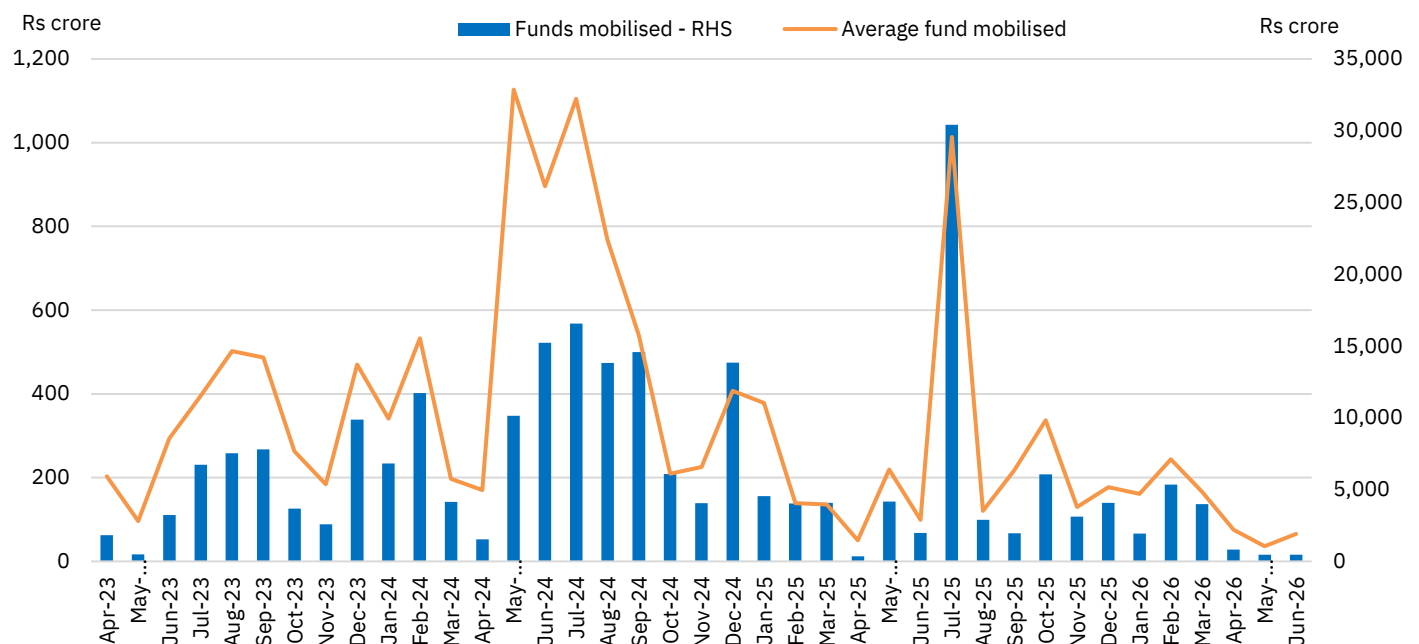
Figure 380: State-wise distribution of equity schemes AUM in June'26



Source: AMFI, NSE EPR. Note: The map is created using the state-level shapefile: [Link](#)

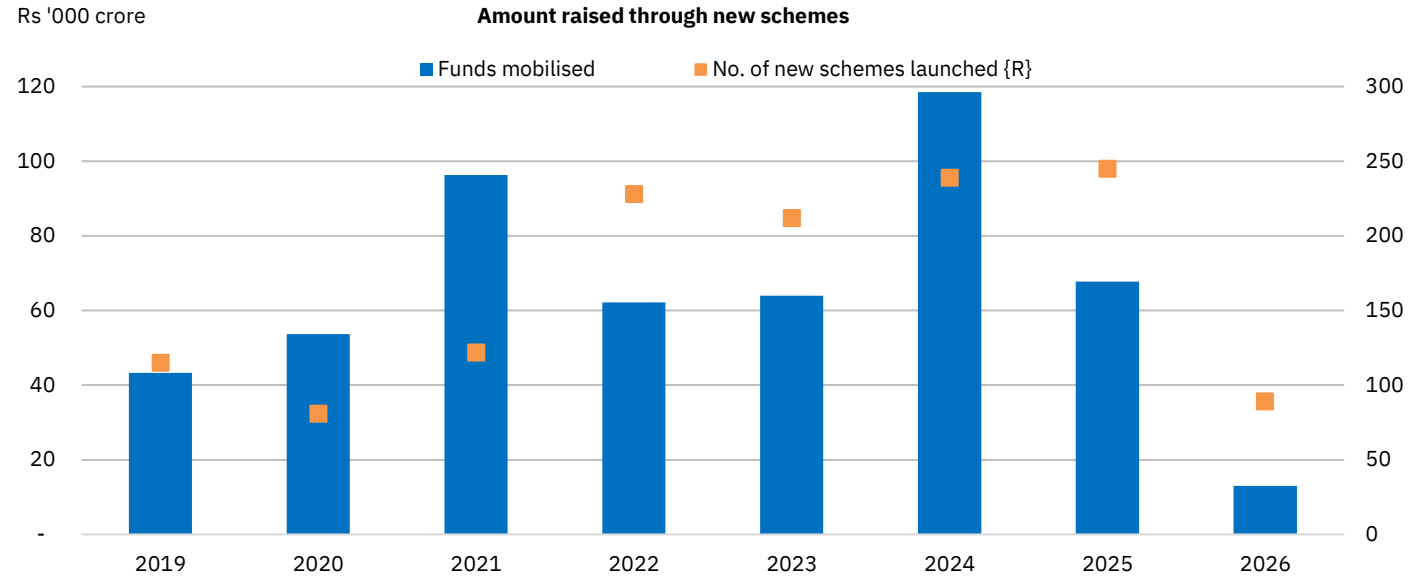
Funds raised through NFOs in 2026 so far have been lower than last year: In H1-2026 so far, 89 NFOs have been announced which has Rs 13,040 crore which is lower than Rs 19,164 crore of funds raised in the same period last year via 117 IPOs. June 2026 witnessed the lowest number of NFOs since June 2023. In Q1-FY27, 31 NFOs have raised Rs 1,759 crore, which is lower than 58 NFOs that have raised Rs 11,281 crore in the quarter ended March 2026.

Figure 381: Monthly trend of total investment through new schemes



Source: AMFI, NSE EPR.

Figure 382: Annual trend of total investment through new schemes



Contract size matters: Evidence from global exchanges

The NSE has remained the top derivatives exchange in the world since 2019 in terms of the number of contracts traded. Despite SEBI's regulation in 2025, 3,696 crore contracts traded across equity and index futures and options in FY26, implying 51.3% of the global total. However, this dominance in contract count also reflects the average contract size compared to markets like the U.S., underscoring the need to distinguish between number of contracts and premium value traded when comparing market scale. In these days of technology-driven trading, a smaller contract size allows more trading activity (in terms of number of contracts) for the same quantum of capital at hand. Large contracts translate into relatively fewer trades, on the other hand. Indian markets trade nearly 4.5x the US in terms of contracts traded between January-June 2026, but a fifth of the value.

Table 120: Comparison of contract size of S&P 500 and Nifty 50 Index options

	S&P 500 (SPX)	Mini-SPX (XSP)	Nifty 50 Index
Contract size	100	10	75
Index closing (As of June 30 th , 2026)	7,499	7,499	23,866
Notional value*	US\$749,936	US\$74,993	US\$18,899

Source: CBOE, NSE. * Calculated as Index level * contract size.

Figure 383: Comparison of contract size of S&P 500 and Nifty 50 Index options

Comparison of contract size: India versus US

S&P 500 and Nifty 50 Index options

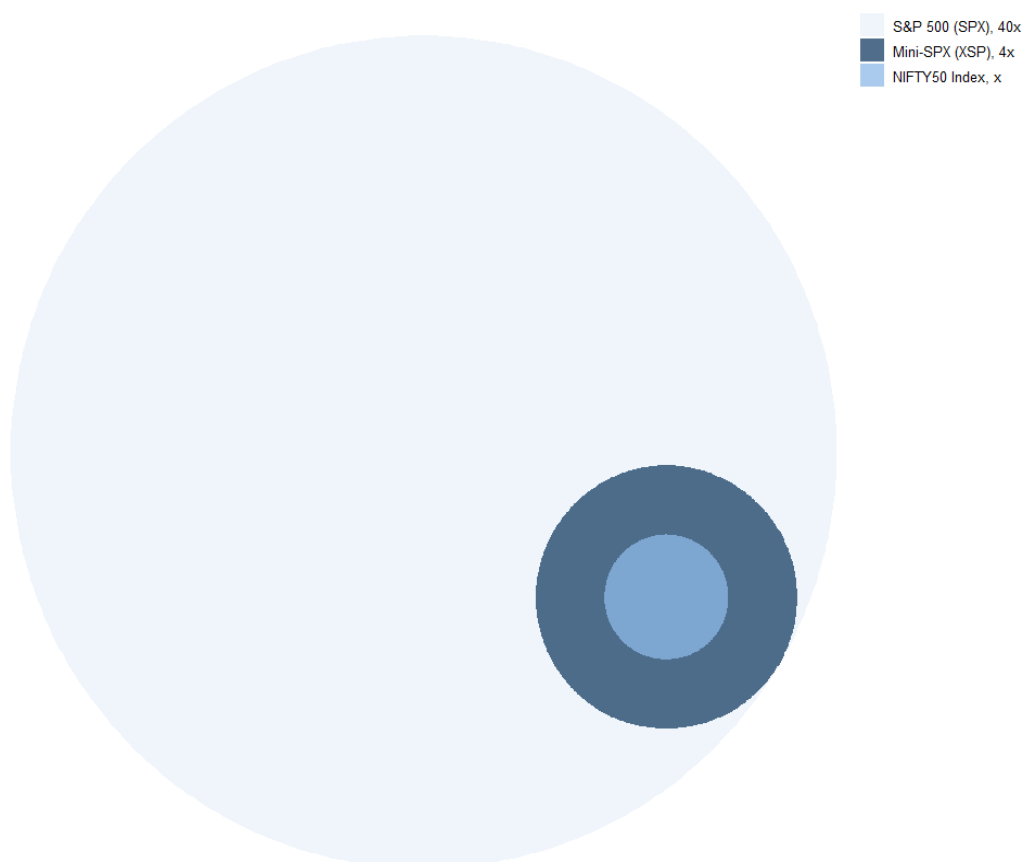
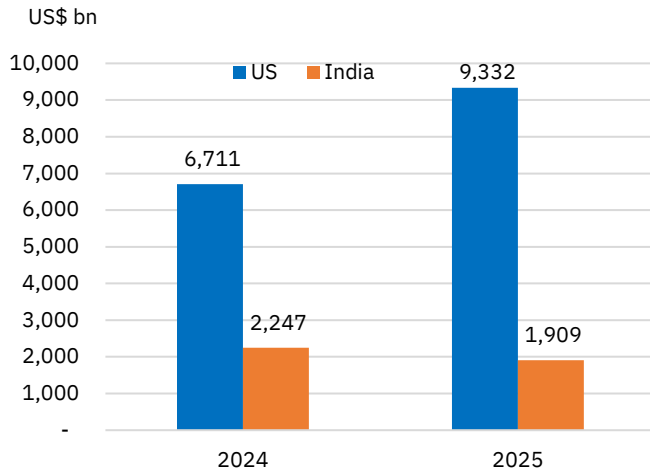
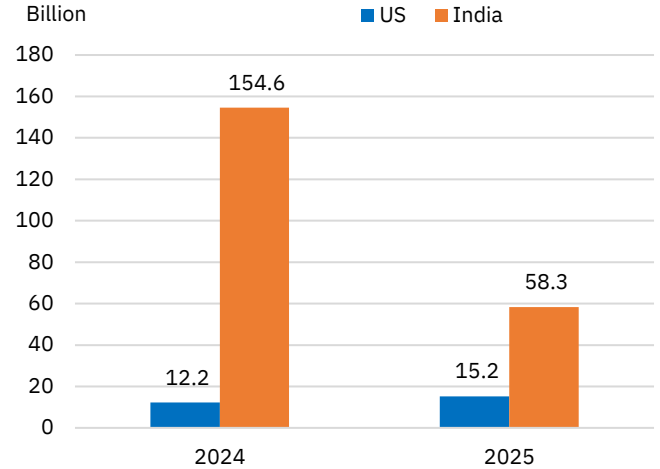
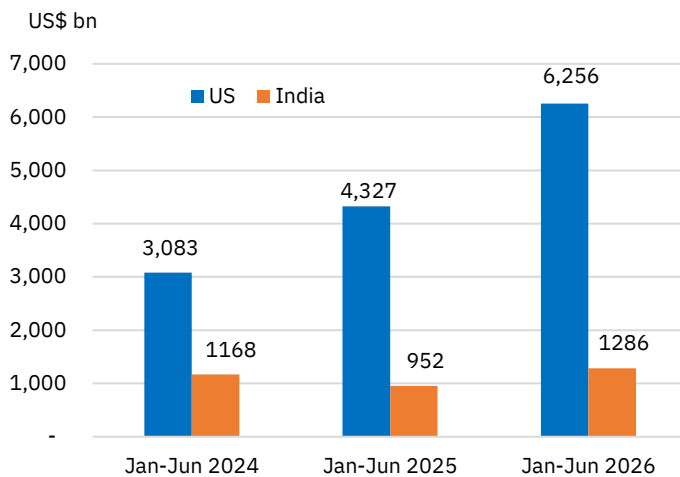
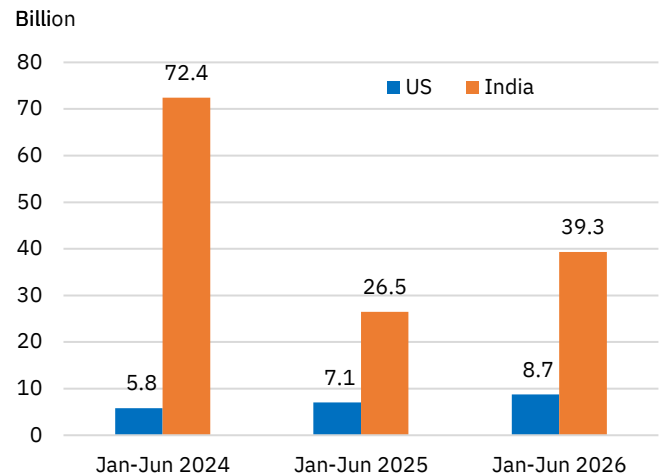


Figure 384: Total options turnover: India vs. US


Source: OCC, NSE, BSE.

Figure 385: Total options contracts traded: India vs. US

Figure 386: Monthly trends in total options turnover: India vs. US


Source: OCC, NSE, BSE.

Figure 387: Monthly trends in total options contracts traded: India vs. US


US vs. India

The trading activity of an equity derivatives contract is influenced by its value. The extent to which this matter becomes clear when comparing the Indian markets with those in the US, the world's largest equity derivatives market by far. Unlike India's exchange-traded derivatives (futures and options on stocks and indexes), the US markets are far more complex, spanning 18 exchanges, off-exchange venues, and a broader range of derivatives, i.e., futures and options, not just on stocks and indexes, but also on index futures.

Notwithstanding the increase in 2025, the Nifty 50's option contract value remains puny compared to the contract value of S&P index option contracts. As of June 30th, 2026, a single lot of the S&P 500 (SPX) index option had a notional value of around ~US\$749,936. Even the mini-SPX contracts—sized at one-tenth—carry a notional value of US\$74,993. That makes one US SPX contract over 40 times larger than a Nifty contract in value terms, and even a mini-SPX contract close to four times larger. So, while India leads in the count of contracts, it lags significantly behind the US in terms of total value traded.

India's options market is a fraction of the US market in terms of premium turnover:

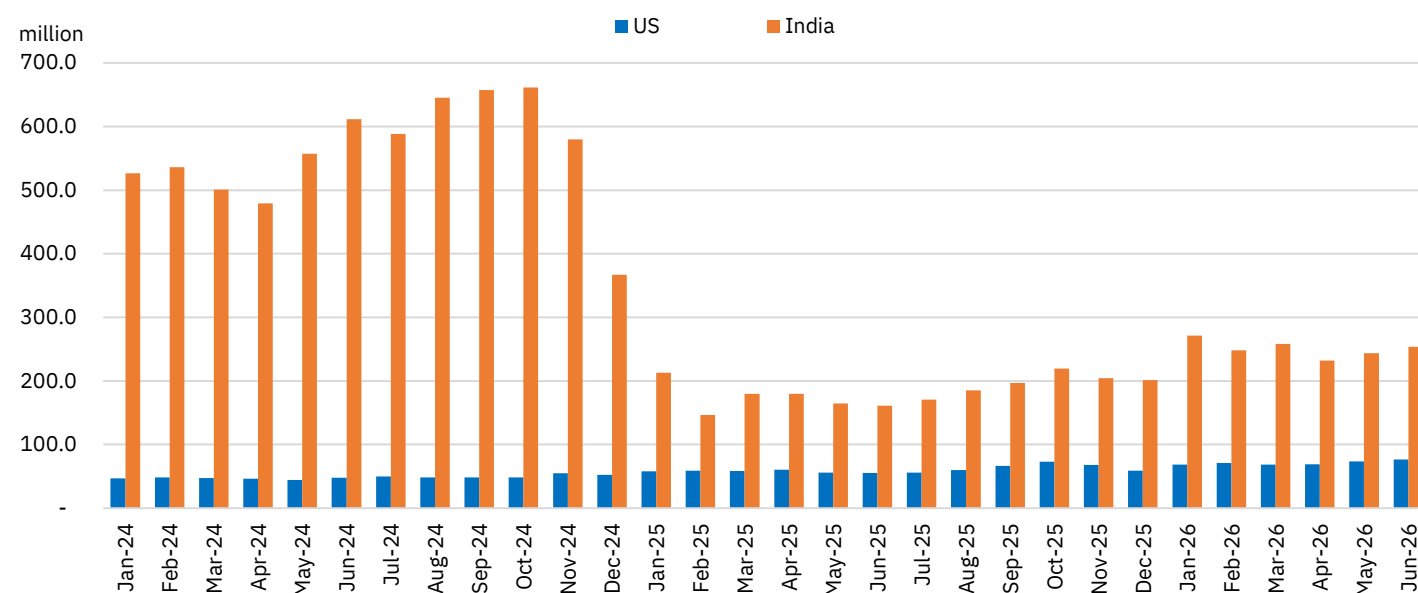
Between Jan-June 2026, Indian exchanges (NSE, BSE) trade over 4.5x that of the exchange-traded options in the US, i.e., options with underlying as stocks, indexes and ETFs (cleared on Options Clearing Corporation). In terms of premium turnover, however, Indian options market was close to 20% of the US options premium turnover. It is to be noted that this comparison relates only to exchange-traded, centrally-settled (On OCC) futures and options on stocks, indexes and ETFs alone, and does not include said derivatives on index futures (at CME), that represent an additional ~25% of trading activity.

Table 121: Exchange-wise options volume and premium traded in the US during Jan-June 2026

Exchanges	Total Premium turnover during Jan-June 2026 (USbn)				Total contracts traded during Jan-Jun 2026 (m)			
	Equity	Index	ETF	Total	Equity	Index	ETF	Total
AMEX	243	0	121	365	383	0	426	809
ARCA	310	0	101	411	520	0	309	829
BATS	103	2	32	137	188	0	117	305
BOX	357	-	76	433	302	-	188	490
C2	53	4	26	83	116	2	103	221
CBOE	366	2,158	290	2,813	496	757	397	1,650
EDGX	84	-	47	131	203	-	208	412
EMLD	79	-	32	111	159	-	115	274
GEM	40	3	36	78	107	0	166	273
ISE	180	39	68	287	274	7	232	512
MCRY	56	-	36	92	142	-	188	330
MEMX	74	-	26	100	171	-	135	306
MIAX	166	-	74	240	307	-	309	616
MPRL	33	-	19	53	97	-	97	194
NOBO	14	-	8	22	45	-	59	104
NSDQ	47	-	17	65	116	-	86	202
PHLX	555	53	117	725	624	7	318	949
SPHR	75	-	36	111	142	-	131	272
US total	2,835	2,260	1,161	6,256	4,392	773	3,584	8,749
India	107	1,179	-	1,286	927	38,408	-	39,335
India vs.US	4%	52%		21%	21%	4968%		450%

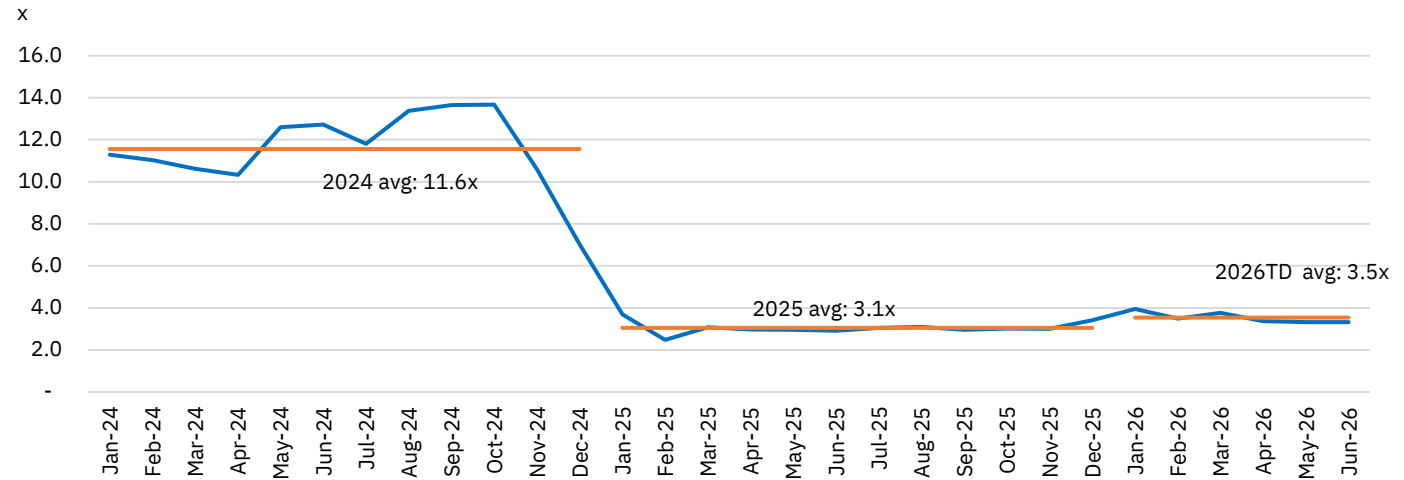
Source: OCC, NSE, BSE.

Figure 388: Monthly trend of average daily options contracts traded in the US and India



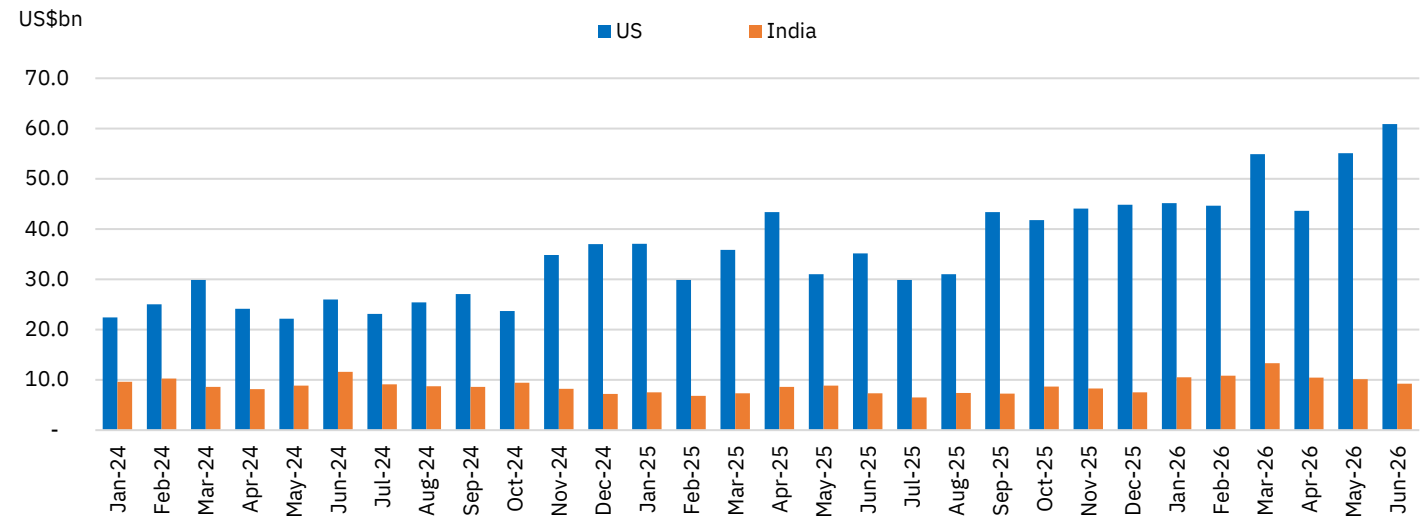
Source: OCC, NSE, BSE.

Figure 389: Monthly trend of the ratio of India and US options contracts traded



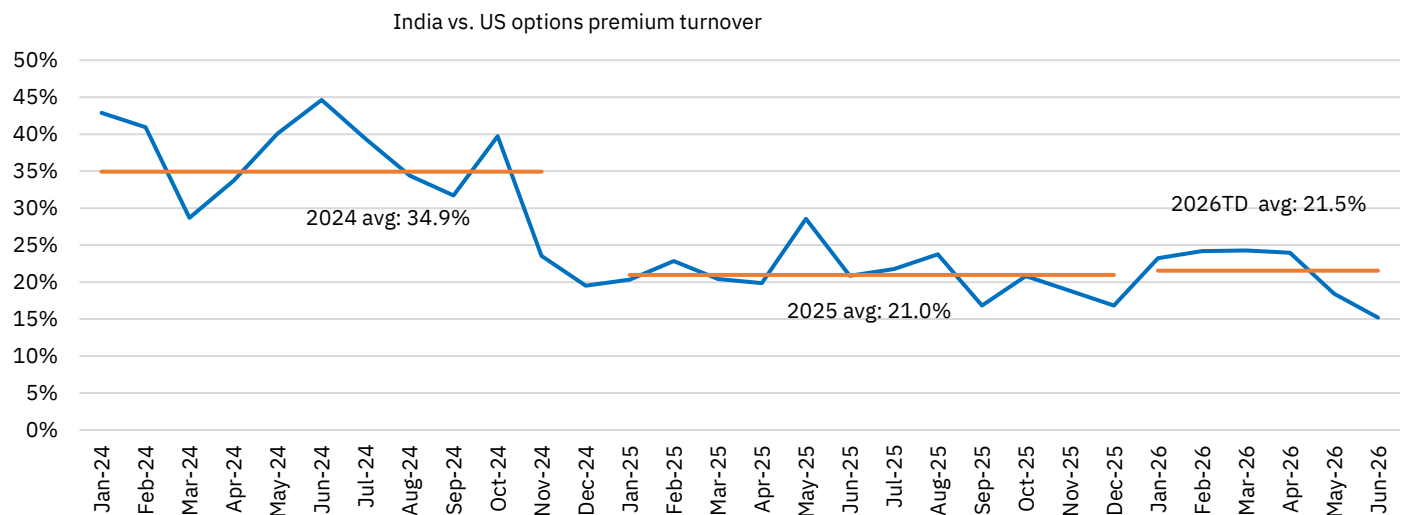
Source: OCC, NSE, BSE.

Figure 390: Monthly trend of average daily options premium turnover in the US and India



Source: OCC, NSE, BSE. Turnover is across exchanges (as available) in the two countries.

Figure 391: Monthly trend of the ratio of India and US options premium turnover



Source: OCC, NSE, BSE. Turnover is across exchanges (as available) in the two countries

Annual macro snapshot

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
National income								
GDP (Current) (Rs lakh crore)	189	201	198.5	236	261.2	289.8	318.1	346.4
GDP (Current) Growth (%)	10.6	6.4	-1.2	18.9	14	11.0	9.7	8.9
GDP (Constant) Growth (%)	6.5	3.9	-5.8	9.7	7.6	7.2	7.1	7.7
GVA (Constant) Growth (%)	5.8	3.9	-4.2	9.4	7.2	7.2	7.3	7.9
Agriculture growth (%)	2.1	6.2	4	4.6	6.3	2.6	4.2	3.0
Industry growth (%)	5.3	-1.4	-0.4	12.2	2.5	10.9	8.3	8.5
Services growth (%)	7.2	6.4	-8.4	9.2	10.3	7.0	7.9	9.3
Per Capita GDP (Curr) (Rs)	1,44,620	1,52,504	1,48,586	1,72,422	1,88,862	2,07,699	2,25,896	2,43,180
Prices								
CPI Inflation (%)	3.4	4.8	6.2	5.5	6.6	5.4	4.6	2.1
WPI inflation (%)	-	-	-	-	-	-	1.7	0.4
Money, banking & interest rates								
Money supply (M3) growth (%)	10.5	8.9	12.2	8.8	9	11.1	9.7	15.3
Aggregate deposit growth (%)	10	7.9	11.4	8.9	9.6	13.5	10.3	16.2
Bank credit growth (%)	13.3	6.1	5.6	8.6	15	20.2	11	17.1
Non-food credit growth (%)	13.4	6.1	5.5	8.7	15.4	20.2	11	16.9
Cash Reserve Ratio (% eop)	4	4	3	4	4.5	4.5	4	3
Bank Rate (% eop)	6.5	4.65	4.25	4.25	6.75	6.75	6.5	5.5
Public Finance								
GOI rev. receipts growth (%)	8.2	8.5	-3	32.8	9.8	14.5	11.3	8.7
Gross tax receipts growth (%)	8.4	-3.4	0.9	33.7	12.7	13.5	9.5	6.0
GOI Expenditure growth (%)	8.1	16	30.7	8.1	10.5	6	4.7	5.4
Subsidies growth (%)	-0.7	17.7	189	-33.5	14.7	-24.7	-2.8	7.4
Interest expense growth (%)	10.2	5.1	11.1	18.5	15.3	14.6	4.9	11.4
External transactions								
Exports growth (%)	8.8	-5.2	-7.1	45.1	6.7	-3	0.1	0.9
POL exports growth (%)	24.5	-11.6	-37.6	162.8	43.9	-13.5	-24.8	-15.1
Non-POL exports (%)	6.6	-4.1	-2.5	33.7	-0.4	-0.1	6.1	3.6
Imports growth (%)	10.5	-7.8	-17.1	56.2	16.3	-5.7	6.2	7.5
Non-POL imports growth (%)	4.6	-7.9	-9.6	45.4	12.1	-1.3	7	12.2
POL imports growth (%)	29.9	-7.5	-36.9	96.7	29.1	-14.6	3.9	-6.4
Net FDI (US\$bn)	30.7	43	44	38.6	28	10.2	0.1	-6.9
Net FPI (US\$bn)	-2.4	1.4	36.1	-16.8	-5.2	44.1	3.6	-16.4
Trade Balance: RBI – (US\$bn)	-180.3	-157.5	-102.2	-189.5	-265.3	-244.9	-287.0	-337.3
Current Acc. Balance (US\$bn)	-57.2	-24.6	24	-38.8	-67.1	-26.1	-23.1	-25.4
Forex Reserves (US\$bn)	411.9	475.6	579.3	617.6	578.4	645.6	665.4	688
Exchange rate (USDINR)	69.9	70.9	74.2	74.5	80.4	82.8	84.5	88.3

Source: CMIE Economic Outlook, NSE; Notes: 1) The data in case of national income has been based on the revised/new methodology for the period FY23-FY26. 2) CPI and WPI inflation as per new base year. 3) Money supply (M3) growth (%) for FY26 is M3 (Broad money) including HDFC merger.

Glossary

Indicators	Definition
General	
Compounded Annual Growth Rate (CAGR)	Average annual rate of return on an investment over a specified time period, assuming the profits are reinvested each year.
Fiscal Year (FY)	The 12-month period from April 1 to March 31 of the following year, used by Indian government and businesses for financial reporting and budgeting.
Month to Date (MTD)	The period from the beginning of the current month up to the current date, used to measure performance or track data over the partial month so far.
Month-over-Month (MoM)	A comparison of data from one month to the previous month.
Year to Date (YTD)	The period from the beginning of the current calendar or fiscal year up to the present date, used to assess performance or analyse data for the year in progress.
Year-over-Year (YoY)	A comparison of data from one year to the previous year.
Macro	
Balance of Payments (BOP)	A comprehensive record of a country's economic transactions with the rest of the world, including trade, investment, and financial transfers.
Capital Expenditure (Capex)	The amount of money used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, or equipment over a specific period. It is essential for business operations and growth.
Capital Account	A component of the balance of payments that records all transactions involving the purchase and sale of assets, including foreign investments and loans.
Consumer Price Index (CPI)	A measure of average change in prices paid by consumers for a basket of goods and services over time.
Crowding Out	A situation where increased government spending leads to a reduction in private sector investment, often due to higher interest rates resulting from increased borrowing.
Current Account Deficit	A situation where a country's total imports of goods, services, and transfers exceed its total exports, indicating a net outflow of domestic currency to foreign markets.
Deflation	A decrease in the general price level of goods and services, often associated with a reduction in the supply of money or credit.
Economic Cycle	Natural fluctuation of the economy between periods of expansion (growth) and contraction (recession), typically measured by changes in GDP growth.
Exchange Rate	The value of one currency for the purpose of conversion to another, which affects international trade and investment flows.
Fiscal Deficit	The financial situation when a government's total expenditure exceeds its total revenues, excluding money from borrowings.
Fiscal Policy	The use of government spending and taxation to influence the economy with an aim to manage economic fluctuations and promote economic growth.
Foreign Direct Investment (FDI)	Investment made by a company or individual in business interests in another country, typically through establishing business operations or acquiring assets. It indicates a long-term interest in the foreign economy.
Gross Domestic Product (GDP)	The total monetary value of all finished goods and services produced within a country's borders in a specific time-period. It is a comprehensive measure of a nation's overall economic activity and health.
Gross Value Added (GVA)	The monetary value of goods and services produced by an economy after subtracting the cost of intermediate goods and services used.
Index of Industrial Production (IIP)	A measure of change in the production of a basket of industrial products during a given period with respect to that in a chosen base period.
Monetary Policy	The process by which a central bank manages the money supply and interest rates to achieve macroeconomic objectives such as controlling inflation, consumption, growth, and liquidity.
Monetary Stance	The central bank's position on monetary policy, typically classified as hawkish (favouring higher rates to control inflation), dovish (preferring lower rates), neutral (balanced approach), or accommodative (expanding money supply to boost growth).
Nominal Effective Exchange Rate (NEER)	An unadjusted weighted average rate at which a country's currency is exchanged for a basket of multiple foreign currencies.
Policy Rates	Interest rates set by central banks to influence monetary policy, affecting costs, inflation, and overall economic activity.
Public Debt	The total amount of money that a government owes to creditors, resulting from borrowing to finance budget deficits and other expenditure.

Real Effective Exchange Rate (REER)	A measure of the value of a country's currency against a basket of other currencies, adjusted for inflation, reflecting its competitiveness in international trade.
Trade Balance	Difference between a country's total value of exports and total value of imports over a specific period.
Wholesale Price Index (WPI)	A measure of average change in prices of goods at the wholesale level before retail sale over time.
Markets	
Algorithmic (Algo) Trading	A trading strategy based on computer programming, where orders are placed automatically based on pre-defined sets of conditions and algorithms, often used for high-frequency trading.
Average Daily Turnover (ADT)	Average value of securities traded on the exchange each day, indicating the liquidity and activity level of the market over a specific period.
Average Trade Size	Average monetary value of individual trades executed on an exchange, calculated by dividing the total traded value by the number of trades over a specific period.
Bonds	Debt securities where investors lend money to an entity (typically a corporation or government) for a defined period at a variable or fixed interest rate.
Cash Market (CM)	A marketplace where financial instruments, such as stocks and bonds, are bought and sold for immediate delivery and payment.
Colocation (Colo) Trading	The practice of positioning trading servers near exchange servers to minimize data transmission delays and optimize trade execution speed.
Credit Rating	An assessment of the creditworthiness of an individual, corporation, or government, evaluating their ability to repay borrowed funds.
Derivatives	Financial instruments whose value is derived from an underlying asset, such as stocks, bonds, and commodities, among others.
Direct Market Access (DMA)	A facility allowing investors to directly access exchange trading systems through their broker's infrastructure without manual intervention.
Domestic Institutional Investors (DII)	Financial institutions based within a country that invest in that country's financial markets, including mutual funds, insurance companies, and pension funds.
Equity Derivatives	Financial instruments whose value is derived from the value of an underlying equity securities, such as stock.
Equity Futures	Financial contracts obligating parties to buy or sell the underlying asset at a predetermined price on a specified future date.
Equity Options	Financial contracts give the holder the right, but not obligation, to buy (call) or sell (put) a specific quantity of stocks at a predetermined price within a set timeframe.
Follow-on Public Offering (FPO)	A process through which a company that is already publicly traded issues additional shares to raise more capital, allowing existing shareholders to sell their shares as well.
Foreign Portfolio Investment (FPI)	Investments made by foreign investors in financial assets in another country, primarily in stocks and bonds, without acquiring significant control or influence over the companies.
Index Options	Contracts that give the buyer the right but not the obligation to buy or sell a specified quantity of a stock market index at a predetermined price on a specified expiration date.
Initial Public Offering (IPO)	Process through which a private company offers its shares to the public for the first time, allowing it to raise capital, and/or provide an exit opportunity for existing investors.
Institutional Investors	Organisations that pool and invest large sums of money on behalf of others, such as pension funds, mutual funds, and insurance companies.
Internet Based Trading (IBT)	A process of buying and selling financial securities through online platforms, enabling direct trading of various financial instruments via the internet without traditional brokers.
Liquidity	The ease with which an asset can be quickly bought or sold in the market without affecting its price, indicating how quickly an asset can be converted into cash.
Market Capitalisation	Total market value of a company's outstanding shares, calculated by multiplying the current share price by the total number of outstanding shares.
Market Capitalisation of Listed Entities	Market Capitalisation of Listed Entities on NSE represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year.
Market Maker	A financial intermediary that provides liquidity by continuously quoting buy and sell prices for specific securities, facilitating smooth trading in financial markets.
Market Volatility	The degree of variation in the price of a financial asset or market over time.
Mutual Funds	An investment vehicle that pools money from multiple investors to buy a diversified portfolio of stocks, bonds, or other securities.
Nifty50 Index	A benchmark Indian stock market index representing the weighted average of 50 of the largest Indian companies listed on the National Stock Exchange.
Offer for Sale (OFS)	A method through which existing shareholders, typically promoters or large stakeholders, sell their shares to the public or institutional investors.

Option Premium	Price paid by an investor to purchase an option contract, comprising both its intrinsic value and time value.
Preferential Allotments	The issuance of shares or securities to specific investors, usually at a predetermined price, to raise funds for a company while bypassing public offerings.
Price-to-Book Value (P/B)	A ratio comparing a company's market capitalisation to its book value, indicating how much investors are willing to pay for each unit of net assets.
Price-to-Earnings (P/E)	A ratio comparing a company's current share price to its Earnings per Share (EPS), indicating how much investors are willing to pay for each unit of earnings.
Qualified Institutional Buyers (QIB)	Institutional investors that meet certain criteria set by regulators, allowing them to invest in unregistered securities and participate in private placements.
Retail Individual Investors	Non-professional, individual investors who buy and sell securities, such as stocks and bonds, primarily for personal investment purposes rather than for institutional or commercial reasons.
Rights Issue	An offer to existing shareholders to purchase additional shares at a discounted price, typically to raise capital for the company.
Smart Order Routing (SOR)	A technology that automatically directs trade orders to the most favorable venues, optimizing execution by considering factors such as price, speed, and liquidity.
Turnover	The total value of all transactions (buying and selling) that occur within a specific period, reflecting the volume of trading activity on the exchange.
Unique Client Code (UCC)	Unique identification code is allocated to each client by a stockbroker for the purpose of trading in the securities market.
Unique Registered Investors	The total number of distinct investors registered with an exchange based on their Permanent Account Number (PAN).
Valuation	The process of determining the current worth or fair market value of an asset, company, or investment.
World Federation of Exchanges (WFE)	A global trade association representing publicly regulated stock, futures, and options exchanges, as well as central counterparties, fostering collaboration and standardization in the financial markets industry.
Electricity Futures	
Electricity Futures Lot size	50 Megawatt Hours (MWh)
Day Ahead Market (DAM)	A segment of the Electricity Spot Market where participants trade electricity for delivery on the following day.
Green Day Ahead Market (GDAM)	A segment within Electricity Spot Market for trading renewable electricity (Solar, Non-Solar, Hydro) for next-day delivery.
High Price Day Ahead Market (HPDAM)	The High Price Day Ahead Market is designed for high-cost generation sources to trade electricity for next-day delivery.
Electricity Spot Market	Short-term physical trading platform where electricity is bought and sold for next-day delivery. It includes market segments such as DAM, GDAM and HPDAM.
Spot VWAP	Benchmark price for electricity futures contracts.
Electricity Futures	Electricity futures are standardized, cash-settled derivative contracts that enable market participants to lock in a price today for electricity to be financially settled at a future date.

Note: This glossary provides concise definitions for key Economic and Financial terms. While these definitions aim to capture the essence of each concept, many of these terms have nuanced meanings that may vary slightly depending on context or specific applications in Economics, or Financial market analysis. For more comprehensive understanding, readers are encouraged to consult specialized literature or seek advice from domain experts. It's important to note that this glossary may not be exhaustive or holistic in its current form. We aim to expand and refine these definitions in future editions to provide a more comprehensive resource.

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3	21-May-26	Market Pulse May 2026: Prolonged conflict, policy constraints and the deepening of domestic finance
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92	13-Jun-23	Market Pulse June 2023: A monthly review of Indian economy and markets
93	08-Jun-23	Macro Review: RBI Monetary Policy
94	01-Jun-23	Macro Review: Q4FY23 India GDP
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Exchange Plaza, Bandra-Kurla Complex
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