

MARKET PULSE

India's investment story: Fuelling the future



**A monthly review of the
Indian economy and markets**

Market Pulse

Volume 7, Issue 10

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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**NATIONAL STOCK EXCHANGE OF INDIA
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: 92.3 EQ Futures: 99.8 EQ Options*: 75.6 FX Futures: 99.7 FX Options*: 100.0	1,321 Trading members 99.85% Pin codes covered 12.0 Crore Unique registered PANs Total passive AUM (domestic + global) tracking Nifty indices US\$97.2 bn*
3 Third largest equity exchange by no. of trades (16.8% share in FY25 as per WFE)		Market capitalisation of NSE listed cos.
1 Largest derivatives exchange by contracts traded (FY25 share: 78.2% in eq. F&O as per WFE)		
9 Market capitalization*		

* as of August 31st, 2025

* Based on premium turnover

** As of September 30th, 2025

As of September 30th, 2025, unless specified otherwise; *As of August 31st, 2025.

NSE's contribution to the economy

Catalyst for capital formation	Dedicated MSME platform	Market capitalisation
Rs 12.3 lakh crore Total equity capital raised between FY22-FY26# 2,856 Companies listed*	Rs 20,238 crore Total capital raised since FY12 678 Cos listed * 151 Cos. migrated to main board	Rs lakh cr NSE market cap Market cap to GDP (% rhts*) FY16 FY17 FY18 FY19 FY20 FY21 FY22 FY23 FY24 FY25 FY26#

*Includes companies listed on NSE Emerge #As of September 30th, 2025

* Data includes companies that are migrated to Mainboard

* Market cap to GDP is based on 3M avg. market cap and nominal GDP for the last four quarters. #As of September 30th, 2025

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 FY26TD: 1,203	CM Segment FO Segment Sep-15 Sep-16 Sep-17 Sep-18 Sep-19 Sep-20 Sep-21 Sep-22 Sep-23 Sep-24 Sep-25	lakh East India North India South India West India FY20: 38.5 FY21: 89.8 FY22: 193.0 FY23: 132.6 FY24: 189.1 FY25: 209.5 FY26TD*: 74.0

* Individuals investors' participation is defined here as investors who have traded at least once in the year.

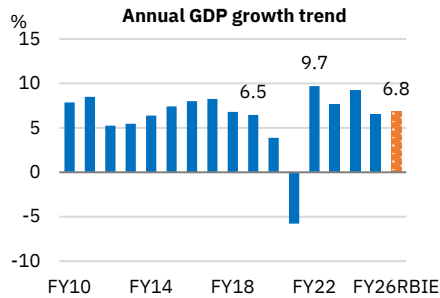
*Above data is on 12-month rolling from October to September.

The top five states (UP, MH, TN, GJ, BH) accounted for 45.1% of new investor registrations in Sep'25. (FY26TD* denotes data till Sep'25)

Key macro charts

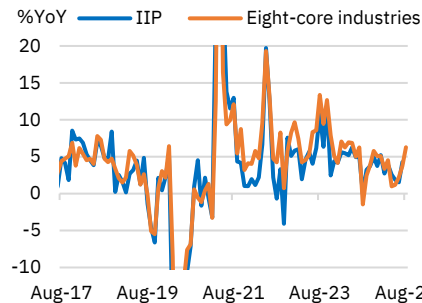
Growth outlook robust

Real GDP growth

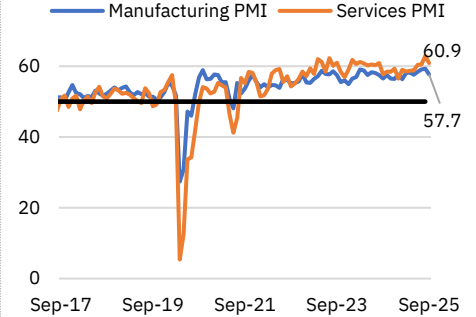


RBI = RBI estimate

Industrial activity muted

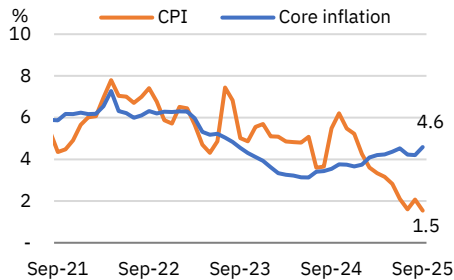


PMI in the expansion zone

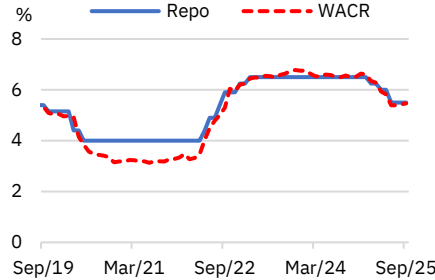


Inflation at over eight-year low; RBI to remain data-dependent on rates

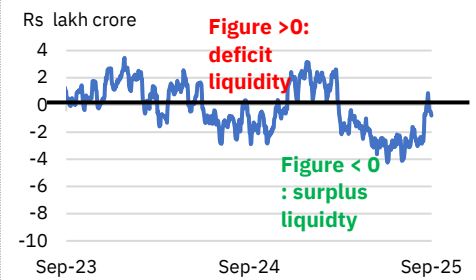
Inflation at over eight-year low



WACR closer to repo rate

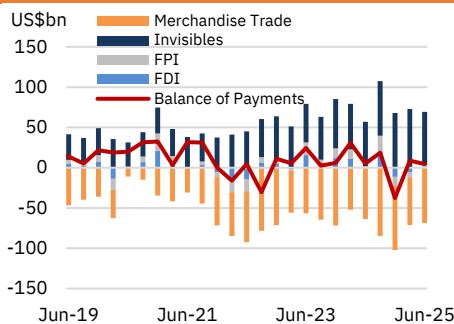


Liquidity remains in surplus

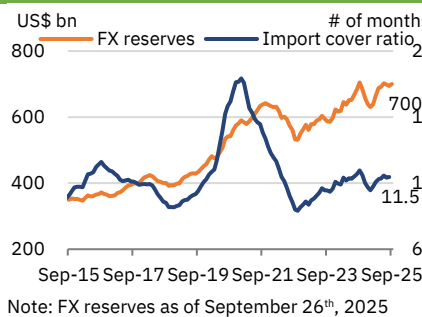


External situation comfortable; forex reserves crosses the US\$ 700 bn mark

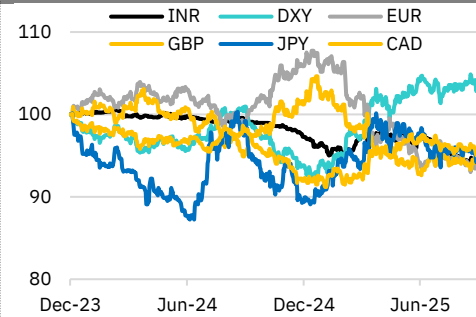
Overall BOP



Forex reserves

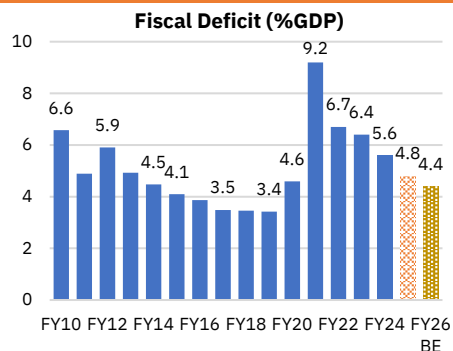

Note: FX reserves as of September 26th, 2025

Rupee has reached record low

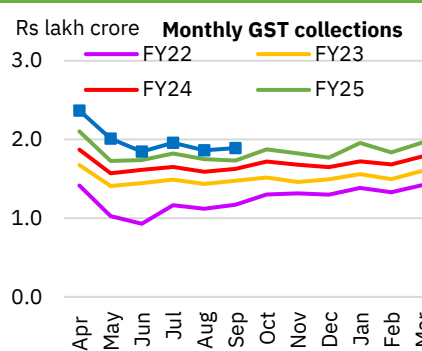


Fiscal prudence but with higher capex

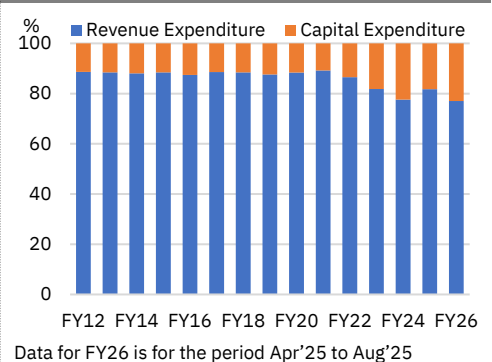
Fiscal consolidation underway



GST collections stable



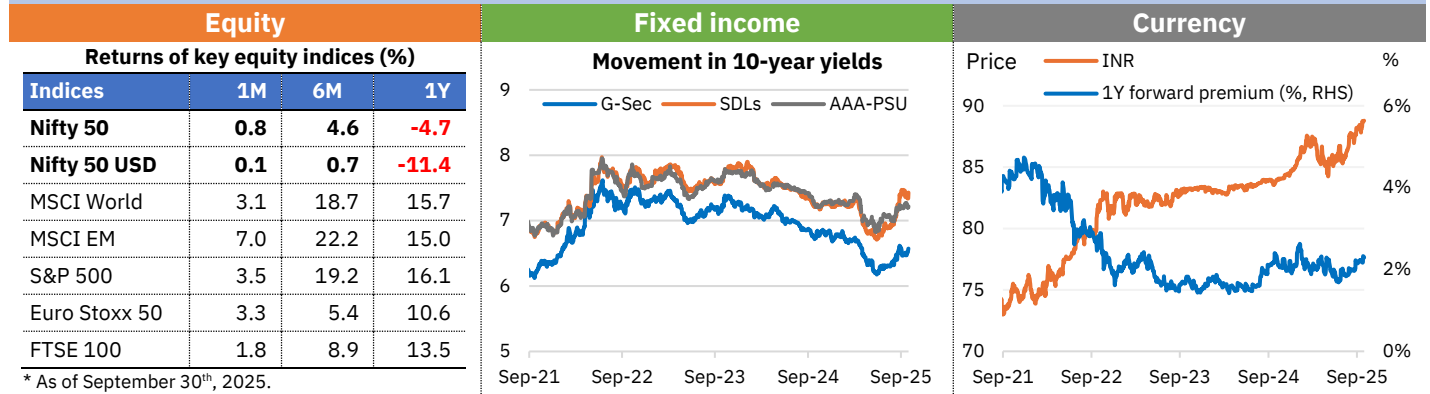
Share of capex rising



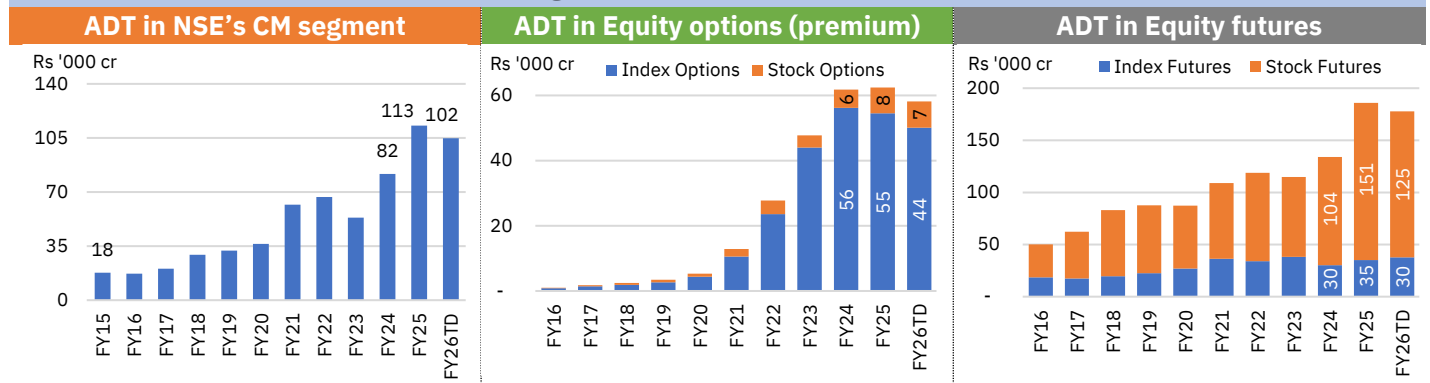
Data for FY26 is for the period Apr'25 to Aug'25

Key market charts

Performance across asset classes



Segment-wise turnover trend



Market activity

Category-wise gross turnover and share in FY26*							Average daily open interest				
Client category	CM		Equity options#		Equity futures		Instruments	Sep-25		Aug-25	
	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	941	3.7	270	2.1	2,552	6.6	Index Futures	346	64,947	344	64,318
DIIIs	3,530	13.8	17	0.1	4,576	11.9	Stock Futures	6,975	4,81,355	6,863	4,63,417
FIs	3,898	15.3	954	7.5	10,484	27.2	Index Options	7,406	13,89,369	6,837	12,73,682
Individuals	8,730	34.2	4,668	36.7	6,767	17.5	Stock Options	4,320	2,97,958	4,007	2,69,849
Others	993	3.9	273	2.1	1,763	4.6					
Prop	7,400	29.0	6,534	51.4	12,460	32.3					

Based on premium turnover * FY26 data is as of Sep 30th, 2025

Note: Notional value is presented here

Category-wise net inflows into Indian equities

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
In Rs crore													
FPIs	1,13,136	97,069	17,946	20,493	49,234	-34,252	1,01,111	1,70,260	24,004	-1,21,439	1,71,107	427	-1,54,519
DIIIs	-73,052	-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	5,78,687
Individuals#	-22,000	-30,100	-8,243	-26,382	-37,988	-8,523	-25,280	52,897	1,42,755	88,376	5,243	1,65,810	19,246
In US\$bn													
FPIs	20.1	16.1	3.2	3.2	7.5	-4.6	14.4	23.0	3.8	-16.5	20.7	0.1	-17.6
DIIIs	-12.8	-4.8	10.4	5.2	14.0	16.0	6.0	-4.8	12.6	35.7	22.0	63.0	66.9
Individuals#	-3.8	-4.9	-1.3	-3.9	-5.8	-1.4	-3.6	7.1	19.3	11.7	0.6	19.8	2.2

As of Sep 30th, 2025. # Data for individuals include net flows on NSE in the secondary market only. Individuals include individual / proprietorship firms, HUF and NRI.

Call for Submissions

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The Best Thesis Award in Financial Economics is constituted by the NSE to encourage research and disseminate cutting-edge theory and practice in the area of Capital Market.

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108th Annual Conference is going to be organized at Vels University, Chennai, Tamil Nadu during 27-29th December 2025.

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Dr S. Narayanan

Joint Secretary & Chief Coordinator, Indian Economic Association
Assistant Professor, P.G. & Research Department of Economics,
Dwaraka Doss Goverdhan Doss Vaishnav College, Chennai.
Tamil Nadu.

Mob: 9884513004

E.Mail: narayanan.econ@gmail.com

Submissions to be emailed to narayanan.econ@gmail.com and cc to nseri@nse.co.in

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Executive Summary

The engines within: Investment as the core of India's growth momentum

Investment sits at the intersection of intent and capability — a measure not just of capital deployed but of confidence in the future. After four months of assessing the consequences of national priorities, this edition of Market Pulse opens a new arc, turning the focus to the engines within the economy that sustain growth. Our anchor report, Charting India's Investment Landscape: Trends and Opportunities, examines the structure, financing, and composition of the country's investment activity across sectors and states, placing it within the broader context of capital formation, fiscal strategy, and corporate capex cycles.

India's growth story has long rested on its capacity to invest. Globally, investment rates have remained steady at around 25–26% of GDP for five decades, while India has consistently maintained one of the highest investment intensities among major economies—consistent with its development stage and infrastructure needs. Since the turn of the century, the country's investment climate has moved through clear phases: a pre-GFC expansion, a post-crisis slowdown, and a gradual rebound in the post-pandemic years.

The current phase marks a recovery supported by fiscal and monetary alignment. Government expenditure has provided the initial impulse, paving the way for the private sector—supported by deleveraged balance sheets, improved profitability, and better access to finance in a well-capitalised financial system, with supportive policy. Achieving sustained real GDP growth of around 8% over the next decade will, however, require raising the investment rate toward 35% of GDP, as highlighted in the Economic Survey 2024–25. India's investment trajectory is aligned with its medium-term development vision under Viksit Bharat 2047.

The global environment has brightened mildly even as risks remain. Geopolitical tensions eased after the Israel– Hamas peace accord and US trade-policy uncertainty has receded, though a prolonged US government shutdown, political unrest in France and Japan, and the risk of a renewed US–China tariff confrontation remains real as ever. Central banks have resumed or extended rate-cut cycles; the US Fed reduced policy rates by 25 bps—its first in nine months—and signalled a further 50 bps of cuts by year-end.

Domestically, the outlook on growth has fiscal and monetary support, GST rationalisation, and pre-festive consumption gains to thank for. Inflation is subdued (CPI 1.5%; WPI 0.1% in September with base effects), and while the fiscal deficit has widened modestly to 38% of FY26BE due to a 43% increase in capex spending, underlying fundamentals are firm. A surplus south-west monsoon—the fifth highest cumulative rainfall since 2001—has improved reservoir levels and rural sentiment. GST collections and vehicle registrations remain steady; manufacturing and services PMIs continue in expansion. External balances are comfortable with merchandise exports up 6.7% YoY in August, foreign-exchange reserves close to US\$ 700 bn, and FDI inflows at a 50-month high of US\$ 11.1 bn in July.

Reflecting these trends, the RBI raised its FY26 growth forecast to 6.8% (World Bank 6.5%; OECD 6.7%) and lowered its inflation projection to 2.6%. The policy stance remains data-dependent, keeping space for calibrated easing. To be sure, it's not all peaches and cream—industrial production grew 2.8% in Apr–Aug, credit expansion has moderated, and direct-tax collections and passenger traffic are lower than last year—but the combination of policy tailwinds and improving external conditions supports a firm near-term outlook.

Global equity markets rallied in September 2025, buoyed by resilient data, solid earnings, and expectations of further Fed easing. The MSCI World Index rose 3.1% (YTD 14.3%), led by US indices at record highs and a sustained rally in Japan on stimulus optimism and yen weakness. Emerging markets outperformed, rising 7% (YTD 27%), driven by Taiwan and China on AI-linked optimism.

Indian equities posted modest gains, underperforming global peers amid continuing trade headwinds and FPI outflows. Domestic factors provided support: resilient growth, GST rationalisation, and steady DII buying. The Nifty 50 Index rose 0.8% in September and a further 2.7% in early October, taking YTD returns to 6.9% (as of October 10th).

Global bond markets showed mixed trends. US yields eased across maturities on expectations of additional cuts, with short-end yields down 14–20 bps in September and 35–40 bps over three months. In contrast, yields in Europe, the UK, and Japan edged higher on fiscal and policy divergences. In India, bond yields declined across the curve on easing expectations, lower inflation, and a smaller-than-anticipated state borrowing plan. The rupee weakened 0.6% month-on-month (–3.5% over three months) to close at 88.8 per US dollar.

A key milestone was the crossing of the 12-crore mark for unique investors in September, with nearly a fourth of them women. While the pace has eased since last year, another crore was added within eight months to the rising Indian investor community. Equity cash turnover rose 22% MoM to Rs 21.6 lakh crore, aided by more trading days; the average trade size increased 4% to Rs30,927, and transactions rose 17% as participation reached 1.18 crore investors.

In derivatives, average trade size declined 1% for index futures (Rs 27.9 lakh) and 4% for index-options premium (Rs 9,049). Single-stock derivatives firmed, with stock-futures average trade size at Rs 8.6 lakh (11-month high) and stock-options premium at Rs 12,488. Combined, cash and derivatives averaged 8.5 crore trades per day, up 4% MoM.

From September 1st, NSE shifted index-derivatives expiry to Tuesday, reshaping intraday positioning and expiry-week strategies. Nifty 50 daily premium turnover rose 2.7% MoM to Rs 37,393 crore, accounting for 88% of total index-options daily premium. Futures turnover declined across most indices, with Nifty Next 50 the exception.

Our Insights section, *Beyond Numbers: Unravelling Investment as a Driver of Economic Growth*, distils theory and evidence from ten landmark studies spanning advanced and emerging economies. Together they trace how the understanding of investment has evolved from pure capital accumulation to the quality and composition of capital, and finally to its interaction with technology and policy expectations.

Solow (1956) showed that savings-driven investment raises output through capital accumulation but cannot sustain growth without technological progress. The 1980s shifted focus to public-capital productivity—Blejer and Khan (1984), Aschauer (1989), and Barro (1990) found that infrastructure and other public capital can crowd in private activity. Khan and Reinhart (1990) and De Long and Summers (1991) highlighted the growth dividends of private and equipment-intensive investment. Borensztein et al. (1998) linked FDI's gains to host-country human capital. Later work—Song et al. (2011), Gutiérrez and Philippon (2017), and Ramey (2019)—mapped modern investment puzzles, including the divergence between profitability and capex in advanced economies.

Together, these studies frame investment not merely as expenditure but as a signal of expectations, policy credibility, and technological readiness. They offer a lens through which India's present capex trends—driven by public infrastructure, corporate participation and renewed FDI inflows need to be seen.

Investment is captured in ratios and flows, but at its core it is conviction—that tomorrow's economy will be larger, more efficient, and better connected. The India investment story will ultimately hinge on how effectively capital formation translates into productivity and innovation. Market Pulse October 2025 invites readers to examine how public investment lowers costs, private investment expands capacity, and foreign investment transfers knowledge—the engines within that turn intent into enduring growth.

Tirthankar Patnaik
Chief Economist

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Story of the month

Charting India's Investment Landscape: Trends and Opportunities

Investment plays a central role in shaping a country's growth trajectory, driving productivity, employment, and technological progress. Globally, investment rates have remained stable at around 25–26% of GDP over the past five decades, with India maintaining one of the highest investment intensities among major economies, consistent with its development stage and infrastructure needs. Since the turn of the century, India's investment climate has exhibited cyclical phases, easing notably from the pre-Global Financial Crisis (GFC) peak before witnessing a gradual rebound in the post-pandemic years. This rebound has been underpinned by proactive fiscal and monetary policy support, with the Government emerging as the principal catalyst. Concurrently, the private sector, though initially cautious, has strengthened its participation, aided by deleveraged balance sheets, improved profitability, and better access to funds. Overall, India's investment outlook appears promising, supported by a strong policy framework, healthier corporate balance sheets, and a well-capitalised financial system. Sustaining high growth, however, will require not only a further acceleration in capital formation but also the creation of conditions conducive to technological advancement and productivity enhancement. Achieving the target of around 8% real GDP growth over the next decade will necessitate an increase in the investment rate from the current level to about 35%, also highlighted in the Economic Survey 2024–25. Despite persisting domestic and external headwinds, the evidence points to a broad-based, policy-supported investment upcycle aligned with India's medium-term growth ambitions under *Viksit Bharat 2047*.

This report aims a deep dive into India's evolving investment landscape. It analyses historical and contemporary trends in investment activity across sectors and states, tracks the changing sources of financing for capital formation, and examines corporate capex dynamics using firm-level data. The report also evaluates key policy measures shaping India's investment trajectory and presents forward-looking insights on emerging opportunities and challenges.

- **India's investment rate has been among the highest among major economies...**

India ranks among the top major economies in terms of investment intensity, consistent with its stage of development and the need to bridge infrastructure and manufacturing gaps. Globally, the investment rate has remained broadly stable at around 25-26%, over the past five decades, concealing regional divergences. While investment rate has declined in advanced economies like US, Germany, Japan, Australia, many emerging and developing economies (EMDEs) have seen a sustained rise in investment rates, supported by high savings, export-led industrialisation and rapid urbanization. China exemplifies this trend, with its Gross Capital Formation (GCF)-to-GDP ratio climbing from about ~30% in the 1980s to above 40% in the past decade—fueling a more than 40-fold increase in the per capita income since then and offering a model of investment-growth convergence.

Average global investment rate has remained stable at ~25-26%, with the dip in advanced economies largely offset by rising investment rates in EMDEs.

- **...But has moderated from peaks; weighed down by cyclical factors and declining savings rate...**

India's investment activity has moderated notably from the highs recorded in the pre-2012 period. Investment rate — as measured by Gross Fixed Capital Formation (GFCF) as a share of GDP (current prices) has declined from 35.7% in FY08 to 29.9% in FY25. This downward trend reflects multiple phases of slowdown led by multiple factors ranging from GFC crisis (2008-09), “taper-tantrum” (2013), twin-balance sheet problem and debt overhang in the infrastructure space (2015-18), Covid-19 pandemic (2020), and geopolitical tensions and conflicts. Beyond the cyclical factors, one structural macroeconomic determinant weighing on the investment slowdown has been the decline in gross savings rate from ~35% in FY12 to ~31% in FY24.

India's investment rate — GFCF-to-GDP ratio (current prices) has rebounded to its pre-pandemic avg. of 30.5%, from the pandemic avg. of 28.5%.

- ...While post-pandemic recovery has been led by Government capex...:** Although the Covid-19 pandemic was an anomalous period, it further deepened the moderation in investment activity that had partially set in before the pandemic. The period since the pandemic normalization has seen a gradual revival in investment activity and sentiments. This has been supported by public infrastructure push and healthier corporate and banks' balance sheets, accompanied by a concomitant improvement in private capex. The investment rate has averaged 30.5% during FY23-FY25, recovering from 28.5% during FY20-FY22. Government's sustained emphasis on infrastructure development has been a key driver of this rebound, with the total capital outlay rising from an average of 4.3% of GDP during FY12-FY19 to 6.1% in FY25.
- India's overall investment composition is services-heavy...:** India's aggregate investment (GFCF) has increasingly become services-intensive with the investment composition shifting steadily from agriculture and industry towards services sector, increasing from 55% in FY05 to ~62% in FY24. Consequently, the share of industry has fallen to 30.2% and agriculture to 8.3% in FY24. Despite the services-heavy investment landscape, new investment projects announced present a contrasting tale. During FY19-FY25, new investment projects announced have been concentrated in manufacturing and electricity sector, together accounting for over three-fifth of the total projects announced (value terms). However, project completion has varied across sectors, as construction and real estate recorded the highest completion ratio of 36%, followed by services (29.5%), whereas capital-intensive sectors such as electricity (18.8%) and manufacturing (17.1%) have lagged.
- ...with the private sector commanding higher share in new project announcements:** India's new investment project announcements expanded at a strong pace of 17% during FY20-FY25, reflecting momentum in the post-pandemic period. However, a notable dichotomy has been observed between public and private sector investments. The Government's share in new projects announced declined from 58% in FY20 to 32% in FY25 (CAGR: 5.2%), while that of the private sector accelerated by a significantly higher annualized rate of 27%. Government has strategically reoriented its approach with a focus on faster execution and completion of existing pipeline. The Government's average project completion rate¹ has widened from 25% during FY15-FY19 to ~40% in FY20-FY24. By contrast, there has been a sustained decline in the private sector completion rate with only ~17% of projects announced between FY20-FY25 have been completed.
- Corporate capex is supported by top echelons...:** Corporate capital expenditure in India has followed a distinctly cyclical path over the past two decades with three distinct phases: investment wave during FY05-11 during which Nifty500 (ex-financials) investment rose five-fold, period of stagnation during FY12-FY21 and a post-pandemic acceleration (FY22-FY25). Total capex by Nifty500 companies nearly doubled from Rs 5 lakh crore in FY21 to Rs 9.9 lakh crore in FY25, with the most pronounced rebound among smaller companies. Notwithstanding the signs of broader participation, investment remains concentrated among large corporates. Quintile-wise analysis demonstrates that large caps (top quintile firms) dominate

Total capex by the Centre and State governments has expanded from 4.3% of GDP during FY12-FY19 to 6.1% in FY25.

Corporate capex of Nifty-500 (ex-financials) has doubled to nearly Rs 10 lakh crore in a span of four years (FY21-FY25); 75% led by the top-quintile.

¹ Completion rate defined here is the average projects completed during the period divided by the average new projects announced during the same period

with a share of 75% of the total capex. The share of mid-cap firms (second quintile) has increased from 10.8% in FY20 to 13.8% in FY25.

- **...Led by commodity-linked and utilities sectors...:** Within the Nifty 500 universe (excluding financials), commodity-linked sectors like Energy (29%) and Materials (18%), coupled with Utilities (19.5%), together accounted for nearly two-third of total corporate capex in FY25. The dominance of the Energy sector is gradually waning amid external headwinds and softer commodity cycles. In contrast, Utilities have seen a sharp rise in investment activity, supported by renewables and transmission projects, signalling a broader and more diversified capex recovery across sectors.
- **...With diverging trends observed in capex outlook:** Corporate capex outlook remains positive, though signals diverge across datasets. Based on IBES estimates, capex by the top 200 listed non-financial firms is projected to grow at 9.6% annually over FY25–27E, broadly sustaining the momentum seen in FY20–25. Two-thirds of expected corporate capex during this period is attributed to commodity-specific sectors and Utilities, with Consumer Discretionary and Industrials emerging as key capex drivers. Contrary to the takeaways from firm-level analysis, MOSPI's private capex survey points to a more uneven picture. While investment intentions rose sharply in FY25 (up 55% to Rs 6.6 lakh crore), they are projected to fall 26% in FY26, signalling corporate caution amid global uncertainty and execution bottlenecks.² The divergence underscores that while listed corporates remain on a stable investment path, broader private sector sentiment is yet to show sustained revival.
- **Investment recovery has been policy-led:** The ongoing investment revival in India has been decisively policy-led, reflecting a coordinated push across the Centre and states to strengthen both public and private capital formation. Initiatives such as the National Infrastructure Pipeline (NIP), PM Gati Shakti, long-tenure interest free loans to states and the National Monetisation Pipeline (NMP) have enhanced project visibility and execution. Complementary measures—corporate tax cuts, liberalised FDI rules and PLI scheme—have further strengthened private investment sentiments, creating a supportive ecosystem for sustained capital formation.
- **Medium term outlook looks promising, albeit with intermittent challenges:** India's medium-term investment outlook appears promising, supported by strong fundamentals and a clear policy vision aligned with *Viksit Bharat 2047*. Sustaining 8% real GDP growth over the next decade will, however, require the investment rate to rise from around ~30% to 35%, as highlighted in the Economic Survey 2024–25. Key opportunities lie in the digital and green transitions, infrastructure push, and supply chain diversification. However, uneven private investment, execution bottlenecks, and limited financing depth pose challenges. Strengthening regulatory predictability, deepening capital markets, and enhancing state participation will be crucial to sustain momentum.

Corporate capex of top-200 listed non-financials firms is projected to grow by 9.6% in FY25-FY27E, sustaining the CAGR of 10.3% during FY20-FY25.

During FY19–25 (excluding FY21–22), over 75% of total new investments were concentrated in the top ten states, led by Maharashtra, Gujarat, Odisha, Andhra Pradesh, and Karnataka.

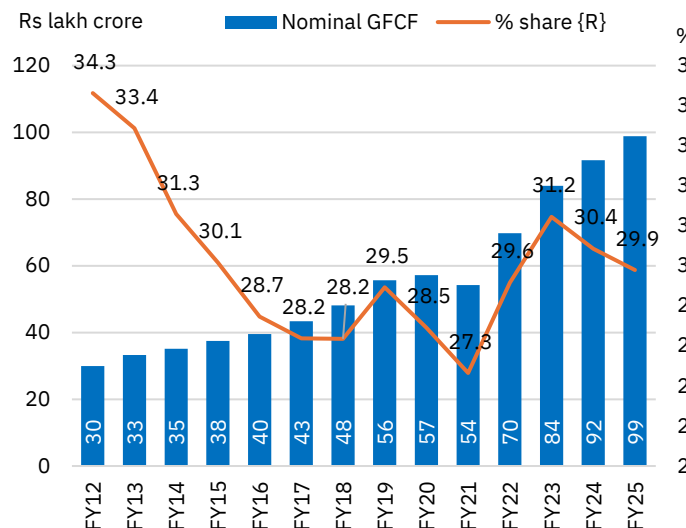
² Based on Forward-looking survey on private sector capex investment intentions undertaken during November 2024 to January 2025, covering responses from 2,172 enterprises

Investment landscape: An overview

Investment plays a central role in shaping the long-term growth of an economy. *Robert Solow's* seminal 1956 Quarterly Journal of Economics academic paper emphasised that sustained economic progress ultimately rests on the ability of economies to channel resources into productive investment, which enhances capital deepening and productivity. While capital accumulation alone cannot sustain growth perennially due to diminishing returns, it is essential for raising the economy's output level and laying the foundation for technological progress. Building on, another important economic theory, independently developed but jointly called as the "*Ramsey-Cass-Koopmans*" model explained that the way people decide how much to spend today versus how much to save for tomorrow directly shapes how much an economy invests. These choices influence the pace of growth and the level of prosperity in the long run.

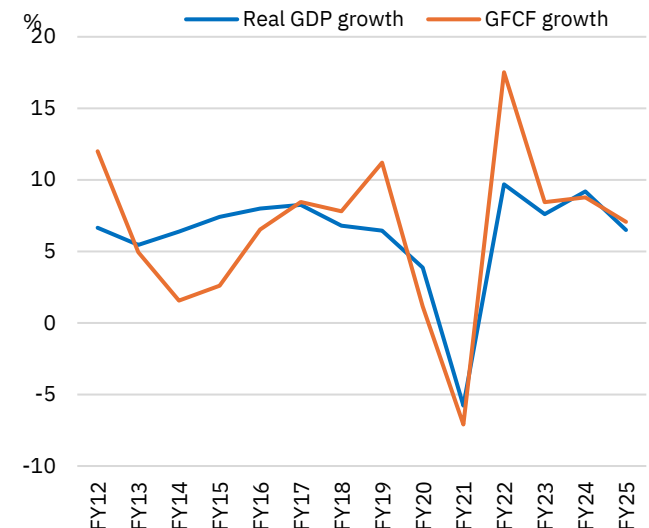
The Indian economy has primarily been a consumption-driven economy, with private consumption accounting for nearly three-fifths of the GDP. Policymakers have historically nurtured this consumption base through tax rationalisation, subsidies, and transfer schemes, reinforcing demand-side momentum. To translate demand into sustainable gains in the economy, the supply side must keep pace. This requires higher investment in physical capital, infrastructure, and technology that boosts productive capacity. Thus, investment acts as an essential complement to consumption, enabling economies to avoid bottlenecks, ease inflationary pressures, and ensure balanced growth.

Figure 1: India's nominal GFCF and share in GDP



Source: CMIE Economic Outlook, NSE EPR.

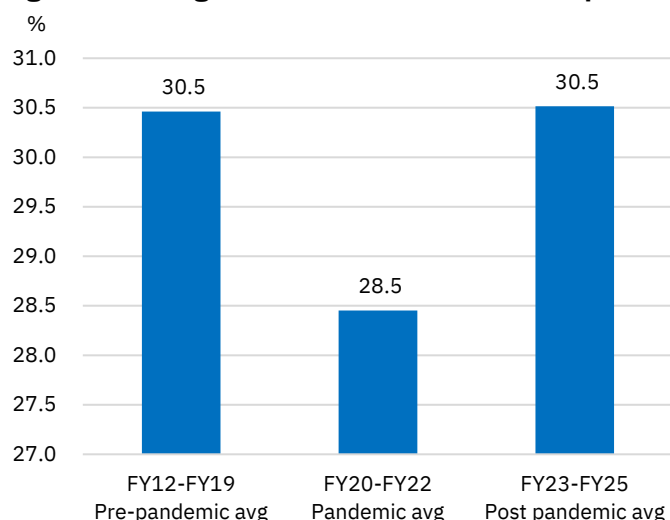
Figure 2: Trends in real GDP vs. GFCF growth



India's investment activity has moderated from the peak...: India's investment rate — as measured by Gross Fixed Capital Formation (GFCF) as a share of GDP, has gradually trended lower since the start of this century, easing from a peak of 35.7% in FY08 to 29.9% in FY25. Several structural and cyclical factors have contributed to the weakness commencing post FY2012. The external sector turbulence during FY13—triggered by the '*taper tantrum*,'—exposed vulnerabilities in India's balance of payments and heightened investor caution. Domestically, the "*twin balance sheet problem*", characterised by highly leveraged corporates and stressed banking sector assets, eroded the appetite and capacity for new investments. Over time, this evolved into a "*triple balance sheet*"

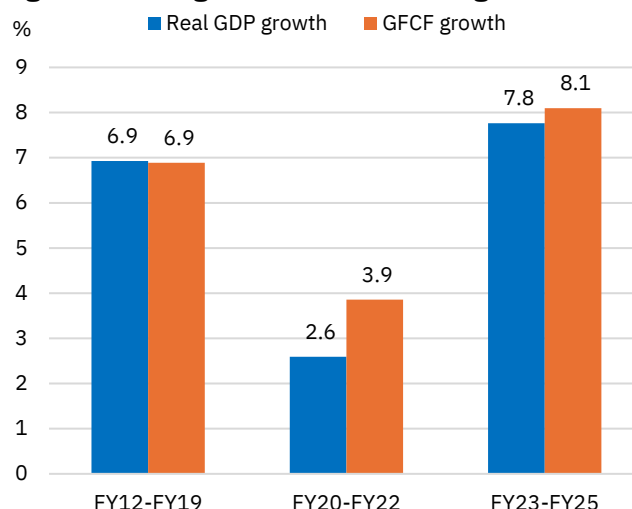
challenge, with infrastructure firms becoming heavily indebted. These headwinds, combined with subdued private capex, meant that the economy entered the pandemic period with investment activity already on a weak footing. The pandemic years further delayed the investment revival amid heightened uncertainty. As the economy emerged from the impact of the pandemic, global conditions remained challenging due to geopolitical tensions, ongoing conflicts, trade disruptions, and rising protectionism. Notwithstanding these global headwinds, there has been an improvement in investment activity and post-pandemic sentiments, albeit gradually — as evidenced in the average investment rate during FY23-FY25 having recovered to the pre-pandemic average of 30.5% from 28.5% during FY20-FY22.

Figure 3: Average GFCF-to-GDP rates (current prices)



Source: CMIE Economic Outlook, NSE EPR

Figure 4: Average real GDP and GFCF growth



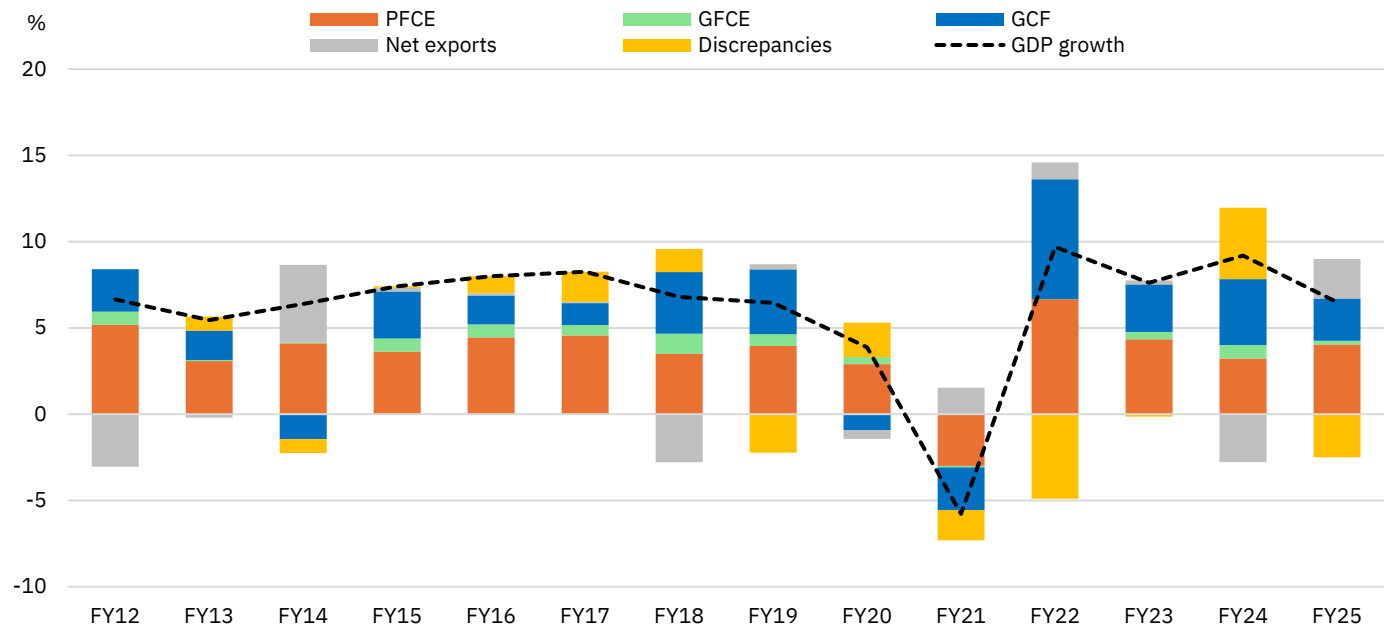
...With a gradual recovery observed post-pandemic...: The post-pandemic period has witnessed a significant recovery in India's investment activity. Between FY23 and FY25, real GFCF growth averaged 8.1% vs. real GDP growth of 7.8%, underscoring a revival in capital formation that has supported the broader growth momentum. Quarterly data further highlights this recovery, with the four-quarter moving average of GFCF as a share of GDP rising from 28.5% in March'20 to 29.9% by June'2025. That said, the 4QMA of investment rate tapered from a peak of 31.2% in March'23. Unlike the pre-pandemic period where real investment and GDP growth were often misaligned, post-pandemic GFCF growth has closely mirrored GDP growth, underlining investment's stabilizing role.

...Led by Government capex...: Several factors have contributed to this robust recovery. Government policy support has been central, including investment-oriented initiatives such as the Production-Linked Incentive (PLI) schemes, PM Gati Shakti, the National Infrastructure Pipeline (NIP), and Special Assistance to States for Capital Investment, collectively improving the investment climate and encouraging both public and private capital formation. Public expenditure has done the heavy-lifting, with Government capex (both Centre and States) during FY21-25 totaling nearly Rs 72 lakh crore—more than double the previous quinquennial period (FY16–FY20) and 3.5X the level in FY11–FY15.

...While private capex has rebounded gradually post-pandemic: On the private side, investment has gradually picked up due to healthier corporate balance sheets, improved asset quality and capital adequacy of banks, and the crowding-in effect of large-scale

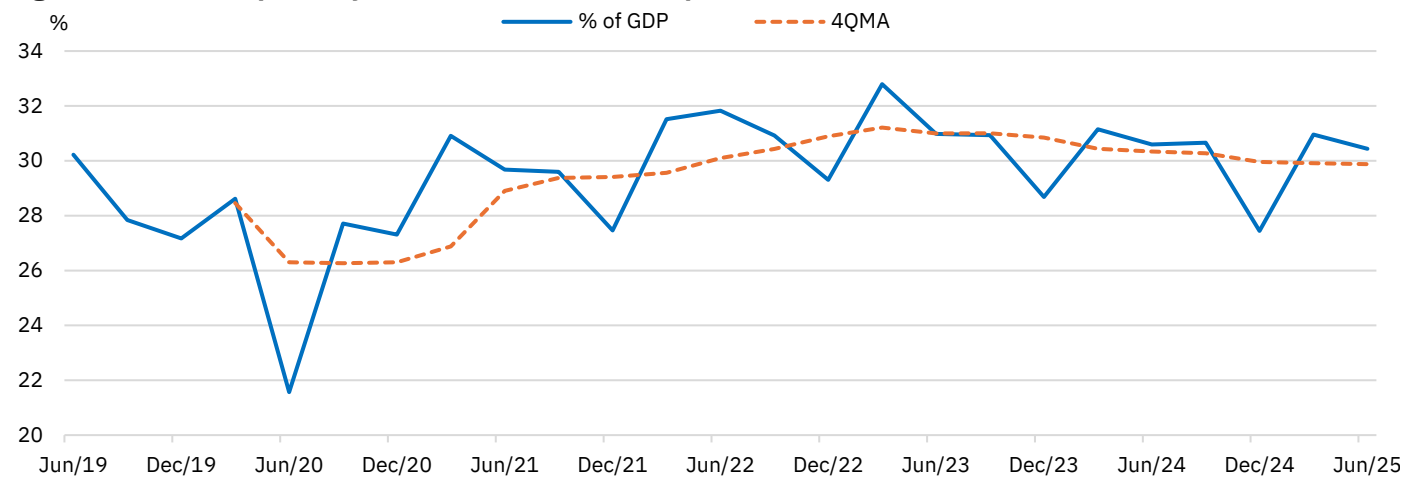
public infrastructure spending. The 4QMA of the business assessment index as per the RBI's survey surpassed the pre-pandemic level while the 4QMA of the business expectations index signal improved business confidence. Furthermore, the 4QMA of capacity utilisation stood at 75.4, notably higher than the pre-pandemic average of 73.9 (FY12-FY20), but remains lower than the typical benchmark-number of 80%. That said, MOSPI's survey of 2,172 enterprises shows that private sector capital expenditure has displayed significant volatility in recent years. Although private capex intentions have improved by 55.5% to Rs 6.6 lakh crore, that for FY26 are likely to decline by a significant 26% to Rs 4.9 lakh crore.³ This reflects the cautious stance of corporates amidst macroeconomic and external headwinds. This combination of public capex and structural improvements in the private sector has helped lift GFCF to pre-pandemic levels, restoring confidence and creating an environment conducive to sustained investment growth.

Figure 5: Component-wise break-up of contribution to GDP growth



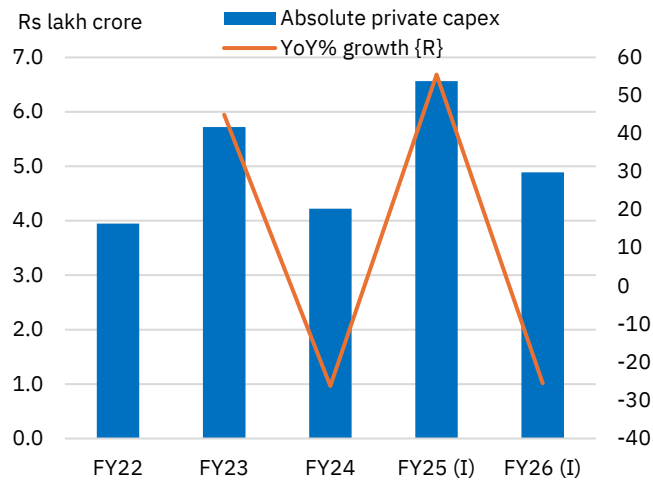
Source: CMIE Economic Outlook, NSE EPR

Figure 6: Trends in quarterly investment rate (current prices)

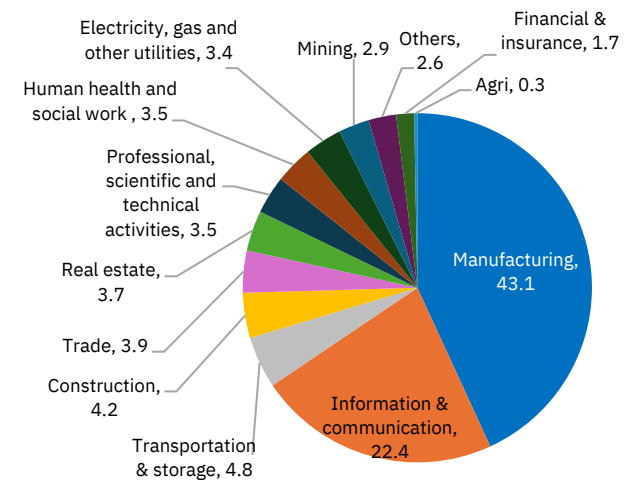
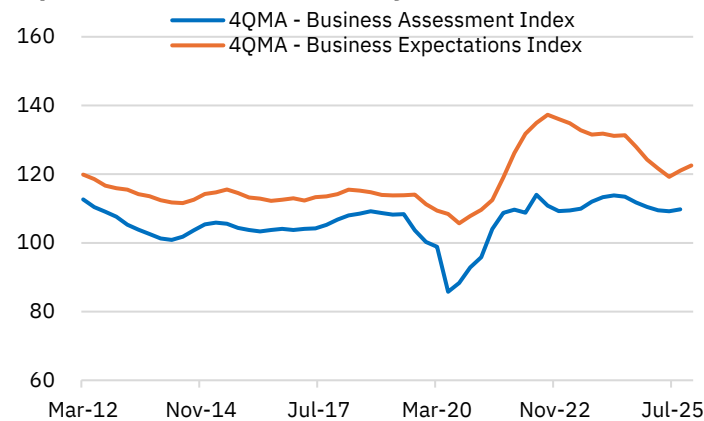


Source: CMIE Economic Outlook, NSE EPR

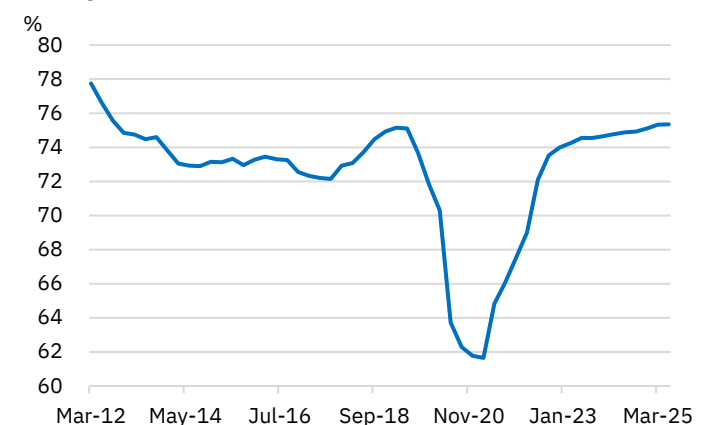
³ https://www.mospi.gov.in/sites/default/files/publication_reports/CAPEX_booklet_29042025.pdf

Figure 7: Trends in private sector capex


Source: MOSPI, NSE EPR. I = Intentions Note: 1) Investment intentions (I) capture capital expenditure investment intentions of the private corporate sector (including both financial and non-financial) for the financial year FY25 and FY26 for 2,172 respondents

Figure 8: Sector-wise share in private capex intentions in FY26 (%)

Figure 9: Trends in Business Assessment and Expectations Index (RBI Survey)


Source: CMIE Economic Outlook, NSE EPR.

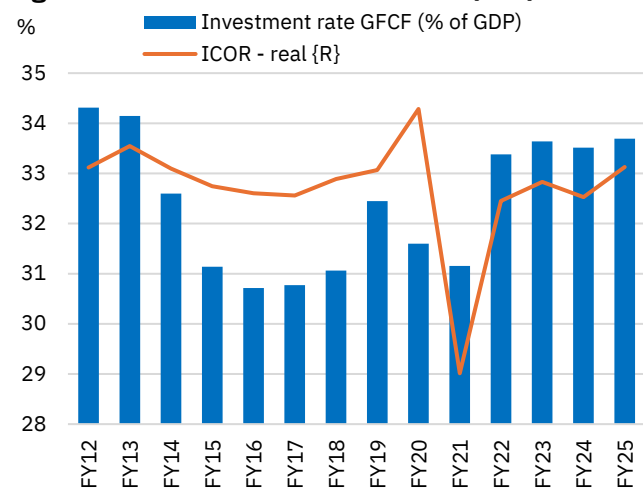
Figure 10: Trends in 4QMA Capacity Utilisation (RBI Survey)

Table 1: Quarterly trend in select investment indicators

Indicator	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
IIP Capital Goods (YoY%)	5.1	8.8	7.5	4.2	3.0	4.9	7.4	7.0	9.8
IIP Manufacturing (YoY%)	5.1	6.8	5.4	4.8	4.3	3.3	4.5	4.2	3.3
IIP Infrastructure/Construction (YoY%)	13.2	12.8	6.5	7.1	8.1	3.9	7.0	8.1	6.1
Core: Steel (YoY%)	16.5	15.4	10.5	8.7	8.4	4.3	7.8	6.8	7.2
Core: Cement (YoY%)	12.7	10.3	5.1	7.6	0.5	3.2	8.7	12.4	8.1
Non-POL, Non-gold and silver imports (YoY%)	-8.6	-6.2	-0.5	0.7	3.4	6.5	3.4	7.4	9.5
Engineering goods imports (YoY%)	11.7	8.9	-1.5	2.1	9.6	13.2	3.6	3.0	9.1
Capacity utilisation (Index)	73.6	74.0	74.7	76.8	74.0	74.2	75.4	77.7	74.1
Central government capex (YoY%)	59.1	26.4	24.4	10.4	-35.0	10.3	47.7	33.1	52.0
CMIE new investments announced (YoY%)	28.1	-26.8	-16.4	-5.9	-66.8	109.2	1.4	29.7	94.0
CMIE projects completed (YoY%)	26.0	25.3	0.2	75.6	-56.1	-33.8	-27.8	-35.9	223.6
Bank to industries (YoY%)	7.4	6.5	8.0	8.5	8.1	8.9	7.2	7.8	5.5
Bank Credit to Micro & small industries (YoY%)	12.9	9.9	14.8	14.7	11.0	13.4	9.8	9.0	19.3
Bank Credit to medium-size industries (YoY%)	14.1	9.4	8.7	13.3	12.6	20.5	19.9	18.6	13.1
Bank Credit to large industries (YoY%)	5.4	5.4	6.3	6.4	6.9	6.5	5.1	6.2	0.8
Bank Credit to services (YoY%)	26.8	25.4	23.3	23.5	17.4	13.7	11.7	12.4	9.0

Source: CMIE Economic Outlook, NSE EPR.

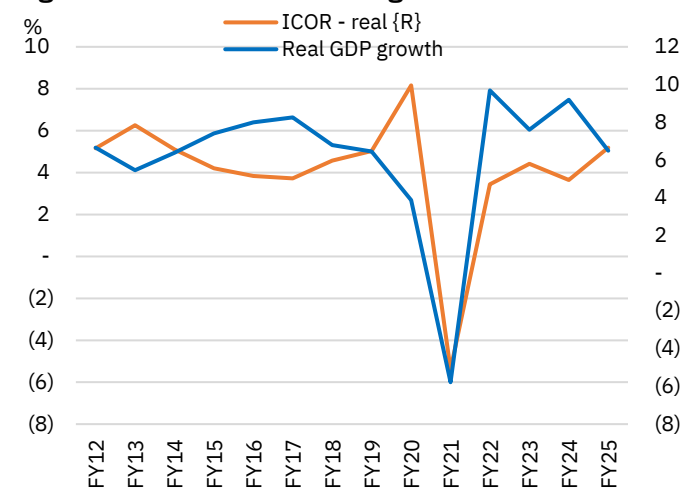
ICOR has been fluctuating across cycles: India's investment rate (in real terms: GFCF as a % of GDP) has remained broadly stable at around one-third of GDP, but the efficiency of this investment—as captured by the incremental capital output ratio (ICOR)—has fluctuated significantly across cycles. During FY12–14, despite a relatively high investment rate of over 32–34%, growth was modest at 5.5–6.5%, pushing ICOR above 5 and reflecting weak capital efficiency amid post-GFC crisis policy bottlenecks. In contrast, FY15–17 saw efficiency gains as growth accelerated to over 8% even with a lower investment rate of ~31%. Renewed concerns were observed in FY18–19, with the ICOR rising above 5 and growth slowing to ~6.5%, reflecting the impact of the twin balance sheet problem and NBFC crisis. Although the COVID-pandemic was an anomalous period, a strong rebound followed in FY22–24, with steady investment rate (average) of ~33.5% of GDP and resilient growth, bringing down the ICOR to one of its lowest levels. ICOR in FY25 climbed back to above 5, highlighting necessity of productivity gains and efficiency to sustain growth momentum.

Figure 11: Trends in investment rate (real) and ICOR



Source: CMIE Economic Outlook, NSE EPR.

Figure 12: Trends in real GDP growth and ICOR



Global evidence

Global investment rates have remained steady; divergence across regions: At the world level, the investment rate—measured as gross capital formation (GCF) as a percentage of GDP—has been broadly stable in the range of 25-26% over the last five decades. This has, however, been masked by a pronounced regional divergence: investment rates have fallen in many advanced economies while rising in several EMDEs, especially in Asia. The fall in the investment rate in advanced economies like US, Japan, Germany, France, Canada and Australia can be ascribed to demographic factors like ageing and slower population growth, relatively lower capital allocation in services vis-à-vis manufacturing, global reallocation of manufacturing to lower-cost countries and heightened uncertainty around regulations and fiscal sustainability.

Conversely, many EMDEs (especially Asian) have raised their investment rates, supported by higher savings, export-led industrialization, strong public investment and rapid urbanization. China's experience best exemplifies how sustained and large investment rate can underscore faster growth convergence. China's GFCF as a % of GDP has risen from an average of 29-30% during 1980s to north of 40% in the recent decade (2013-2023). This sustained push has coincided with over 40X growth in per-capita income of China since the 1980s to US\$ 13,313 in 2024. The combination of high domestic savings

rate, coordinated state direction and targeted policy incentives, export orientation and global integration has underpinned China's remarkable investment driven growth convergence.

Figure 13: Decadal average of investment rate (GCF as a % of GDP) across country groups

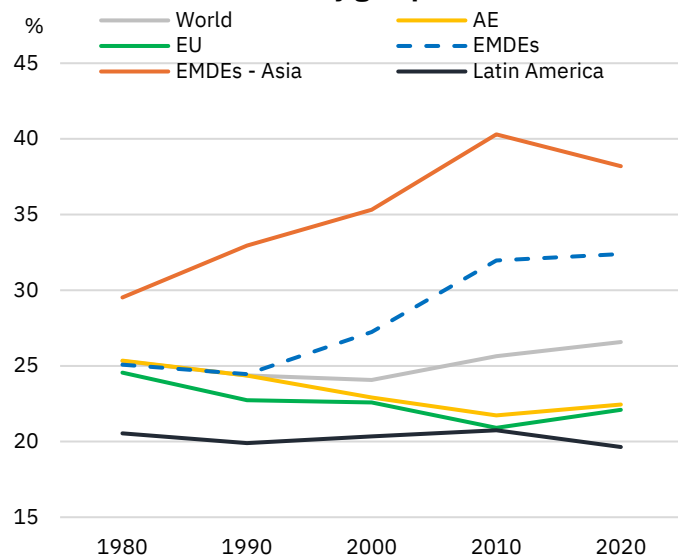
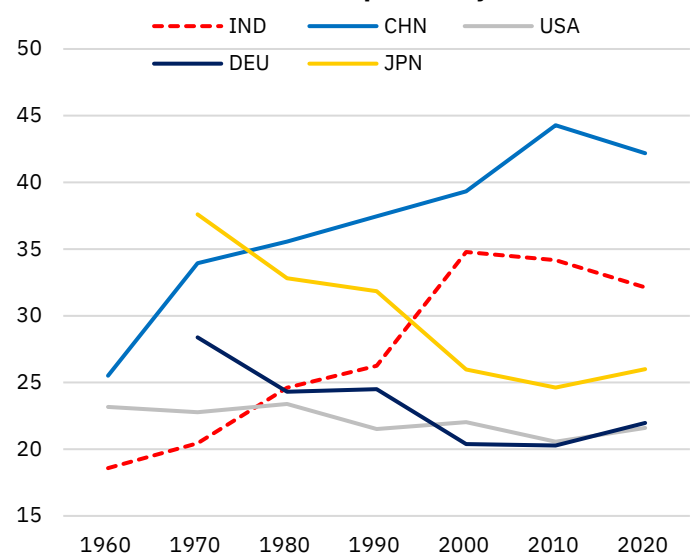
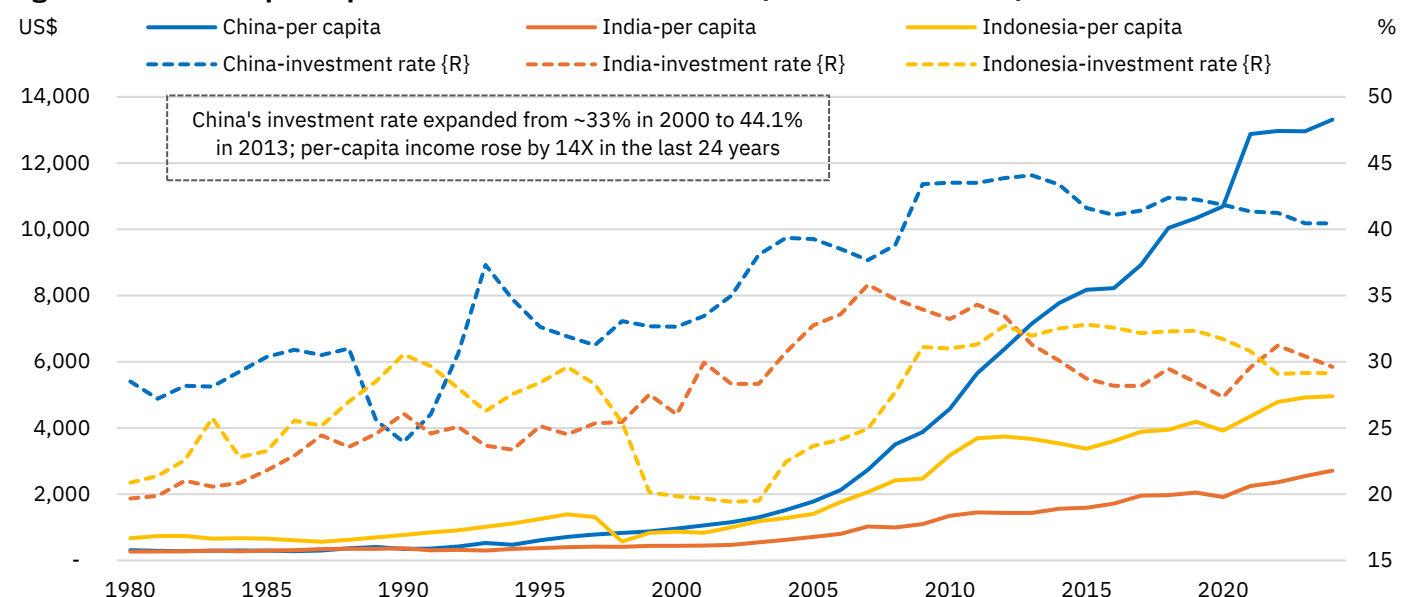


Figure 14: Decadal average of investment rate (GCF as a % of GDP) across the top five major economies



Source: World Bank, NSE EPR; Notes: 1) The decade of 1980s pertains to the decade between 1980-1990 and so on for other decades 2) For the decade 2020 onwards, the figures from 2025 onwards are estimates/projections 3) AE= Advanced economy, EU= European Union, EMDEs= Emerging Market and Developing Economies, IND= India, CHN=China, USA = United States of America, DEU=Germany, JPN=Japan

Figure 15: Trends in per-capita income and investment rate (GFCF as a % of GDP) across select Asian economies

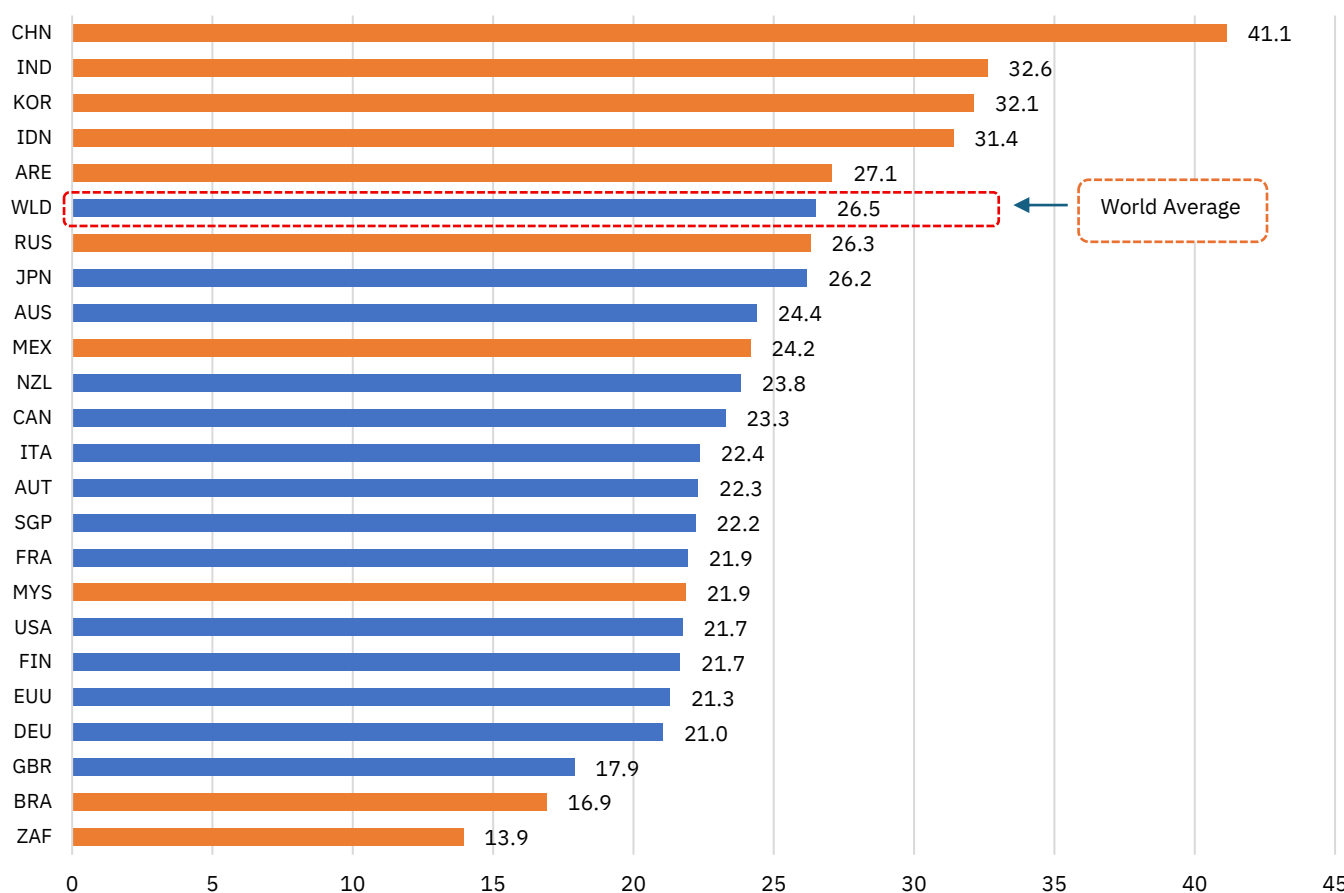


Source: World Bank, IMF World Economic Outlook NSE EPR Notes: 1) Investment rate considered in the above chart is gross fixed capital formation (GFCF as a % of GDP)

India ranks among the top major economies in terms of investment rates: India's relatively high investment rate (GCF as a % of GDP) places it among the more investment-intensive major economy, which is appropriate for a country still closing gaps in infrastructure and manufacturing capacity. While investment and savings are closely related, they need not be identical. Economies with high investment rates typically exhibit correspondingly high domestic savings, as seen in China, Indonesia, and South Korea. In

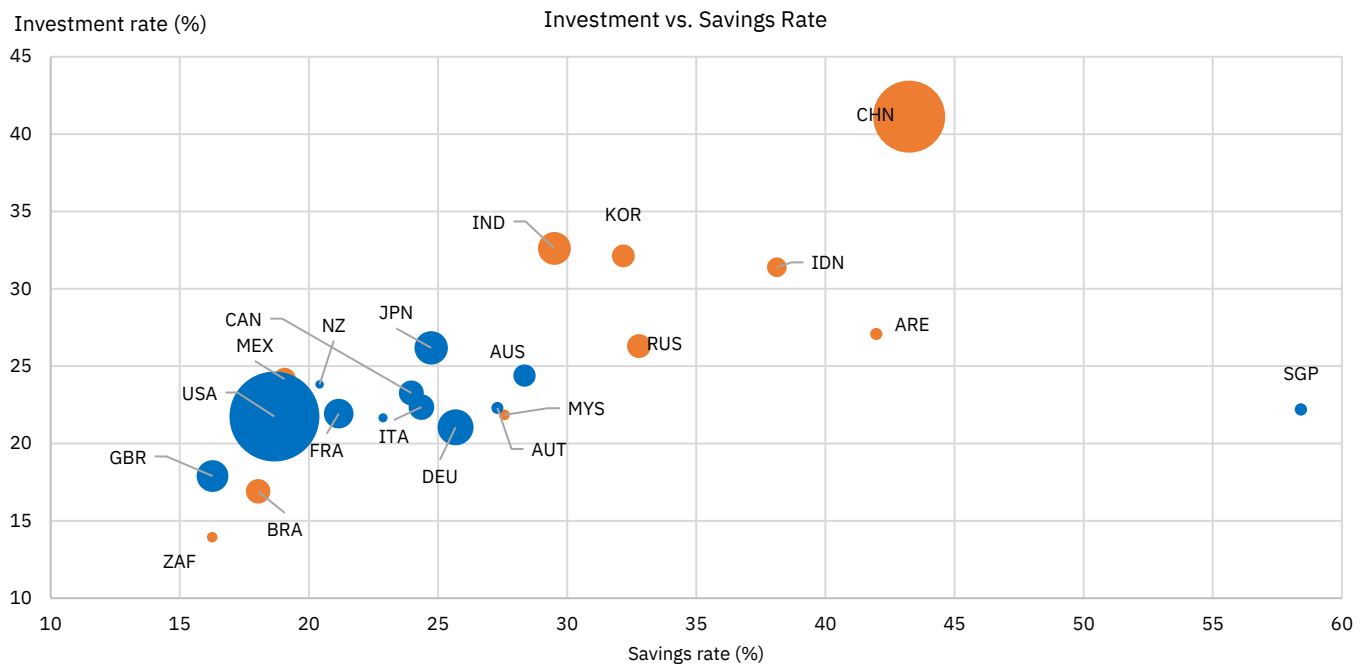
India's case, investment has consistently exceeded domestic savings, reflecting a current account deficit (CAD) financed by net capital inflows. This is a common and sustainable feature for fast-growing economies, though it also underscores the reliance on external financing. In recent years, the CAD has eased to below 1% of GDP, reflecting a moderation in investment alongside a gradual decline in domestic savings. Cross-country patterns reinforce this relationship: *nations with very high savings can sustain elevated investment rates, whereas advanced economies with structurally lower savings tend to record more modest investment shares*. Singapore illustrates an exceptional case—its high savings coexists with relatively moderate investment, highlighting its role as a global financial and trading hub where excess savings are deployed abroad rather than domestically.

Figure 16: Investment rate (GCF as a % of GDP) across country groups



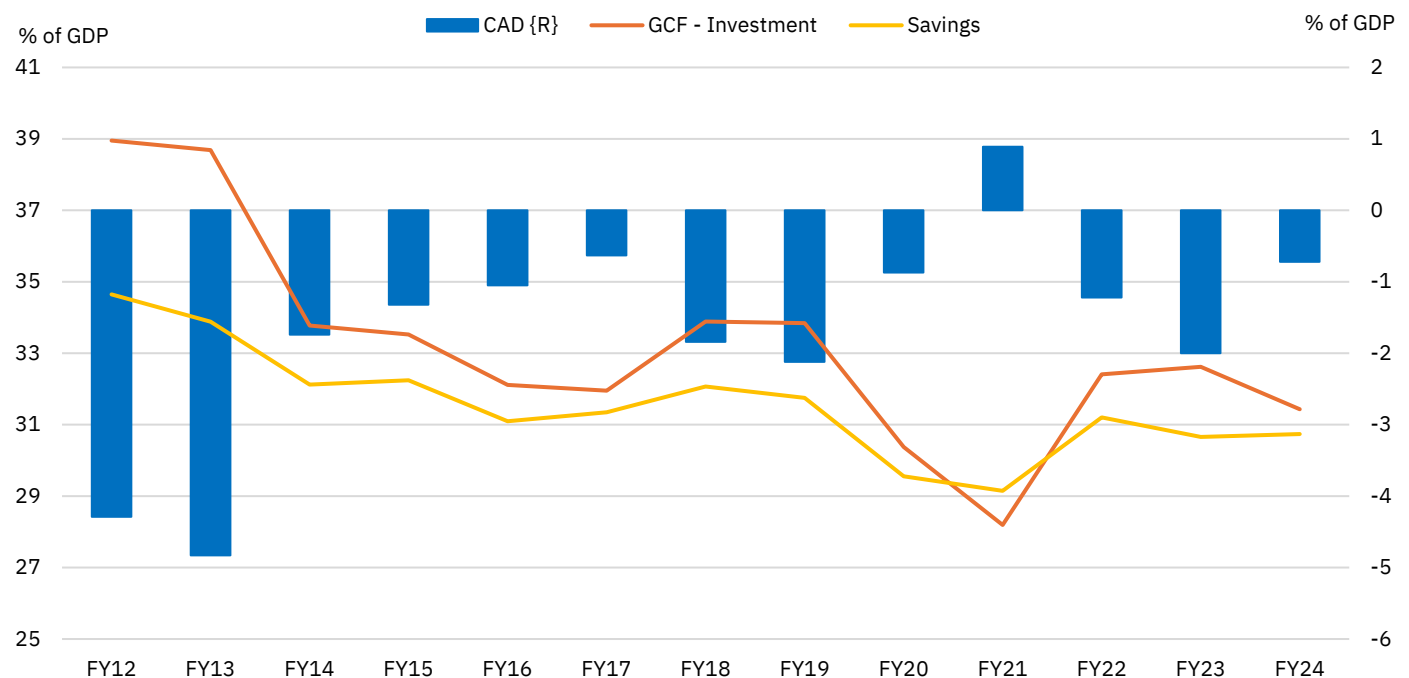
Source: World Bank, NSE EPR Notes: 1) Country names: CHN=China, IND= India, KOR= South Korea, IDN=Indonesia, ARE=United Arab Emirates, WLD=World, RUS=Russia, JPN= Japan, AUS= Australia, MEX=Mexico, NZL=New Zealand, CAN= Canada, ITA= Italy, AUT= Austria, SGP= Singapore, FRA=France, MYS= Malaysia, USA= United States of America, FIN= Finland, EU= European Union, DEU= Germany, GBR= Great Britain, BRA= Brazil, ZAF= South Africa 2) Color code: Orange shade indicates advanced economies while blue shade indicates emerging market and developing economies

Figure 17: Investment vs. savings rate across countries



Source: IMF World Economic Outlook, NSE EPR Notes: 1) Investment rate considered in the above chart is gross capital formation (GCF as a % of GDP); 2) Color code: Blue shade indicates advanced economies while orange shade indicates emerging market and developing economies; 3) Country names: CHN=China, IND= India, KOR= South Korea, IDN=Indonesia, RUS=Russia, JPN= Japan, AUS= Australia, MEX=Mexico, NZL=New Zealand, CAN= Canada, ITA= Italy, AUT= Austria, SGP= Singapore, FRA=France, MYS= Malaysia, USA= United States of America, DEU= Germany, GBR= Great Britain, BRA= Brazil, ZAF= South Africa

Figure 18: Trends in India's investment- saving Gap



Source: CMIE Economic Outlook, NSE EPR

Sector-wise contribution to total investment

Shift in investment from agriculture and industry to services: Over the last 20 years, India's investment composition has shifted steadily from agriculture and industry toward services. The share of agriculture in GFCF declined from 8.9% in FY05 to 8.3% in FY24, while industry's share fell from 35.8% to 30.2%. In contrast, services emerged as the principal driver of capital formation, with its share rising from 55.2% to 61.5% over the same period. The investment rate in services increased from 17% of GDP in FY05 to 18.7% in FY24, compared with 9.2% in industry and 2.5% in agriculture. This reallocation reflects higher returns on investment, faster productivity growth in services, and a slower structural recovery in manufacturing and agriculture. Policy reforms, digitalisation, and institutional development have further reinforced this shift, indicating that India's investment expansion is becoming increasingly service-intensive, with implications for employment patterns, capital deepening, and the composition of domestic demand.

Figure 19: Composition of GFCF across sectors

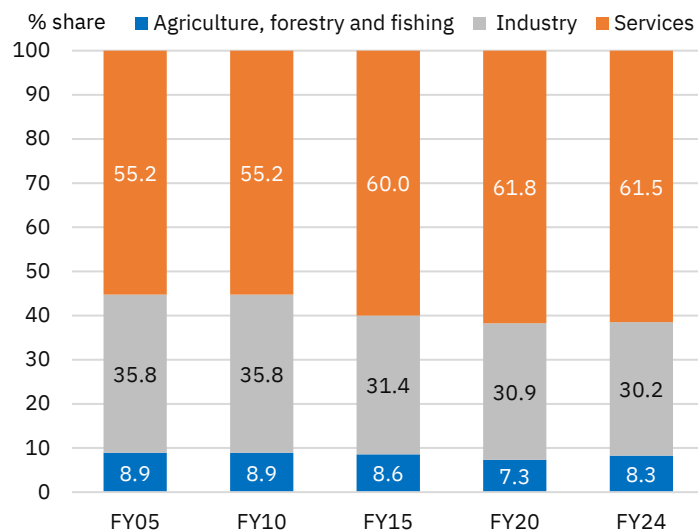
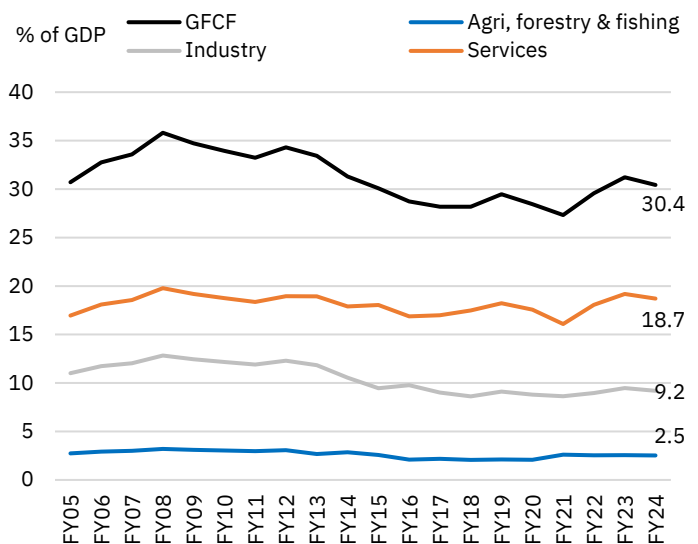
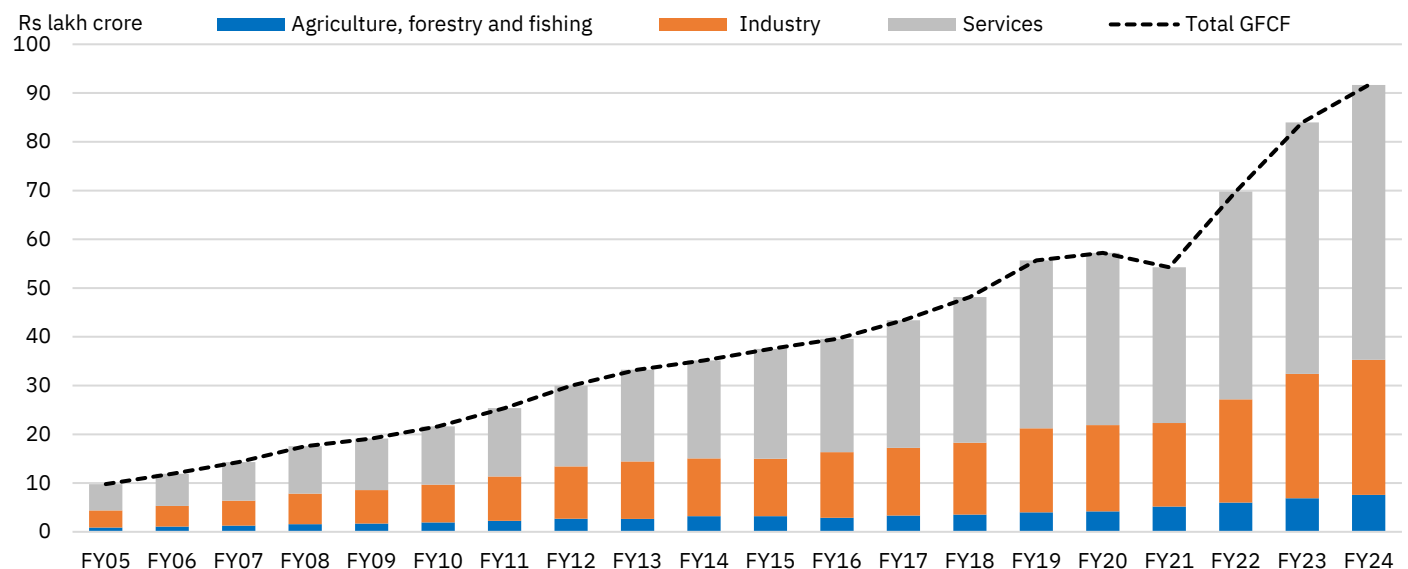


Figure 20: Sector-wise GFCF to GDP (%)



Source: CMIE Economic Outlook, NSE EPR

Figure 21: Trend of Nominal GFCF by sectors (Rs lakh crore)



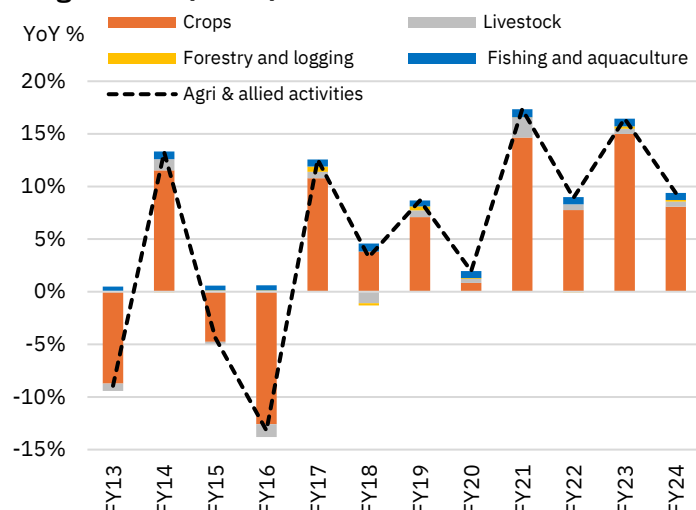
Source: CMIE Economic Outlook, NSE EPR

Investment growth has shown meaningful re-allocation across sectors: India's aggregate GFCF growth has moderated from high double-digit rates in FY12 to a single-digit growth rate of 8.8% YoY in FY24, with a notable COVID-induced contraction in FY21 (−7.1% YoY). The sectoral composition of investment has also evolved unevenly. The share of agriculture in total GFCF remained largely stagnant over the period, while the share of construction within industry expanded, partly offset by a decline in investment in electricity, gas, and other utilities. Within services, the share of real estate and professional services declined sharply, even as other sub-sectors—particularly public administration, defense, financial, and social services—recorded an increase in their relative shares.

The investment growth trajectory reveals distinct cyclical patterns. The 12Y-CAGR in GFCF in the agriculture sector rose at a subdued pace of 5%, like the muted CAGR in the industrial sector at 4.5%. In case of the former, the volatility in growth across years reflects monsoon dependence, lumpy mechanisation and irrigation spending, and uneven rural credit access. Constrained supply-side bottlenecks, higher project costs and a moderation in manufacturing and utility capex have weighed on the growth in the industrial sector. The services sector, by contrast, exhibited the strongest and most consistent expansion, with a CAGR of 6.7%, supported by steady investments in communications, logistics, and public administration.

Within the industrial segment, electricity and mining showed intermittent recoveries driven by renewable energy capex and infrastructure cycles, while manufacturing investment expanded at a CAGR of around 4.1% between FY12 and FY24, underscoring the sector's persistent weakness in capacity-addition and supply-side rigidities. Among services, investment in financial services, real estate and professional services expanded at a subdued CAGR of about 2.9% between FY12 and FY24, reflecting structural headwinds in property markets, rising financing costs, and subdued corporate demand for professional services. Public administration, defence, and other services registered a relatively stronger CAGR of around 8.8% over the same period, supported by sustained government-led capital expenditure and higher allocations toward infrastructure, defence modernization, and social development projects.

Figure 22: Sub-sector wise contribution to GFCF growth in Agriculture (%YoY)



Source: CMIE Economic Outlook, NSE EPR

Figure 23: Sub-sector wise share of GFCF in Agriculture (%)

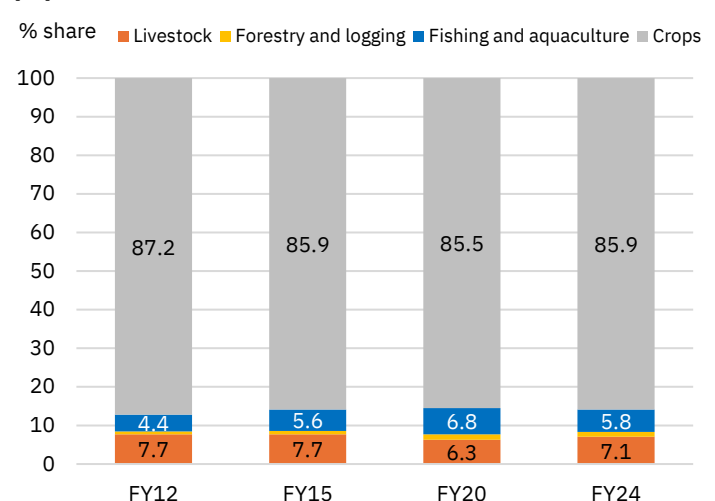
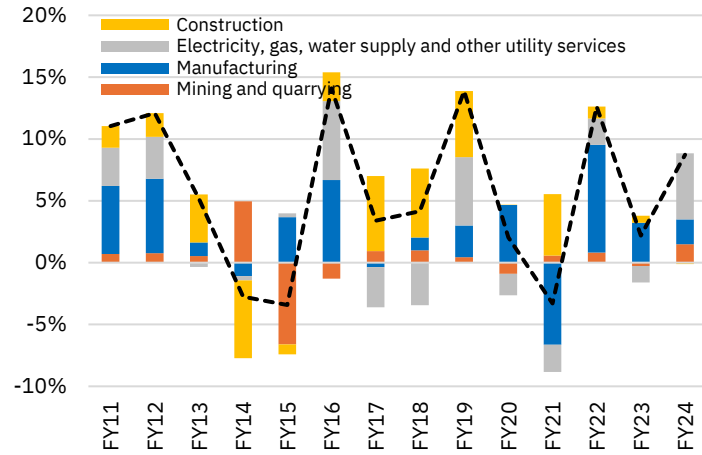


Figure 24: Sub-sector wise contribution to GFCF growth in Industry (%YoY)



Source: CMIE Economic Outlook, NSE EPR

Figure 25: Sub-sector wise share of GFCF in Industry (%)

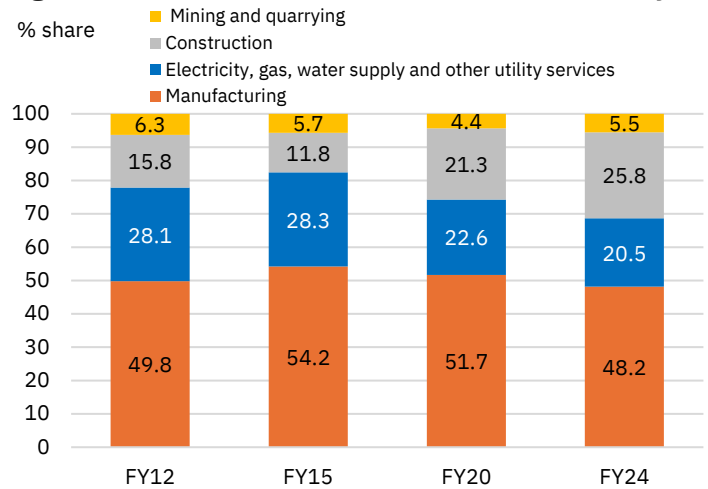
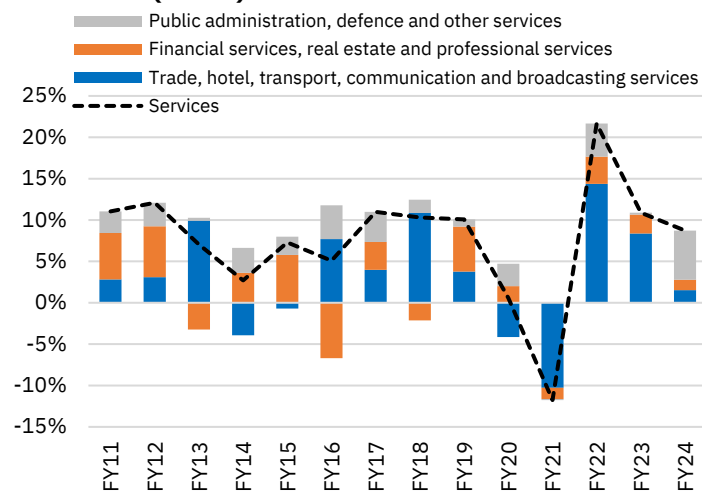
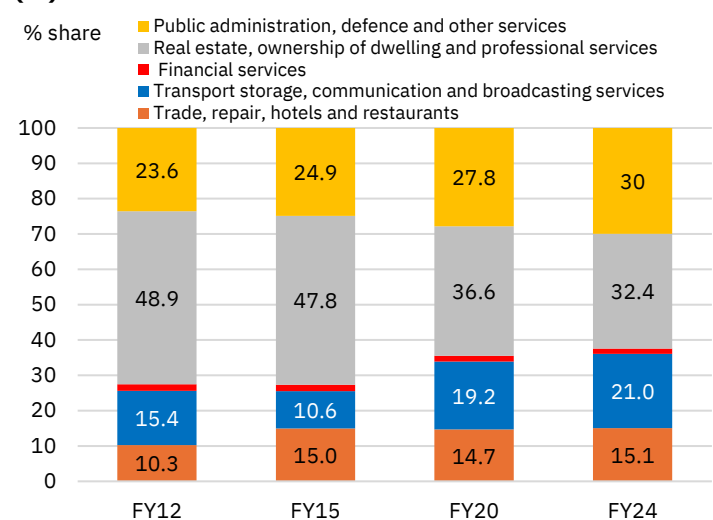


Figure 26: Sub-sector wise contribution to GFCF growth in Services (%YoY)



Source: CMIE Economic Outlook, NSE EPR

Figure 27: Sub-sector wise share of GFCF in Services (%)



Investment pattern across institutions

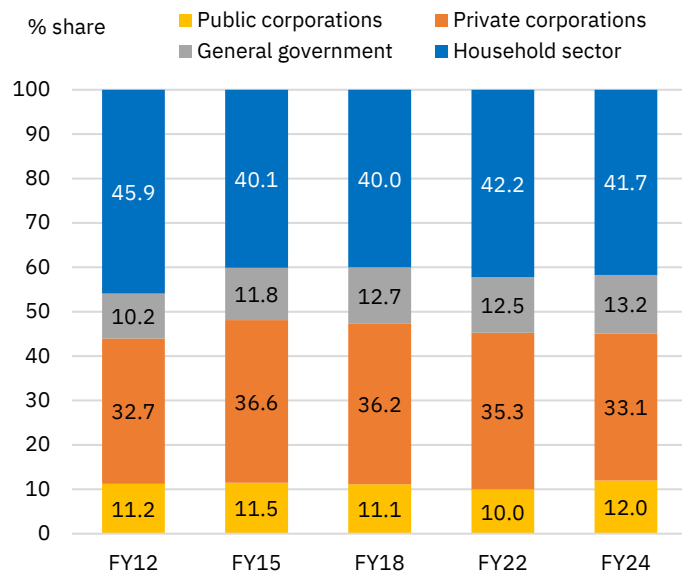
Historically, households and private corporations have contributed the most, collectively accounting for nearly three-fourths of aggregate investments in the economy. Investment contribution from public corporations and the general government, however, has remained relatively modest. However, the pace of investment growth in the public sector has been stronger in recent years. During FY14-FY24, investments by households and private corporations expanded at a CAGR of 6.8% and 5.1%, respectively, while government and public corporation investments registered a relatively higher annualised growth of 8.0% and 7.1% respectively. This acceleration in government-led investment reflects the increased fiscal emphasis on capital expenditure, particularly under the central government's infrastructure push.

Investment behaviour across asset classes highlights distinct institutional priorities:

Households predominantly invest in dwellings and other building structures, accounting for around 51% of total investment in this category in FY24 — a reflection of their

continued preference for real estate as a key store of value. In contrast, private corporations are major drivers of productivity-enhancing assets, contributing 91% of total investment in intellectual property products and 42% in machinery and equipment. Meanwhile, the investment footprint of public corporations and the government remain relatively contained across asset segments.

Figure 28: Trend in share of investment by institutions



Source: CMIE Economic Outlook, NSE EPR.

Households' investment bias towards real estate is reinforced by the buoyant housing market activity—Maharashtra alone accounts for one-third of all RERA-registered projects since the time RERA was implemented in 2017 until Jan'25, while outstanding individual home loans by banks and housing finance companies have expanded steadily to ~11% of GDP in FY25 (vs. 6.6% in FY12), pointing to rising mortgage penetration and sustained housing demand. Beyond property, gold remains a critical alternative asset class, serving as a liquid inflation hedge and safe haven during macroeconomic uncertainty.

While physical gold demand in the form of bars and coins has remained strong, India is also seeing a notable shift towards financialised gold instruments. Echoing global patterns, interest in gold ETFs has risen sharply over the past five years, particularly during episodes of market volatility and inflationary pressures. This trend has been supported by better investor awareness, easier access via digital platforms, and a clear preference for market-linked gold exposure, positioning India among the most dynamic gold ETF markets in Asia. Gold ETFs recorded net inflows for the sixth consecutive fiscal year, with FY25 seeing a record Rs 14,852 crore in net investments. This surge, combined with a significant rally in gold prices, propelled total AUM from Rs 7,949 crore in March 2020 to Rs 58,888 crore by March 2025 – an annualised growth of 49%.

Figure 29: Investment by institutions across different asset classes (FY24)

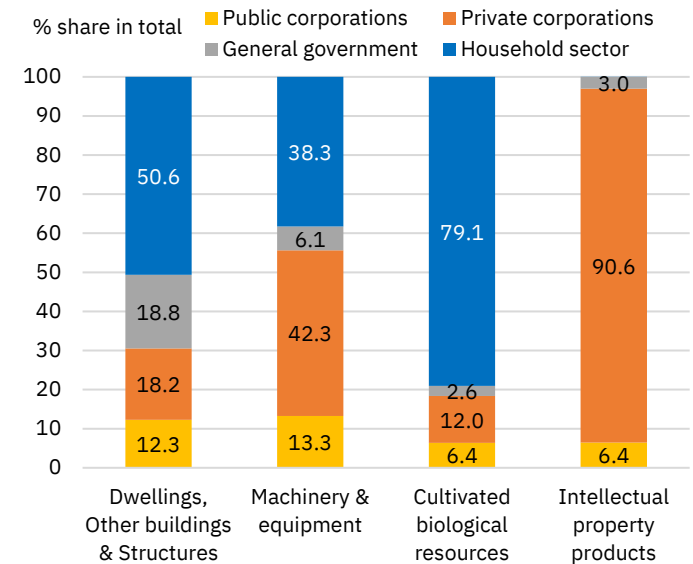
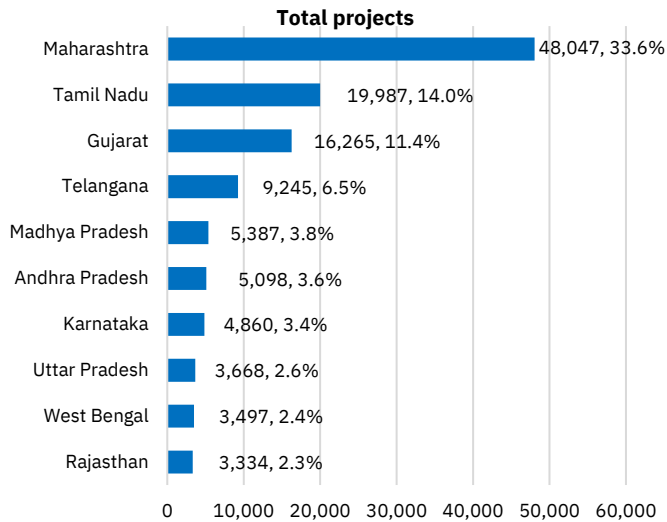


Figure 30: Projects registered with the top 10 state under RERA (Jan 2017-Jan 2025)



Source: Prop Equity, National Housing Bank, NSE EPR. Note: SCBs= Scheduled Commercial Banks, HFCs= Housing Finance Corporations, RRBs= Regional Rural Banks. Note: *FY26TD as of 31st July 2025.

Figure 31: Outstanding individual home loans of SCBs, HFCs and RRBs

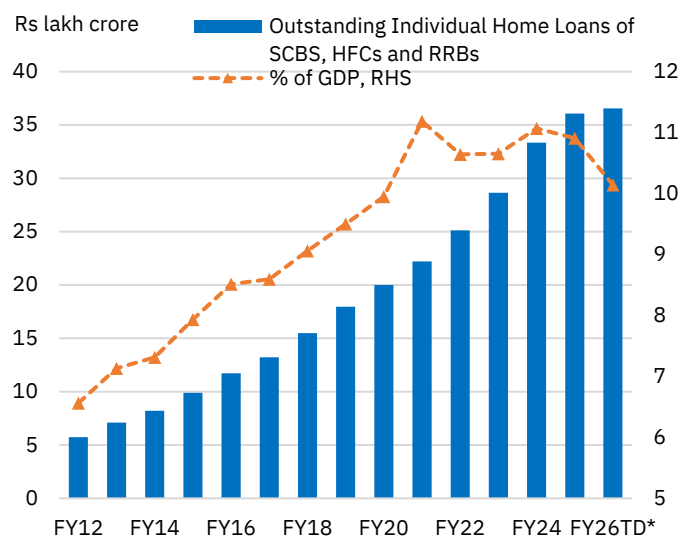
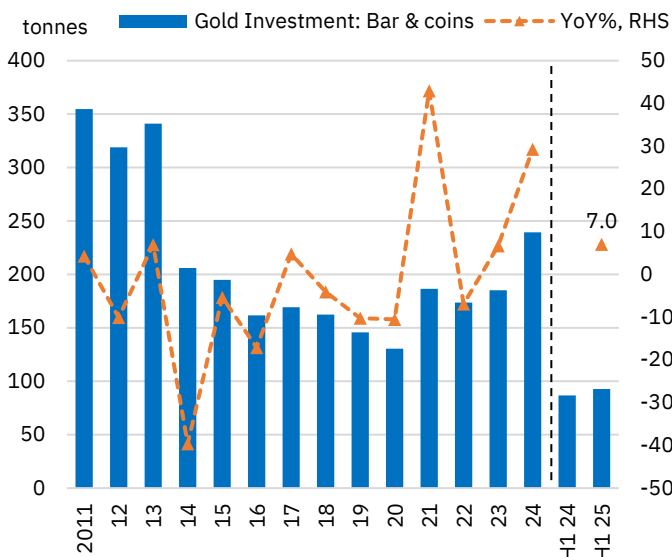
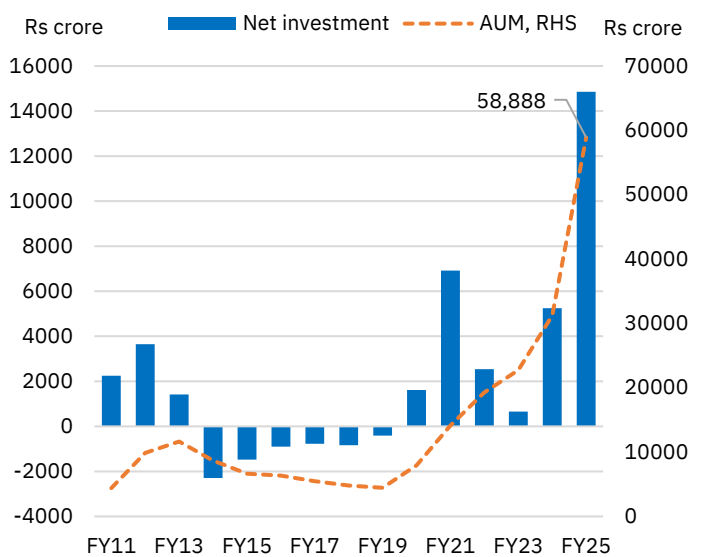


Figure 32: Investment demand for gold in India



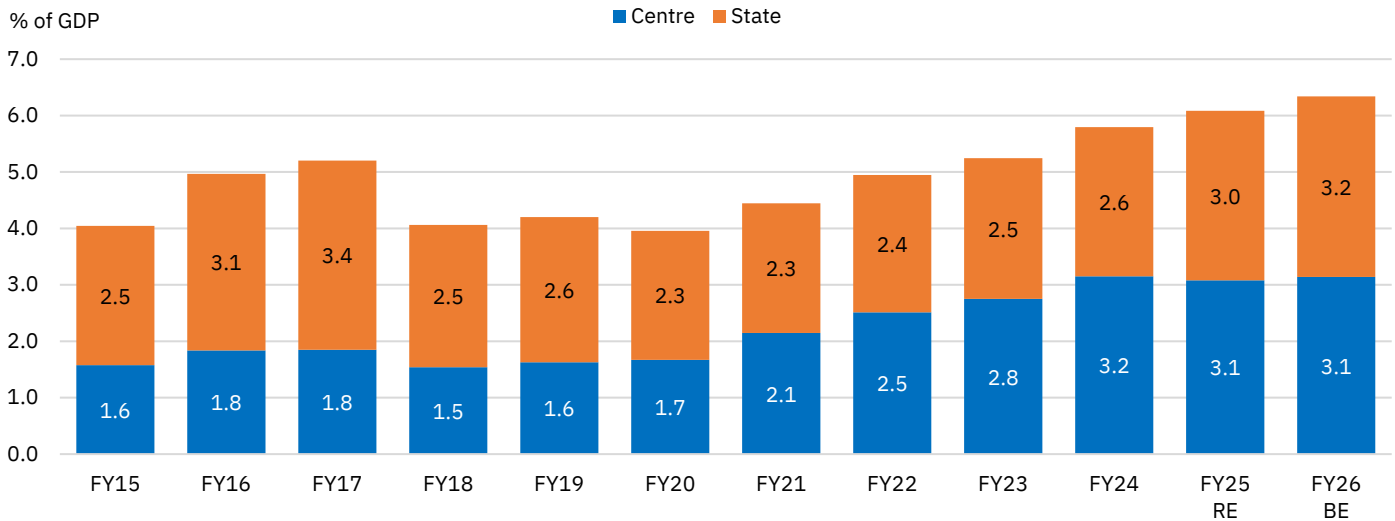
Source: World Gold Council, CMIE Economic Outlook, NSE EPR.

Figure 33: Gold ETFs in India: Net investments and AUM



Public capex landscape: The quality of government expenditure has strengthened significantly in the post-pandemic period, driven by the central government's sustained emphasis on capital outlays. Capital expenditure has risen sharply to 3.1% of GDP in the current year's budget, up from 1.6–1.8% a decade ago. This shift has materially improved the overall investment climate by signalling a durable commitment to infrastructure development and by crowding in complementary private sector spending. Over FY20–FY26BE, excluding the pandemic-affected FY21–22, the government's capex has remained concentrated in key infrastructure-intensive sectors — roads and highways, railways, defence, and housing & urban affairs — which together account for about 72% of total capital spending.

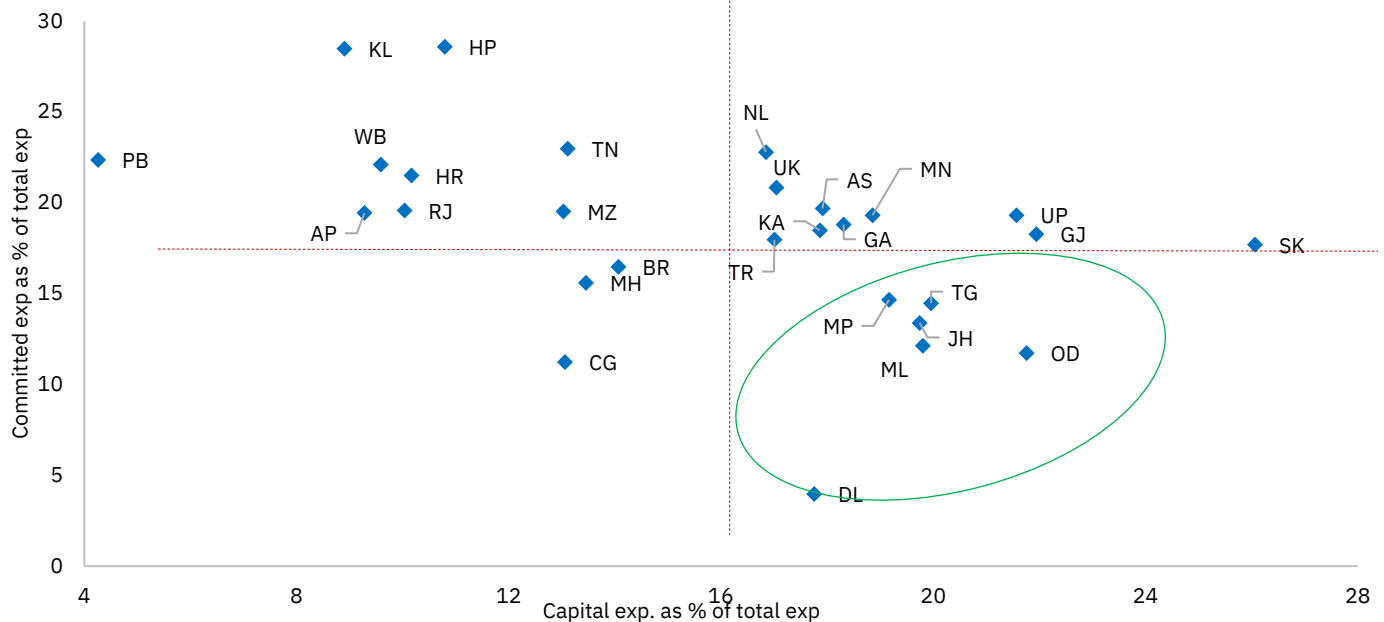
Figure 34: Capital expenditure: Central government versus State government



Source: CMIE Economic Outlook, NSE EPR. Note: For state capex, we have aggregated only 30 states and UTs for which budgeted estimates for FY26 are available.

At the state level, while aggregate capex is budgeted at 3.2% of GDP in FY26, the quality and composition of spending vary across states. A review of FY23–FY26BE shows that several large states including Punjab, West Bengal, Kerala, Maharashtra, and Andhra Pradesh face a high committed expenditure burden from interest payments and pensions, constraining their ability to expand infrastructure investment. In contrast, states such as Odisha, Telangana, Madhya Pradesh, Jharkhand and Mizoram, have demonstrated a clear policy shift, significantly ramping up capital spending over the last four years. In terms of sectoral allocation, the state capex mix remains infrastructure-heavy, with transport accounting for 25% of total outlays, followed by irrigation and flood control (17%), water supply and sanitation (9%), and rural development (7%).

Figure 35: Committed vs. capital expenditure across states



Source: CMIE Economic Outlook, NSE EPR. Note: * Committee expenditure includes interest payment and pension for 30 states and union territories. Average for FY23–FY26BE has been considered for the chart. Capital expenditure includes loans & advances also. 1) State names: AP= Andhra Pradesh, AS= Assam, BR= Bihar, CG=Chhattisgarh, GA= Goa, GJ= Gujarat, HR= Haryana, HP= Himachal Pradesh, JH= Jharkhand, KA= Karnataka, KL= Kerala, MP= Madhya Pradesh, MH= Maharashtra, MN= Manipur, ML= Meghalaya, DL= Delhi, OD= Odisha, PB= Punjab, RJ= Rajasthan, TN= Tamil Nadu, TG= Telangana, TR= Tripura, UP= Uttar Pradesh, UK = Uttarakhand, WB= West Bengal, AR= Arunachal Pradesh, NL= Nagaland, MZ= Mizoram, SK= Sikkim

Figure 36: Aggregate capex by Centre to different sectors in the last five years*

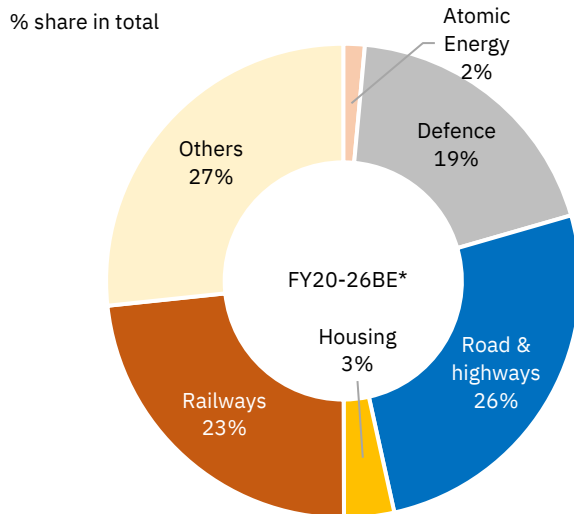
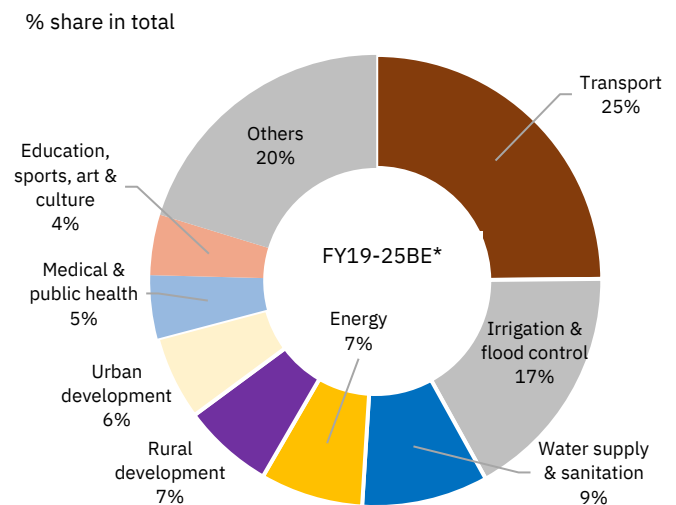


Figure 37: Aggregate capex by state governments to different sectors in the last five years*

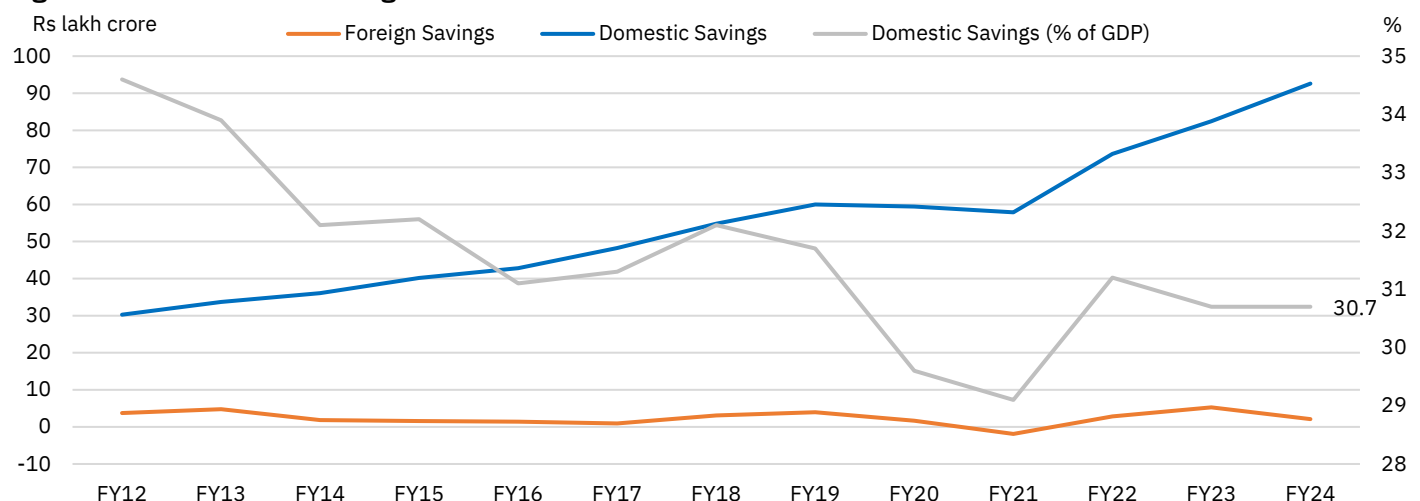


Source: CMIE States of India, NSE EPR. Note: * Capex data for centre corresponds to FY20-26BE and for states corresponds to FY19-25BE barring pandemic years of FY21-22. BE= Government's Budget Estimates

Sources of financing investment – A supply-side view

Investment continues to be predominantly financed through domestic savings: Gross domestic savings have nearly tripled from Rs 30.3 lakh crore in FY12 to Rs 92.6 lakh crore in FY24, recording a CAGR of 9.8%. Total foreign savings, i.e., net capital inflows from rest of the world, on the other hand, have fallen during this period from Rs 3.8 lakh crore in FY12 to Rs 2.1 lakh crore in FY24. The gross savings rate also eased from ~35% in FY12 to ~31% in FY24. This shows that while absolute domestic savings have expanded in nominal terms, they haven't kept pace with the nominal GDP growth.

Figure 38: Sources of financing GFCF



Source: CMIE Economic Outlook, NSE EPR.

Domestic savings remain household-led, with rising corporate role...: Households continue to dominate India's domestic savings, though their share has moderated from 61% in FY12 to 57.7% in FY24. In contrast, private non-financial corporations have steadily increased their contribution, with their share rising from 21.3% to 30.4% over the same period. The Government, meanwhile, remains a net dis-saver (-3.0% in FY24),

largely financed through bond issuances. Dis-savings peaked in FY21 amid pandemic-related fiscal transfers and elevated expenditure but have since moderated, reflecting renewed fiscal consolidation efforts. Overall savings grew sharply post-pandemic, with a CAGR of 19.1% during FY21–FY24 vs. 7.6% in FY12–FY19. After contracting in FY20–FY21 due to pandemic disruptions, savings rebounded strongly in FY22–FY23, supported by balance sheet repair and higher corporate profitability. Growth in savings among non-financial (16.8%) and financial corporations (13.7%) outpaced that of households (6.6%), underscoring the increasing role of corporates in India’s domestic savings landscape.

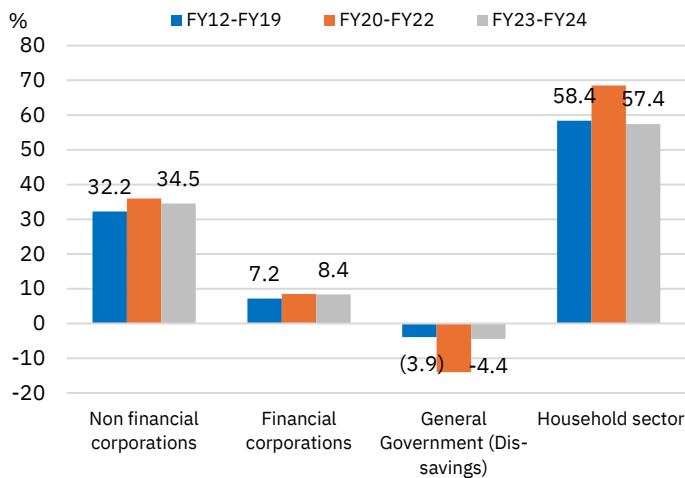
...While households prefer physical assets over financial savings: Of the Rs 54.6 lakh crore saved by households in FY24, ~Rs 38 lakh crore was invested in physical assets and Rs 16 lakh crore in financial assets (net). Over the last decade, households’ allocation to both categories increased, but since the pandemic, the preference for physical assets and gold has strengthened. Their combined share in total household savings rose to 72% in FY24, compared with a pre-pandemic average of 62% (FY12–FY19), driven by a revival in housing investment and the use of gold as an inflation hedge amid rising uncertainty.

While gross financial savings moderated sharply—from 12.1% of GDP during FY12–FY19 to 3.8% during FY21–FY24—savings in physical assets and gold & silver grew by 21.7% and 17.1%, respectively. At the same time, household financial liabilities expanded rapidly to Rs 19 lakh crore in FY24, with CAGR rising from 13% (FY12–FY20) to 36.6% (FY21–FY24). This surge in leverage, supported by easy liquidity, wider credit access through NBFCs, and lower post-pandemic rates, likely reflects rising real estate investment financed through bank and non-bank loans, a trend consistent with the evolving credit composition of scheduled commercial banks.

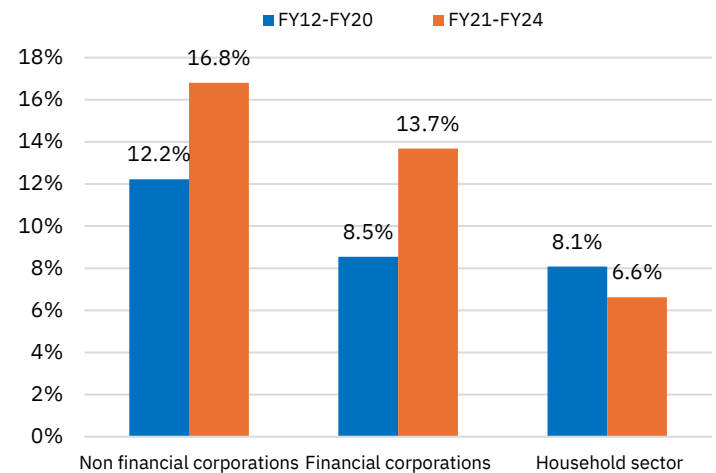
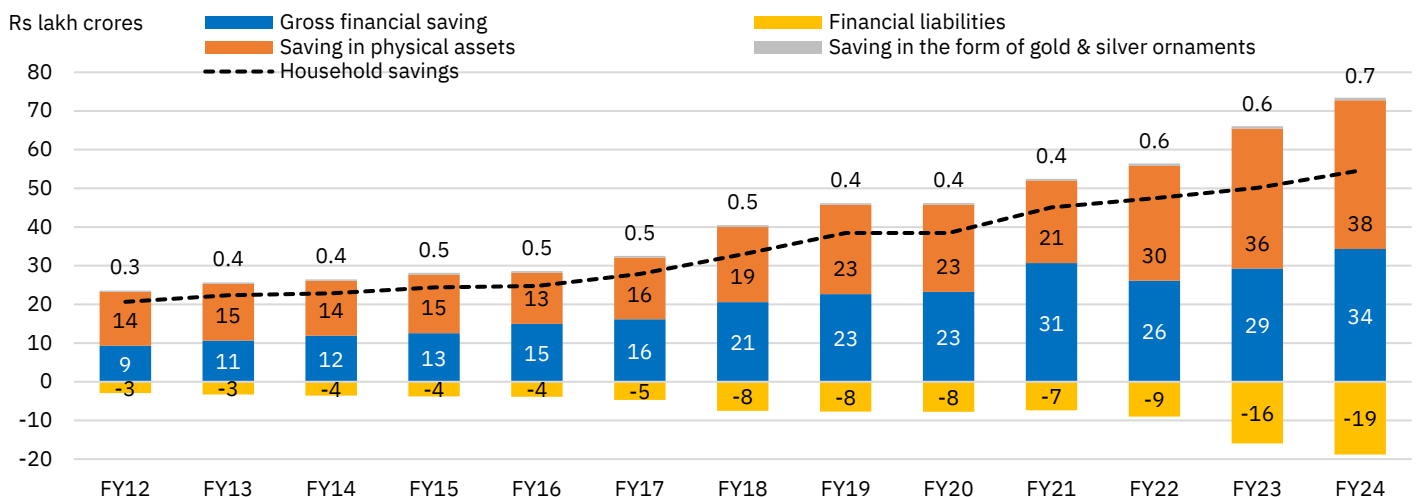
Table 2: Share of different sources of financing GFCF since FY12

% share in total savings	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Total savings	100	100	100	100	100	100	100	100	100	100	100	100	100
Net capital inflow from outside	11.1	12.4	4.9	3.8	3.2	1.9	5.4	6.2	2.7	-3.4	3.7	6.0	2.2
Domestic Savings	88.9	87.6	95.1	96.2	96.8	98.1	94.6	93.8	97.3	103.4	96.3	94.0	97.8
Non-financial corp.	24.9	25.8	31.7	33.9	37.9	36.8	34.6	32.2	34.9	37.3	35.7	33.9	35.2
Public non-financial corp.	3.6	3.2	3.3	3.1	3.5	3.5	4.1	3.9	4.8	4.2	4.1	3.8	4.8
Private non-financial corp.	21.3	22.6	28.4	30.8	34.4	33.3	30.5	28.3	30.1	33.1	31.7	30.1	30.4
Financial corporations	8.0	7.8	7.7	8.1	6.6	7.1	6.7	5.5	8.6	9.2	7.7	8.8	8.0
Public financial corp.	5.0	4.5	4.3	4.1	4.0	4.4	4.1	2.8	5.1	5.0	4.7	5.3	4.4
Private financial corp.	3.0	3.3	3.4	4.0	2.6	2.7	2.6	2.7	3.5	4.2	3.0	3.5	3.5
General Government	(4.6)	(4.1)	(4.6)	(4.2)	(3.7)	(2.5)	(3.6)	(4.1)	(9.2)	(23.6)	(9.2)	(5.8)	(3.0)
Household sector	60.7	58.1	60.2	58.4	56.0	56.7	56.9	60.1	63.0	80.5	62.0	57.1	57.7
YoY%													
Total savings	13.1	(1.4)	10.2	5.8	11.2	17.8	10.4	(4.5)	(8.3)	36.6	14.7	7.9	
Net capital inflow from outside	27.0	(61.1)	(14.0)	(12.2)	(33.8)	234.4	27.3	(58.2)	(214.6)	(250.5)	85.1	(60.4)	
Domestic Savings	11.3	7.1	11.4	6.5	12.7	13.6	9.5	(1.0)	(2.6)	27.2	12.0	12.3	
Non-financial corp.	17.1	21.3	17.7	18.4	8.0	10.7	2.8	3.4	(2.0)	30.8	8.9	11.8	
Public non-financial corp.	0.2	1.8	2.3	19.3	11.8	37.9	5.6	16.6	(20.1)	33.8	6.2	36.8	
Private non-financial corp.	20.0	24.1	19.6	18.3	7.6	7.9	2.4	1.6	0.9	30.5	9.2	8.7	
Financial corp.	10.4	(2.5)	15.7	(14.0)	19.5	11.1	(8.6)	48.3	(2.1)	15.0	30.3	(1.9)	
Public financial corp.	3.5	(6.7)	4.1	3.9	22.0	10.2	(25.0)	75.7	(10.4)	28.3	29.1	(9.7)	
Private financial corp.	21.6	3.3	30.2	(31.9)	15.7	12.6	17.2	20.6	10.2	(0.9)	32.0	9.8	
General Government	0.4	9.3	0.9	(7.8)	(24.8)	71.5	24.4	116.2	135.9	(46.8)	(27.1)	(44.2)	
Household sector	8.2	2.2	6.7	1.5	12.6	18.3	16.6	0.0	17.2	5.3	5.7	9.0	
Net financial saving	14.2	13.4	5.8	26.2	3.2	13.9	14.3	3.8	50.3	(26.5)	(22.3)	16.6	
Gross financial saving	14.1	11.9	5.6	19.0	7.9	27.4	10.1	2.7	31.9	(14.8)	12.1	17.2	
Financial liabilities	13.9	8.6	5.1	2.3	21.6	60.2	2.7	0.4	(4.8)	22.0	77.5	17.7	
Saving in physical assets	5.4	(3.3)	6.8	(12.9)	21.0	21.9	18.8	(2.5)	(5.2)	39.0	21.8	6.4	
Saving in gold & silver ornaments	9.0	0.4	23.9	2.0	0.1	0.3	(8.6)	1.1	(6.1)	51.4	5.2	0.9	

Source: CMIE Economic Outlook, NSE EPR.

Figure 39: Average share of institutions in total savings


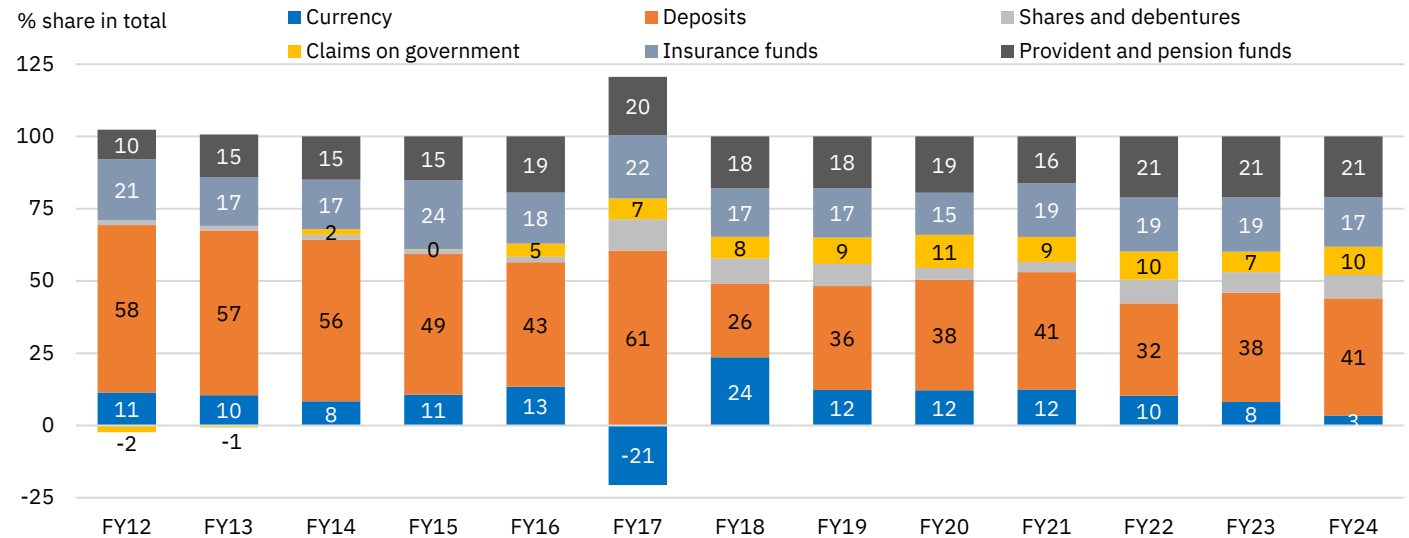
Source: CMIE Economic Outlook, NSE EPR.

Figure 40: CAGR of total savings across institutions

Figure 41: Composition of household savings


Source: CMIE Economic Outlook, NSE EPR.

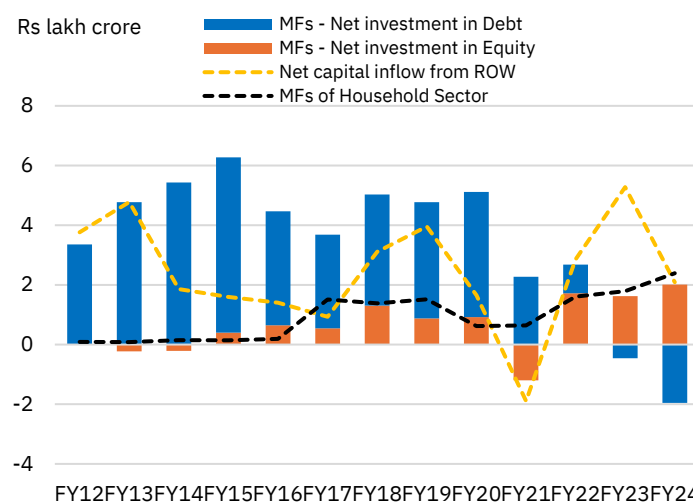
Composition of gross financial savings by households also changed considerably over the period:

Demonetisation produced a sharp but short-lived shift in the composition of household gross financial savings: households moved funds out of currency into bank deposits and other financial instruments, but it did not permanently reverse the longer-run preference for deposits over other market-based savings. Following demonetisation in FY16 net household investment in shares and debentures jumped from 2% of overall gross financial savings of household sector to almost 11% in FY17 before settling at 8% in FY24. On the other hand, total savings in currency accounted for almost 13% of gross financial savings in FY16 which turned negative in FY17 post demonetisation announcement. This was partly replaced by a sudden spike in bank deposits from 43% to 61% in the same period. This is crucial for investment because a higher share of market-linked savings broadens the pool of resources available to corporate and infrastructure finance, even as deposit-heavy savings keep banks central to credit intermediation. Households' preference towards insurance funds modestly declined over the years from 21% in FY12 to 17% in FY24, while allocation to provident and pension funds more than doubled from 10% to 21% over the same period, reflecting a growing tilt towards long-term contractual savings.

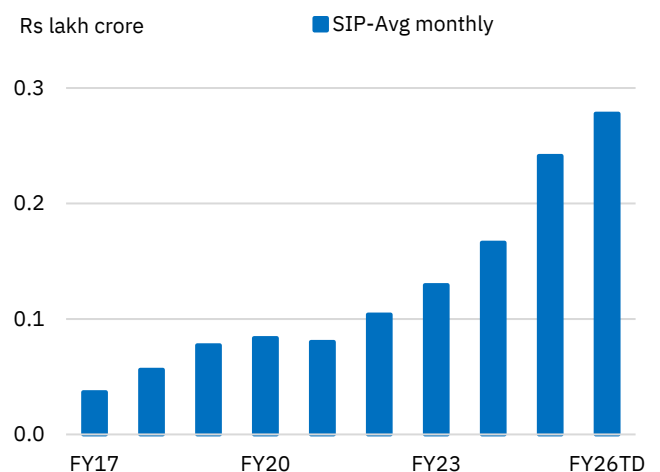
Figure 42: Composition of gross financial savings of household sector


Source: CMIE Economic Outlook, NSE EPR

Shift towards market-linked savings: Household net investment into mutual funds has emerged as an increasingly important channel of capital mobilisation over the past decade and a half, reflecting rising investor access and growing confidence in markets. The mutual funds of household sector recorded an increase from ~Rs 8,700 crore in FY12 to Rs 2.4 lakh crore in FY24. Out of the net mutual fund investment, net investments in equity schemes expanded sharply from Rs 0.4 lakh crore in FY15 to Rs 2.0 lakh crore in FY24, underscoring a higher risk appetite and stronger preference for market-linked savings over traditional instruments. A key factor driving this structural shift has been the growing adoption of SIPs, which have instilled a culture of disciplined and regular investing among households. The average monthly SIP inflows have risen markedly from around Rs 3,600 crore in FY17 to Rs 27,464 crore in FY26TD (April–August).

Figure 43: Trend of net capital inflow from mutual funds and rest of the world


Source: CMIE Economic Outlook, AMFI, NSE EPR. Note: 1) FY26TD pertains to April–September'25

Figure 44: Trend of mutual fund SIP flows


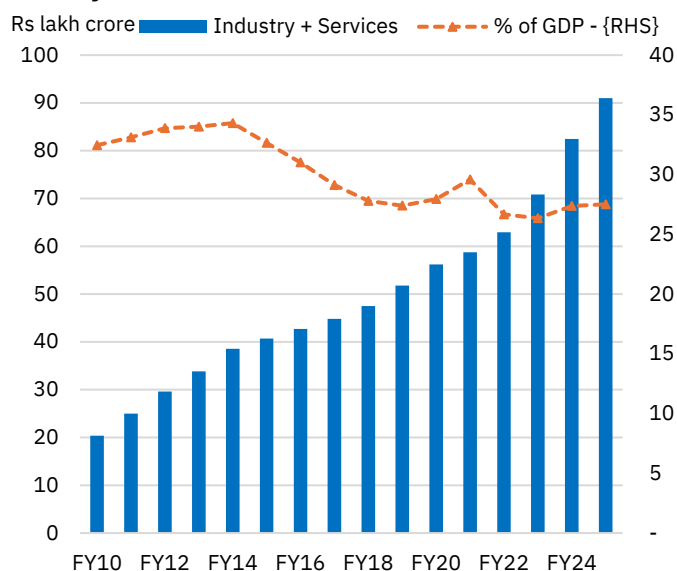
Improvement in share of equity issuances: The last two decades have witnessed India's financing landscape deepen materially with an expansion in capital markets (primary equity and corporate bond markets), while bank and household credit- especially housing

and retail finance grew in scale and importance. This shift implies investment is now underpinned by a wider set of financing sources than just bank loans. The share of access to capital in India through equity issuances has increased from 15.5% in FY12 to over 24.2% in FY25. Furthermore, the outstanding bank credit to industry and services, registered a 11.6% CAGR during FY08 to FY25, with the share as a percentage of GDP moderating from 34% in FY13 to 27.5% in FY25.

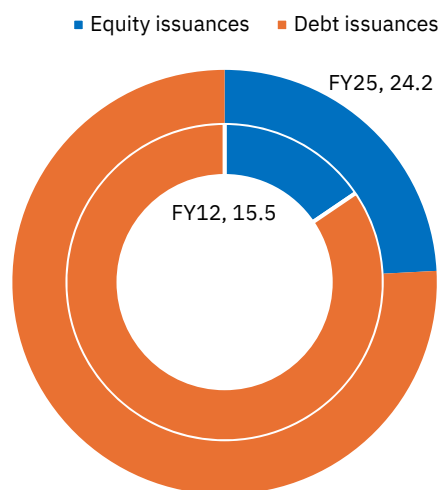
Table 3: Composition of outstanding credit of SCBs

Categories	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
% share in total outstanding credit											
Agriculture and allied activities	12.6	13.3	13.9	13.3	11.4	11.6	12.3	12.6	12.6	12.6	12.5
Industry	43.6	41.1	37.5	34.9	29.0	28.4	27.7	26.8	24.6	22.2	21.6
Housing (Including priority sector housing)	10.3	11.2	12.0	12.6	12.0	13.1	13.8	14.6	14.6	16.5	16.5
Credit card outstanding	0.5	0.6	0.7	0.9	0.9	1.2	1.2	1.3	1.5	1.6	1.6
Vehicle loans	2.0	2.3	2.4	2.5	2.9	3.3	3.4	3.4	3.6	3.5	3.4
Consumer durables	0.3	0.3	0.3	0.3	0.1	0.2	0.2	0.1	0.2	0.1	0.1
Services	23.2	23.2	25.2	26.5	24.0	25.8	26.0	26.2	27.2	27.9	28.3
Other outstanding credit	7.6	8.1	7.9	9.0	19.7	16.5	15.5	15.0	15.8	15.5	16.0
YoY%											
Total outstanding credit	9.0	7.5	8.2	26.4	6.1	5.6	8.6	15.0	20.2	11.0	
Agriculture and allied activities	15.3	12.4	3.8	8.0	8.1	11.9	11.2	15.4	20.0	10.4	
Industry	2.7	(1.9)	0.7	5.1	3.9	2.9	4.9	5.8	8.5	7.8	
Housing (Including priority sector housing)	18.8	15.2	13.3	20.7	15.8	11.0	15.0	14.5	36.5	10.7	
Credit card outstanding	23.7	38.4	31.6	27.8	36.8	13.7	13.3	32.5	25.6	10.6	
Vehicle loans	22.7	11.5	11.3	50.3	19.0	8.8	9.5	20.5	17.6	8.6	
Consumer durables	16.0	17.1	(5.2)	(65.1)	134.0	8.9	1.8	17.7	13.0	(1.3)	
Services	9.1	16.9	13.8	14.2	14.2	6.4	9.5	19.5	23.5	12.4	

Source: CMIE Economic Outlook, NSE EPR.

Figure 45: Trend of outstanding bank credit to industry and services


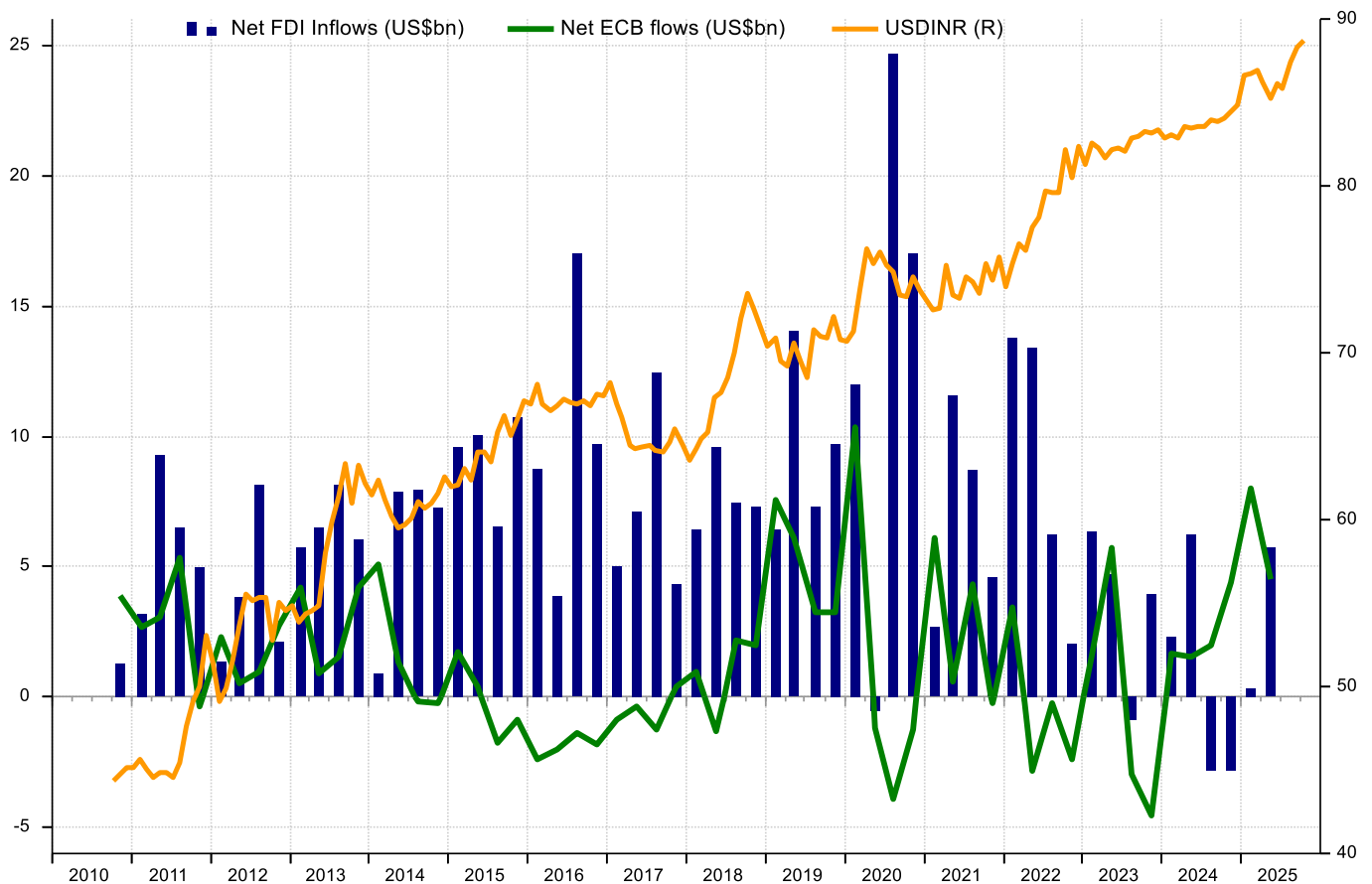
Source: CMIE Economic Outlook, NSE EPR.

Figure 46: Breakup of access to capital (equity and debt, %)


FDIs and ECBs—Important but volatile source of financing investment in India: Over the past two decades, India's external financing through net foreign direct investment (FDI) and external commercial borrowings (ECBs) has grown in scale but remained volatile. ECBs are an important complementary channel for corporate and infrastructure

finance. After two consecutive years of net outflows of US\$ 3.9 bn (FY23–FY24), ECBs recorded robust inflows of US\$ 16 bn in FY25, reflecting renewed corporate appetite for foreign debt, improved global liquidity conditions, and stable domestic interest rates that made offshore borrowing attractive. That said, ECB flows have been negative in six out of the last 14 years (FY12–FY25). Gross FDI flows, on the other hand, continued to remain resilient, with cumulative inflow of US\$ 390 bn (US\$ 81 bn in FY25) during the last five years and crossing US\$ 1 tn mark during FY01–25, underpinned by renewed investor confidence and recovery in cross-border investment sentiment. That said, net FDI flows have been volatile, falling precipitously to US\$ 958 mn (vs. an average of US\$ 33 bn during FY20–FY24), indicating higher repatriation and outward investments. These quarterly swings underline the structural drivers of India’s external finance: liberalised FDI routes and deeper offshore borrowing markets that lift net inflows, but also episodic repatriations, IPO exits, outward investments and shifts in global liquidity.

Figure 47: Net FDI and ECB inflows in India



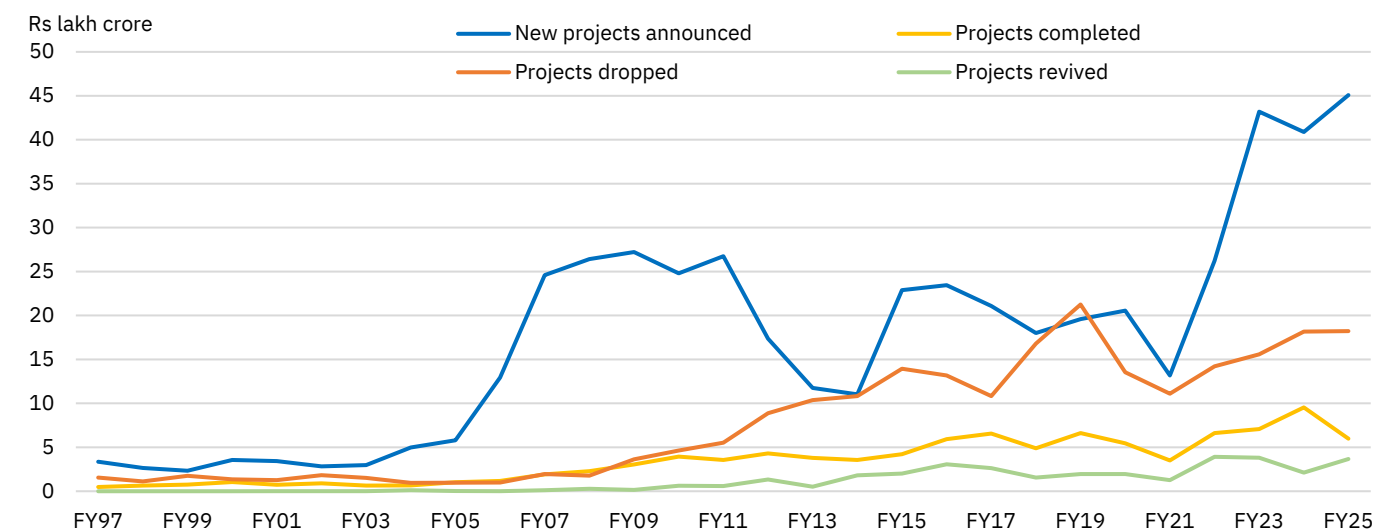
Source: LSEG Workspace, NSE EPR

Investments in large projects

Barring FY21 and FY24, investment on new projects have risen over the last five years:

India's investment climate got a boost in the last five years, leading to a pick-up in new project announcements, barring FY21 (pandemic-led dip) and FY24 (high base effect due to a mega Air India deal that had propelled capex announcements in FY23). Between FY20 and FY25, investments in new projects grew at a robust CAGR of 17.0%, reversing the 2.1% (CAGR) contraction during FY15–FY20. While spending on completed projects moderated, growing at just 1.9% compared with 5.3% during the same periods, most other project categories like, projects revived and under implementation grew robustly, underscoring the renewed momentum in capital formation. This recovery has been underpinned by healthier corporate balance sheets and stronger operating cash flows, creating supportive conditions for a broad-based upturn in private sector investment.

Figure 48: Annual trend of investment by project status



Source: CMIE Economic Outlook, NSE EPR.

Table 4: Investment by project status (YoY% and CAGR)

Investment in projects (by status, YoY%)								CAGR	
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY15-20	FY20-25
New projects announced	8.8	4.8	(35.9)	99.1	64.7	(5.3)	10.3	(2.1)	17.0
Projects completed	35.4	(17.8)	(35.6)	88.6	7.1	34.7	(37.3)	5.3	1.9
Projects dropped	26.5	(36.3)	(18.0)	28.1	9.6	16.6	0.3	(0.6)	6.1
Abandoned/Shelved/Stalled	(12.8)	(64.2)	(23.9)	(11.1)	(44.2)	298.8	(49.6)	(13.6)	(5.4)
Dropped for lack of information	62.4	(22.6)	(16.7)	36.2	16.9	(1.6)	13.3	4.7	8.2
Projects revived	26.3	(0.1)	(35.5)	211.0	(2.5)	(44.5)	73.4	(0.5)	13.5
Projects outstanding	(0.2)	3.9	2.1	5.8	12.1	8.3	11.9	3.8	8.0
Projects under implementation	7.3	(5.6)	12.7	4.6	13.3	9.0	8.9	3.9	9.7
(% of outstanding projects)	55.4	50.4	55.6	54.9	55.5	55.9	54.4		

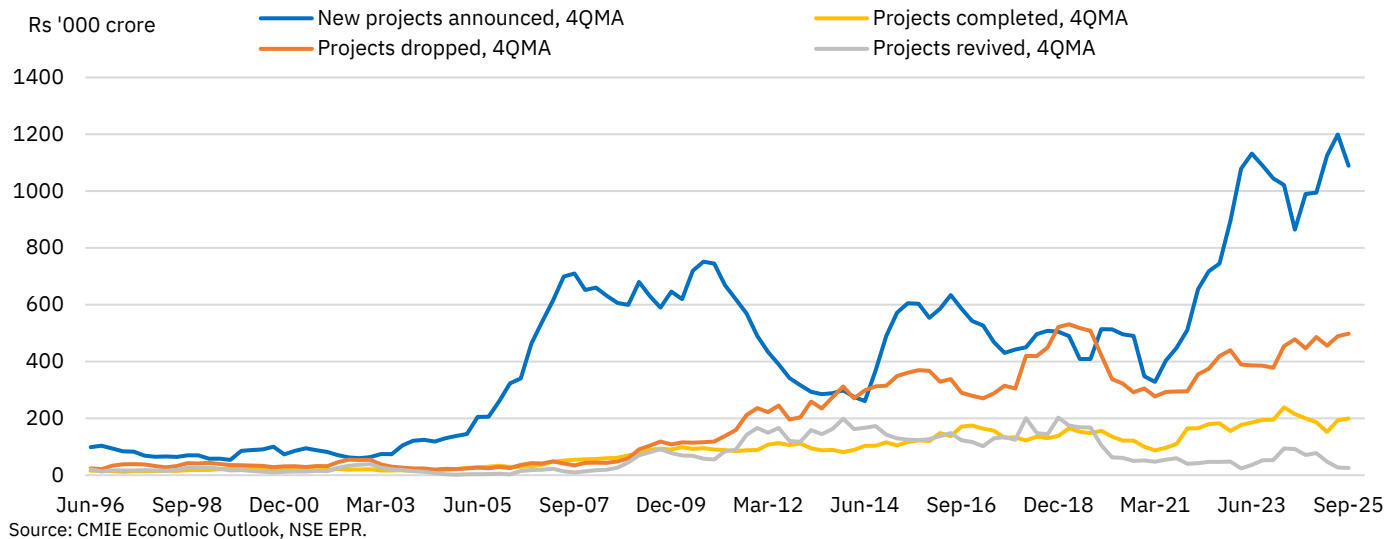
Source: CMIE Economic Outlook, NSE EPR.

Emerging signs of investment resilience in FY26 despite macro headwinds:

Fresh investment announcements remained firm in Q2FY26, underscoring a gradual strengthening of the capex cycle even as external and domestic uncertainties persisted. After a six-quarter high 38.7% YoY surge in Q1FY26 on a 4QMA basis, momentum continued in Q2 with 10% YoY growth, driven primarily by electricity (29.6% YoY) and manufacturing (9.5% YoY). Supportive monetary backdrop, thanks to recent policy easing, has further improved financing availability and bolstered investment sentiment. Additionally, value of completed projects rebounded on a 4QMA basis in Q2FY26 vs. the

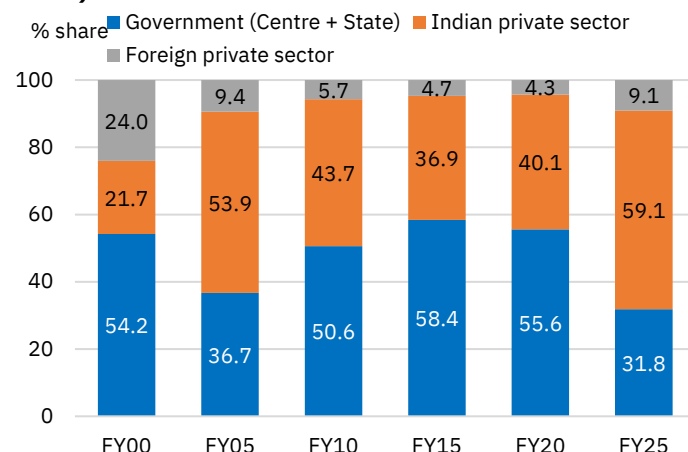
previous quarter, even as there was an 11% rise in projects dropped vs. 2.3% increase in Q1FY26, reflecting selective execution risks even as overall momentum improves.

Figure 49: Trend of investment by project status



Looking at the ownership pattern, government's share in new projects announced has fallen drastically from 58% in FY15 to only 32% in FY25. Between FY20-25, private sector (domestic + foreign) investment into new projects grew at a much faster CAGR of 27%, compared with the government (5.2%). The comparatively slower growth in new government project announcements between FY20 and FY25, largely reflects a strategic reorientation of public investment rather than a retreat from capex. The central government shifted from announcing a broad set of new projects to focusing on large, multi-year infrastructure corridors and faster execution of the existing pipeline, while also seeking to crowd-in private capital through initiatives such as the National Infrastructure Pipeline, GatiShakti and production-linked incentive (PLI) schemes. Fiscal consolidation imperatives post-pandemic also encouraged prioritising project quality and financial viability over sheer volume of new proposals. In parallel, corporate balance sheets strengthened considerably, aided by deleveraging, improved cash flows, and sectoral policy support, prompting a sharp rebound in private capex announcements, particularly in manufacturing, energy transition and renewables.

Figure 50: New projects announced by ownership (% share)



Source: CMIE Economic Outlook, NSE EPR; Note: Private sector includes both domestic and foreign.

Figure 51: New projects announced—Govt. vs. private

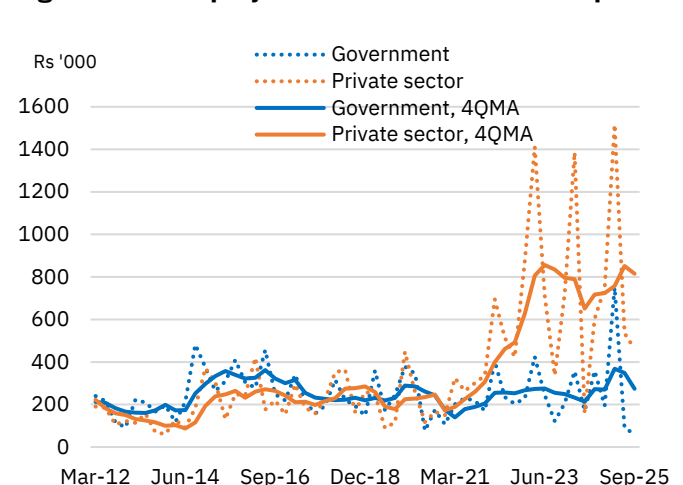
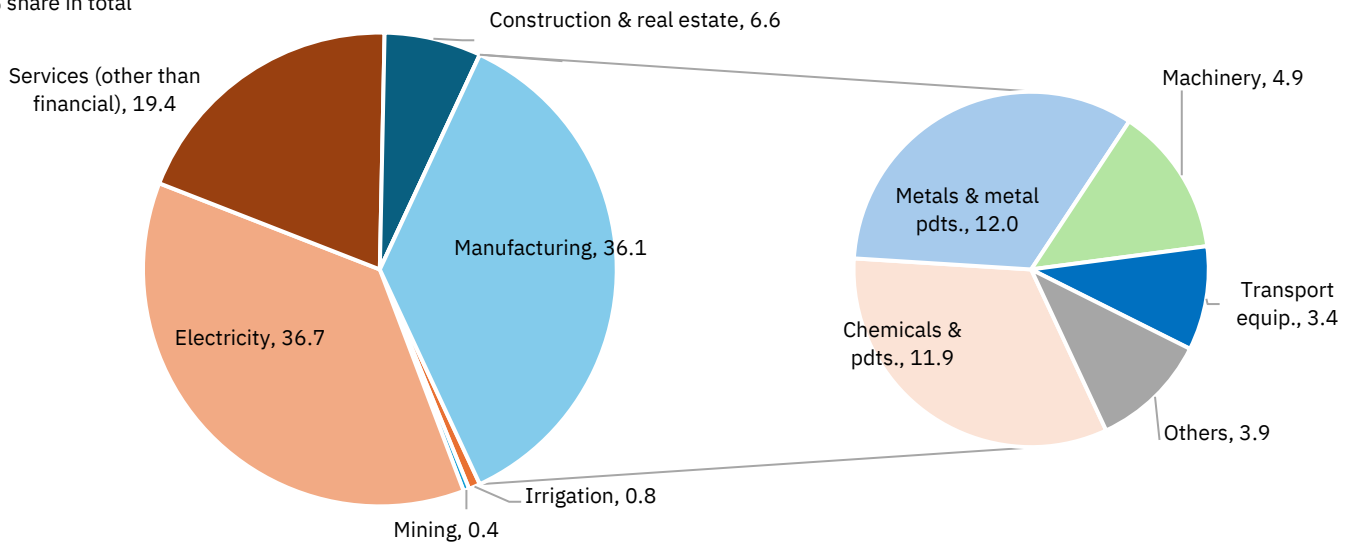


Figure 52: New projects announced projects by sectors (% share)- FY25

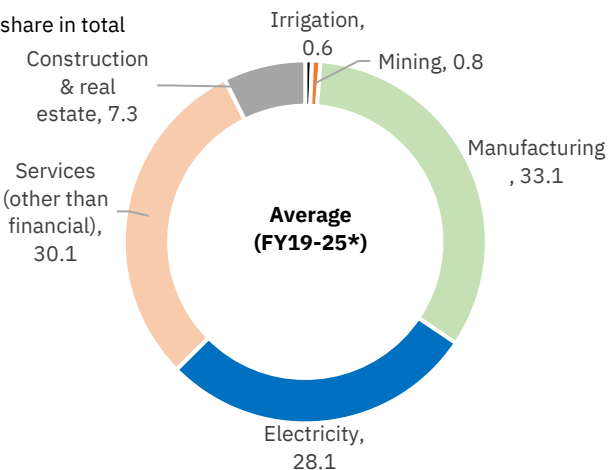
% share in total



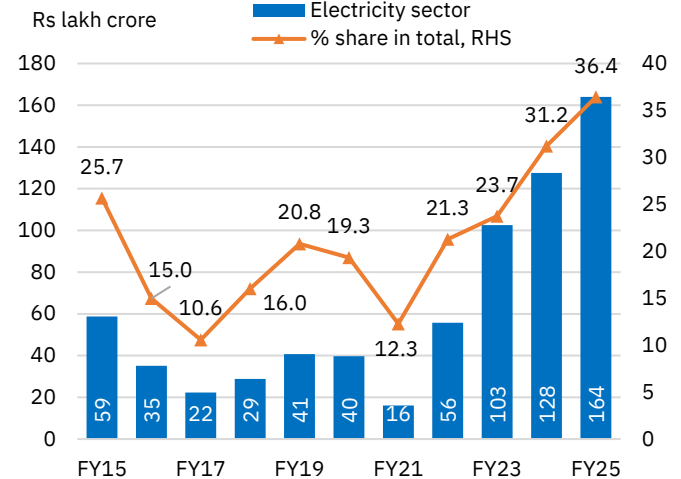
Source: CMIE Economic Outlook, NSE EPR.

Figure 53: New projects announced by sectors in the last five years

% share in total



Source: CMIE Economic Outlook, NSE EPR. Note: * Data corresponds to FY19-25, excluding the pandemic years of FY21/22.

Figure 54: Trend of new projects announced in electricity sector

Table 5: Top new projects announced in major sectors in FY26TD

S. No.	Industry Group (% share in total, FY25)	Project Name	Cost (Rs '000 cr)	Ownership Group
1 Electricity (36.7%)				
	Renewable electricity	Telangana Renewable Energy Power Projects	27.0	Private (Indian)
	Conventional electricity	Uttar Pradesh Ultra Supercritical Power Project	16.6	Adani Group
	Conventional electricity	Chandrapura Ultra Supercritical Power Plant Expansion Project	16.5	Central Govt. - Statutory Bodies
	Conventional electricity	Koppolu Pumped Storage Power Project	15.1	Private (Indian)
	Renewable electricity	Anantapur & Sri Sathya Sai Solar Power Project	9.0	Private (Indian)
2 Metal & metal products (12.0%)				
	Alum. & alum. products	Dhenkanal Aluminium Smelter Project	128.0	Vedanta Group
	Steel	Wardha Integrated Steel Plant Project	25.0	Private (Indian)
	Steel	Dhenkanal Special Coated Steel Products Manufacturing Plant Phase-2 & 3 Project	12.5	Private (Indian)
	Steel	Saraikela Kharsawan Greenfield Integrated Steel Plant Project	7.0	Private (Indian)
	Steel	Durgapur Steel Plant Brownfield Expansion Project	5.7	Central Govt. - Commercial Enterprises

3	Chemical & chemical products (11.9%)			
	Other chemical products	Linga Surface Coal Gasification and Downstream Derivatives Project	70.0	Adani Group
	Inorganic chemicals	Machilipatnam Green Hydrogen and Green Ammonia Plant Project	35.0	Private (Indian)
	Inorganic chemicals	Krishnapatnam Green Ammonia Plant Project	16.0	Private (Foreign)
	Inorganic chemicals	Mulapeta Port Green Hydrogen and Ammonia Export Facility Project	10.0	Private (Indian)
4	Machinery (4.9%)			
	Other electronics	Butibori Solar Cells, Wafer & Modules Manufacturing Plant Project	10.5	Private (Indian)
	Other electronics	Greater Noida Solar Cell & Modules Manufacturing Plant Project	8.2	Private (Indian)
	Other electronics	Orvakal Solar Cells & Modules Manufacturing Plant Project	6.9	Private (Indian)
	Other electronics	Tamil Nadu Solar Cells Manufacturing Plant Project	5.0	Private (Indian)
	Other electronics	AURIC City Solar Cell & Module Manufacturing Plant Project	4.7	Private (Indian)
5	Transport services (15.7%)			
	Shipping transport infra svcs.	Thoothukudi Shipbuilding Facility Project (Cochin Shipyard)	15.0	Central Govt. – Comm. Enterprises
	Shipping transport infra svcs.	Thoothukudi Shipbuilding Facility Project (Mazagaon Dock)	15.0	Central Govt. – Comm. Enterprises
	Railway transport infra svcs.	Nagpur Metro Rail Project (Phase 3)	8.6	State Govt. – Comm. Enterprises
	Shipping transport infra svcs.	Cochin Block Fabrication Facility Project	3.7	Central Govt. – Comm. Enterprises
	Railway transport infra svcs.	Ambala-Jalandhar Third and Fourth Rail Line Project	3.2	Central Govt. – Comm. Enterprises
6	Construction & real estate (6.7%)			
	Housing construction	Vashi Nakshatra CHS Cluster Redevelopment Project	2.5	Private (Indian)
	Housing construction	Maleshemau Village River View Apartments Project	2.5	State Govt. - Statutory Bodies
	Commercial complexes	Khalapur Industrial and Logistics Centre Project	2.5	Prestige Group
	Housing construction	Prayagraj Phaphamau Residential Township Project	2.5	State Govt. - Departmental Undertaking
	Housing construction	Delhi NCR Premium Residential Project	1.9	Lodha Group

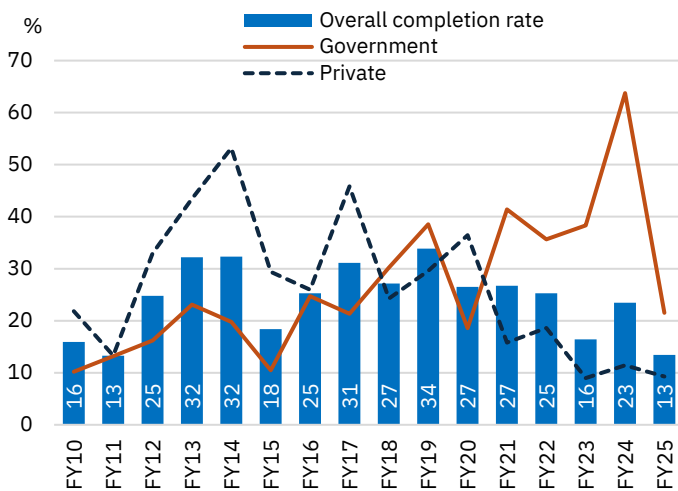
Source: CMIE Capex database, NSE EPR; Note: FY26TD indicates period from April- September 2025.

Government’s project completion rate improved significantly: Unlike previous years, Government has now been more focused on completing the ongoing projects. Barring FY25, the average completion rate of government projects has risen from 25% in FY15-19 to 40% during FY20-24. FY25, being the election year, saw the completion rate falling to almost half (21.5%) largely due to the unusually strong completions in FY24 as the government focused on front-loading and fast-tracking infrastructure before elections—particularly highways, railways, and urban projects. In contrast, the sustained decline in private sector project completions (only 16.8% of the new projects that were announced by the private sector have been completed between FY20-25) largely reflects the long adjustment and deleveraging cycle that followed the over-investment phase of the mid-2000s. After years of balance sheet repair and NPA resolution, many legacy projects were either restructured or shelved rather than taken to commissioning.

Project completion rates higher in real estate and services; remain weak in capital-intensive sectors: Looking at the sectoral breakup, project completion rates over the past five years (FY19-25 barring pandemic years of FY21-22) remain modest and heavily skewed towards sectors with shorter gestation and stronger demand visibility. Construction and real estate recorded the highest completion ratio at 36.4%, supported by steady urban housing demand, regulatory streamlining through RERA, and improved developer balance sheets. The services sector (excluding financial services) followed at

29.5%, benefiting from smaller project sizes and quicker execution cycles. In contrast, capital-intensive industries such as electricity (18.8%) and manufacturing (17.1%) show notably weaker conversion from announcement to completion, reflecting persistent structural hurdles — including land acquisition delays, complex approvals, cost escalations, and a cautious corporate stance.

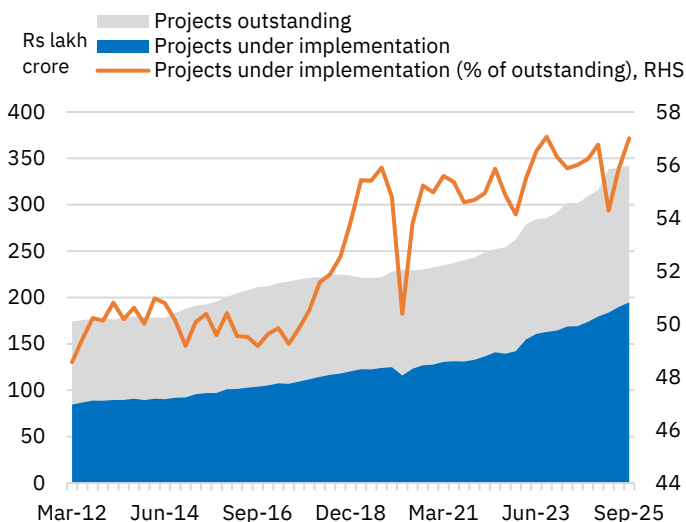
Figure 55: Completion rate of projects by ownership



Source: CMIE Economic Outlook, NSE EPR. Note: * Data corresponds to FY19-25, excluding the pandemic years of FY21/22.

Implementation rate in government projects is generally higher than in private sector: India's investment pipeline has expanded steadily, with the stock of outstanding projects rising to historic highs, yet the implementation rate shows a clear divergence between the government and the private sector. While the overall value of projects under implementation has grown, the share of outstanding projects actively progressing has stagnated for the private sector — slipping from above 50% a decade ago to around mid-40s now. In contrast, the government's implementation rate has strengthened to nearly 67%, underpinned by a sharper focus on capital outlay quality, faster clearances, and priority completion of infrastructure corridors such as roads, railways and urban transit.

Figure 57: Investment in projects outstanding



Source: CMIE Economic Outlook, NSE EPR.

Figure 56: Sector-wise project completion rate (FY21-25)

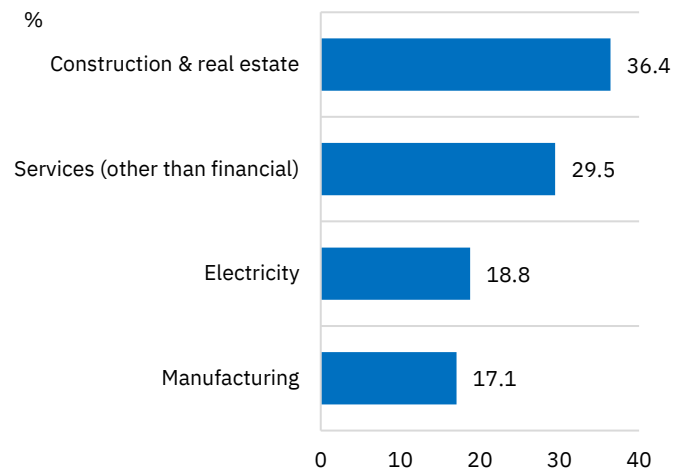
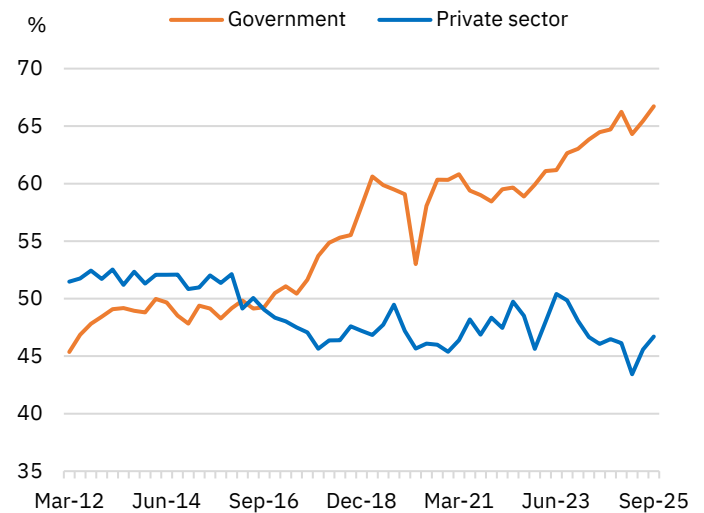


Figure 58: Implementation rate of outstanding projects by ownership



Sectoral distribution of outstanding investment projects in FY25: Services (other than financial) account for the largest share of outstanding projects in FY25 at Rs 128 lakh crore holding a share of 38%. Manufacturing holds the second-largest pipeline at Rs 87 lakh crore, with its share of total outstanding projects rising to 25.8% from about 20% a decade ago, indicating renewed private sector appetite supported by production-linked incentives and import substitution strategies. Rapid expansion in manufacturing and services investments has outpaced electricity, lowering its relative weight in the overall pipeline from 29% ten years ago to 22.2% currently.

Figure 59: Outstanding projects by sector (Rs lakh crore)

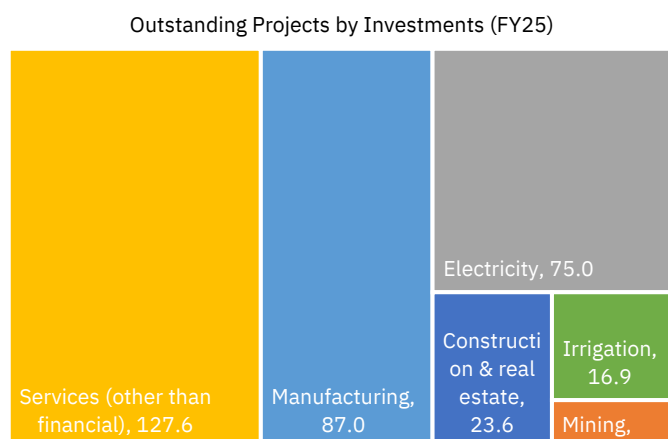
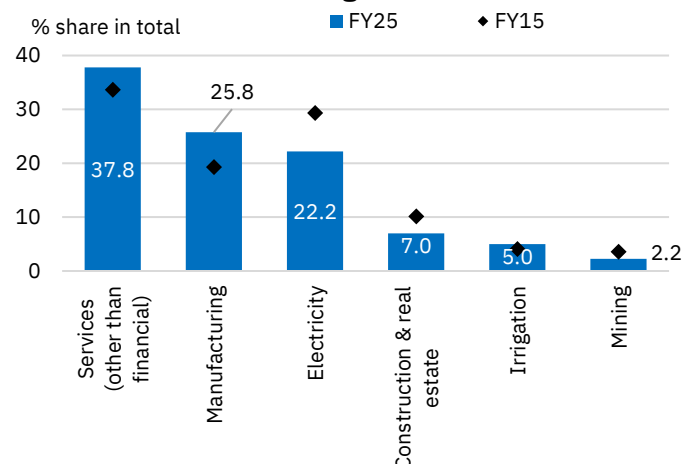


Figure 60: Sector-wise share in outstanding projects (current versus a decade ago)



Source: CMIE Economic Outlook, NSE EPR.

Geographical spread of investments

Investment in new project announcements remains concentrated in larger states:

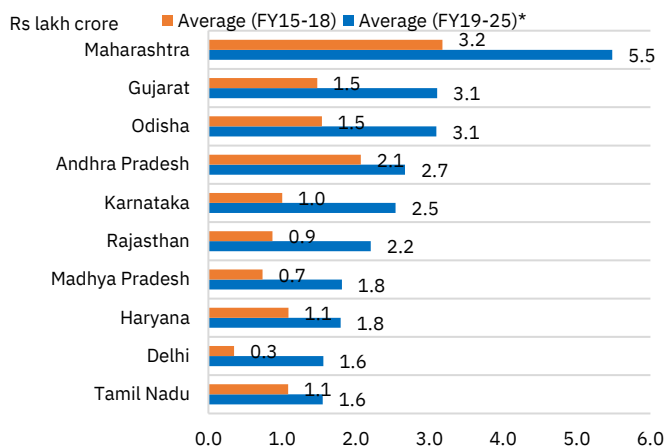
During FY19–FY25 (excluding the pandemic years FY21–22), over three-fourths of total new project investments were concentrated in the top ten states, led by Maharashtra, Gujarat, Odisha, Andhra Pradesh, and Karnataka, together accounting for around 63% of India's GDP in FY25. This concentration pattern remains broadly unchanged from FY15–18, though with some shifts in relative shares. Maharashtra retained its leadership, with its share rising from 14.9% in FY15–18 to 16.2% in FY19–25, while Andhra Pradesh's new project announcements averaged Rs 2.7 lakh crore—only 1.3 times its earlier level—resulting in a relative loss of share. Delhi saw the sharpest gain, with its share in new investments more than tripling from 1.6% to 4.6%, highlighting the continued dominance of larger, industrially advanced states in driving India's investment cycle.

Divergence between new announcements and completions: Interestingly, while new project investments across these major states grew at a double-digit CAGR between FY19-FY25, their completion rates remain low. In Maharashtra, investments in new projects rose by 15% CAGR, yet the completion rate was only 16%.⁴ Odisha recorded the lowest completion rate at 7.4%, despite its rapid expansion. The surge in new project announcements across these states reflects a mix of proactive industrial policies and competitive investment promotion strategies. For states such as Odisha, its natural

⁴ Completion rate defined here is the average projects completed during the period divided by the average new projects announced during the same period.

resource endowment and port-led expansion have attracted metals, mining, machinery and petrochemicals projects. However, the exposure of metals and energy sectors to global commodity cycles affects commissioning schedules, leading to delays and low completion rates. In contrast, Punjab shows the reverse trend – a high completion rate of about 87% but a sharp decline in new investments, contracting at a CAGR of 27.3%. With a high committed expenditure burden (22.4% of total spending in FY23–26BE) limiting fiscal space, the state has prioritised clearing its existing pipeline and focused on smaller, short-gestation projects in utilities and agro-linked infrastructure.

Figure 61: State-wise investment in new projects announced (annual average)



Source: CMIE States of India, NSE EPR. Note: 1) * Data corresponds to FY19-25, excluding the pandemic years of FY21/22. 2) State names: AP= Andhra Pradesh, AS= Assam, BR= Bihar, CG=Chhattisgarh, GA= Goa, GJ= Gujarat, HR= Haryana, HP= Himachal Pradesh, JK= Jammu & Kashmir, JH= Jharkhand, KA= Karnataka, KL= Kerala, MP= Madhya Pradesh, MH= Maharashtra, MN= Manipur, ML= Meghalaya, DL= Delhi, OD= Odisha, PY= Puducherry, PB= Punjab, RJ= Rajasthan, TN= Tamil Nadu, TG= Telangana, TR= Tripura, UP= Uttar Pradesh, UK = Uttarakhand, WB= West Bengal, AR= Arunachal Pradesh, MZ= Mizoram. 3) Completion rate defined here is the average projects completed during the period divided by the average new projects announced during the same period.

Figure 62: State-wise comparison of new projects and completion rate

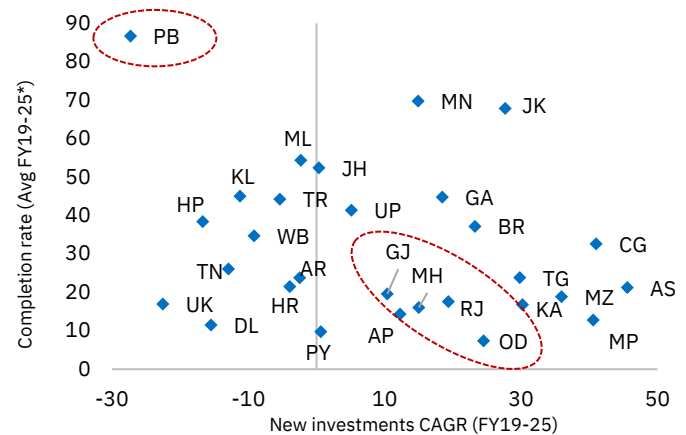
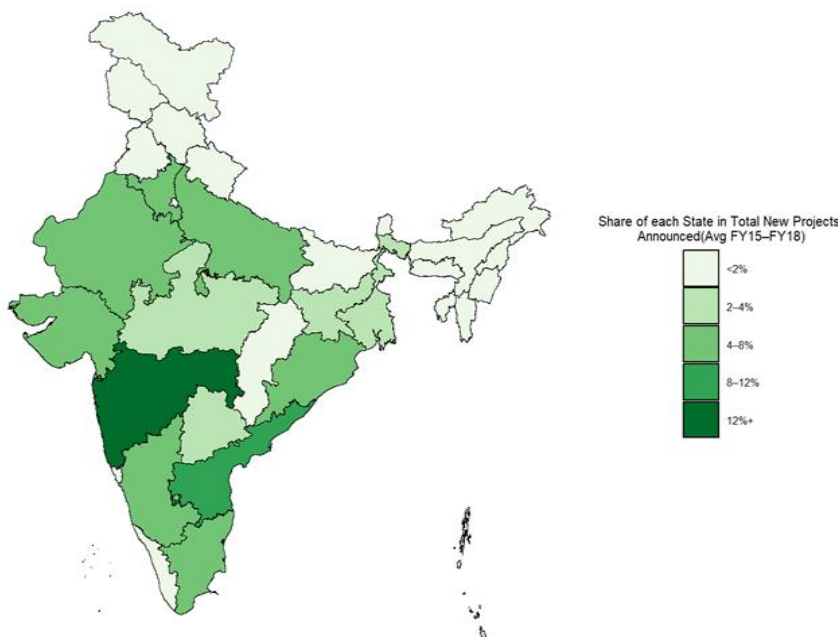


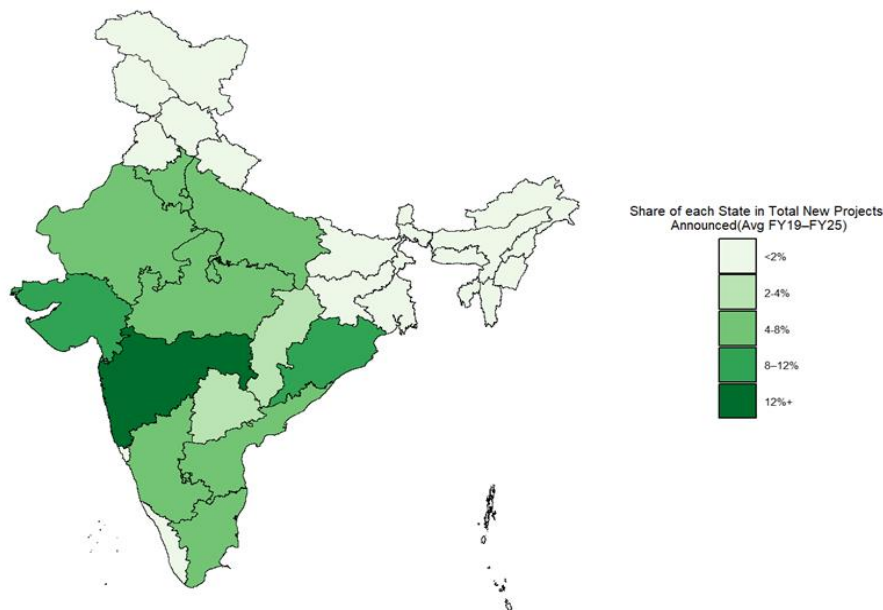
Figure 63: State's share in total new projects announced (FY15-18)



Between FY15-18, Maharashtra had the highest share of new project investments of 14.9%.

Of the total distribution, 11% of all states held a share of only 2-4% in the total new investments announced in India. Bigger states like Madhya Pradesh held a share of only 3.4%. Several north and north-eastern states lagged in terms of their shares.

Source: CMIE States of India, NSE EPR. Note: States' shares are calculated taking an average of the shares between FY15-18.

Figure 64: State's share in total new projects announced (FY19-25*)


The overall distribution has changed slightly across states. During, FY19-25, while Maharashtra led with the highest share of 16.2%, prominent states like Gujarat and Odisha also saw an increase in their shares to 8-12% from 4-8% in FY15-18. Karnataka became one of the top five destinations for new projects in the country.

Source: CMIE States of India, NSE EPR. Note: *States' shares are calculated taking an average of the shares between FY19-25, barring pandemic years of FY21/22.

Sectoral composition of investments in new projects announced: Between FY19–FY25, the composition of new projects mirrored each state's structural advantages and policy priorities. Maharashtra remained the most diversified hub, attracting 22.1% of India's new manufacturing investments, led by transport equipment (31.9%), chemicals (22.1%), and metals (24.4%). Gujarat dominated trade-intensive sectors, accounting for 42.4% of wholesale and retail trade investments, supported by its port network, logistics efficiency, and state incentives. Delhi and Haryana, by contrast, saw a services-led investment profile, driven largely by transport services (17.1%).

Table 6: State-wise (Top-10) share of new projects announced by sectors in FY19-25*

(% share in new projects announced in India)										
States (Avg FY19-25*)	MH	GJ	OD	AP	KA	RJ	MP	HR	DL	TN
Non-financial Sector	16.3	9.2	9.2	7.9	7.5	6.5	5.1	5.3	4.6	4.6
Manufacturing	22.1	12.1	21.2	9.7	7.9	2.6	3.2	0.8	0.0	5.7
Food & Agro-based products	12.0	13.7	11.0	4.3	10.4	3.1	5.1	1.3		5.6
Textiles	7.7	11.2	13.6	8.2	3.6	5.5	11.5	0.2		15.0
Chemicals & Chemical products	22.1	14.2	19.2	10.1	10.2	3.1	3.9	0.7	0.0	7.1
Consumer goods	8.0	4.8	0.8	11.6	25.8	2.2	0.6	0.8		38.6
Construction materials	5.4	11.3	8.2	7.3	4.3	11.3	18.6	3.8		3.7
Metal & metal products	24.4	4.0	32.5	17.0	4.6	1.0	1.0	0.1		0.4
Machinery	18.6	17.6	31.0	2.9	4.9	4.4	3.5	0.3	0.2	3.2
Transport equipment	31.9	16.6	1.7	6.1	10.6	1.0	1.9	4.2		9.9
Mining	10.6	2.6	24.8	16.6	2.7	6.6	2.9			1.3
Electricity	10.1	12.0	3.3	11.3	9.0	15.7	10.3	0.3	0.1	3.2
Services (other than financial)	11.5	5.7	3.1	3.2	5.4	3.7	3.4	13.8	14.0	4.1
Hotels & tourism	6.3	9.2	4.7	4.8	7.5	1.8	11.8	0.3	4.2	3.6
Wholesale & retail trading	1.3	42.4	5.9	6.4	2.9	5.4	4.3	0.9	0.3	20.6
Transport services	11.0	5.7	3.0	1.5	4.9	3.4	3.4	17.2	17.1	2.8
Communication services	8.7	15.2		15.5	5.0		5.1			5.6
Information Technology	27.0	2.7	0.9	15.4	7.9	0.2	1.7	1.2	1.6	13.6
Construction & real estate	34.1	0.9	1.1	5.9	9.3	1.5	0.9	10.4	4.9	7.6
All Industries	16.2	9.2	9.1	7.9	7.5	6.5	5.4	5.3	4.6	4.6

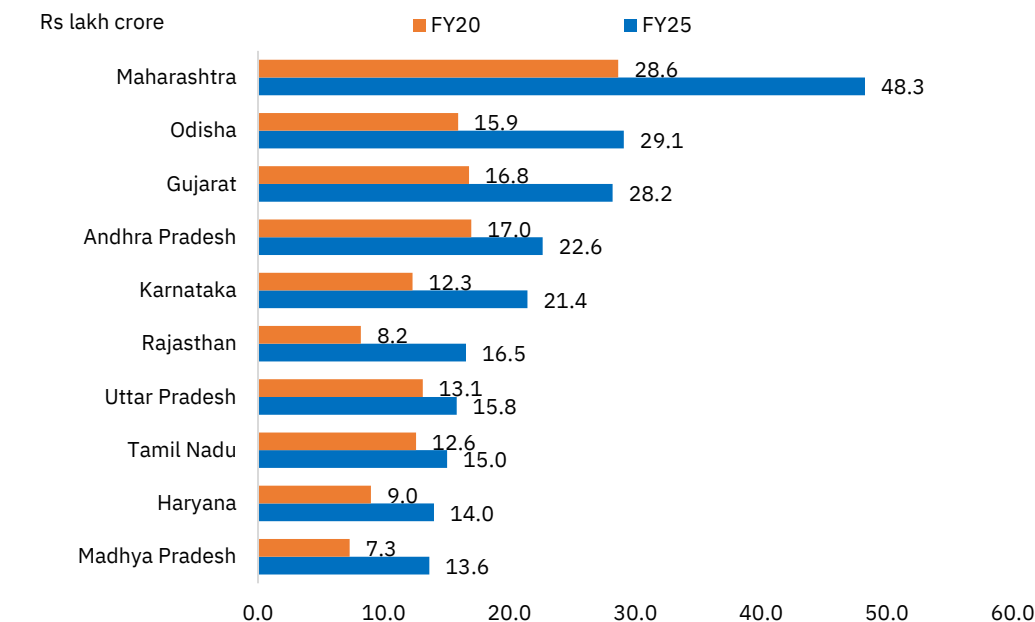
Source: CMIE States of India, NSE EPR. Note: 1)* Data corresponds to average of states' share of each sector in India's total sector between FY19-25, excluding the pandemic years of FY21/22. 2) State names: AP= Andhra Pradesh, GJ= Gujarat, HR= Haryana, KA= Karnataka, MP= Madhya Pradesh, MH= Maharashtra, DL= Delhi, OD= Odisha, RJ= Rajasthan, TN= Tamil Nadu 3) The top 10 states are selected based on their ranking by the value of new projects announced

Outstanding project investments regionally concentrated but show wide variation in implementation:

The top ten states accounted for nearly 66% of total outstanding project investments in FY25, with the western and southern regions continuing to dominate. However, despite this concentration, these regions have reported modest implementation rates.⁵ Maharashtra, which contributed 14.2% of total outstanding investments, had an implementation rate below 50%. In contrast, northern and north-eastern states have displayed much stronger implementation performance — for instance, Haryana, though accounting for only 4.1% of outstanding investments, achieved an exceptionally high implementation rate of around 90% in FY25.

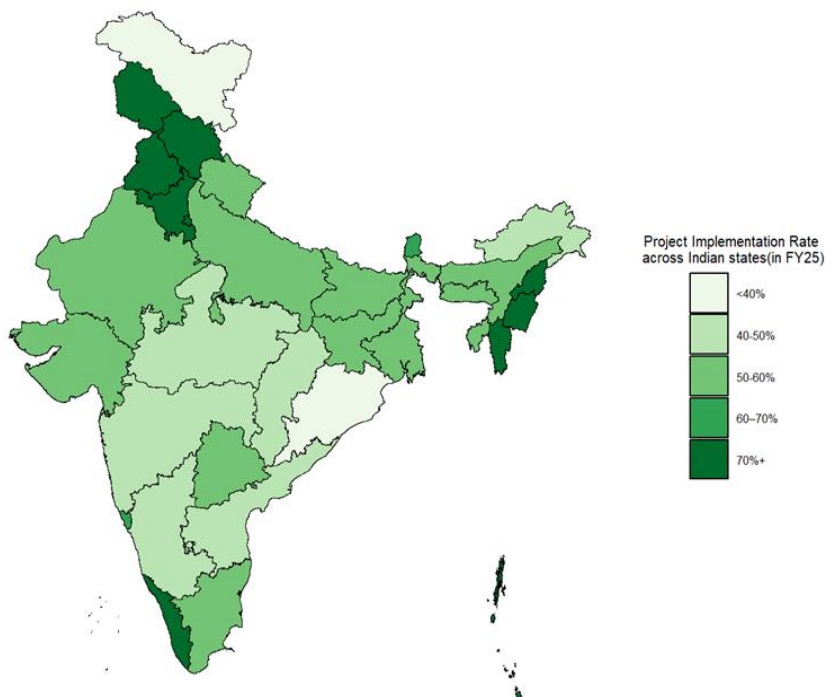
Within outstanding projects, the diversification of investments across differs from new projects announced. In Maharashtra, outstanding projects are primarily concentrated in construction and real estate, unlike new announcements which are skewed toward transport services. Similarly, in Gujarat, while new projects were driven by wholesale and retail trade, the outstanding stock remains dominated by metals and metal products. For Madhya Pradesh, the divergence between new project announcements and the stock of outstanding projects reflects a structural transition in the state's investment profile. Historically, investments were concentrated in construction materials and infrastructure-linked industries. However, in recent years, new announcements have increasingly shifted toward consumer goods and food processing with major consumer-specific firms announcing manufacturing lines, driven by targeted state government policy incentives for FMCG and light manufacturing.

Figure 65: State-wise investment in outstanding projects



Source: CMIE States of India, NSE EPR.

⁵ Implementation rate is computed by dividing the value of projects under implantation by value of outstanding projects, indicating active pipeline which is being executed

Figure 66: Implementation rate of outstanding projects in FY25


Source: CMIE States of India, NSE EPR.

Table 7: State-wise (top-10) share of outstanding projects across sectors in FY25

(% share in outstanding projects in India)										
States (FY25)	MH	GJ	OD	AP	KA	RJ	UP	TN	HR	MP
Non-financial Sector	14.2	8.9	8.1	6.6	6.2	4.8	4.9	4.6	4.3	3.8
Manufacturing	15.3	22.0	12.5	10.6	7.3	2.7	2.8	5.0	1.3	3.7
Food & Agro-based products	16.2	9.2	9.3	3.4	14.1	2.6	13.3	4.6	3.0	5.4
Textiles	5.3	15.6	19.4	1.8	4.2	2.0	1.3	11.7	0.2	12.8
Chemicals & Chemical products	14.2	17.1	14.2	14.2	7.7	4.4	3.7	7.6	2.0	5.8
Consumer goods	10.9	0.5	1.8	6.5	22.8	0.9	6.3	43.6	0.1	0.9
Construction materials	4.6	6.2	8.5	6.0	9.5	13.3	3.9	3.6	1.4	16.7
Metal & metal Products	15.6	37.7	8.3	9.7	7.4	0.5	0.1	0.2	0.1	0.6
Machinery	15.6	25.4	21.1	8.5	4.6	2.0	5.6	2.4	0.4	2.4
Transport equipment	19.1	0.8	11.0	4.6	5.7	0.4	1.1	7.5	3.3	0.6
Mining	4.0	20.0	4.8	8.3	2.1	6.6	0.2	1.1	0.0	4.1
Electricity	9.8	4.5	8.8	8.3	6.5	12.2	3.9	5.6	0.8	7.7
Services (other than financial)	13.1	3.5	5.3	3.1	5.1	2.4	5.3	4.1	8.0	2.0
Hotels & tourism	11.7	4.8	12.6	2.5	4.4	1.6	6.9	3.5	0.7	6.7
Wholesale & retail trading	4.7	5.0	11.2	4.5	1.0	0.8	3.4	7.6	1.9	1.0
Transport services	13.2	3.3	5.4	2.6	4.6	2.2	5.1	3.5	9.2	1.9
Communication services	0.3	0.0	0.0	0.0	0.0	0.2	0.0	0.8	0.0	0.0
Information Technology	23.8	0.7	0.9	10.0	11.2	0.1	11.1	12.0	2.1	1.5
Construction & real estate	33.2	0.6	5.4	4.9	8.5	1.5	14.8	3.9	8.2	0.8
All Industries	14.2	8.6	8.3	6.7	6.3	4.9	4.7	4.4	4.1	4.0

Source: CMIE States of India, NSE EPR. Note: 1) State names: AP= Andhra Pradesh, GJ= Gujarat, HR= Haryana, KA= Karnataka, MP= Madhya Pradesh, MH= Maharashtra, UP= Uttar Pradesh, OD= Odisha, RJ= Rajasthan, TN= Tamil Nadu 2) The top 10 states are selected based on their ranking by the value of new projects announced

Investments in listed corporates: Trends and expectations

We have also extended our analysis to examine how investment patterns among India's largest listed corporates have evolved over the past two decades. Specifically, we track capital expenditure (capex) by large, listed non-financial companies drawn from the Nifty50 and Nifty500 indices, enabling us to map long-term trends in corporate asset creation and expansion since FY05. This retrospective analysis highlights how cycles of investment have aligned with phases of economic growth, regulatory change, and sectoral shifts.

To complement the historical view, we turn to the forward-looking dimension. For this, we analyse capex estimates for the top 200 well-covered non-financial companies, leveraging data from the Institutional Brokers' Estimate System (IBES) available on LSEG Workspace. This provides consensus projections from equity research analysts on planned capital formation over the next two financial years, offering a unique perspective on corporate investment intentions. By combining realised spending patterns with market-based expectations, we create a comprehensive picture of how India's corporate sector is likely to shape the next phase of the country's investment cycle.

Capex by listed companies picked up sharply after COVID...: Corporate capital expenditure by India's large, listed companies (Nifty 50 and Nifty 500 excluding Financials) has followed a distinctly cyclical path over the last two decades, mirroring the broader macro-economic environment.

- **The first investment wave (FY05–11):** Corporate capex grew more than five-fold from Rs 0.9 lakh crore in FY05 to Rs 4.9 lakh crore in FY11, translating into an annualised growth of 32%. This surge coincided with India's mid-2000s high-growth phase, when real GDP growth averaged 8% between FY05–11 excluding the GFC year (FY09), supported by robust global demand, buoyant foreign capital inflows (net FDI inflows rose from US\$3.7bn in FY05 to US\$22 bn by FY09), a surge in infrastructure build-out and strong credit offtake (credit growth averaged 25% between FY05 and FY11). The Global Financial Crisis (FY09–10) briefly disrupted this momentum but investment rebounded quickly with fiscal stimulus and easier liquidity.
- **The decade of stagnation (FY12–FY21):** From FY12 to FY21, corporate capex (Nifty 500) plateaued at ~Rs 5 lakh crore annually, with average GDP growth slowing to 6.4% during this period (barring the pandemic-induced dip in FY21). Notably, a large part of this is attributed to weak investment activity by mid-and small-cap companies. Non-financial Nifty 50 companies, on the other hand, saw the overall capex rising from ~Rs 2.3 lakh crore in FY11 to Rs 3.8 lakh crore in FY19 before slowing marginally to ~Rs 3.3 lakh crore in FY21.

Several headwinds weighed on private investment during this period: a) Policy and execution challenges in areas such as land acquisition, environment clearances, and telecom spectrum created delays for large projects, b) Leveraged corporate balance sheets—corporate debt-to-GDP peaked at ~55% in 2014, limiting fresh investment appetite, c) Stressed banking sector—gross NPAs rose from 2.25% in FY11 to 11.2% by FY18, restricting credit availability, d) Twin balance sheet problem contributed to stalled projects, which by FY16 amounted to Rs 12 lakh crore (~6% of overall outstanding projects). Even so, domestic consumption demand remained resilient,

helping sustain economic growth and providing a stable base for eventual recovery in investment.

- The new upcycle (FY22-25):** After a steady capex cycle, and pandemic-induced dip in FY21, investment activity accelerated sharply in the post-pandemic period. Total capex by the Nifty 500 companies nearly doubled from Rs 5 lakh crore in FY21 to ~Rs 9.9 lakh crore in FY25. Data suggest that the rebound was far more prominent in relatively smaller companies. While the capex for Nifty 50 non-financial companies rose by 1.5x between FY21 and FY25, that of Nifty 500 excluding Nifty 50 companies (ex-Financials) expanded by a much steeper 2.8x.

Factors that supported this turnaround included healthier corporate balance sheets, strengthened asset quality and capital adequacy of banks, higher investments by the Government on infrastructure, extensive monetary and fiscal policy support in the aftermath of the pandemic and surge in domestic and global demand including the pent-up demand.

Figure 67: Annual trend of capex by Nifty 50 and Nifty 500 companies (ex-Financials)

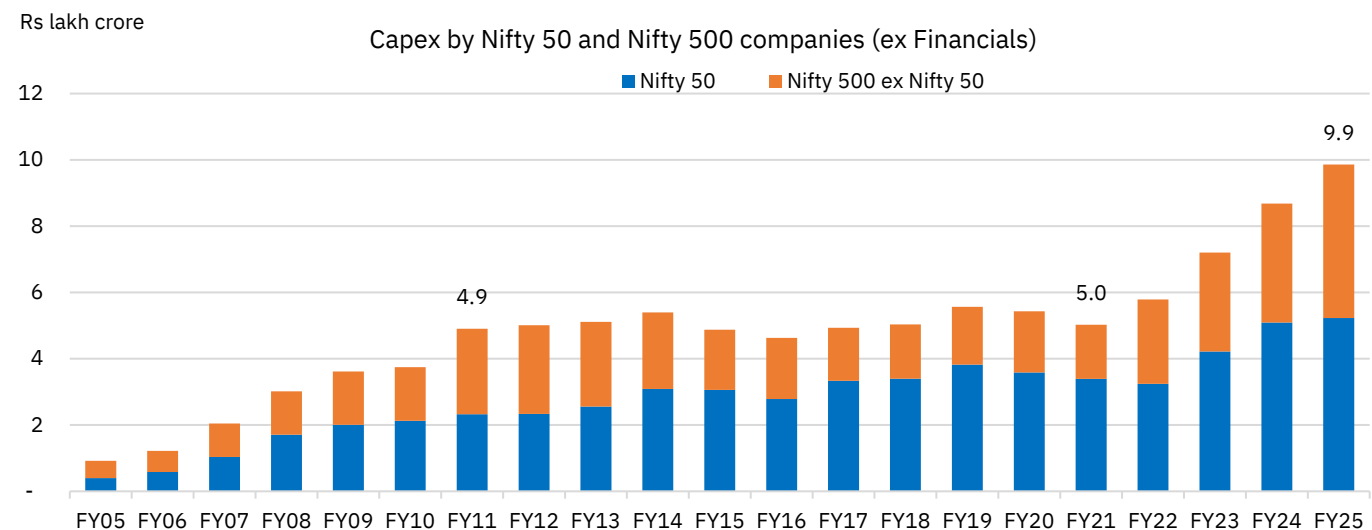
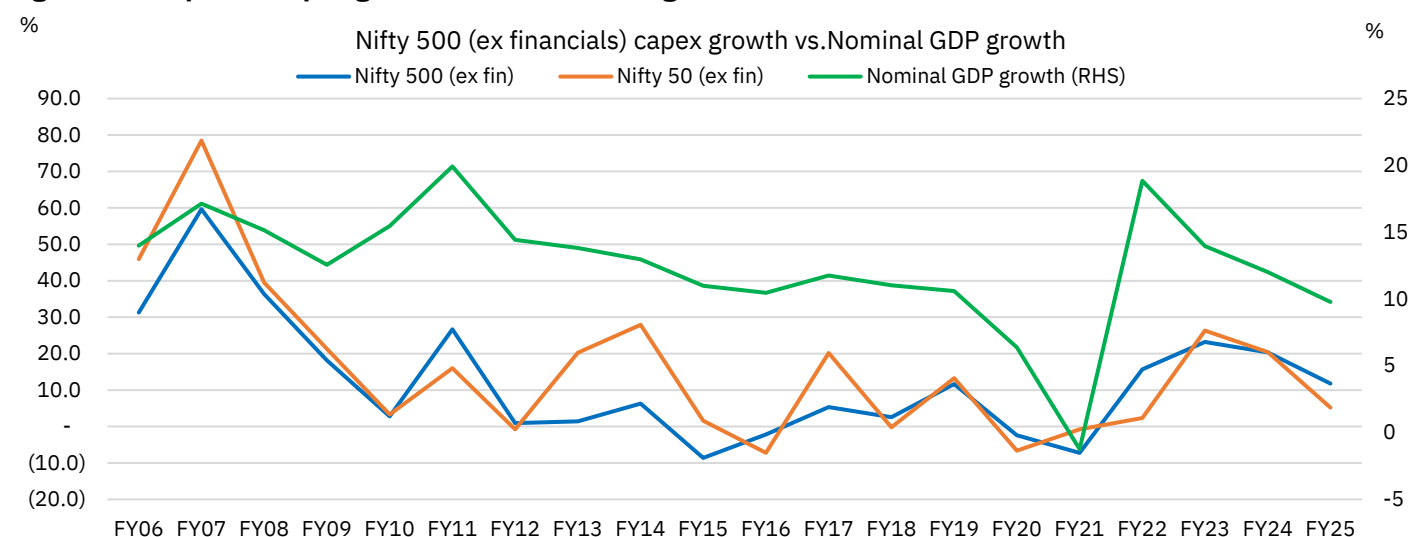


Figure 68: Corporate capex growth vs. nominal GDP growth



Large caps continue to dominate capex: An analysis of the quintile-wise distribution of capex by Nifty 500 companies (ex-financials, ~400 firms) shows that investment activity has been consistently concentrated among larger corporates. During the FY05–11 investment wave, capex growth at the aggregate level was robust and largely driven by large- and mid-cap companies in the top three quintiles. In contrast, small-cap firms in the bottom two quintiles saw only modest expansion, averaging about 3% growth. The following phase between FY12 and FY21 accentuated this concentration, as capex was almost entirely undertaken by large-cap companies in the top quintile, while the rest of the market registered a decline in spending. The post-pandemic period (FY22–25) marks a notable shift. While the heavy lifting continues to be done by the largest 80 non-financial companies, with the top quintile maintaining a broadly steady share of around 75% in total capex, there are signs of wider participation. Mid-cap firms in the second quintile have begun to increase their share, rising from 10.8% in FY20 to 13.8% in FY25. This suggests that while large caps remain the backbone of India’s corporate investment story, the current upcycle is showing early signs of broadening beyond large caps.

Figure 69: Quintile-wise distribution of capex by Nifty 500 (ex-Financials)

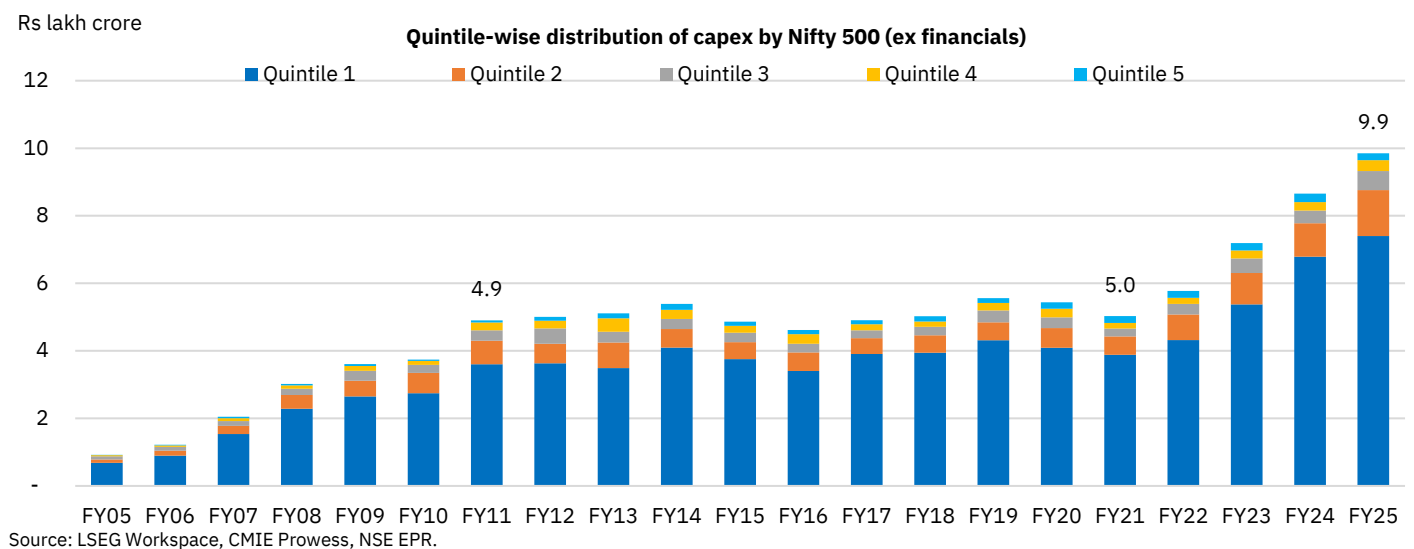
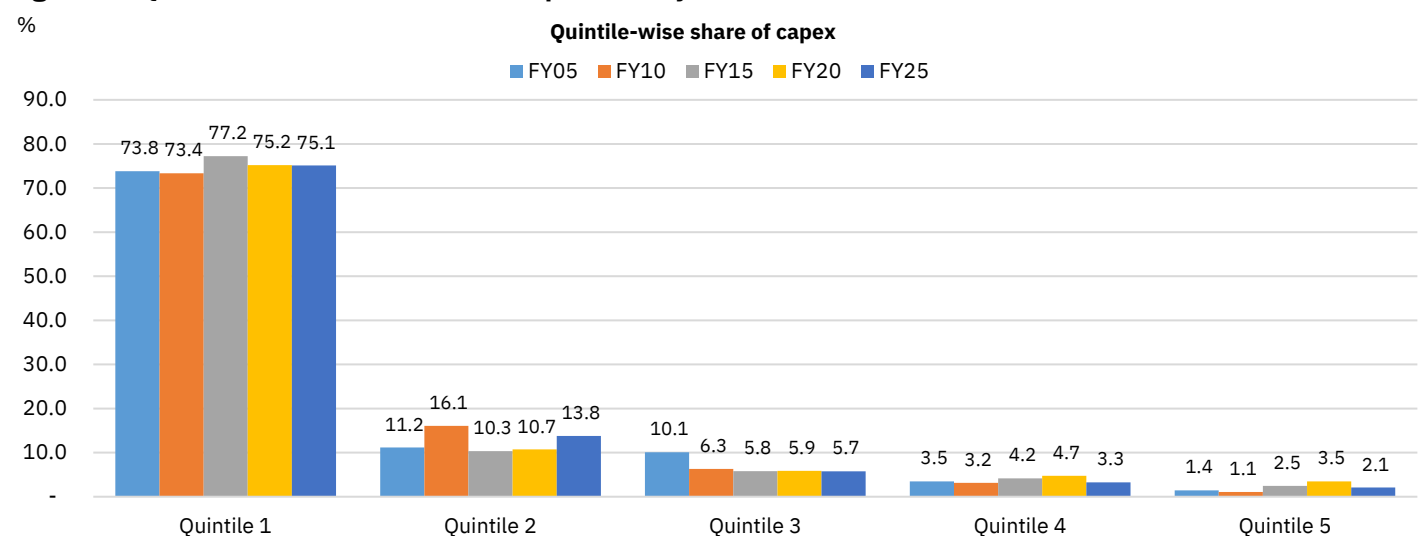


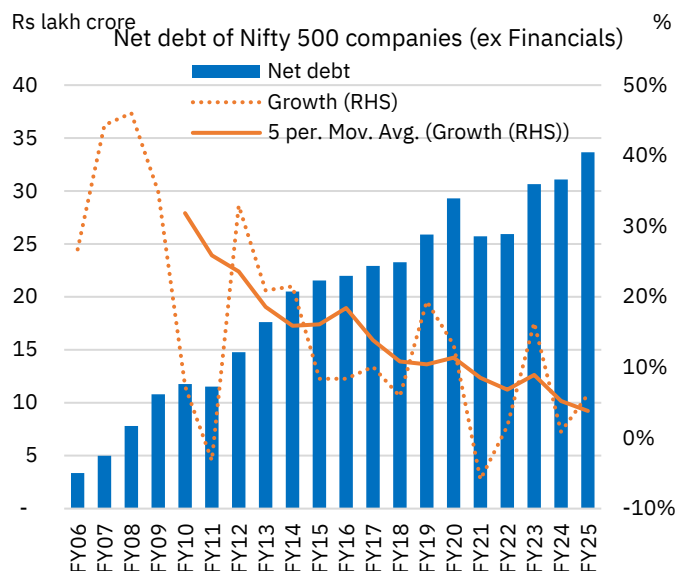
Figure 70: Quintile-wise share in overall capex of Nifty 500 (ex-Financials)



Factors driving the post-pandemic pick-up in corporate capex:

1. **Healthier corporate balance sheets:** A critical factor underpinning the revival in corporate investment since FY21 has been the strengthening of corporate balance sheets. Over the last decade, Indian companies have reduced leverage significantly, supported by improved profitability, better cash flows, and disciplined capital allocation. Net debt-to-equity ratios for listed non-financial firms declined from around 0.8x in FY20 to 0.5x by FY25, leaving corporates with stronger financial flexibility and lower interest burdens. This improvement was broad-based, with all sectors but Communication Services seeing a drop in net debt-to-equity ratios in the last five years. Many large firms also used the pandemic years to pare down debt, aided by robust equity-raising activity and record earnings in sectors such as commodities, IT, and manufacturing. This deleveraging has created headroom for fresh capacity creation, setting the stage for a more broad-based investment upturn.

Figure 71: Net debt of Nifty 500 companies (excluding Financials)



Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Figure 72: Net debt-to-equity of Nifty 500 companies (excluding Financials)

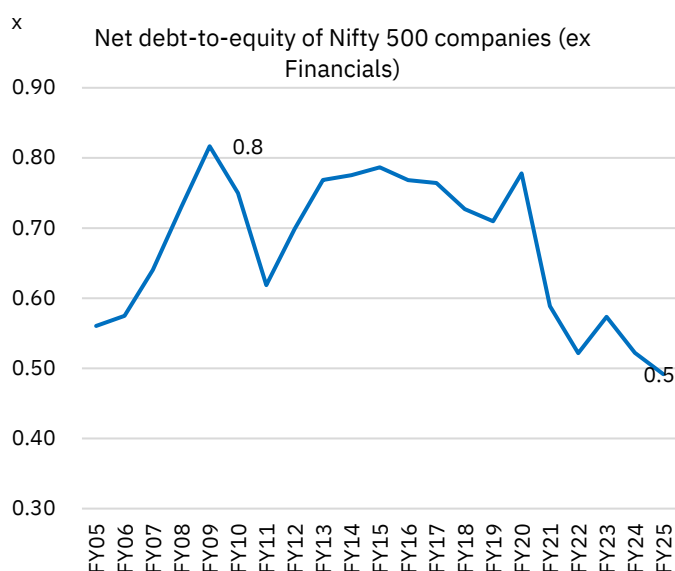


Table 8: Sector-wise net debt-to-equity ratios

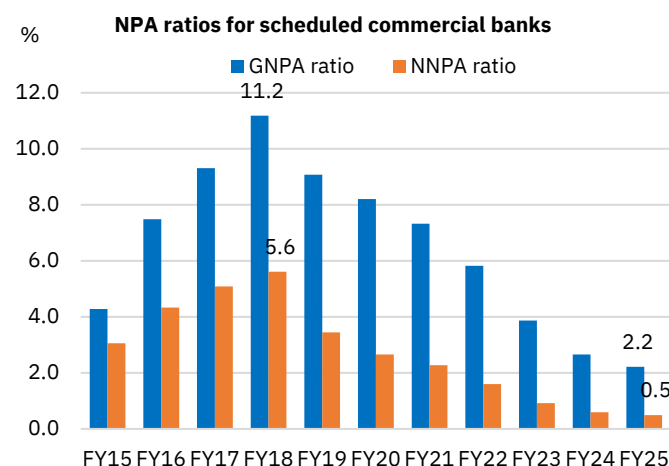
Sectors	FY05	FY10	FY15	FY20	FY25
Communication Services	0.3	0.5	1.1	2.9	2.7
Consumer Discretionary	0.9	1.3	0.9	0.7	0.4
Consumer Staples	0.5	0.9	0.3	0.1	0.1
Energy	0.5	0.6	0.4	0.8	0.4
Health Care	0.7	0.7	0.2	0.4	0.2
Industrials	0.7	1.3	1.8	0.9	0.4
Information Technology	0.1	0.2	(0.3)	(0.0)	(0.1)
Materials	0.9	0.7	0.9	0.7	0.5
Real Estate	1.5	0.7	0.7	0.5	0.2
Utilities	0.4	0.7	1.3	1.5	1.1
Nifty 500 ex-Financials	0.6	0.7	0.8	0.8	0.5

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

2. **Strengthened asset quality and capital adequacy of banks:** Alongside stronger corporate balance sheets, the revival in capex has been supported by a healthier

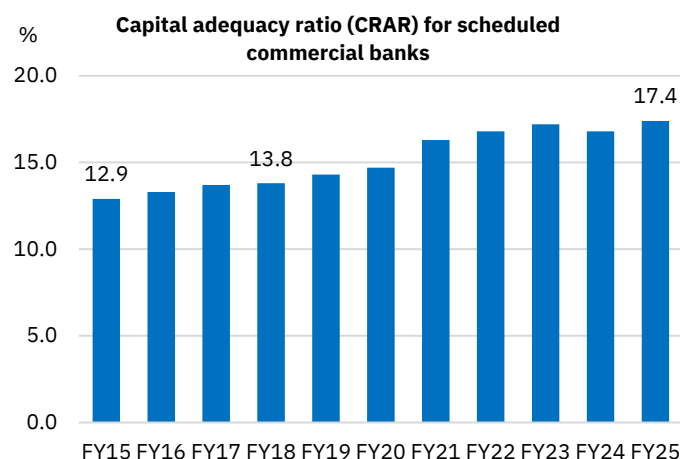
banking system. Over the last few years, banks have seen a marked improvement in asset quality, with gross and net NPAs declining from a peak of 11.2% and 5.6% in FY18 to 2.2% and 0.5% by FY25 respectively. Capital adequacy has also improved significantly, with the CRAR of scheduled commercial banks rising from ~13% in FY15 to 17.4% in FY25, well above regulatory requirements. This turnaround was enabled by a mix of structural reforms and regulatory measures. The RBI's Asset Quality Review (AQR) of 2015–16 brought greater transparency by compelling banks to recognise stressed loans upfront, while the Prompt Corrective Action (PCA) framework imposed discipline on weak institutions. Combined with the rollout of the Insolvency and Bankruptcy Code (IBC) in 2016, sustained provisioning, and government-led recapitalisation of public sector banks, these steps helped restore confidence in the banking system. A cleaner balance sheet and stronger capital buffers have, in turn, enabled banks to expand credit to productive sectors, easing a key constraint on private investment.

Figure 73: Gross and net NPA ratio for scheduled commercial banks

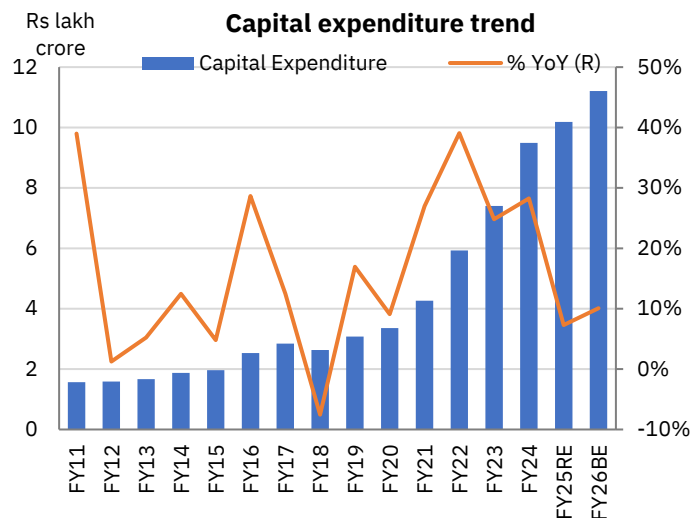
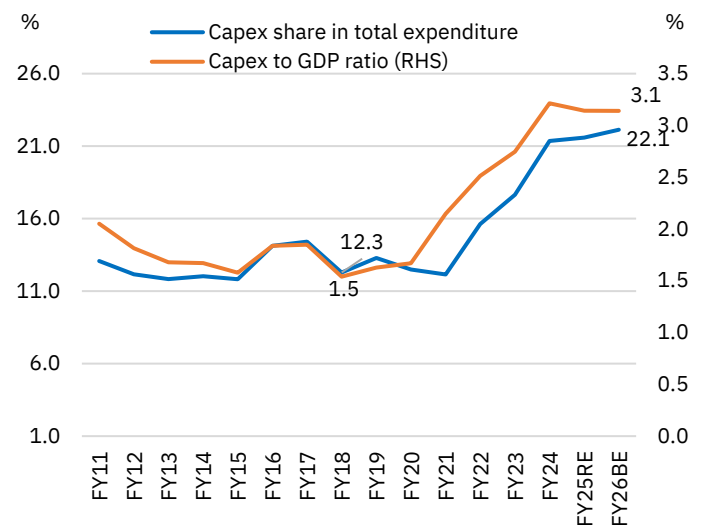


Source: CMIE Economic Outlook, NSE EPR.

Figure 74: Capital adequacy ratio (CRAR) for scheduled commercial banks



- Strong capex thrust by the Government:** The government's strong thrust on capital expenditure over the last few years has also provided a boost to corporate capex. Central government capex rose from Rs 3.4 lakh crore in FY20 (1.7% of GDP) to Rs 10.2 lakh crore in FY25 (3.1% of GDP). The share of capital expenditure in the centre's total expenditure also increased from 12.5% in FY20 to ~22% in FY25. The launch of the National Infrastructure Pipeline (NIP), with a planned outlay of over Rs 100 lakh crore through FY25, and targeted schemes such as the Production Linked Incentive (PLI) programme in 14 sectors have created a pipeline of projects that crowd in private participation. States have also stepped-up infrastructure spending with support from the Centre's interest-free capex loans. Together, these measures have provided an anchor for investment activity, signalling policy commitment and reducing uncertainty for private corporates looking to expand capacity.

Figure 75: Centre's capital expenditure trend

Figure 76: Centre's expenditure quality


Source: CMIE Economic Outlook, NSE EPR.

4. Extensive monetary and fiscal policy support in the aftermath of the pandemic

has also played an important role in reviving private capex. On the monetary side, the RBI reduced the policy repo rate by 115bps between March and May 2020, introduced targeted long-term repo operations (TLTROs), and provided regulatory forbearance to ease financing conditions. These measures, combined with abundant liquidity, lowered borrowing costs and supported corporate refinancing. On the fiscal side, the government's Atmanirbhar Bharat package, higher infrastructure allocations, and production-linked incentive (PLI) schemes boosted corporate confidence and created fresh investment opportunities. Together, these actions helped stabilise demand, repair balance sheets, and crowd in private investment, laying the foundation for the capex upturn visible since FY22.

Commodity-linked sectors and Utilities drive a third of corporate capex: Within the Nifty 500 universe (excluding financials), Materials and Utilities together account for nearly one-third of total corporate capex. The Energy sector continues to hold the largest share, contributing ~29% of total capex in FY25. However, this marks a sharp decline from its average 36% share in the preceding eight years. Post-pandemic, capex by Energy companies grew at a modest 8.4% CAGR (FY21–25)—well below the 18.4% CAGR recorded by Nifty 500 ex-Financials corporates overall, though marginally higher than the 6.4% CAGR of the previous decade. Notably, FY25 saw the first year-on-year contraction in Energy capex in nine years.

In contrast, Utilities have emerged as a stronger driver, accounting for 19.5% of aggregate capex in FY25, up sharply from an average 13.6% share over the past decade. Their investment has expanded at a robust 32.6% CAGR in FY21–25, reflecting rising activity in power transmission, renewables, and other infrastructure segments. Materials also accounted for a sizeable 17.7% of corporate capex in FY25, growing at 23.5% CAGR over the same period.

The decline in capex by commodity-oriented sectors such as Energy and Materials in FY25 mirrors heightened geopolitical uncertainty and the slowdown in China. Outside of Energy, however, all other sectors reported double-digit investment growth in the past four years, led by Utilities, Real Estate, and Industrials.

Table 9: Sector-wise capex and growth trends by Nifty500 companies (excluding Financials)

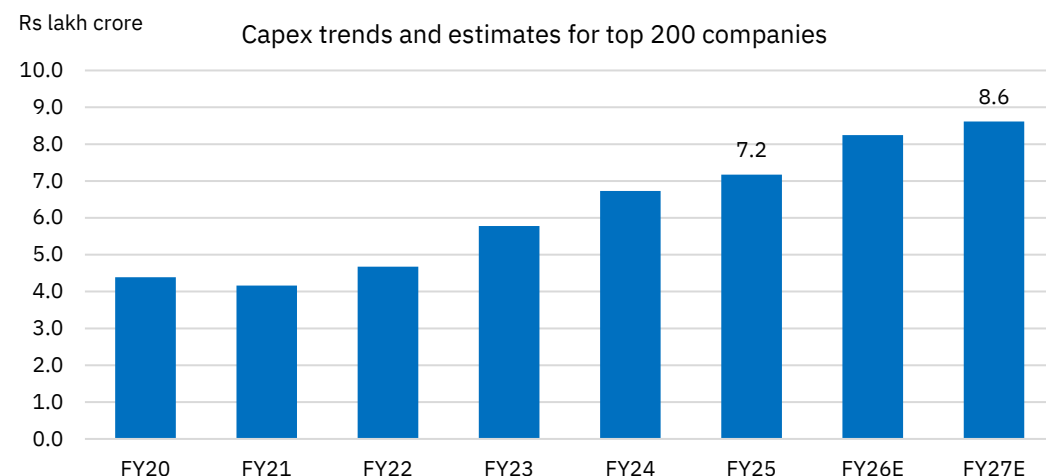
Sectors	FY25 (Rs lakh crore)	% share	% YoY	CAGR (%)		
				FY05-11	FY11-21	FY21-25
Communication Services	0.6	6.4	6.2	33.2	1.0	14.4
Consumer Discretionary	1.1	10.8	20.9	22.7	2.3	22.7
Consumer Staples	0.2	2.0	2.4	31.5	(1.8)	12.1
Energy	2.9	29.1	(2.8)	22.6	6.4	8.4
Health Care	0.4	3.7	14.4	15.2	6.0	19.8
Industrials	0.8	8.1	21.3	65.8	(11.0)	28.9
Information Technology	0.2	2.0	31.0	14.1	2.7	13.2
Materials	1.7	17.7	6.3	28.3	(0.9)	23.5
Real Estate	0.1	0.7	15.8	83.5	(8.8)	31.5
Utilities	1.9	19.5	40.1	51.3	(4.0)	32.6
Nifty 500 ex-Financials	9.9	100.0	11.8	32.2	0.2	18.4

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Capex by top 200 listed corporates expected to grow at ~10% annually over the next two years....

To complement the analysis of historical capex trends, we examine forward-looking investment expectations based on analyst estimates. Using data from the Institutional Brokers' Estimate System (IBES)—a financial database from LSEG that compiles consensus forecasts from equity analysts—we assess the capex outlook for the top 200 non-financial companies by market capitalisation (where estimates are available). The analysis indicates that aggregate corporate capex is projected to grow at an annualised rate of 9.6% over FY25–27, reaching Rs 8.6 lakh crore. This pace is only slightly below the 10.3% annualised growth recorded during FY20–25, suggesting a continuation of the ongoing investment upcycle.

The outlook aligns with India's broader macro backdrop—characterised by resilient domestic demand, steady capacity utilisation (hovering near 75–76% in recent quarters, RBI OBICUS), and sustained public infrastructure spending. The government's continued capex push, the PLI-driven manufacturing expansion, and strengthening bank and corporate balance sheets are expected to underpin corporate investment. At the same time, global trade frictions, tariff uncertainties, and moderating commodity prices could temper the pace of expansion. Overall, the estimates reflect a period of steady, broad-based capex growth, supported by improved balance sheets and demand fundamentals.

Figure 77: Capex estimates for the top 200 companies by market capitalization


Source: LSEG Workspace, NSE EPR.

...With commodity-focused sectors and Utilities driving more than two-third of the capex:

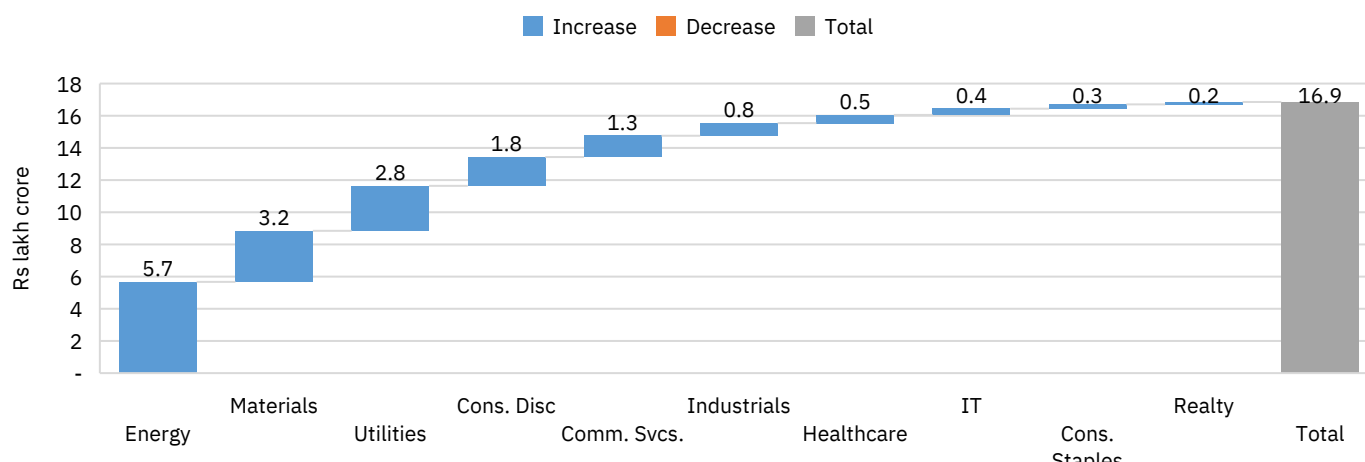
Sector-wise, capex over the next two years is expected to be led by commodity-oriented sectors — Energy and Materials — which together account for over 50% of total planned investment by the top 200 non-financial companies. While these sectors continue to anchor India’s corporate investment cycle, growth momentum is expected to soften compared with the recent past. Capex by Energy companies is projected to grow at a modest 1.7% annually during FY25–27, down from 7.3% in the previous five years, reflecting moderation in global crude and gas prices, a more cautious approach to upstream investment, and the gradual transition towards renewables. Meanwhile, the Materials sector is expected to record 9.9% annualised growth (FY25–27E), lower than 12.6% in FY20–25, as the global commodity cycle cools amid China’s slowdown and supply-side adjustments, even though domestic infrastructure and housing demand continue to provide steady support to steel, cement, and metals producers.

The Utilities sector follows with a 16.5% share of expected corporate capex and a healthy 18.4% annualised growth over FY25–27, only slightly below its 20.5% CAGR over the previous five years. This sustained momentum reflects strong public and private investment in power generation, transmission, and renewable capacity additions, underpinned by government initiatives toward green energy, grid modernisation, and the push for energy transition. Together, Energy, Materials, and Utilities are set to comprise over two-thirds of the expected corporate capex by the top 200 non-financial companies, reinforcing the dominance of commodity and infrastructure-linked sectors in India’s investment landscape.

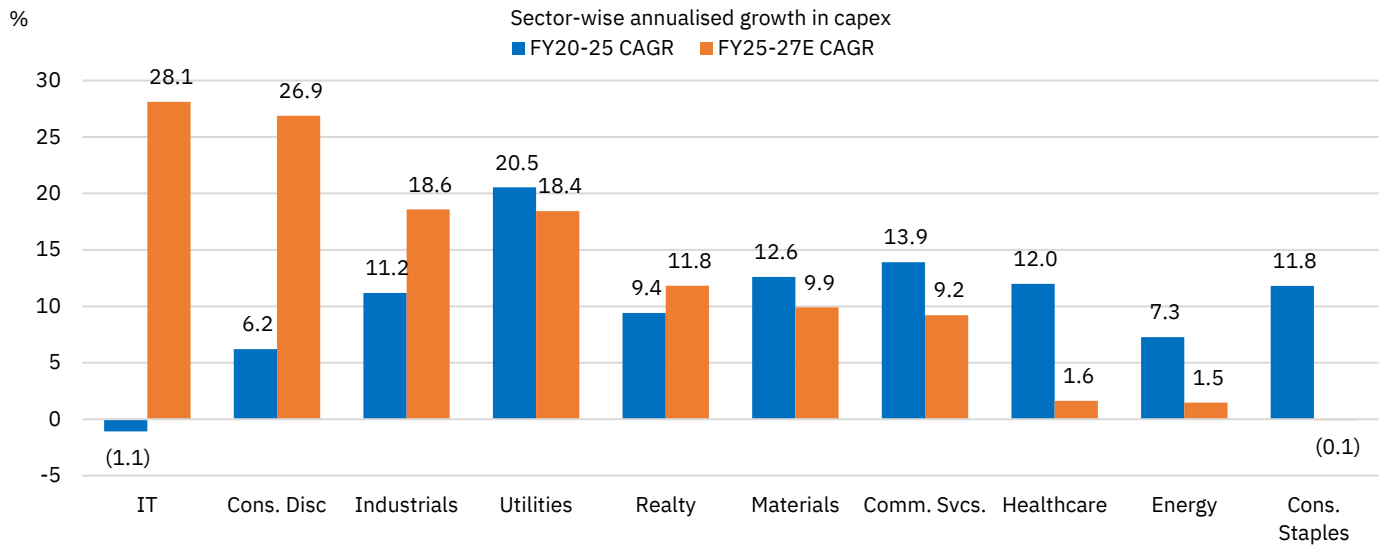
Beyond these, Consumer Discretionary and Industrials are emerging as key incremental growth drivers. The Consumer Discretionary sector is projected to post a robust 26.9% annualised increase (FY25–27E), accounting for around 10.6% of total capex, supported by rising household incomes, urbanisation, and premiumisation trends across autos, durables, and leisure goods. Industrials are also expected to register strong growth of 18.6%, driven by a revival in manufacturing, logistics, and engineering segments, aided by the Production Linked Incentive (PLI) schemes and ongoing infrastructure development. In contrast, Consumer Staples and Healthcare sectors are likely to see capex remain broadly stable.

Figure 78: Sector-wise contribution to aggregate capex estimates over FY25-27E for the top 200 companies

Sector-wise incremental capex during FY25-27E among top 200 companies



Source: LSEG Workspace, NSE EPR.

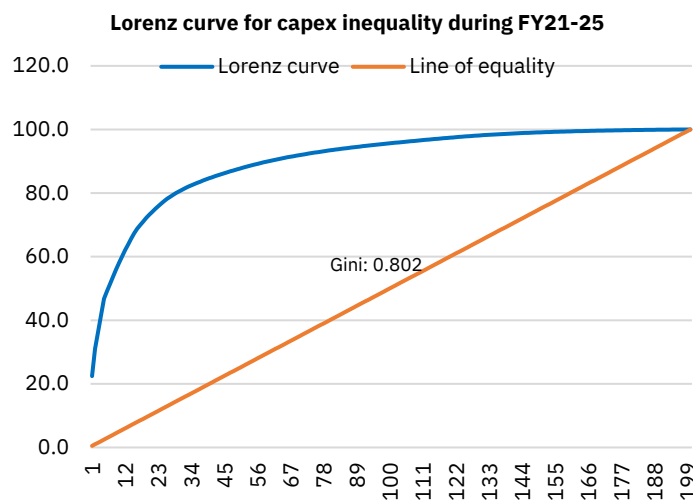
Figure 79: Sector-wise annualized growth in capex for the top 200 companies


Source: LSEG Workspace, NSE EPR.

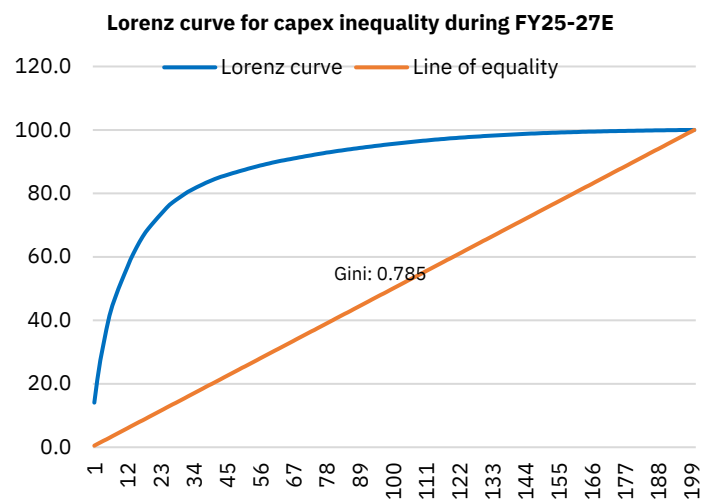
Lorenz curves and Gini coefficients show declining but persistent capex inequality:

To assess the concentration of investment among listed corporates, Lorenz curves were constructed for the top 200 non-financial companies by market capitalisation, using actual and estimated capex data for FY21–25 and FY26–27, respectively. The Lorenz curve—commonly used to depict income or wealth inequality—plots the cumulative share of capex against the cumulative share of companies, with greater deviation from the 45-degree line indicating higher concentration.

The results show that while corporate capex remains highly concentrated, inequality has eased slightly in recent years. Among the top 200 firms, the top quintile (20% of companies) accounted for about 85% of total capex annually between FY20 and FY25. This concentration is projected to decline modestly over the next two years, with the Gini coefficient easing from 0.80 to 0.785, suggesting a gradual but still limited broadening of the corporate investment base.

Figure 80: Lorenz curves for capex inequality for the top 200 non-financial companies during FY21-25


Source: LSEG Workspace, NSE EPR.

Figure 81: Lorenz curves for capex inequality for the top 200 non-financial companies during FY25-27E


Source: LSEG Workspace, NSE EPR.

Table 10: Capex share of companies in the top 200 non-financial companies by market capitalisation (Cumulative representation, FY20-27E)

%	Cumulative share of capex								
		FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Cumulative share of companies sorted from the highest to the lowest capex incurred (%)	5	60.6	65.9	58.4	59.1	58.6	56.4	51.8	53.3
	10	74.2	78.3	72.3	72.6	74.0	72.5	69.8	70.7
	15	80.8	83.5	78.8	80.0	81.8	80.6	78.9	79.7
	20	85.1	87.4	83.4	84.4	85.7	85.0	83.6	84.7
	30	90.8	92.3	90.0	90.0	90.6	90.0	89.4	90.2
	40	94.3	95.5	93.8	93.4	93.5	93.2	92.9	93.5
	50	96.6	97.3	96.3	95.8	95.8	95.7	95.4	95.8
	60	98.0	98.4	97.9	97.6	97.6	97.6	97.3	97.5
	70	98.9	99.2	98.9	98.8	98.7	98.8	98.5	98.7
	80	99.5	99.6	99.5	99.5	99.5	99.5	99.3	99.4
	90	99.8	99.9	99.8	99.8	99.8	99.9	99.7	99.8
	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: LSEG Workspace, NSE EPR.

Recent policy measures and medium-term outlook

Over the last decade, the Government of India has undertaken a series of policy measures to stimulate investments and accelerate infrastructure development, recognising their critical role in driving long-term economic growth. This has ranged from accelerating capital expenditure (both by Centre and State Governments), providing special assistance to State Governments for capital expenditure, launching various infrastructure-focused platforms for multi-ministry and sector coordination. Furthermore, to encourage private sector participation, measures like Performance-Linked Incentive (PLI) scheme, reducing corporate taxes, liberalization of FDI ceilings in specific sectors and measures to deepen capital markets have been implemented. Cumulatively, these measures underscore a comprehensive strategy aimed at mobilizing resources, crowing-in private investments and building a foundation for sustainable growth.

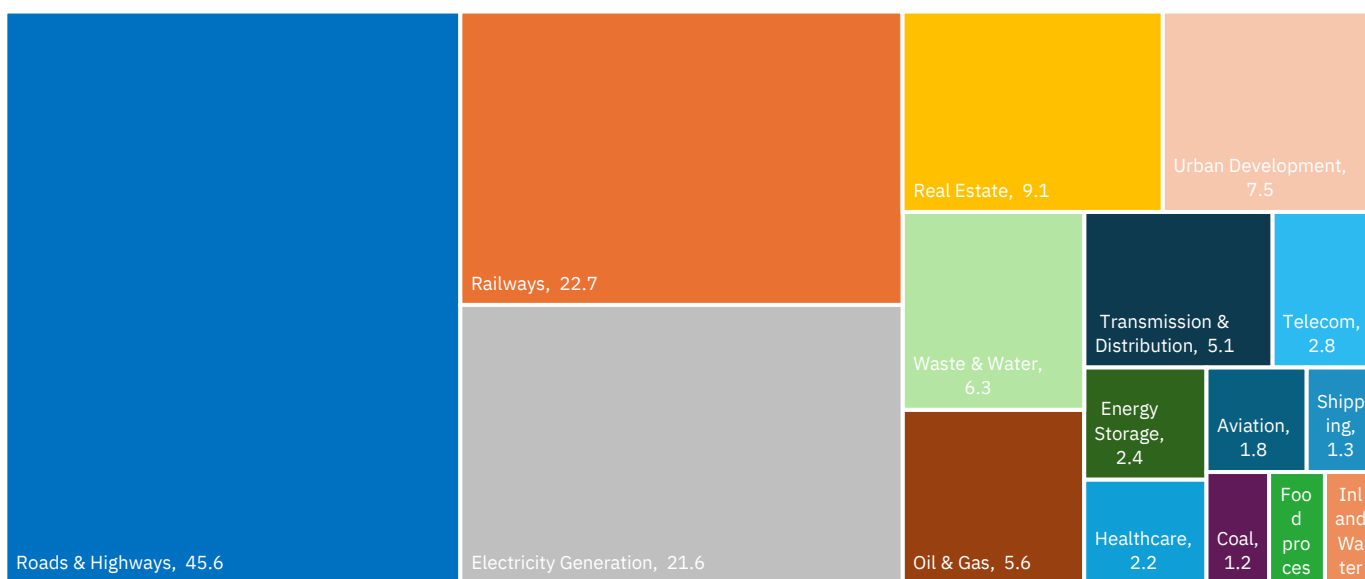
Government specific measures

- Accelerate capital expenditure:** Capital expenditure by the Centre and State Governments has witnessed a sharp increase in recent years with combined spending rising nearly two-fold to Rs 72.2 lakh crore in FY21-FY25 (RE) from the previous quinquennial (FY16-FY20), reflecting a shift towards investment-led growth. The Centre has also incentivised the States by providing a 50-year interest free loan — introduced in FY21 in the aftermath of the pandemic — and has played a critical role in supporting infrastructure in key sectors. The scheme's allocation has seen successive allocation to Rs 1.5 lakh crore in the FY26 budget from the revised estimate of Rs 1.25 lakh crore in FY25.
- National infrastructure pipeline and PM Gati Shakti:** The National Infrastructure Pipeline (NIP), launched in 2020, was envisaged with an initial capital outlay of Rs 111 lakh crore, marking a first-of-its-kind initiative that lays out a comprehensive roadmap for infrastructure development, aggregating projects from central ministries, state

governments, and the private sector. Presently, covering over 13,800 projects worth about Rs 204 lakh crore across 62 sub-sectors, the NIP aims to address India's infrastructure deficit and catalyze investment-led growth.⁶ With capital outlay estimated at Rs 98 lakh crore, the pipeline focuses heavily on roads, railways, energy, and urban development—sectors that form the backbone of economic expansion. Its significance lies in not only creating world-class infrastructure but also forging stronger public-private collaboration to meet India's growth aspirations.

To complement this, the **PM Gati Shakti National Master Plan**, launched in 2021, integrates infrastructure planning through a digital geospatial platform to promote multimodal connectivity and coordinated execution. Alongside, the India Investment Grid (IIG) provides a transparent online marketplace of live infrastructure opportunities, allowing investors to directly connect with project promoters. Together, these initiatives demonstrate the government's strategic focus on building modern infrastructure and mobilising both public and private capital to accelerate India's growth trajectory.

Figure 82: Break-up of select sector-wise project cost under the NIP (Rs lakh crore)



Source: CMIE Economic Outlook, NSE EPR.

- National Monetisation Pipeline:** India's National Monetisation Pipeline (NMP) was conceived with an objective of unlocking value locked in operational public infrastructure assets through InvITs and public-private partnerships, thereby recycling capital into new infrastructure investment. Under NMP 1.0, launched in 2021, the plan had identified assets with a monetization potential of Rs 6 lakh crore during a four-year block of FY22-25. In the three-year period between FY22-FY24, ~Rs 3.9 lakh crore has been monetized over FY22-FY24 through central assets across roads, ports railways, pipelines and power. Building on this progress, the Hon. Finance Minister has proposed the launch of NMP 2.0 for FY25-FY30, targeting capital mobilisation of Rs 10 lakh crore for reinvestment into new projects, alongside

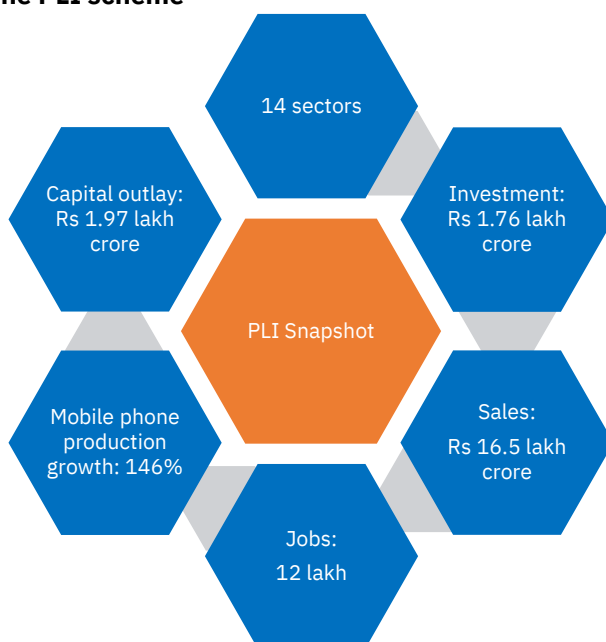
⁶ The information on the National Infrastructure Pipeline (NIP) has been sourced from the [NIP dashboard](#) with the data sourced on October 2nd, 2025

refinements in regulatory and fiscal measures to support its implementation. Asset classes under NMP 2.0 will include highways, railways, power, petroleum and natural gas, civil aviation, ports, warehousing and urban infrastructure.

Incentives to boost private sector investments

- Performance-linked incentive (PLI) scheme:** The PLI scheme has emerged as one of India's most transformative policy interventions. Launched in 2020 with a proposed capital outlay of Rs 1.97 lakh crore, the scheme today spans 14 strategic sectors spanning mobile manufacturing, pharmaceuticals, automobiles & auto components, semi-conductors among others. By March 2025, realized investments rose to Rs 1.76 lakh crore, as projects transitioned into execution. The scheme has directly contributed to incremental production and exports, with total sales by PLI participants exceeding Rs 16.5 lakh crore across key sectors. Electronics manufacturing has been a flagship success, with output surging 146% in just four years to over Rs 5.2 lakh crore, positioning India as a global hub for mobile phone production.⁷ Automotive, pharmaceuticals, renewable energy and semiconductors have garnered committed investments, enhanced value-added exports and generated direct and indirect jobs, underscoring India's rise as a preferred destination for manufacturing. PLI has complemented well with other schemes in the same sector as the Faster Adoption and Manufacturing of Electric Vehicles (FAME) in the auto sector, PM-Formalisation of Micro Food Processing Enterprises (PM-FME) and Pradhan Mantri Kisan Sampada Yojana (PMKSY) in food processing, National Solar Mission in solar PV modules and India Semiconductor Mission in semiconductors.

Figure 83: Snapshot of the PLI scheme



Source: PIB, NSE EPR.

- Corporate tax cuts:** With an objective to encourage private sector investments and enhance competitiveness, the Government of India introduced corporate tax cuts, reducing the base rate from 30% to 22% (effective 25.17% including surcharge &

⁷ <https://manufacturing.economictimes.indiatimes.com/news/hi-tech/mobile-production-surges-by-146-to-5-25-lakh-crore-in-4-fiscals-exports-up-775-piyush-goyal/122849199>

cess), for companies that forego other exemptions and incentives. Furthermore, new domestic manufacturing companies — incorporated after October 2019 were allowed to opt for an even lower rate of 15%, subject to certain conditions. The effective tax rate — as reported by the company's filing their income tax returns — has fallen from 34.3% in FY18 to 22.5% in FY24 (latest available for all companies). In the September edition of Market Pulse, the Chart of the Month does a deep dive on the facets of corporate income tax, highlighting the compression in the effective tax rate in the listed universe as well. In FY25, the effective tax rates across all listed firms fell to a two-decade low of 23% with Nifty50 companies at 22.5% and Nifty500 at 21.6%.

- **Steps to boost foreign investments into India:** India's FDI policy has undergone a transformation in recent years as the Government has steadily liberalized sectoral caps and opened most sectors to 100% FDI under the automatic route. This has translated into a cumulative gross FDI flow of US\$ 464 bn during the last six years (FY20-FY25) and represents 44% of the total inflows of more than US\$ 1 tn during FY00-FY25. Notably 90% of the inflows are now coming via the automatic channel. Key reforms include raising FDI limits in defense to 74% under the automatic route (vs. 49% earlier), in Insurance from 49% to 74% and now proposed to 100%, as per the Union Budget 2025 and allowing 100% FDI under the automatic route in the Telecom sector. Liberalisation to the extent of 100% has also been extended to single-brand retail (albeit with local sourcing requirements), Petroleum & Natural Gas and some sub-segments of the space sector, underscoring India's commitment to attracting global capital.

Complementing sectoral liberalization, the Government has taken far-reaching steps to enhance the ease of doing business (EoDB) and facilitate foreign investments. Compliance requirements have been rationalised, several provisions decriminalized (including through the introduction of the Jan Vishwas 2.0), and the National Single Window System (NSWS) has been launched to integrate multiple ministries and states to provide seamless access to approvals. In the Union Budget 2025, an announcement was made to set up a High-Level Committee for Regulatory Reforms to strengthen trust-based economic governance and further enhance EoDB. To improve competitive cooperative federalism, the Government has announced state-wise ranking through the Business Reforms Action plan (BRAP) with plans to launch the Investment Friendliness Index across states.

Medium term outlook

India's investment landscape is at a pivotal juncture. Over the last decade, the Government has implemented a plethora of measures to create a conducive environment for both domestic and foreign investment. India's medium-term investment outlook is anchored in the vision of Viksit Bharat at 2047 and, as highlighted in the Economic Survey, sustaining 8% real GDP growth annually for a decade will necessitate an increase in the investment rate from the current 30% to 35%. This will necessitate a step-up in infrastructure-building, greater private sector and state government participation and systematic deregulation to unlock economic dynamism. The outlook presents both significant opportunity and important challenges that will shape India's investment trajectory.

Opportunities

- **Digital Transition:** India's economy has been digitalising at a remarkable pace, becoming the third largest digitalised economy in the world by scale and 12th among G20 nations (in terms of user-level experience). The digital economy — which contributes to around 12% of GDP is projected to account for a fifth of the economy by FY30.⁸ The rapid adoption of digital public infrastructure such as UPI, Aadhaar, and ONDC is creating efficiencies in payments, commerce, and financial inclusion, while also providing platforms for private innovation. The strongest near-term growth is expected from digital platforms and intermediaries while the rise of AI, cloud and advanced digital services will continue to make the digital sector an important driver of investment and employment, creating new opportunities for both domestic and global players.
- **Green Transition:** India is making significant strides towards building a sustainable and resilient energy future. The country has already surpassed 100 GW of solar capacity and has set a target of 500 GW of clean energy by 2030 as part of its commitment to achieve net-zero emissions by 2070. A milestone has already been achieved with 50% of installed power capacity now coming from non-fossil fuel sources, five years ahead of its Paris Agreement commitment.⁹ The policy approach of combining renewable capacity expansion, rural electrification, and digital procurement demonstrates that sustainability and development can advance together. This green shift not only enhances energy security but also opens significant avenues for investment in clean technology, manufacturing of renewable components, and grid infrastructure.
- **Global supply chain diversification:** The global investment landscape is being reshaped by supply chain diversification. Heightened geopolitical tensions, the US–China trade war, and pandemic-induced disruptions have prompted multinationals to reduce overdependence on a single country. The reconfiguration of global supply chains offers India a major window of opportunity to attract new investments under the “China+1” and “friend-shoring” strategies. Sectors like electronics and mobile manufacturing, semiconductors pharmaceuticals, renewables and critical minerals and logistics are likely to be the key beneficiaries of the supply chain shifts. For instance, India has attracted more than US\$ 4 bn in FDI flows (gross) in the electronics manufacturing sector since FY21, with 70% contributed by the beneficiaries of the PLI scheme.¹⁰ The diversification process also drives the creation of industrial clusters, as global majors bring in component manufacturers, suppliers, and logistics players. This cluster effect generates ancillary investments, strengthens value chains, and fosters technology transfer. In parallel, the need for efficient logistics and export infrastructure has encouraged investment in ports, warehouses, and transport corridors, further multiplying the benefits.
- **Infrastructure Development:** The scale of planned infrastructure spending under the National Infrastructure Pipeline, PM Gati Shakti, and rising central and state capital expenditure provides a large, multi-year pipeline for investors. India requires a continued step-up of infrastructure investment over the next two decades to sustain

⁸ <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2097125>

⁹ <https://www.pib.gov.in/PressNoteDetails.aspx?id=155063&NoteId=155063&ModuleId=3>

¹⁰ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2168711>

high growth. Accelerating integrated multimodal transport (through schemes like Bharatmala Pariyojana), modernising existing physical assets, disaster-resilient urbanization, rural connectivity and public transport, are key priorities. Infrastructure investment has strong multiplier effects on growth and employment, making it a central pillar of India's medium-term investment story.

- **Demographic dividend and domestic demand:** India's demographic dividend is one of its strongest long-term investment drivers. With a median age of just ~29 years—compared with ~39 in the USA and ~40 in China—India has one of the youngest populations in the world.¹¹ Around 50% of the population is below the age of 30 years, ensuring a large and productive workforce for decades to come. Furthermore, urbanisation is advancing rapidly and more than 40% of India's population will live in urban areas, as per estimates.¹² Rising urban incomes, combined with the expansion of Tier-2 and Tier-3 cities, are boosting demand for housing, transport, healthcare, and education. As per a World Economic Forum study, nearly 80% of households in 2030 will be middle-income, driving nearly three-fourth of consumer spending.¹³ The consumption story is reinforced by formalisation of the economy through GST, digital payments, and direct benefit transfers, which are expanding the tax base and creating a more transparent business environment. Together, these factors point to a demand base that is broad, resilient, and increasingly formalised, creating deep opportunities for both domestic and foreign investors.

Challenges

- **Domestic and external challenges warrant attention:** India's investment outlook, while promising, is limited by a plethora of challenges that warrant attention. Private sector investment has been slower to accelerate despite strong public capex, reflecting uneven capacity utilisation and cautious corporate sentiment. For instance, capacity utilisation has remained in the range of 74-75%, which has capped a broad-based recovery in the private capex cycle. Infrastructure projects also face execution risks, with delays often arising from land acquisition hurdles, environmental clearances, and cost overruns. These issues not only raise project costs but can also erode investor confidence in long-gestation sectors.

While reforms such as GST, IBC, and digitisation have strengthened the business climate, frequent shifts in tax regimes or sectoral policies and varied regulations across states continue to create uncertainty for investors. Financing constraints continue to persist with India's corporate bond market accounting for less than one-fifth of GDP, limiting access to long-term capital. Furthermore, global headwinds ranging from subdued global demand, policy flip-flops, volatile commodity prices and heightened geopolitical risks, dampen export prospects with corporates remaining cautious about committing to fresh investments.

¹¹ <https://worldpopulationreview.com/country-rankings/median-age>

¹² <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2042542#:~:text=by%20PIB%20Delhi-,As%20cited%20in%20the%20latest%20Economic%20Survey%202023%2D24%2C%20it,and%20reports%20of%20NITI%20Aayog.>

¹³ <https://www.weforum.org/stories/2019/01/10-mega-trends-for-india-in-2030-the-future-of-consumption-in-one-of-the-fastest-growing-consumer-markets/>

Macroeconomy

Domestic economy prospects brighten as uncertainties recede

After several months of walking a tightrope of uncertainty, the global outlook has brightened mildly, even as risks stay elevated. Geopolitical risks have abated following the peace accord between Israel and Hamas, while US economic and trade policy uncertainty has subsided from its peak. Yet, new challenges have surfaced. The US government shutdown, now stretching into double digits, threatens to weigh on labour markets and household consumption, while political turmoil in France and Japan has unsettled sovereign debt markets. Furthermore, a potentially new US-China tariff tussle could shift trade dynamics — following a truce maintained since May — given that these two countries are the world's largest trading partners. Against this backdrop of fragile growth, central banks globally have either continued the rate cut cycle or paused it, gauging the transmission of previous cuts. The US Fed cut policy rates by 25 bps — its first move after a nine-month hiatus — and signalled another 50 bps of rate cuts by the end of 2025.

On the domestic front, the Indian economy remains resilient, with growth set to gain further traction from recent monetary and fiscal support measures. Ahead of the festive season, GST rationalisation and discount offers have bolstered consumer sentiment, reflected in strong sales and order bookings across discretionary goods. Macro fundamentals remain solid: inflation is subdued (CPI: 1.5%, WPI: 0.1% in Sept), the fiscal deficit has widened modestly (38% of FY26BE) due to a capex push (+43% YoY Apr-Aug), the S-W monsoon ended in surplus (~8%; fifth highest cumulative rainfall since 2001) with healthy reservoir levels, robust growth in E-way bills, stable GST collections and vehicle registrations and both manufacturing and services PMIs remain in expansion, albeit with tepid moderation. External indicators are also encouraging, with sustained merchandise exports (+6.7% YoY in Aug), foreign exchange reserves above US\$700 bn, and robust FDI inflows (US\$ 11.1 bn in July; 50-month high). These trends prompted the RBI to raise its FY26 growth projection to 6.8% (IMF: 6.6%, +20bps; World Bank: 6.5%, +20bps; OECD: 6.7%, +40bps) and lower the inflation forecast to 2.6%. While the RBI maintained status quo on rates and stance, it struck a dovish tone, signaling a calibrated and data-dependent stance that leaves the door open for future easing. Nonetheless, pockets of weakness persist—industrial growth has been modest (IIP up 2.8% Apr-Aug), bank credit expansion has moderated across categories, personal income tax collections are lower than last year, and air passenger traffic has softened. Yet, as the festive season gathers momentum and policy tailwinds strengthen, improving US–India trade relations could further lift consumer confidence, stabilise investment sentiment, and reinforce the ongoing growth momentum.

- **RBI's MPC maintains status quo; preserves policy space going ahead:** RBI's MPC expectedly maintained status quo for the second consecutive meeting, keeping the policy rate at 5.5% and retained the stance at "neutral", albeit with a dissent by two members. The MPC adopted a wait-and-watch approach of gauging the transmission of the previous rate cut and recent fiscal measures, particularly amid lingering tariff uncertainties. India's growth outlook was revised higher by 30bps to 6.8%, while inflation was further revised lower by 50bps to 2.6% in FY26. The MPC is likely to remain data-dependent, keeping the policy space available, should headwinds to growth intensify. The confluence of benign inflation and heightened growth uncertainties does not entirely preclude the end of the current rate cut cycle, imparting dovish signals to the policy narrative.
- **CPI and WPI inflation ease in September:** Headline retail inflation moderated to 1.5% YoY in September, lowest in more than eight years, on the back of a contraction in food inflation (-1.4% YoY), while core inflation firmed up to 4.6% YoY due to a sharp uptick in gold and silver prices. Within food, the deflation was largely led by declining prices of vegetables (-21.4% YoY) and pulses (-15.3% YoY). Other food segments also saw softer inflation momentum sequentially. Wholesale price

inflation also eased to 0.1% YoY (vs. 0.5% YoY in August), driven by primary articles (notably food) and manufactured products, even as fuel & power improved sequentially, led by coal and mineral oils.

- Industrial activity moderated:** IIP growth eased to 4% YoY in August (vs. 4.3% YoY in July), led by a tepid growth in manufacturing (3.8% YoY), which was partly offset by a favorable base effect, turnaround in the mining and electricity activity and solid double-digit growth in construction/infrastructure goods. The contraction in consumer non-durables was the highest in the last eight months, despite a low base. Core-sector growth, however, accelerated to a 15-month high of 6.3% YoY in August led by gains in steel (14.2%) and coal (11.4%), even as crude oil and natural gas recorded de-growth. PMI manufacturing (57.7; four-month low) and services (60.9) eased in September; albeit remains in the expansion territory.
- Merchandise trade deficit narrows on lower imports:** India's merchandise trade deficit eased to US\$ 26.5 bn in August, as exports grew 6.7% YoY (aided by a low base) while imports contracted by 10.1% YoY. Nonetheless, weak global growth and ongoing tariff friction weighed on trade, with exports and imports declining sequentially by 5.7% and 4.6%, respectively, with sharp fall of 26% MoM in electronic good exports. Export growth was led by electronic goods (25.9% YoY), gems & jewellery (15.6% YoY) and engineering goods (4.9% YoY). On the import side, the sharp decline was largely attributable to lower gold inflows (-56.7% YoY), while non-oil-non-gold imports also fell by 2.2% YoY/ 4.8% MoM. Oil trade deficit has also moderated to a six-month low. Strong services exports provided a cushion, with net services surging 19.5% YoY to a five-month high of US\$16.6 bn, helping contain the overall trade deficit at US\$9.9 bn.
- Bank credit outpaced deposit growth; CD-ratio above 80%:** Outstanding bank credit registered a growth of 10.4% YoY (as per WSS data on September 19th), higher than the growth in outstanding deposits of 9.5% YoY, pushing the CD-ratio above 80%. Industry-wise data till August'25 shows that the moderation in bank credit has been broad-based led by credit to large industries, housing, vehicle loans, trade and NBFCs, which has been partly offset by loans against jewellery, credit to micro & small industries. Conversely, so far, this fiscal, deposit growth at 4.3% has outperformed bank credit growth (3.6%). Funds mobilised through CDs almost doubled sequentially to Rs 1.1 lakh crore in September, with cumulative raising of Rs 4.8 lakh crore (-8% YoY) during the fiscal so far.
- Monsoon ends in a surplus of 8%; reservoir at 90% of FRL:** The S-W monsoon concluded the season with a surplus of ~8%, marking the fifth highest cumulative rainfall since 2001, albeit interspersed by cloudbursts across several states. More than four-fifth of the country's area (31 sub-subdivisions) recorded either normal or excess rainfall, while only 9% registered deficient. Barring East and North-East India region, all other regions witnessed surplus rainfall led by North-West (27.3%) and Central India (15.1%). Reservoir levels at ~90% of full reservoir level (FRL) remained notably higher than the 10-year average. Sowing activity as of October 3rd surpassed the normal area sown led by coarse cereals, paddy and sugarcane, while oilseeds and fibre remained below last year's level. Collectively, this bodes well for agriculture prospects and rural demand.

- **Fiscal deficit widens to 38% of FY26BE:** Union government's fiscal deficit stood at ~Rs 6 lakh crore (Apr-Aug), accounting for 38% of FY26BE, higher than 27% in the last year due to front-loaded government capital expenditure (+43.4% YoY), even as net tax revenue was lower (-7.3%). Personal income tax collections have been 2.5% lower at 30.7% of FY26BE (vs. 38.1% in FY25), reflecting higher refunds, sluggish advance tax receipts, delayed personal income tax deadline and impact of tax rebate. Disinvestment proceeds have been steady, achieving ~50% of FY26BE, while dividends and profits have met 95% of FY26BE. Revenue expenditure has recorded modest growth, even as the sharp fall in food subsidies (-43%YoY) was offset by surge in fertiliser subsidy (~40% YoY) and interest payments (32%).
- **US Fed delivers first cut after a nine-month pause:** The US Federal Reserve, in the recent policy review meeting (September), reduced its policy rate by 25bps to 4.0-4.25%, citing weakening labour market conditions, even as inflation remained elevated. While stressing that future policy actions will remain data-dependent, the Fed maintained a cautious tone. It also highlighted that the US economy could face modest headwinds from higher trade tariffs, tighter immigration rules, and government spending cuts, with a gradual recovery expected thereafter. The updated dot plot signalled a further 50 bps of rate cuts over the remainder of 2025 resulting in a cumulative easing of 75bps for the year followed by additional 25bps reduction each in 2026 and 2027.

Key domestic and global economic indicators

Table 11: Snapshot of Domestic macroeconomic indicators

Indicators		Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Consumption									
Auto volumes – passenger (domestic)	YoY%	0.4	-4.3	-3.9	-5.4	-12.2	-15.3	-0.5	-6.9
2W volumes (domestic)	YoY%	2.1	-9.0	11.4	-16.7	2.2	-3.4	8.7	7.1
Tractor volumes	YoY%	11.4	35.9	25.4	7.7	9.1	10.5	8.0	28.3
Vehicle registrations	YoY%	7.7	-6.4	0.3	4.0	6.0	5.7	-3.6	3.7
Personal loans	YoY%	11.8	11.7	11.7	11.9	11.1	12.1	11.9	11.8
IIP-Consumer durables	YoY%	7.1	3.7	6.9	6.2	-0.9	2.8	7.3	3.5
IIP-Consumer non-durables	YoY%	0.1	-2.1	-4.0	-2.7	-1.0	-0.9	0.5	-6.4
Petrol Consumption	YoY%	6.7	5.0	5.7	5.0	9.2	6.9	5.9	5.5
Diesel Consumption	YoY%	4.2	-1.3	0.9	4.2	2.1	1.5	2.4	1.2
GST collections	Rs lakh crore	2.0	1.8	2.0	2.4	2.0	1.8	2.0	1.9
MGNREGA Work Demand	YoY%	13.5	1.4	1.6	-9.7	1.1	3.6	-11.5	-25.4
CPI	YoY%	4.3	3.6	3.3	3.2	2.8	2.1	1.6	2.1
WPI	YoY%	2.5	2.5	2.3	0.9	0.1	-0.2	-0.6	0.5
Investment									
IIP-Capital goods	YoY%	10.2	8.2	3.6	14.0	13.3	3.0	6.8	4.4
Central government capex	YoY%	51.4	-35.4	67.2	61.0	38.7	43.7	-10.5	113.1
IIP- Infra/ construction goods	YoY%	7.3	6.8	9.9	4.7	6.7	6.7	13.7	10.6
External sector									
Merchandise exports	YoY%	-2.6	-11.1	0.7	8.5	-3.3	-0.5	13.5	6.7
Merchandise imports	YoY%	10.3	-16.3	11.4	20.0	-1.3	-3.4	8.7	-10.1
Non-POL, Non-gold and silver imports	YoY%	18.0	0.4	4.1	18.6	11.1	-0.4	7.7	-0.6
Services (net)	YoY%	11.5	30.8	35.3	18.8	23.8	19.8	12.2	12.2
Foreign exchange reserves	US\$ bn	630.6	638.7	665.4	688.1	691.5	702.8	698.2	694.2
Business activity									
IIP	YoY%	5.2	2.7	3.9	2.6	1.9	1.5	4.3	4.1
IIP-Manufacturing	YoY%	5.8	2.8	4.0	3.1	3.2	3.7	6.0	3.8
Core sector: Coal	YoY%	4.6	1.7	1.6	3.5	2.8	-6.8	-12.3	11.4
Core sector: Steel	YoY%	4.7	6.9	8.7	4.4	7.4	9.7	16.6	14.2
Core sector: Cement	YoY%	14.3	10.7	12.2	6.3	9.7	8.2	11.6	6.1
Core sector: Electricity	YoY%	2.3	3.6	7.5	1.8	-4.7	-1.2	3.7	3.1
Manufacturing PMI	Index	57.7	56.3	58.1	58.2	57.6	58.4	59.1	59.3
Domestic cargo traffic	YoY%	6.9	-2.5	4.9	16.6	2.3	2.6	4.8	7.1
International cargo traffic	YoY%	7.1	-6.3	3.3	8.6	6.8	-1.2	4.2	4.5
Port cargo	YoY%	7.5	-0.8	6.8	5.8	1.0	2.9	2.8	5.0
E-way bills	YoY%	23.1	14.7	20.2	23.4	18.9	19.3	25.8	22.4
Services/ banking									
Services PMI	Index	56.5	59.0	58.5	58.7	58.8	60.4	60.5	62.9
Domestic passengers traffic	YoY%	14.1	12.1	9.9	9.7	2.6	3.7	-2.6	-0.5
International passengers traffic	YoY%	11.1	7.7	6.8	13.0	5.0	3.4	5.5	7.8
Bank deposit	YoY%	12.1	12.0	10.3	9.8	9.9	10.1	10.2	8.4
Bank credit	YoY%	12.5	12.3	11.0	10.1	9.0	9.5	10.0	10.0
Banking system liquidity (Net injection(+)/absorption(-))	Rs lakh crore	0.8	1.4	-1.7	-1.4	-2.4	-2.6	-2.7	-2.7

Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Port cargo traffic is cargo traffic including transshipment for all commodities

RBI Monetary Policy: Pause with dovish signals

In a favourably balanced growth-inflation environment, the RBI's Monetary Policy Committee (MPC) expectedly maintained status quo for the second consecutive meeting, keeping the policy repo rate unchanged at 5.5%. The policy stance was also retained at neutral with a 4:2 vote, as two members (Dr. Nagesh Kumar and Prof. Ram Singh) dissented and voted for an accommodative stance. The MPC underscored the prudence of waiting to gauge the transmission of earlier front-loaded monetary easing and the impact of recent structural fiscal measures before considering further policy adjustments, particularly amid ongoing tariff and trade-related uncertainties. The growth outlook was revised higher, with FY26 GDP growth raised by 30bps to 6.8%, supported by resilient rural and services demand, festive-led consumption, rising capacity utilisation and favourable financial conditions. While risks from tariff and trade disruptions persist, they are expected to be partially offset by structural fiscal measures such as income tax and GST rationalisation as well as lower interest rates. On the inflation front, outlook remains benign, with the headline inflation for FY26 revised down by 50bps to 2.6%, providing policy space should growth headwinds intensify. Banking system liquidity has remained in surplus, facilitating smooth transmission across banking and money market rates, with deposit rates adjusting more quickly than lending rates.

Looking ahead, the MPC is likely to maintain a calibrated, data-dependent stance through the rest of the fiscal, keeping policy space available should growth risks intensify. Inflationary conditions are expected to remain benign, aided by the disinflationary effects of GST rationalisation and the forthcoming base-year revision. The confluence of subdued inflation and lingering growth uncertainties does not entirely preclude the end of the current rate cut cycle, imparting a dovish undertone to the policy narrative. Given this backdrop, the RBI is likely to remain agile in its liquidity management, deploying its policy toolkit as needed, while allowing time for the transmission of earlier rate cuts to feed through to credit growth and broader economic activity.

- Status quo on policy rates and stance:** In line with market expectations, the RBI's MPC unanimously decided to keep the policy repo rate unchanged at 5.5% for the second consecutive policy early this month. With this, the Standing Deposit Facility (SDF) and the Marginal Standing Facility (MSF) rates—the upper and lower bounds of the Liquidity Adjustment Facility (LAF) corridor—remained unchanged at 5.25%, and 5.75% respectively. The *neutral* stance was also retained with a 4:2 vote. *Notably, two members dissented and voted for a change in stance to accommodative.* The MPC has underscored the importance of allowing the effects of earlier front-loaded monetary easing and recent fiscal measures to transmit through the economy, while preserving policy space to respond, should risks to growth intensify against the backdrop of benign inflation.
- Inflation projections revised lower to 2.6% in FY26:** The headline CPI inflation forecast for FY26 has been revised down by 50bps to 2.6%, with projections for Q2 and Q3 cut by 30bps and 130bps, respectively, to 1.8% each, and the Q4 estimate lowered by 40 bps to 4.0%. The downward revisions reflect supportive supply-side conditions: the south-west monsoon delivered ~8% excess rainfall, reservoir levels stand at 90% of capacity, and foodgrain stocks are at 1.2 times the buffer norm. These, along with the pass-through of GST rate rationalisation, benign food prices, and a favourable base effect over the next two quarters, have eased price pressures. Looking ahead, while the Q1FY27 forecast has also been trimmed by 40bps to 4.5%, a large adverse base effect is expected to push the print higher, keeping it above the median inflation target.
- GDP growth forecast raised to 6.8% in FY26:** GDP growth for FY26 has been revised upward to 6.8%, with Q2 estimates raised by 30bps to 7.0%. The stronger-than-expected Q1 print of 7.8%, along with the upward revision to Q2, more than

The RBI kept the policy repo rate unchanged at 5.5%, while retaining the stance as "neutral" with a 4:2 majority.

FY26 inflation forecast has been reduced further by 50bps to 2.6% while the GDP growth estimate has been revised higher by 30bps to 6.8%.

offsets modest downward adjustments to Q3 and Q4 projections (by 20bps to 6.4% and 10bps to 6.2%, respectively), resulting in the net upgrade of 30bps for the fiscal year. Growth momentum is expected to be underpinned by brighter prospects for agriculture and rural demand, buoyancy in the services sector, and a consumption boost from the festive season and GST rate rationalisation. Rising capacity utilisation and supportive financial conditions are also likely to facilitate investment activity. That said, downside risks persist from tariff and trade policy uncertainties, prolonged geopolitical tensions, and volatility in global financial markets. Nonetheless, the implementation of structural reforms—including income tax rationalisation, streamlined GST rates, and earlier monetary easing—should help cushion the impact of external headwinds.

- Surplus banking system liquidity supports transmission:** Banking system liquidity continues to remain in surplus, though it has moderated from an average of Rs 3.1 lakh crore in July to Rs 1.6 lakh crore in September. These favourable conditions have enabled smooth transmission across banking and money market rates. Transmission has been more pronounced on the deposit side, with the weighted average domestic term deposit rate (fresh deposits) declining by 106bps, compared with a 58bps decline in lending rates on fresh rupee loans. Money market rates have also adjusted seamlessly, with the WACR down 92bps, the 3M T-bill rate lower by 1.2pp, and the 3M CP rate lower by 1.5pp. While liquidity briefly shifted into deficit at times due to income-tax and GST outflows, it is expected to remain in surplus, aided by the drawdown of government cash balances and the remaining 75bps CRR cut scheduled for October–November.
- Policy space available; rate cut hinges on growth risks playing out:** The RBI's MPC is expected to maintain a data-dependent, calibrated, wait-and-watch stance through the remainder of the fiscal, preserving policy space for a further rate cut should growth risks become more pronounced. Although the growth projection has been revised higher and remains resilient, the outlook in H2FY26 is likely to be shaped by countervailing forces—on the one hand, tariff-related uncertainty is likely to weigh on economic activity, while on the other, supportive policy measures such as income tax rationalisation, GST rate reductions, and cumulative monetary easing are providing impetus. Inflationary conditions remain benign, reinforced by the disinflationary impact of GST rationalisation and the prospective effect of base year revisions commencing February 2026. Given this backdrop, the RBI is likely to remain agile in its liquidity management, deploying its policy toolkit as needed, while allowing time for the transmission of earlier rate cuts to feed through to credit growth and broader economic activity.

The weighted average call money rate has declined from 6.6% in January'25 to 5.47% in September'25.

Table 12: Current policy rates

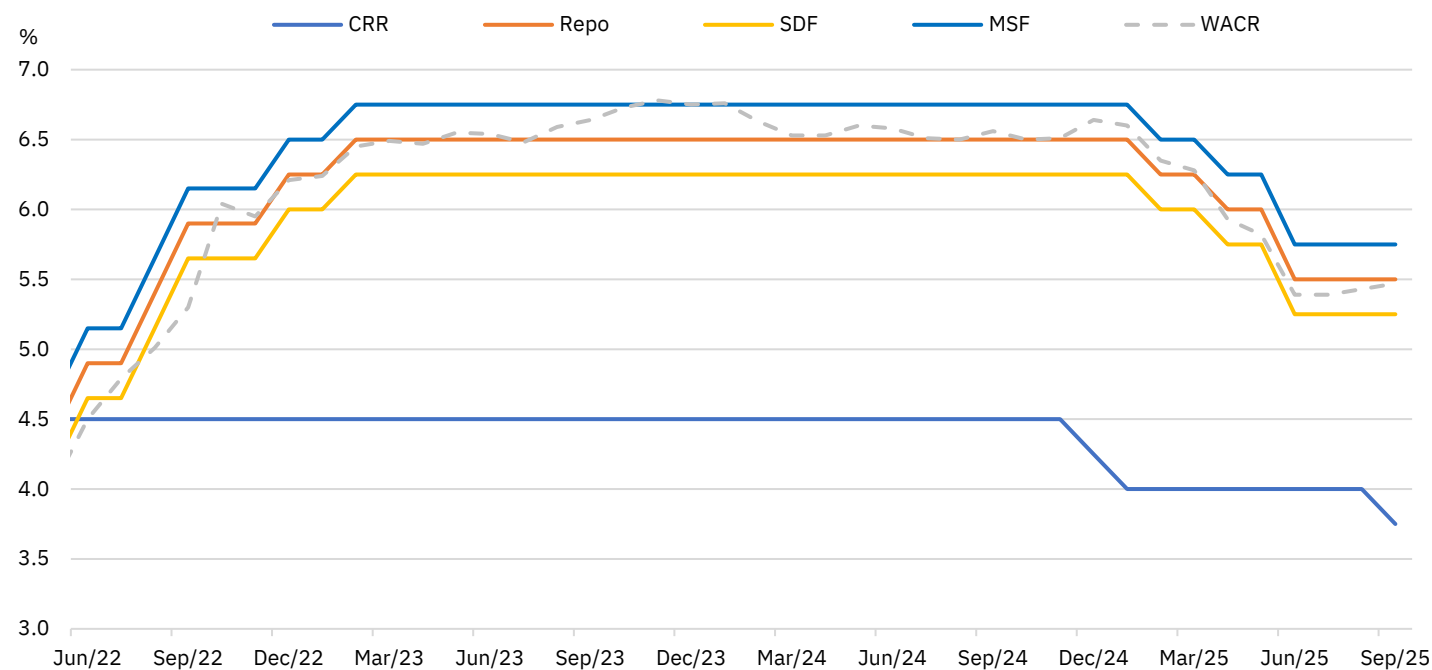
The policy repo rate was unanimously retained at 5.5% in the October'25 policy, marking a second consecutive pause. The policy stance was maintained at “Neutral” with a 4:2 majority.

Key rates	April 2025	June 2025	August 2025	October 2025
Repo Rate	6.00%	5.50%	5.50%	5.50%
Standing Deposit Facility (SDF)*	5.75%	5.25%	5.25%	5.25%
Marginal Standing Facility (MSF)	6.25%	5.75%	5.75%	5.75%
Bank Rate	6.25%	5.75%	5.75%	5.75%
Cash Reserve Ratio (CRR)	4.00%	3.00% ¹⁴	3.00% ¹	3.00% ¹

Source: RBI, NSE EPR. * Introduced in April 2022 policy as the new floor of the LAF corridor.

Figure 84: Movement in key policy rates

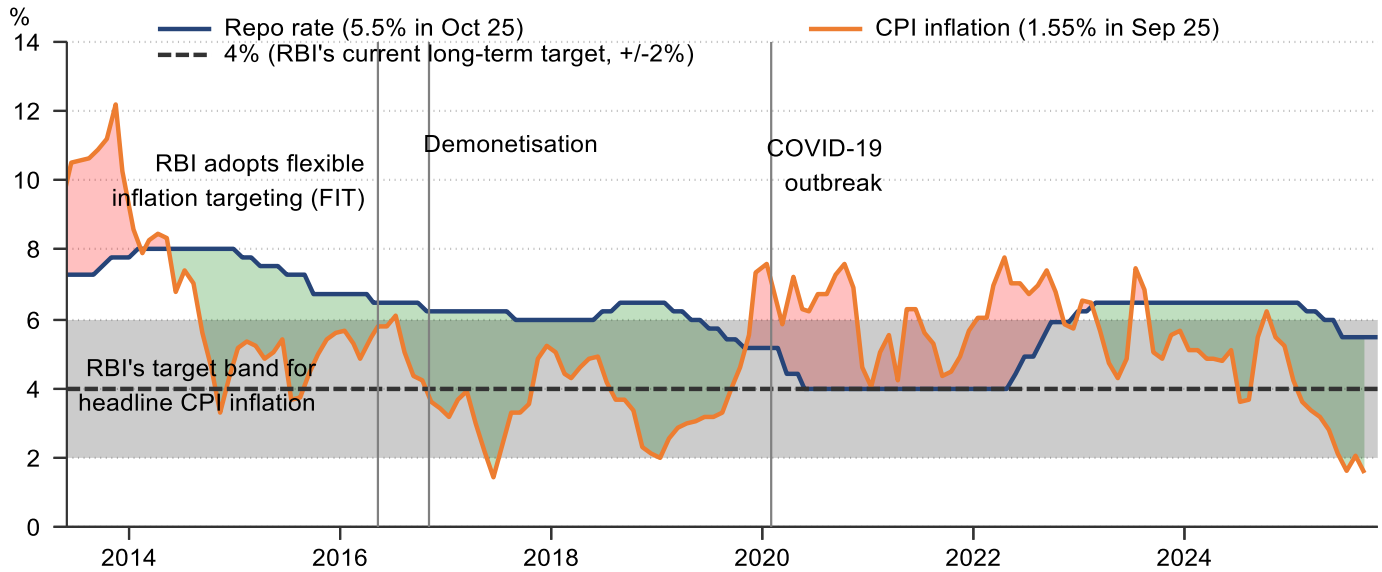
The Weighted Average Call Money Rate (WACR) has softened from an average of 6.6% in January'25 to 5.47% in September'25, closely tracking the cumulative fall of 100bps announced during the current rate cut cycle.



Source: LSEG Workspace, NSE EPR. Notes: 1) The CRR as of end-September is 3.75% and is likely to be reduced by additional 75bps to 3% by the end of November'25

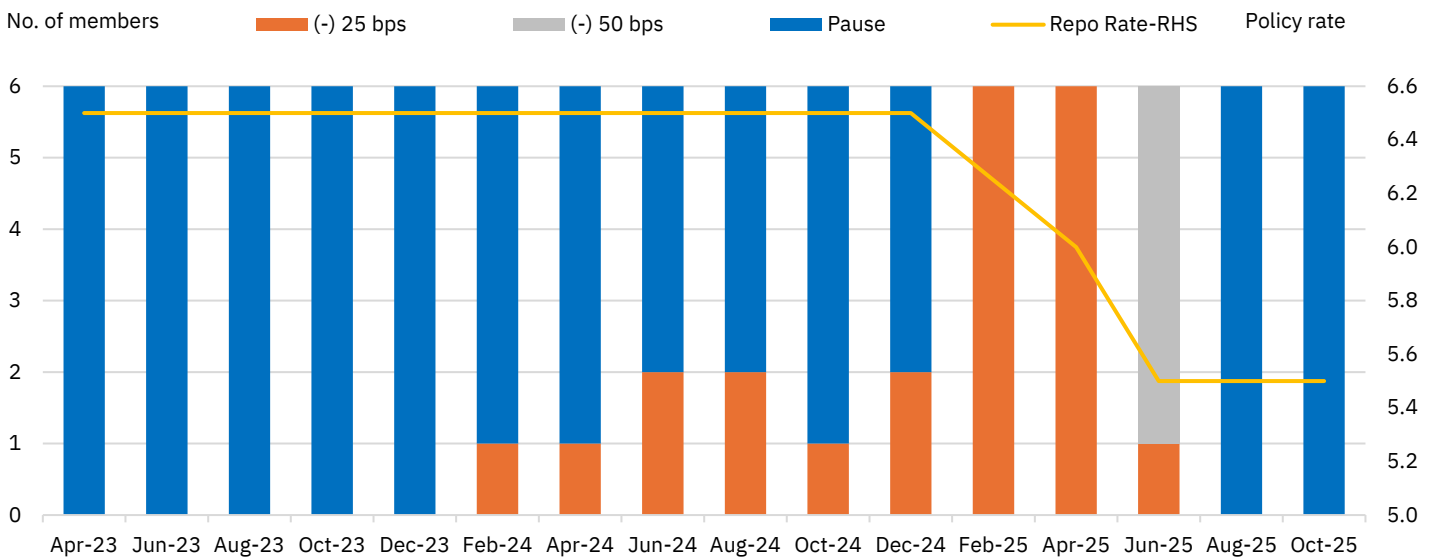
¹⁴ This announcement of CRR cut of 50bps has been in the June'25 and will be reduced in a staggered manner of 25bps each in four separate tranches during September 2025 – November 2025

Figure 85: Movement in real interest rates



Source: LSEG Workspace, NSE EPR.

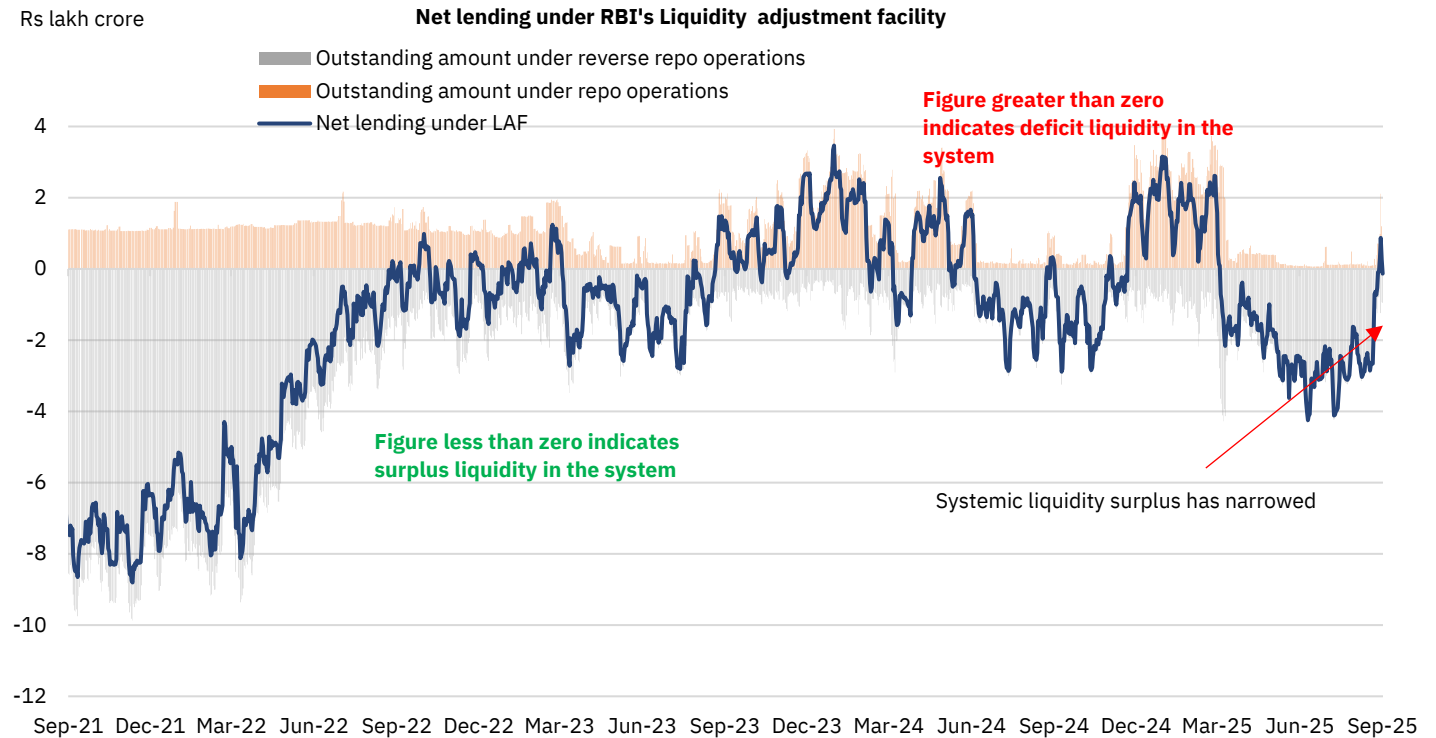
Figure 86: MPC members' voting pattern



Source: RBI, NSE EPR.

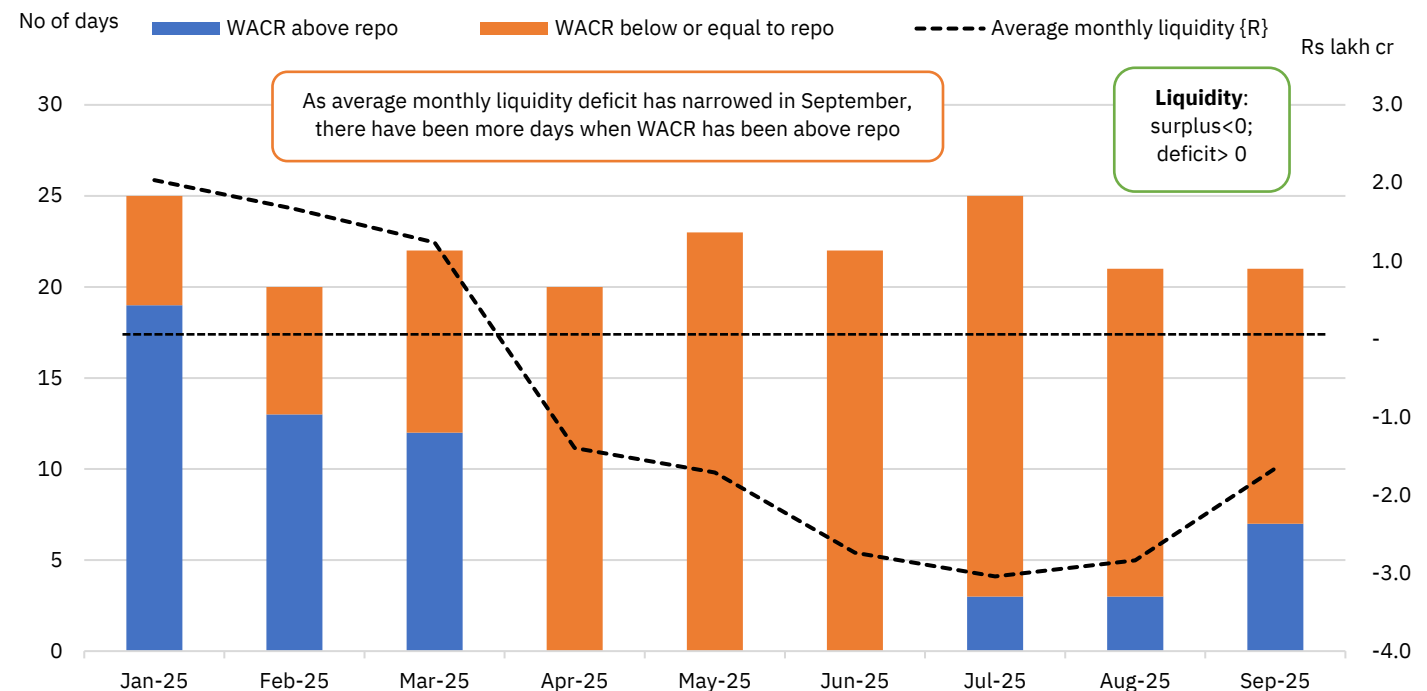
Figure 87: Net lending under RBI's Liquidity Adjustment Facility

The banking system liquidity continues to remain in surplus, facilitating the policy rate transmission to the broader money markets and banking channels. That said, the average daily liquidity surplus has narrowed from Rs 3.1 lakh crore in July to Rs. 1.6 lakh crore in September'25.

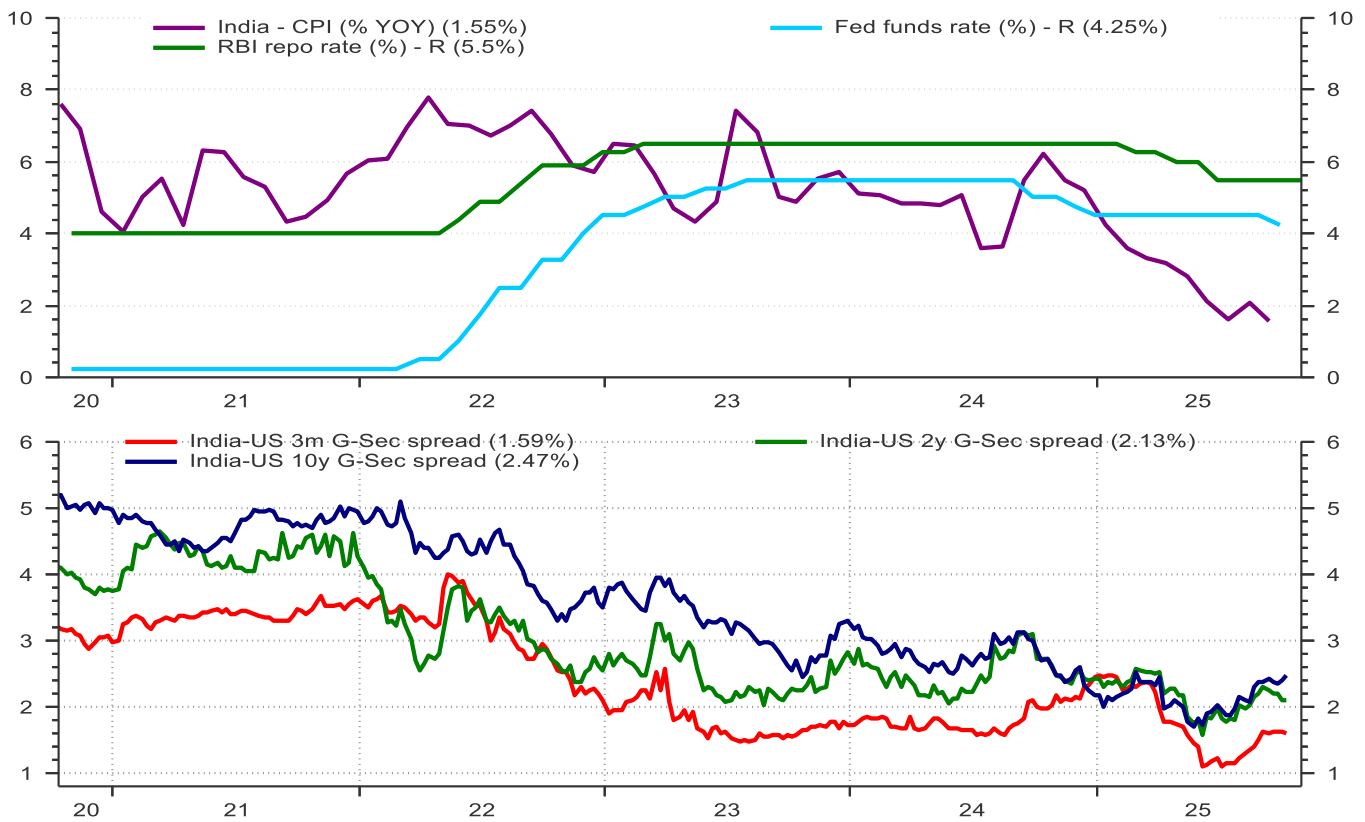


Source: CMIE Economic Outlook, NSE EPR.

Figure 88: Monthly trend in weighted call money rate and average monthly banking liquidity



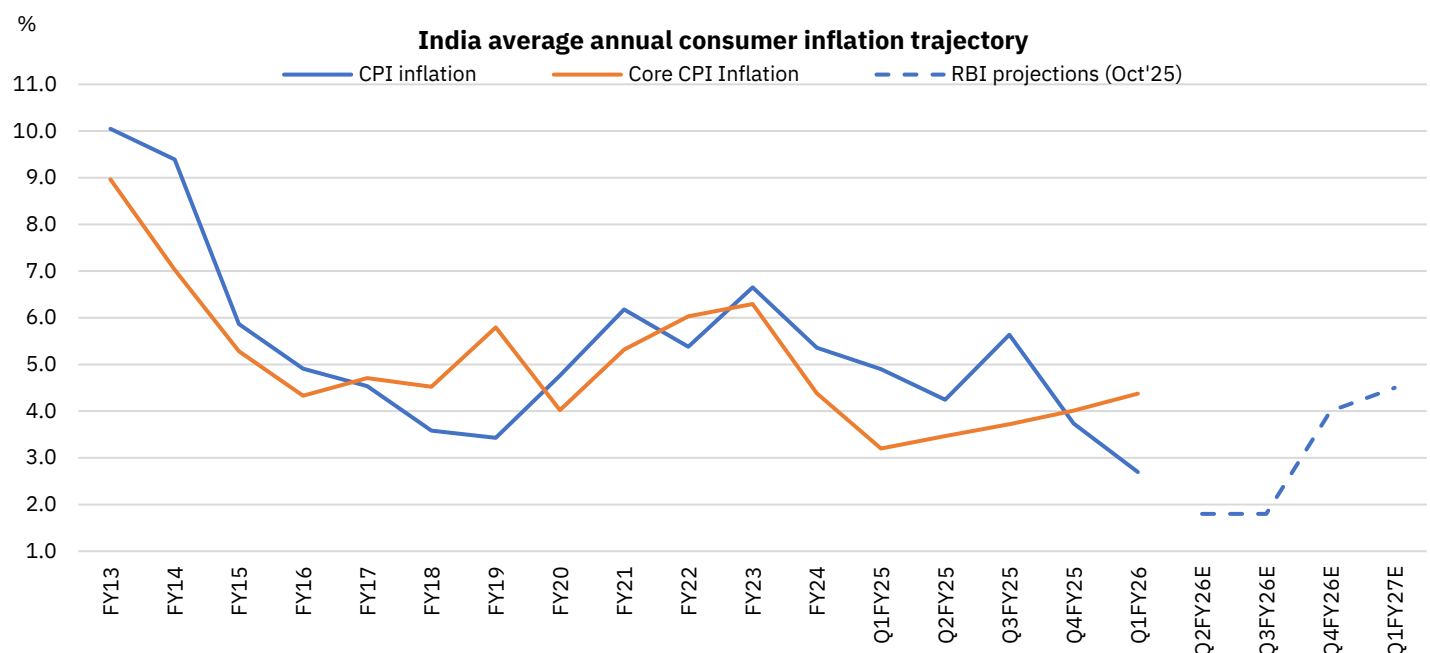
Source: CMIE Economic Outlook, NSE EPR. Note: 1) Positive values indicate deficit, while negative values indicate surplus 2) Data has been captured till September 29th, 2025.

Figure 89: India vs. US policy rates and yield differential


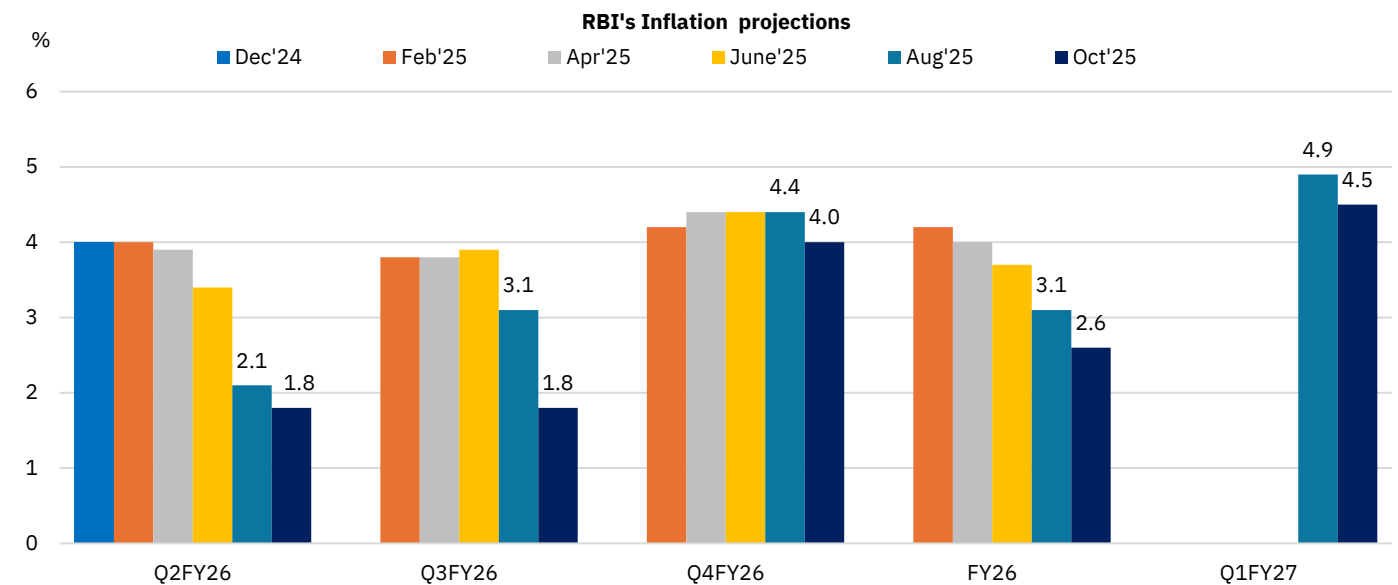
Source: LSEG Workspace, NSE EPR.

Figure 90: India's consumer inflation trajectory and RBI's forecasts

Headline inflation estimates have been lowered by 50bps to 2.6% in FY26 with downward revisions in each of the remaining three quarters of the fiscal. Q2 and Q3 inflation has been projected at 1.8% each while Q4/Q1-FY27 has been projected at 4%/4.5%.



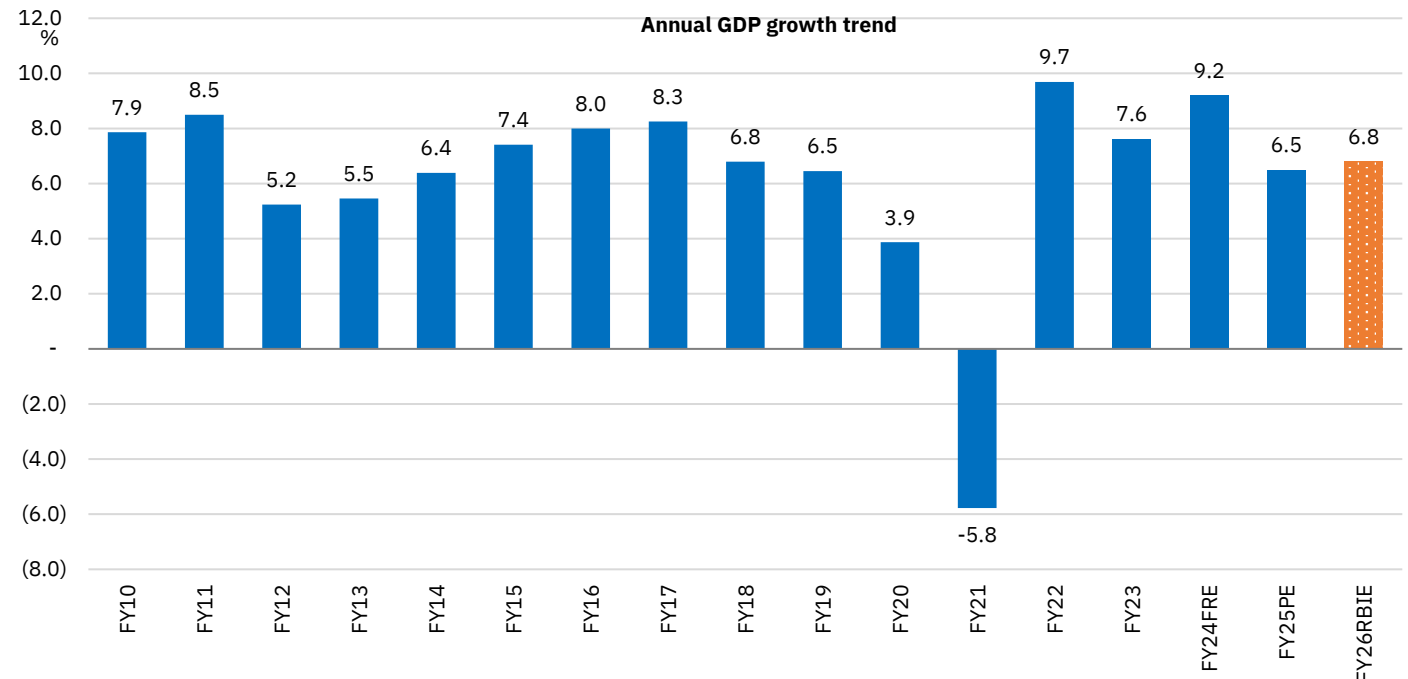
Source: CMIE Economic Outlook, RBI, NSE EPR. Core inflation is calculated as CPI inflation excluding food, pan, tobacco & intoxicants and fuel & light.

Figure 91: Quarterly and annual inflation forecasts by RBI


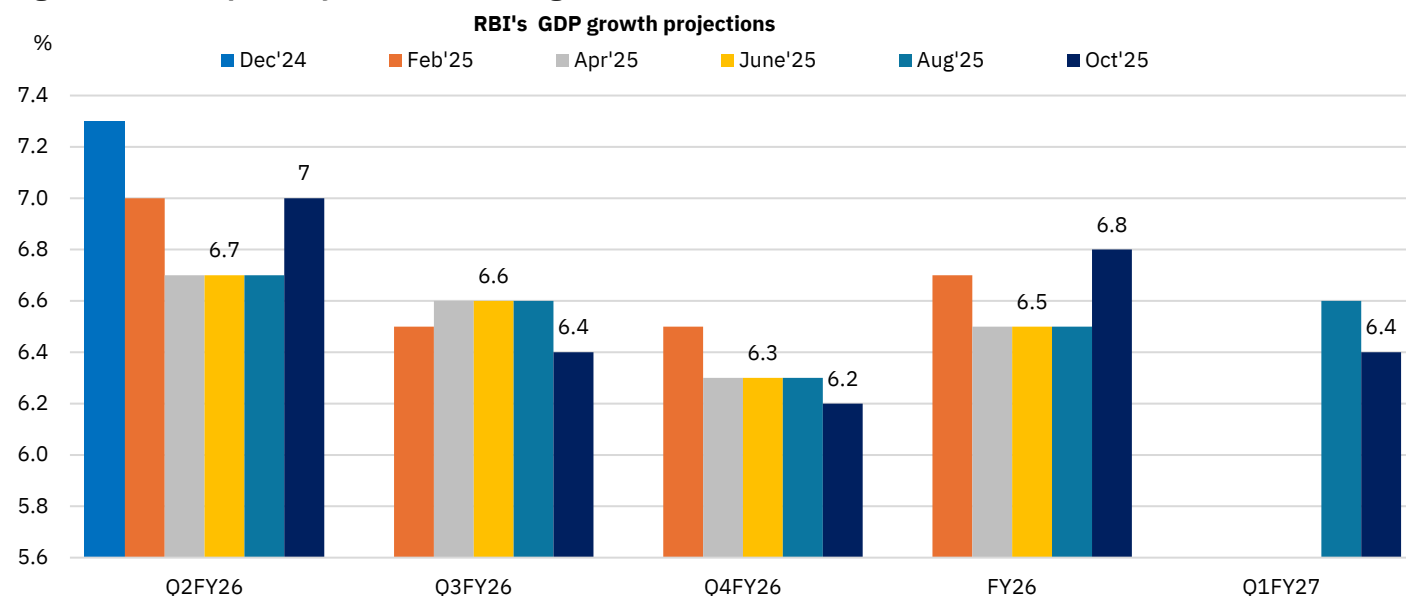
Source: RBI, NSE EPR.

Figure 92: GDP growth trend and RBI's estimates

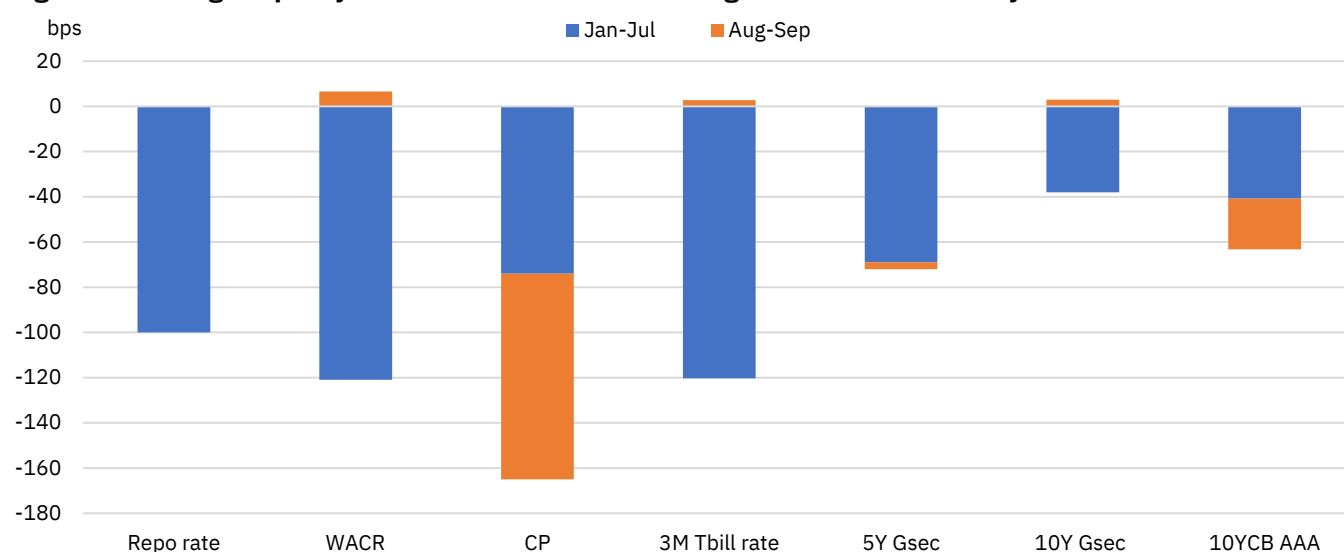
The GDP growth projection for the fiscal year FY26 has been revised higher to 6.8% (+30bps) with upward revisions in Q2 (7%), while downward revisions expected in Q3 (6.4%), Q4(6.2%) and Q1FY27 (6.4%).



Source: CMIE Economic Outlook, RBI, NSE EPR. RBIE = RBI estimate, FRE= First Revised Estimates, PE= Provisional estimates

Figure 93: RBI's quarterly and annual GDP growth forecasts


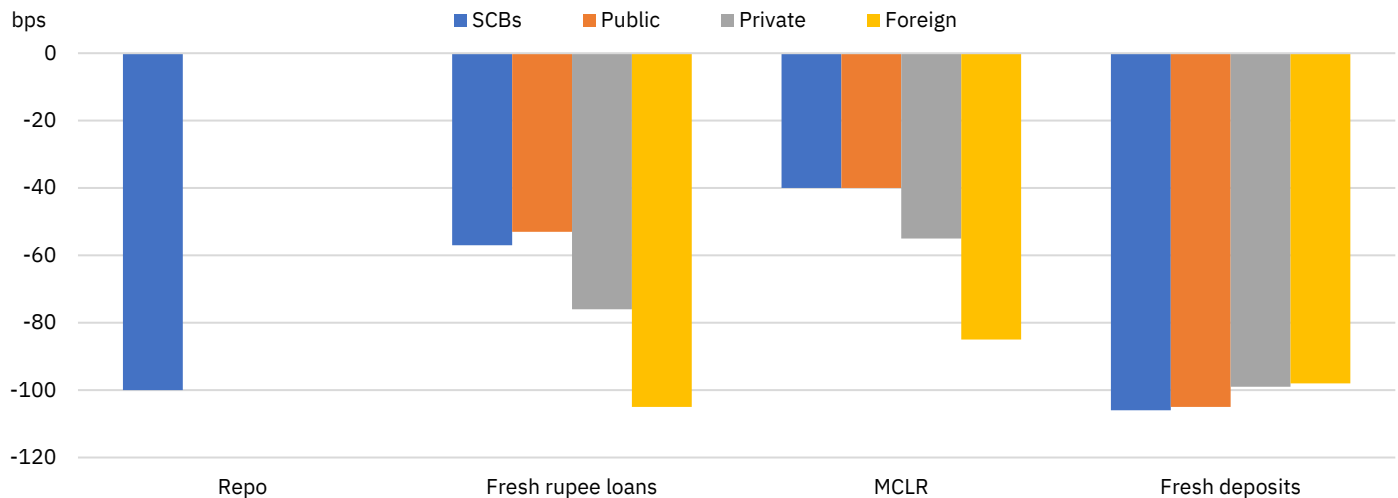
Source: RBI, NSE EPR.

Figure 94: Change in policy and other interest rates during the current rate cut cycle


Source: CMIE Economic Outlook, NSE EPR

Notes: 1) For all the above indicators, barring commercial papers (CP) and government securities (G-Secs), the average values for July have been subtracted from the average values for Jan in the Jan-July period and the average value for September has been subtracted from the August period in the Aug-Sep period. 2) In case of CPs, the data for September is available till the fortnight ended September 15th, 2025. 3) The interest rate in case of CPs is the simple average of their low and high rates. 4) For G-Secs and corporate bonds (CBs), the weighted average yields for the respective residual maturity, have been considered for calculation. 5) In case of daily data, information available till September 29th has been considered for analysis.

Figure 95: Change in policy, lending and deposit rate during the current policy rate cycle



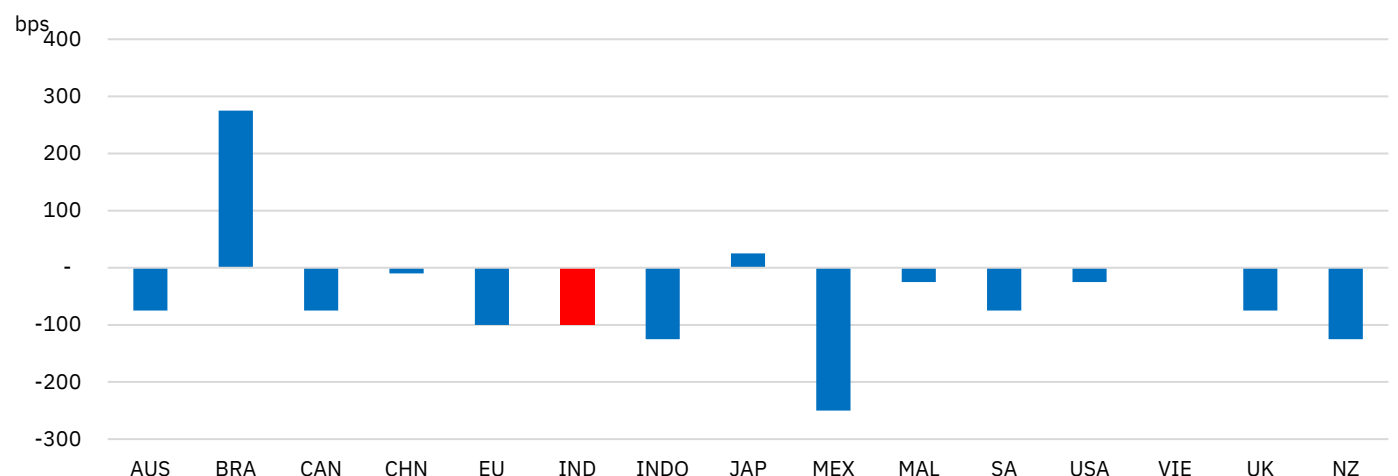
Source: CMIE Economic Outlook, NSE EPR; Notes: 1) The change in repo rate, fresh rupee loans, MCLR and fresh deposits is between end-January'25 and end-August'25

Table 13: Baseline projections in the Monetary Policy Report October 2025

Indicator	MPR April 2025	MPR October 2025
Crude Oil (Indian Basket)	US\$ 70 per barrel during 2025-26	US\$ 70 per barrel during H2: 2025-26
Exchange rate	Rs 86/US\$ during 2025-26	Rs 88/US\$ during H2:2025-26
Monsoon	Normal for 2025-26	Normal for 2026-27
Global growth	3.3% in 2025	3.0% in 2025
	3.0% in 2026	3.1% in 2026
Fiscal deficit (per cent of GDP)	To remain within BE 2025-26	To remain within BE 2025-26
	Centre: 4.4	Centre: 4.4
	Combined: 7.1	Combined: 7.4
Domestic economic/structural policies	No major change	GST rationalisation
Inflation (RBI projections)	FY26: 4%, FY27: 4.3%	FY26: 2.6%, FY27: 4.5%
Growth (RBI projections)	FY26: 6.5%, FY27: 6.7%	FY26: 6.8%, FY27: 6.6%

Source: RBI Monetary Policy Report October 2025.

Figure 96: Variation in policy rates across countries since the start of 2025



Source: CEIC, LSEG Workspace, NSE EPR. Notes: 1) The variation in policy rates for all countries (barring India) has been computed from the start of the calendar year till policy actions undertaken till September 30th, 2025 2) For China, the loan prime rate for 1 year has been considered for computation 3) AUS = Australia, BRA = Brazil, CAN = Canada, CHN= China, EU = European Union, IND= India, INDO=Indonesia, JAP= Japan, MEX=Mexico, MAL=Malaysia, SA= South Africa, USA=United States of America, VIE=Vietnam, UK=United Kingdom, NZ= New Zealand

Table 14: Summary of select policy measures

Sr No	Area	Topic	Key points	Implications (if any)
1	Banking Regulation	Expected Credit Loss Framework for provisioning	1) Issue draft directions to replace the extant framework based on incurred loss with an Expected Credit Loss (ECL) approach while retaining asset classification norms. 2) A glide path (till FY31) to be provided to smoothen the one-time impact.	1) Enhance credit risk management practises 2) Promote better comparability of reported financials across institutions
2	Banking Regulation	Basel III – Standardised Approach on Capital Charge for Credit Risk	1) Issue draft guidelines on the implementation of the revised Basel III capital adequacy norms for SCBs (excluding Small Finance Banks, Payments Banks, and Regional Rural Banks) 2) To be implemented from April 1 st , 2027	1) To align regulatory framework with the best international practises 2) Improve the resilience of the banking sector
3	Banking Regulation	Forms of Business & Prudential Regulation for Investments	1) Issue draft guidelines on forms of business and investment for banks 2) The proposed bar on overlap in the businesses undertaken by bank and its group entity has been removed	1) To streamline the activities undertaken by banks and their group entities
4	Banking Regulation	Risk-Based Premium for Deposit Insurance	To move from flat-rate deposit insurance premium system to risk-based model	1) To differentiate between banks based on soundness
5	Banking Regulation	Review of Capital Market Exposure (CME) Guidelines	1) Providing an enabling framework for banks to finance acquisitions by Indian corporates 2) Enhance limit for lending by banks against shares, REITs, InvITs	To broaden the scope of capital market lending by banks
6	Banking Regulation	Withdrawal – Guidelines on Credit Supply for Large Borrowers	To withdraw the guidelines on Enhancing Credit Supply for Large Borrowers through Market Mechanism	To treat concentration risks at the banking system level through other macro-prudential tools
7	Banking Regulation	Risk Weights on Infrastructure Lending by NBFCs	To introduce a principle-based framework to align risks for infrastructure lending by NBFCs	To align risk weights with actual risk characteristics of the infrastructure project
8	Foreign Currency Management	Foreign Currency Accounts by Indian Exporters	Extend the time period for repatriation of funds in foreign currency accounts with a bank outside India from one month to three months	1) Encourage Indian exporters to open accounts with IFSC Banking Units 2) Increase forex liquidity in IFSC
9	Foreign Currency Management	Merchanting Trade Transactions	Extend the time period of outlay of foreign exchange by Indian merchants from four months to six months	1) Help in overcome the challenges faced by Indian merchants due to lingering global uncertainties
10	Foreign Currency Management	Review of External Commercial Borrowing Framework	Draft framework on rationalisation of borrowing limits, removal of restrictions on cost of borrowings for ECBs to be introduced	-
11	Financial Markets	Lending in INR by Authorised Dealer (AD) banks to persons resident outside India	To permit AD banks in India and their overseas branches to lend in INR to persons resident in Bhutan, Nepal and Sri Lanka	To make INR liquidity available and accessible to residents of other countries
12	Financial Markets	Expanding the bouquet of investments for Special Rupee Vostro Accounts	Permit balances in the SRVA accounts to corporate bonds and commercial papers	-
13	Financial Markets	Additional reference rates to be published by FBIL	Include additional currencies of India's major trading partners in the list of reference rates released by FBIL	1) Further deepen the onshore forex markets 2) Eliminate the need for multiple currency conversions

Source: RBI.

Industry: Activity posted modest growth led by construction and revival in mining

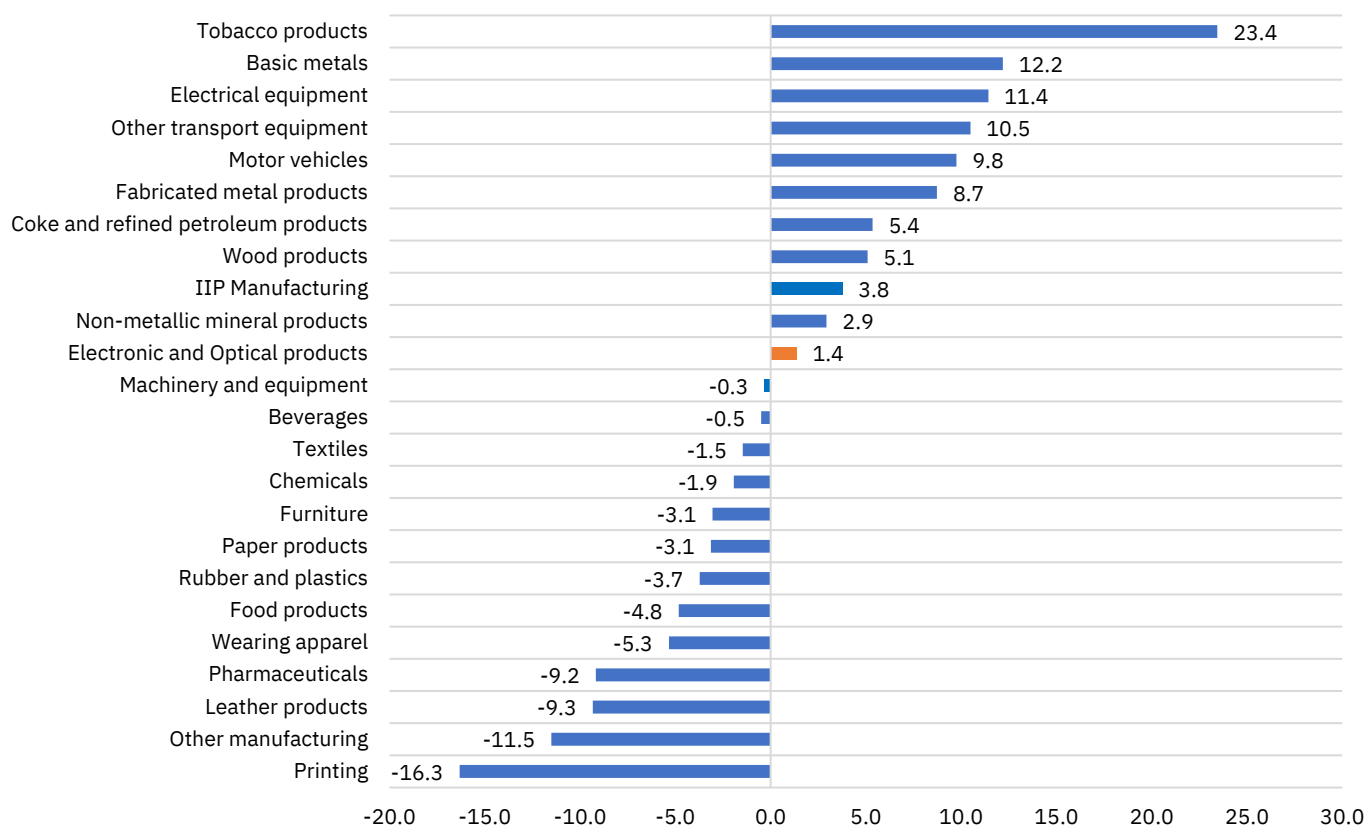
Table 15: India industrial production for August 2025 (%YoY)

	%YoY	Weight (%)	Aug-25	Jul-25	Aug-24	FY26TD	FY25TD
IIP			4.0	4.3	0.0	2.8	4.3
Sector-based indices	Mining	14.4	6.0	-7.2	-4.3	-2.2	4.8
	Manufacturing	77.6	3.8	6.0	1.2	4.0	3.7
	Electricity	8.0	4.1	3.7	-3.7	0.7	7.1
Use-based Goods	Primary Goods	34	5.2	-0.7	-2.6	0.0	4.8
	Capital Goods	8.2	4.4	6.8	0.0	8.1	4.1
	Intermediate Goods	17.2	5.0	6.1	3.1	5.2	4.1
	Infra/Construction Goods	12.3	10.6	13.7	2.7	8.5	6.5
	Consumer Goods	28.2	-2.1	3.3	-0.4	0.4	2.4
	Consumer Durables	12.8	3.5	7.3	5.4	3.7	9.0
	Consumer non-durables	15.3	-6.3	0.5	-4.4	-2.0	-1.9

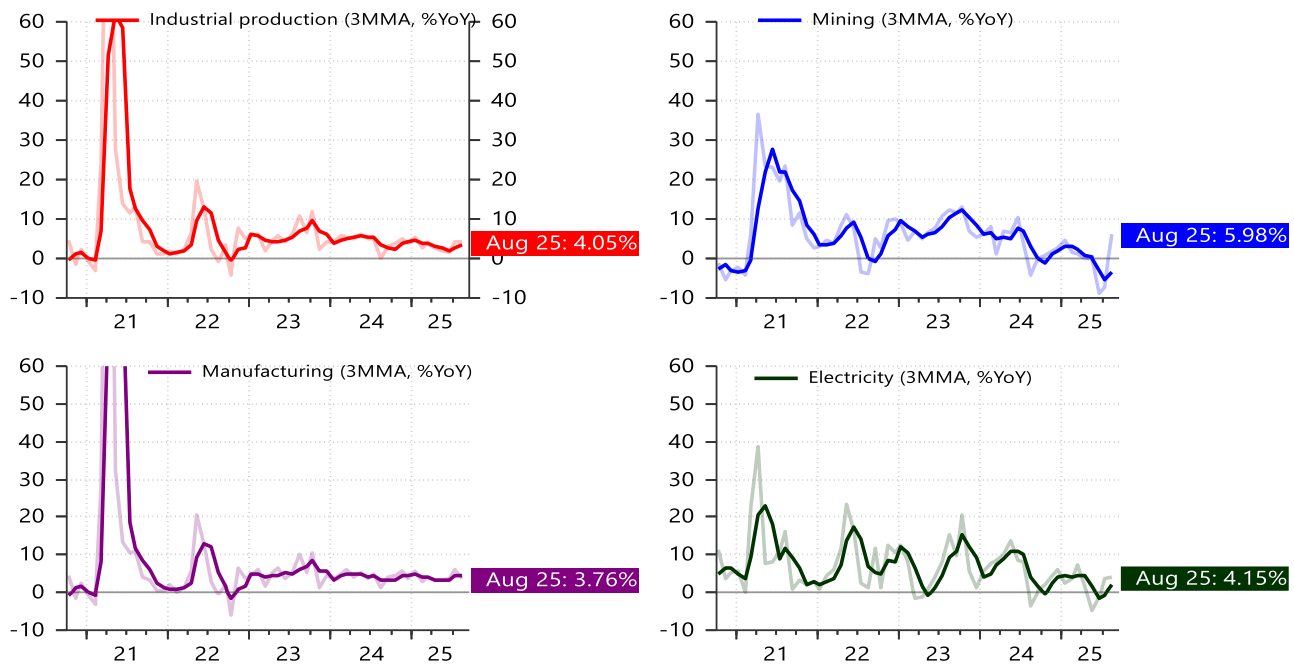
Source: CMIE Economic Outlook, NSE EPR. Note: FYTD corresponds to April-August

Figure 97: Sub-industries wise break of manufacturing IIP growth rates (YoY%)– August 2025

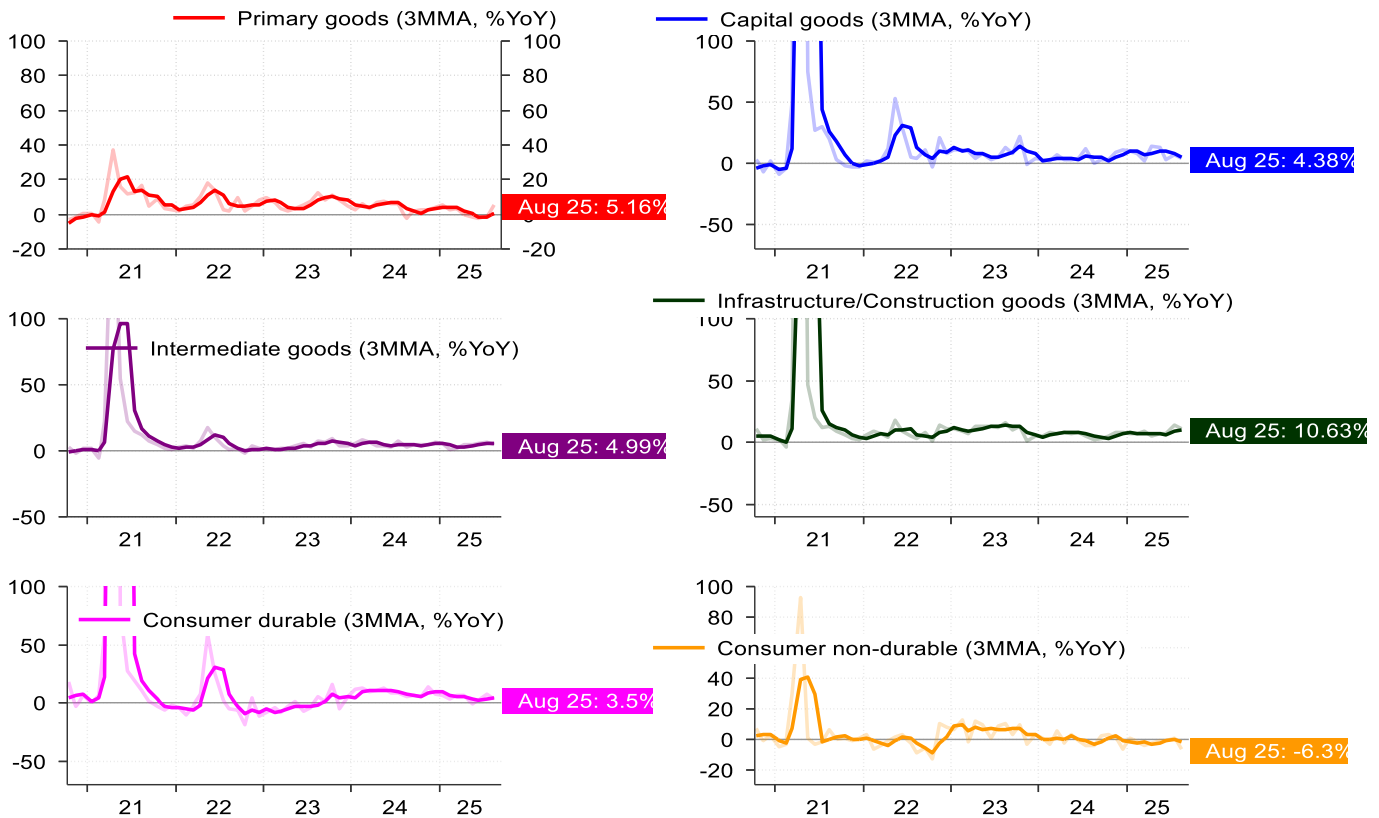
Out of the 23 sub-industries, 10 have recorded positive YoY growth, of which four registered double-digit growth



Source: CMIE Economic Outlook, NSE EPR.

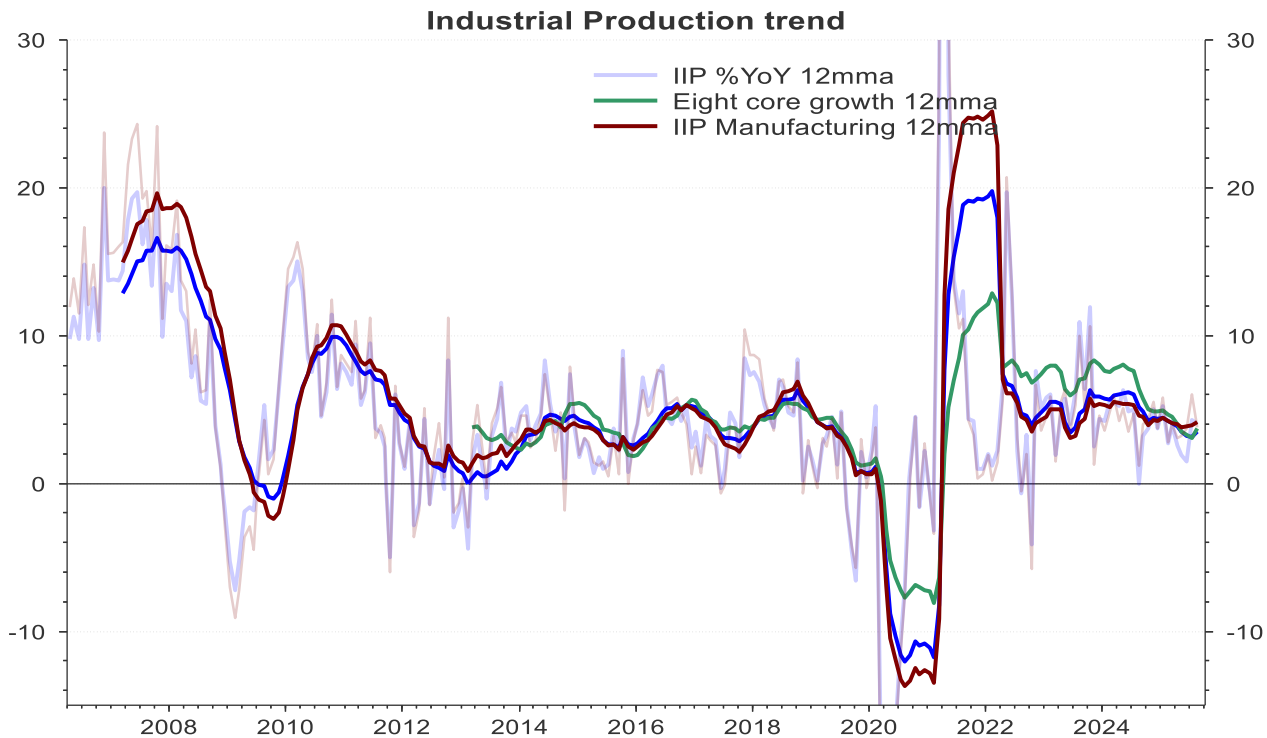
Figure 98: India industrial production (3MMA)


Source: LSEG Workspace, NSE EPR.

Figure 99: India industrial production use-based goods (3MMA)


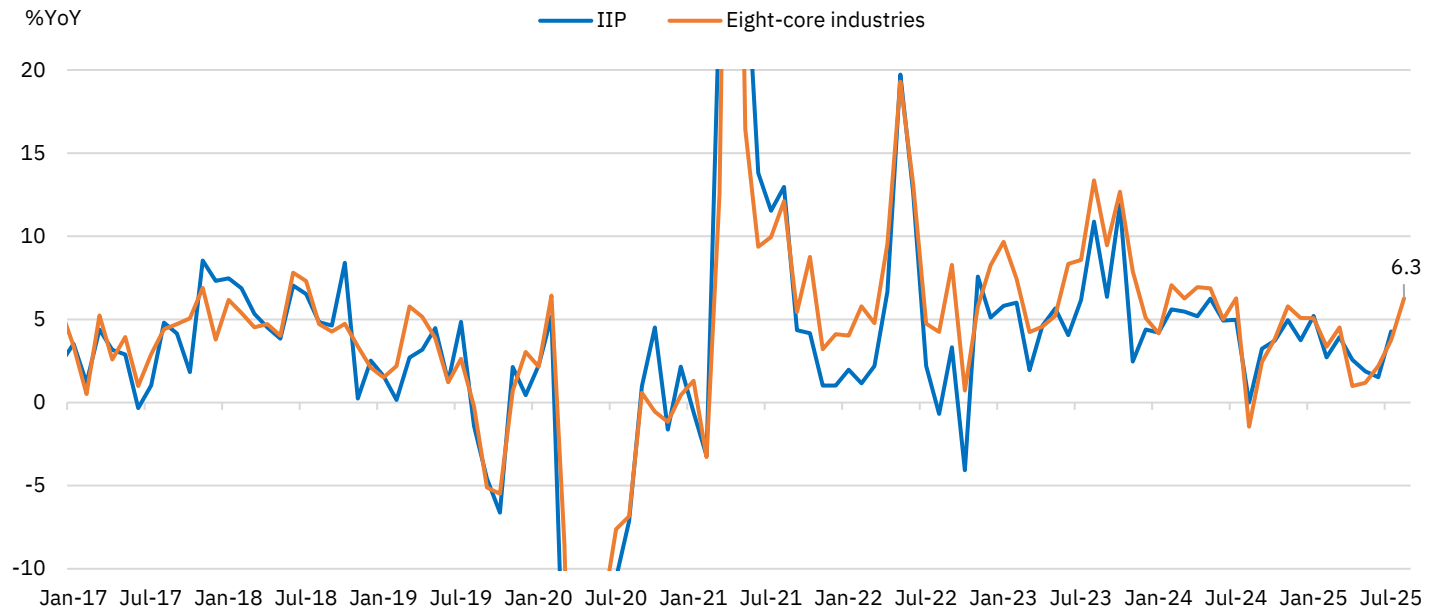
Source: LSEG Workspace, NSE EPR.

Figure 100: Long-term industrial production trend (12MMA)



Source: LSEG Workspace, NSE EPR.

Figure 101: Monthly trends in Eight core industries and IIP growth (% YoY)

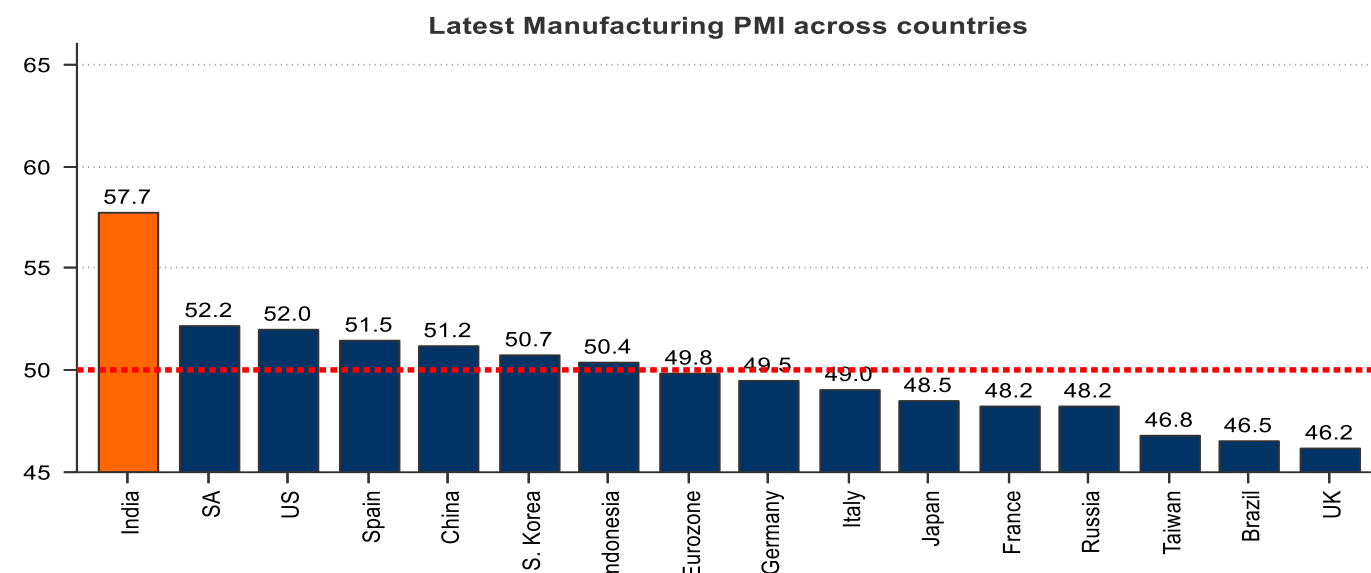


Source: CMIE Economic Outlook, NSE EPR.

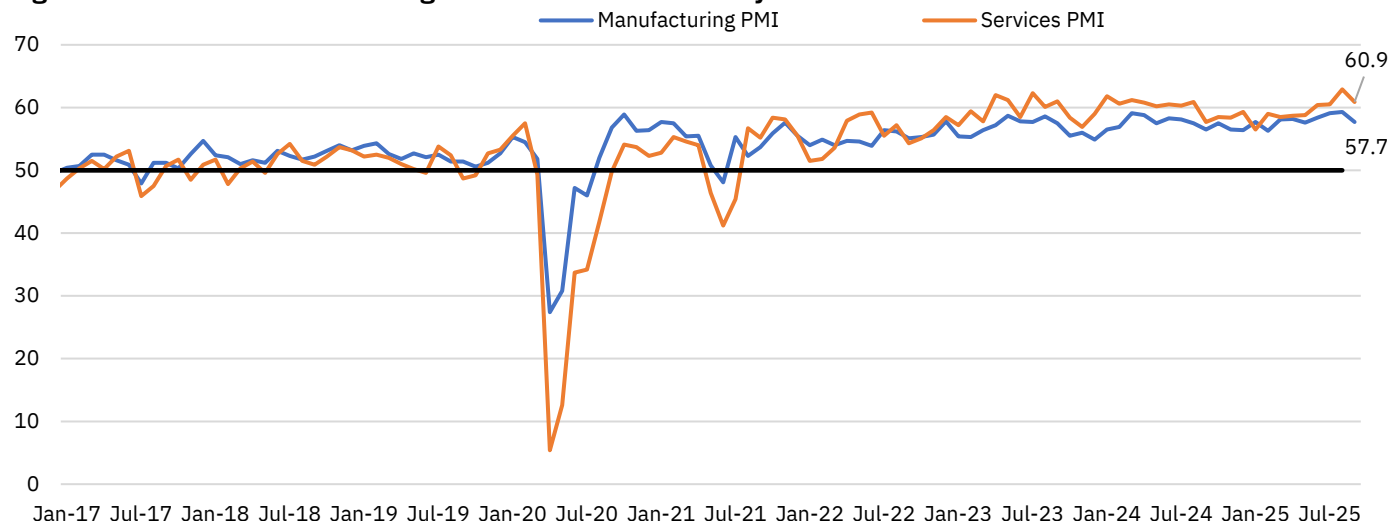
Table 16: Sector-wise core sector growth for August 2025 (%YoY)

	Weights	Aug-25	Jul-25	Aug-24	FY26TD	FY25TD
Eight-core sector	100.0	6.3	3.7	(1.5)	2.8	4.7
Coal	10.3	11.4	(12.3)	(8.1)	(0.7)	6.5
Crude oil	9.0	(1.2)	(1.3)	(3.4)	(1.7)	(1.7)
Natural gas	6.9	(2.2)	(3.2)	(3.6)	(2.5)	2.6
Refinery products	28.0	3.0	(1.1)	(1.0)	0.3	1.7
Fertilizers	2.6	4.6	2.0	3.2	(0.8)	1.7
Steel	17.9	14.2	16.6	4.1	10.4	7.2
Cement	5.4	6.1	11.6	(2.5)	8.3	0.7
Electricity	19.9	3.1	3.7	(3.7)	0.4	7.1

Source: CMIE Economic Outlook, NSE EPR. FYTD corresponds to April-August

Figure 102: Manufacturing PMI across countries


Source: LSEG Workspace, NSE EPR. The data is as of September'2025

Figure 103: India's Manufacturing and Services PMI monthly trend


Source: CMIE Economic Outlook, NSE EPR.

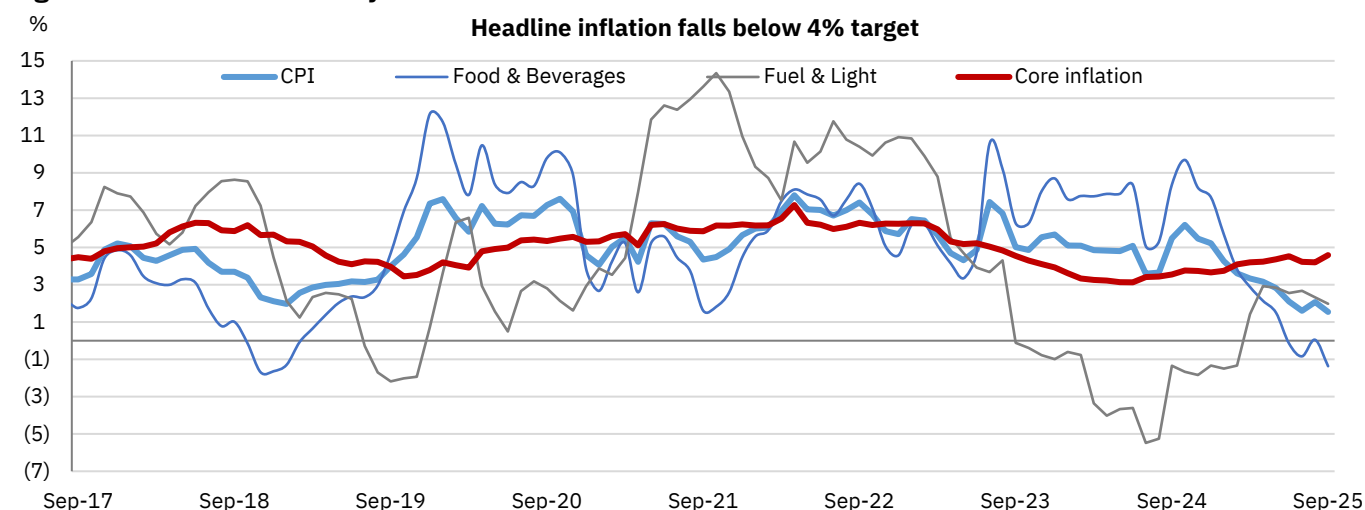
Inflation: CPI and WPI inflation ease in September

Table 17: Consumer Price Inflation in September 2025 (%YoY)

	Weight (%)	Sep-25	Aug-25	Sep-24	FY26TD	FY25TD
CPI		1.5	2.1	5.5	2.2	4.6
Food & Beverages	45.9	(1.4)	0.0	8.4	0.2	7.1
Pan, Tobacco & Intoxicants	2.4	2.7	2.5	2.5	2.4	2.9
Clothing & Footwear	6.5	2.3	2.3	2.7	2.5	2.7
Housing	10.1	4.0	3.1	2.7	3.3	2.7
Fuel & Light	6.8	2.0	2.3	(1.3)	2.5	(3.9)
Miscellaneous	28.3	5.4	5.0	4.0	5.2	3.7
Core Inflation¹	44.9	4.6	4.2	3.5	4.4	3.3

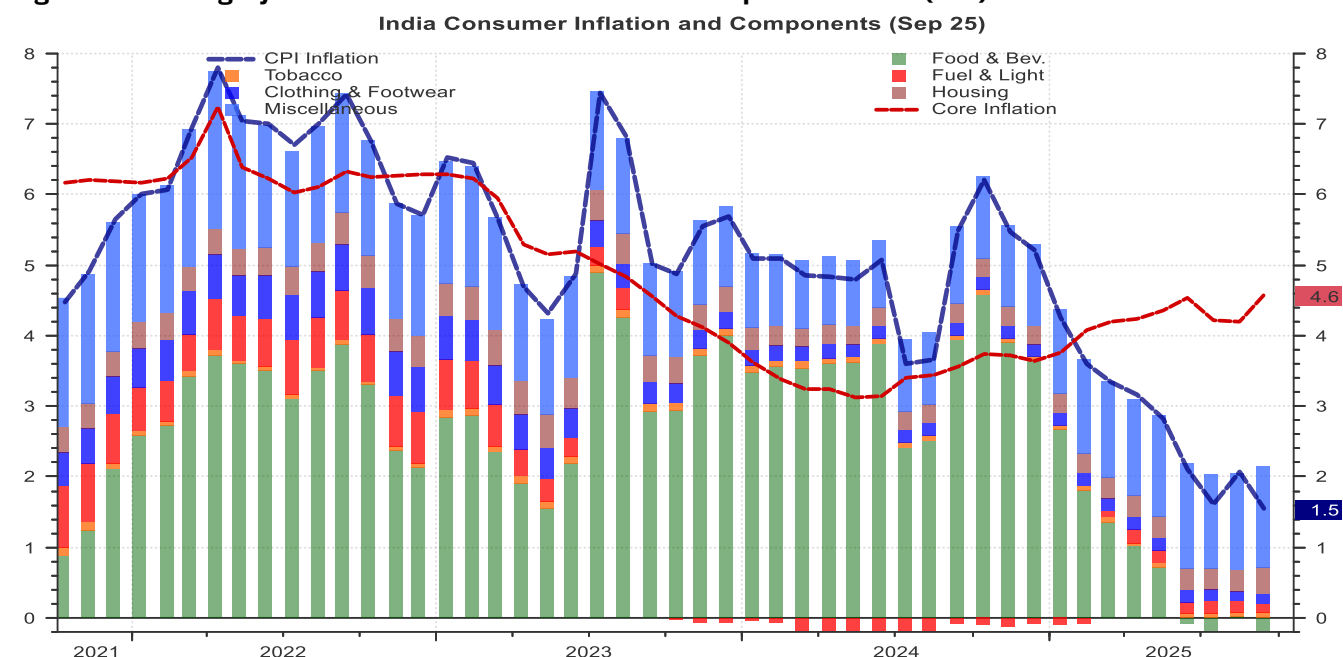
Source: CSO, NSE EPR; Note: ¹ Headline inflation excluding food & beverages, pan, tobacco & intoxicants and fuel & light. FYTD data corresponds to April-September

Figure 104: Headline monthly CPI inflation trend



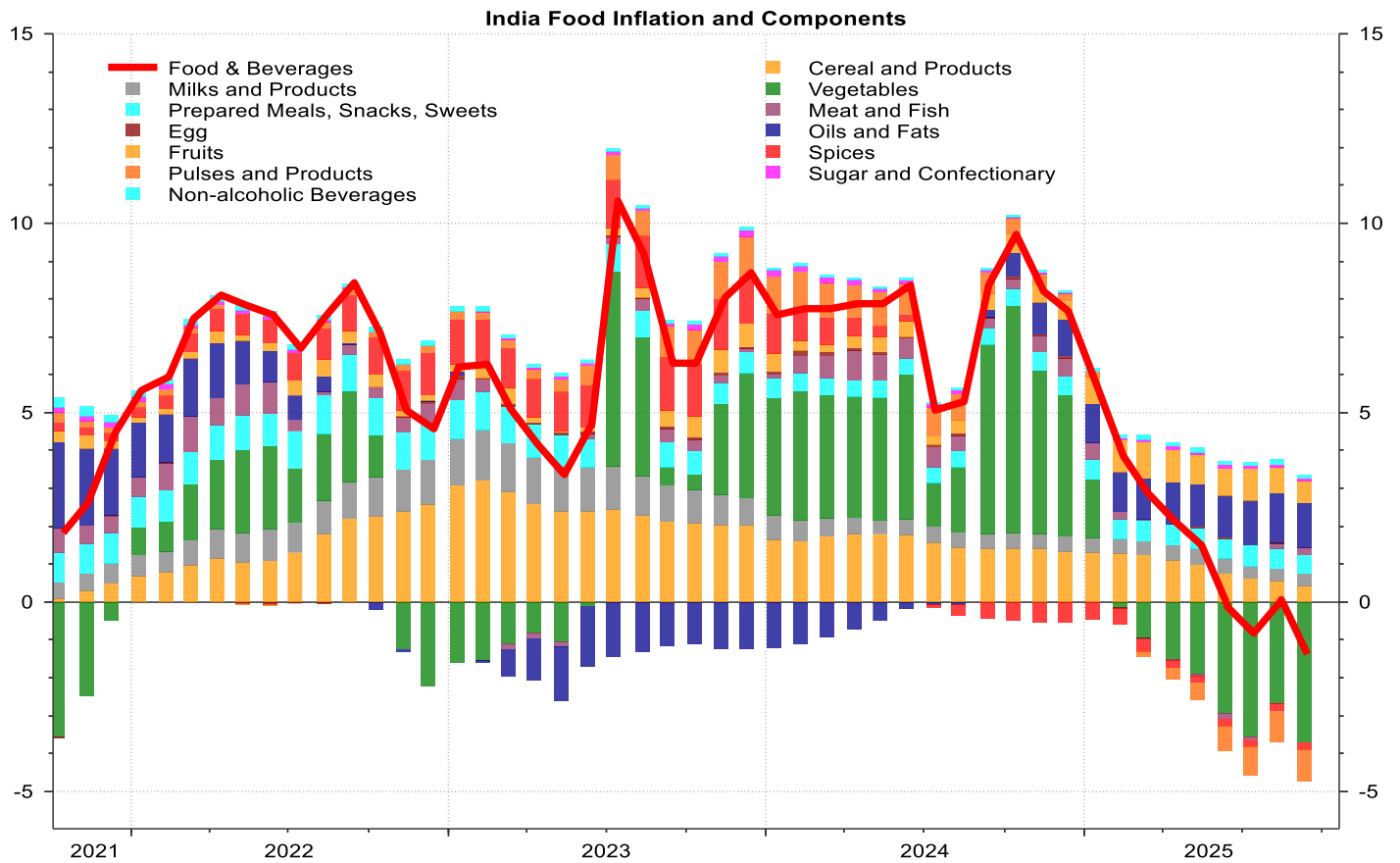
Source: CMIE Economic Outlook, NSE EPR.

Figure 105: Category-wise contribution to India consumer price inflation (CPI)



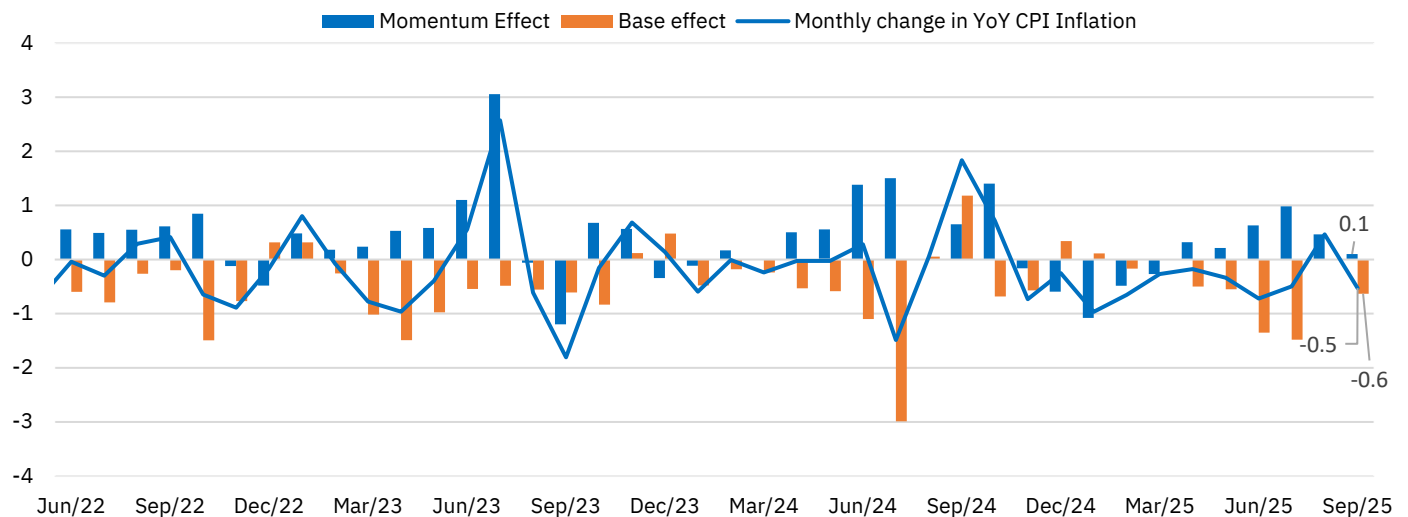
Source: LSEG Workspace, NSE EPR.

Figure 106: Category-wise contribution to India Food and Beverages inflation (CPI)



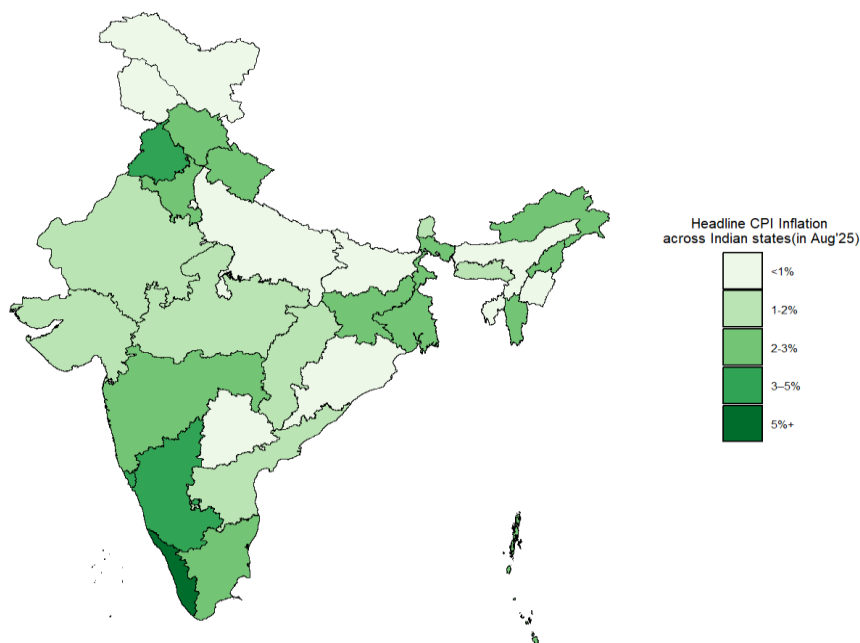
Source: LSEG Workspace, NSE EPR.

Figure 107: Monthly Change in CPI inflation broken down by base and momentum



Source: CMIE Economic Outlook, NSE EPR.

Figure 108: Headline CPI inflation across Indian states in August 2025



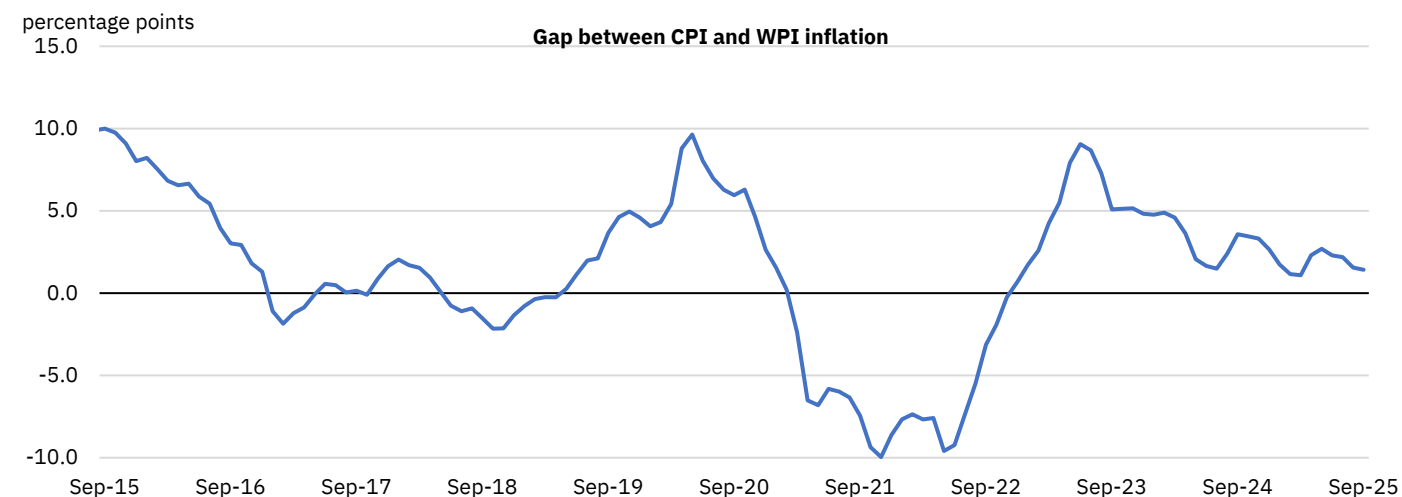
Source: CMIE Economic Outlook, NSE EPR Note: 1) As state-wise information for all states were not available, the map above pertains for August'25

Table 18: Wholesale price inflation for September 2025 (%YoY)

	Weight (%)	Sep-25	Aug-25	Sep-24	FY26TD	FY25TD
WPI		0.1	0.5	1.9	0.1	2.1
Primary articles	22.6	-3.3	-2.1	6.5	-2.7	5.6
Food articles	15.3	-5.2	-3.1	11.5	-3.3	7.7
Non-food articles	4.1	3.1	5.6	-1.5	2.9	-2.5
Minerals	0.8	6.8	3.3	1.0	2.7	5.4
Crude petroleum & natural gas	2.4	-3.8	-9.9	-13.0	-10.5	3.7
Fuel & power	13.2	-2.6	-3.2	-3.9	-3.4	-0.3
Coal	2.1	0.4	0.5	-0.8	0.4	-0.6
Mineral oils	8.0	-3.6	-4.7	-5.7	-5.5	0.1
Electricity	3.1	-1.3	-1.1	-0.2	0.1	-1.6
Manufactured products	64.2	2.3	2.5	1.1	2.3	1.0
Food group	24.4	-2.0	0.2	9.8	0.1	6.5

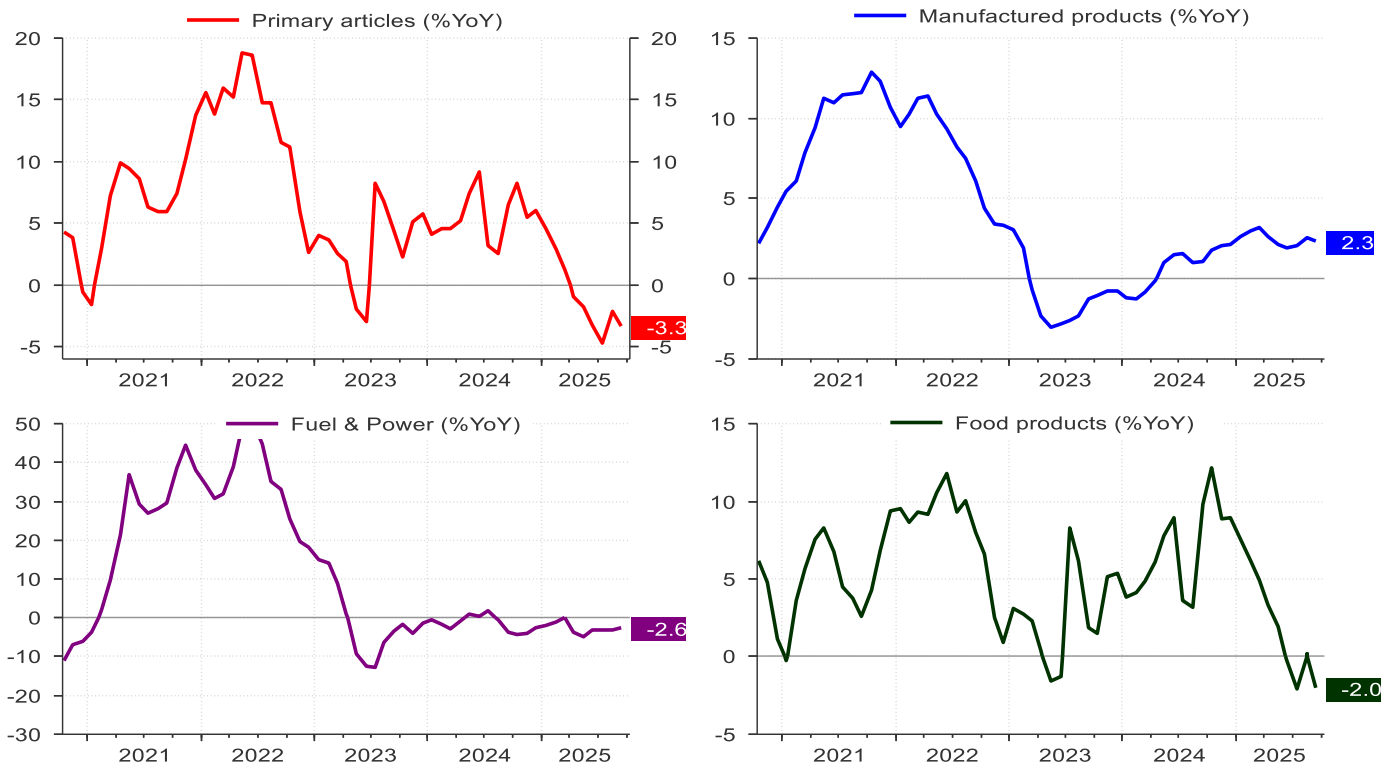
Source: CSO, CMIE Economic Outlook, NSE EPR. FYTD data corresponds to April-September

Figure 109: Gap between retail and wholesale inflation



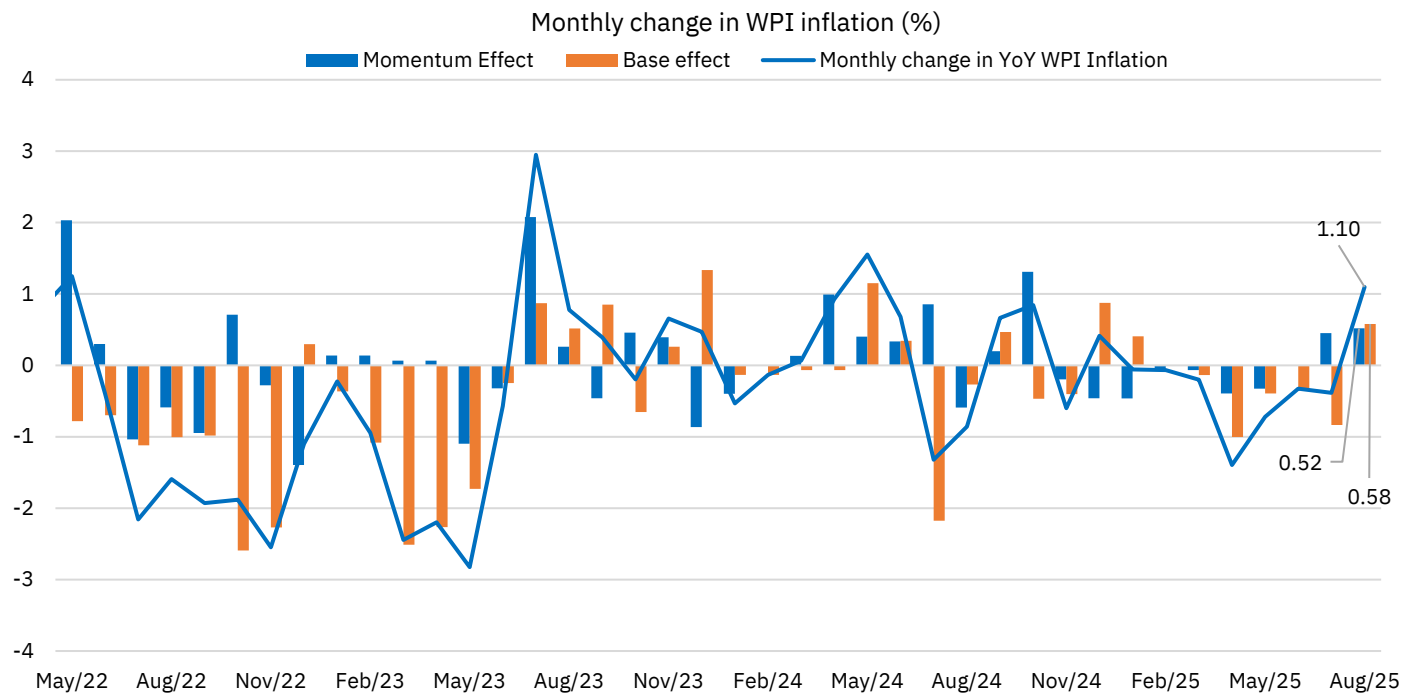
Source: CMIE Economic Outlook, NSE EPR.

Figure 110: India wholesale price inflation (WPI)



Source: LSEG Workspace, NSE EPR.

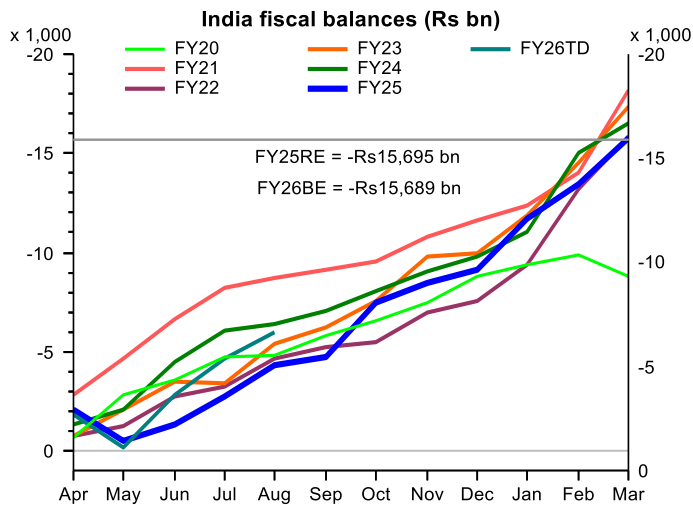
Figure 111: Monthly Change in WPI inflation broken down by base and momentum



Source: CMIE Economic Outlook, NSE EPR.

Union finances: Fiscal deficit at 38% of FY26BE till August; higher than last year

Figure 112: Centre's gross fiscal trend (% GDP)



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

Figure 113: Gross fiscal deficit as % of budget targets during April-August

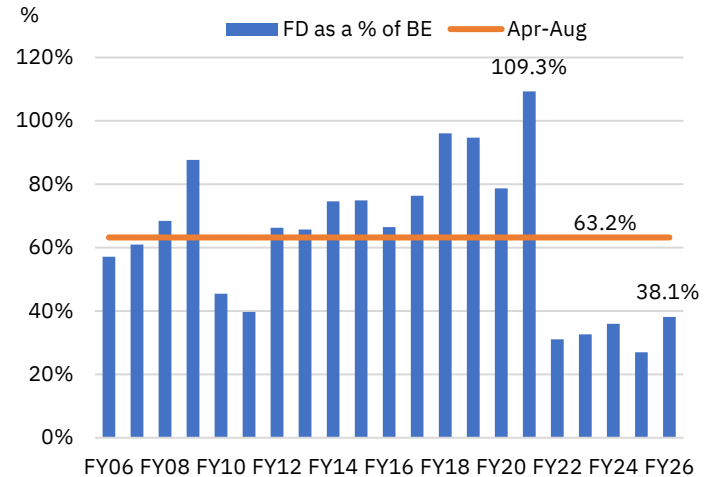
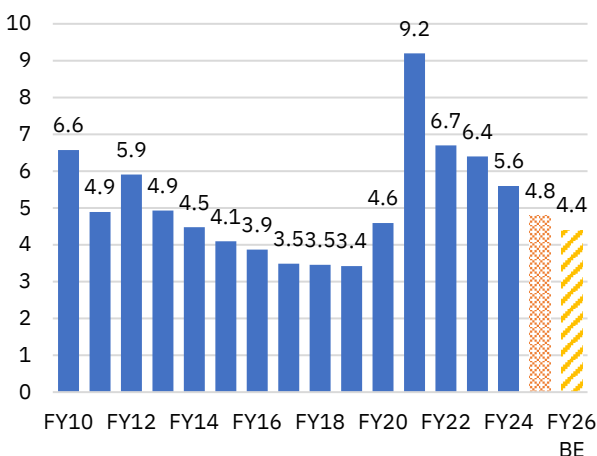


Figure 114: Centre's gross fiscal trend (% GDP)

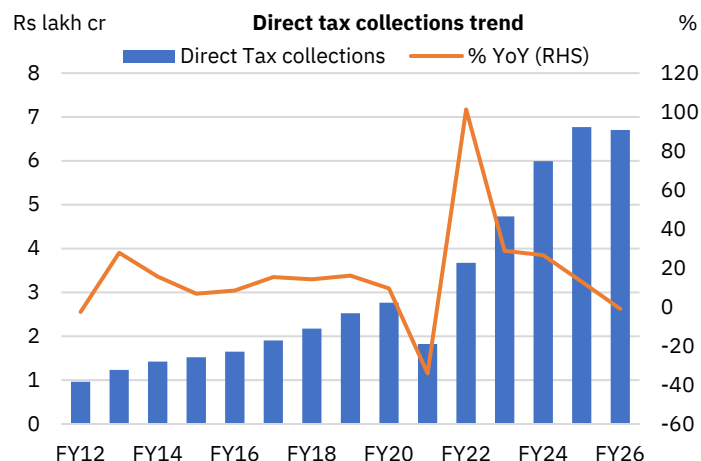


Source: CMIE Economic Outlook, CGA, NSE. BE = Budget Estimates, PA = Provisional actuals; Note: 1) % YoY growth in FY26BE is over the provisional actuals of FY25 2) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts.

Table 19: Fiscal Balance Snapshot

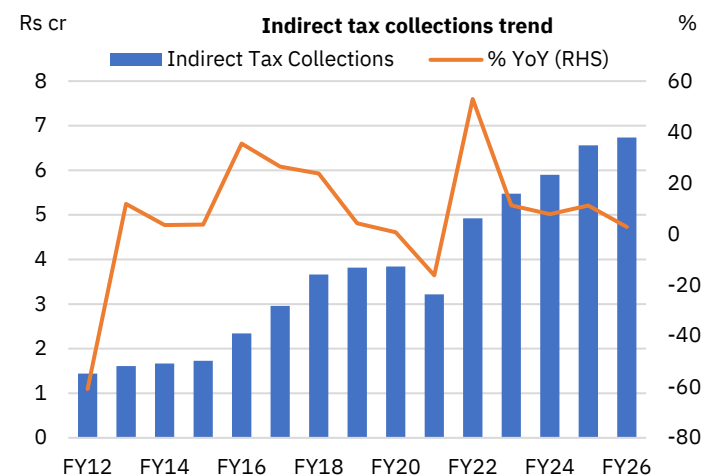
Rs crore	FY24	FY25PA	% YoY	FY26BE	% YoY
Net tax rev	23,27,250	24,98,885	7.4%	28,37,409	13.5%
Non-tax rev	401,785	537,544	33.8%	583,000	8.5%
Non-debt cap rec.	59,767	41,818	-30.0%	76,000	81.7%
Total receipts	27,88,803	30,78,247	10.4%	34,96,409	13.6%
Revenue Exp	3,494,252	3,603,510	3.1%	3,944,255	9.5%
Capital Exp	949,195	1,052,007	10.8%	1,121,090	6.6%
Total exp.	44,43,447	46,55,517	4.8%	50,65,345	8.8%
Fiscal deficit	16,54,644	15,77,270	-4.7%	15,68,936	-0.5%
GDP	295,35,667	330,68,145	12.0%	356,97,923	8.0%
% of GDP	5.6	4.8		4.4	

Figure 115: Direct tax collections during Apr-August



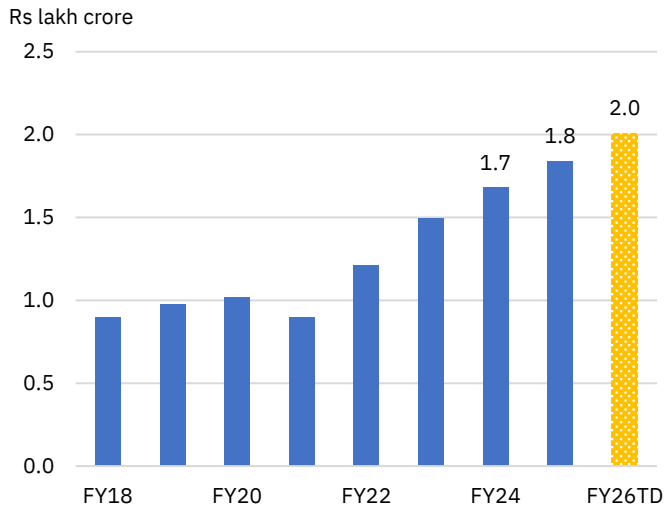
Source: CMIE Economic Outlook, CGA, NSE EPR.

Figure 116: Indirect tax collections during Apr-August



Source: CMIE Economic Outlook, CGA, NSE EPR.

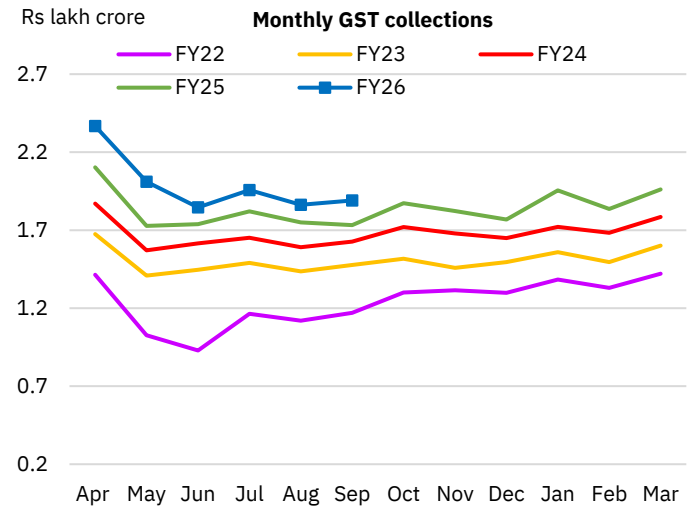
Figure 117: Year average of monthly collections*



*FY26TD – FY26 Till Date (Apr-Sep)

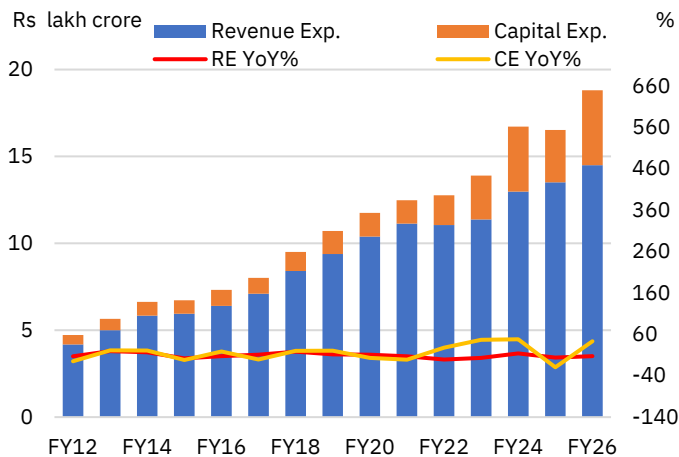
Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

Figure 118: GST collections trend



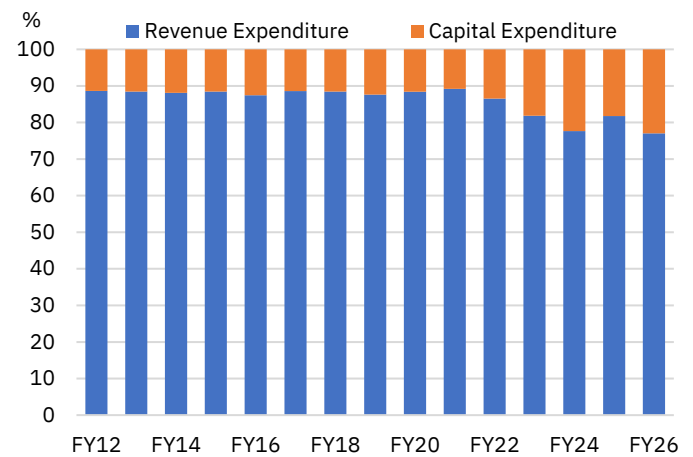
Source: CMIE Economic Outlook, NSE EPR.

Figure 119: Revenue and capital exp during Apr-Aug



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

Figure 120: Expenditure mix during Apr-Aug



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

Table 20: A snapshot of government finances (April-August FY26)

Items	Apr-August (FY25)	Apr-August (FY26)		Utilisation rate	
	Rs lakh crore	Rs lakh crore	% YoY	5MFY25	5MFY26
Net tax revenues	8.7	8.1	-7%	33.8%	28.6%
Gross tax revenues	13.3	13.4	1%	34.7%	31.5%
Of which:					
Direct Tax	6.8	6.7	-1%	30.7%	26.6%
Corporation tax	2.2	2.3	2%	22.0%	21.2%
Income tax	4.5	4.4	-2%	38.1%	30.7%
Indirect Tax	6.6	6.7	3%	40.2%	38.5%
Goods and service tax	4.3	4.5	5%	40.7%	38.6%
Custom Duties	0.9	0.8	-12%	39.7%	34.6%
Excise Duties	1.0	1.1	8%	32.6%	35.3%
States Share	-4.6	-5.3	16%	36.5%	37.3%
Transferred to NCCD	0.0	0.0	8%	33.4%	32.8%
Non-Tax Revenue	3.3	4.4	32%	61.3%	75.5%
Dividends and profits	2.4	3.1	29%	82.9%	95.0%
Other non-tax revenues	0.9	1.3	39%	44.0%	63.6%
Total revenue receipts	12.1	12.5	4%	38.6%	36.6%
Non-Debt Capital Receipts	0.1	0.3	261%	11.4%	42.1%
Recovery of Loans	0.1	0.1	6%	28.7%	29.5%
Misc. Receipts (include divestment)	0.0	0.2		1.6%	49.8%
Total Receipts	12.2	12.8	5%	38.0%	36.7%
Revenue Expenditure	13.5	14.5	7%	36.4%	36.7%
Interest Payments	4.0	5.3	32%	34.4%	41.4%
Major subsidies	1.8	1.5	-16%	41.7%	35.3%
Food	1.1	0.6	-43%	55.4%	31.7%
Fertilizer	0.6	0.9	40%	37.3%	50.9%
Petroleum	0.0	0.0	-86%	30.7%	4.2%
Other revenue expenditure	7.7	7.7	0%	36.5%	34.4%
Capital Expenditure	3.0	4.3	43%	27.1%	38.5%
Total Expenditure	16.5	18.8	14%	34.3%	37.1%
Fiscal Deficit	4.4	6.0	37%	27.0%	38.1%

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

Table 21: A snapshot of Government finances in financial year 2024-26

Items	FY24		BE (Rs lakh crore)	FY25		% chg. from BE	FY26	
	Rs lakh crore	% YoY		PA (Rs lakh crore)	% YoY		BE (Rs lakh crore)	% YoY over FY25PA
Central govt. net tax revenue	23.3	11.2%	25.8	25.0	7.4%	-3.3%	28.4	13.5%
Gross tax revenues	34.7	13.6%	38.4	38.0	9.5%	-1.2%	42.7	12.5%
Of which:								
Direct Tax	19.6	17.9%	22.1	21.7	10.9%	-1.7%	25.2	16.1%
Corporation tax	9.1	10.3%	10.2	9.9	8.3%	-3.3%	10.8	9.7%
Income tax	10.4	25.4%	11.9	11.8	13.2%	-0.3%	14.4	21.6%
Indirect Tax	15.1	8.6%	16.3	16.3	7.7%	-0.5%	17.5	7.7%
Goods and service tax	9.6	12.7%	10.6	10.3	7.8%	-2.9%	11.8	14.2%
Custom Duties	2.3	9.3%	2.4	2.3	-0.1%	-2.0%	2.4	3.1%
Excise Duties	3.1	-4.3%	3.2	3.0	-1.7%	-5.9%	3.2	5.6%
States Share	-11.3	19.1%	-12.5	-12.9	13.9%	3.2%	-14.2	10.5%
Transferred to NCCD	-0.1	9.7%	-0.1	-0.1	-8.1%	-14.8%	-0.1	28.8%
Non-Tax Revenue	4.0	40.8%	5.5	5.4	33.8%	-1.5%	5.8	8.5%
Dividends and profits	1.7	71.0%	2.9	3.1	80.5%	6.7%	3.3	5.4%
Central govt. revenue receipts	27.3	14.5%	31.3	30.4	11.3%	-3.0%	34.2	12.6%
Non-Debt Capital Receipts	0.6	-17.2%	0.8	0.4	-30.0%	-46.4%	3.3	81.7%
Divestment proceeds	0.3	-28.1%	0.5	0.2	-48.1%	-65.6%	0.5	173.2%
Total Receipts	27.9	13.6%	32.1	30.8	10.4%	-4.0%	35.0	13.6%
Revenue Expenditure	34.9	1.2%	37.1	36.0	3.1%	-2.9%	39.4	9.5%
Interest Payments	10.6	14.6%	11.6	11.2	4.9%	-4.0%	12.8	14.3%
Subsidy outgo	4.3	-24.7%	4.3	3.9	-10.8%	-9.4%	4.3	9.8%
Capital Expenditure	9.5	28.3%	11.1	10.5	10.8%	-5.3%	11.2	6.6%
Total Expenditure	44.4	6.0%	48.2	46.6	4.8%	-3.4%	50.7	8.8%
Fiscal Deficit	16.5	-4.8%	16.1	15.8	-4.7%	-2.2%	15.7	-0.5%
Fiscal Deficit/GDP	5.6		4.9	4.8			4.4	

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.

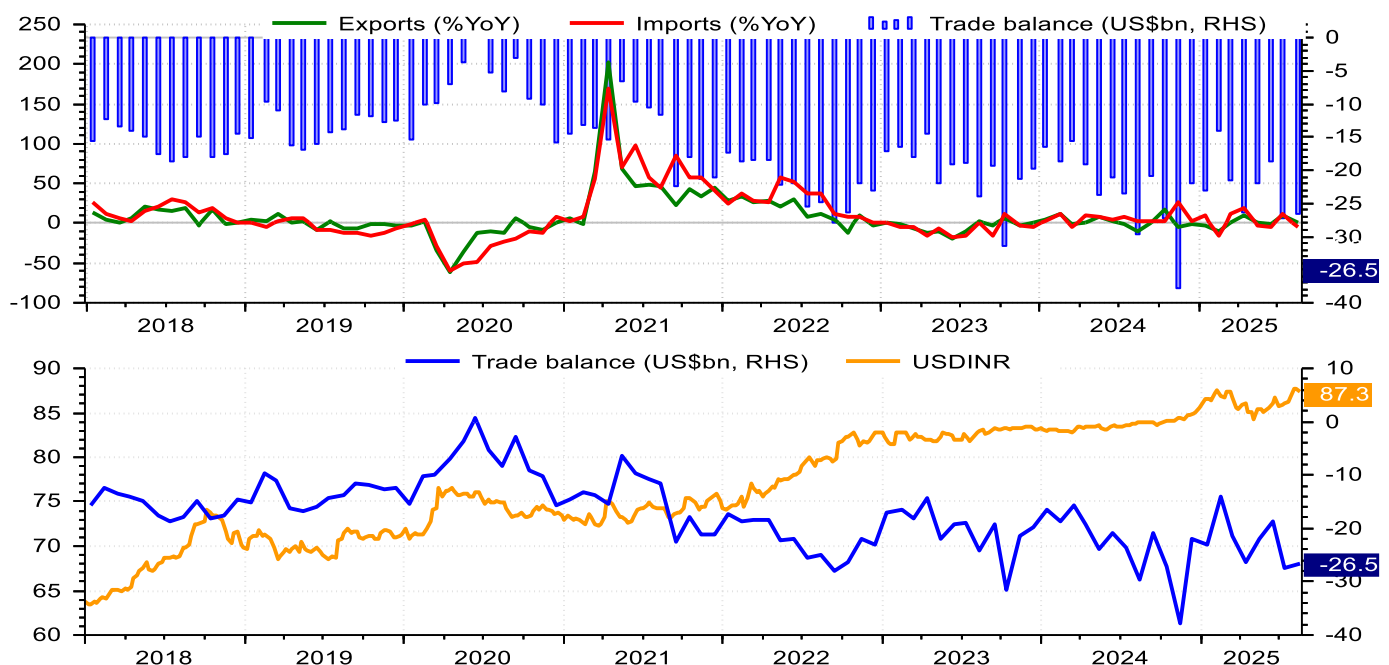
Trade: Goods deficit widens led by higher imports and lower oil imports

Table 22: India's merchandise trade balance for August 2025

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	
Aug-25	35.1	6.7	61.6	(10.1)	13.3	9.4	48.3	(14.3)	5.4	(56.7)	(26.5)
Jul-25	37.2	13.9	64.6	8.6	15.6	7.5	49.0	9.0	4.0	13.8	(27.4)
Aug-24	32.9	(14.1)	68.5	10.0	12.1	(25.6)	56.4	(25.6)	12.6	154.2	(35.6)
FY26TD	184.1	4.8	306.5	2.1	16.9	(30.7)	1.9	26.1	0.9	(35.4)	(122.4)
FY25TD	175.6	(0.6)	300.2	8.8	24.4	34.5	1.5	305.4	1.4	57.6	(124.5)

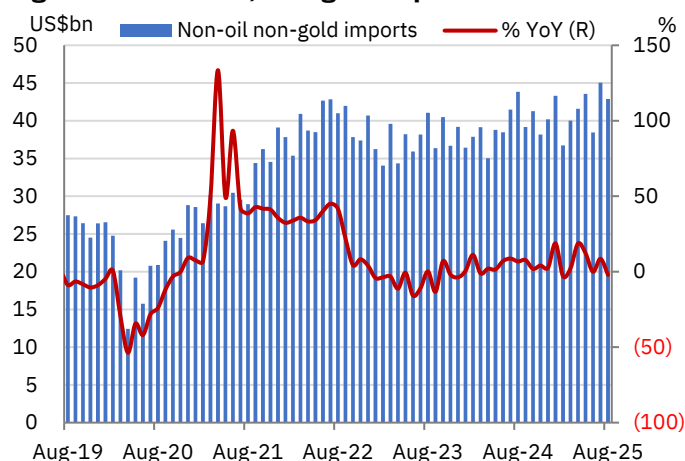
Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR. FYTD data corresponds to Apr-Aug.

Figure 121: Monthly trends in India's merchandise imports, exports and trade balance



Source: LSEG Workspace, NSE EPR.

Figure 122: Non-oil, non-gold imports



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

Figure 123: Oil imports trend

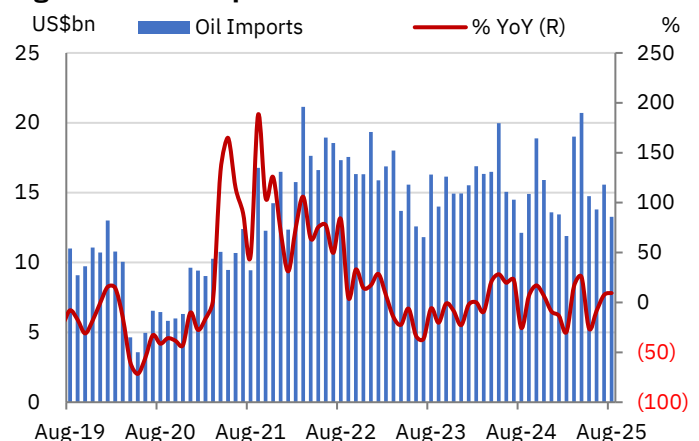


Figure 124: Oil imports vs. Brent crude oil prices trend

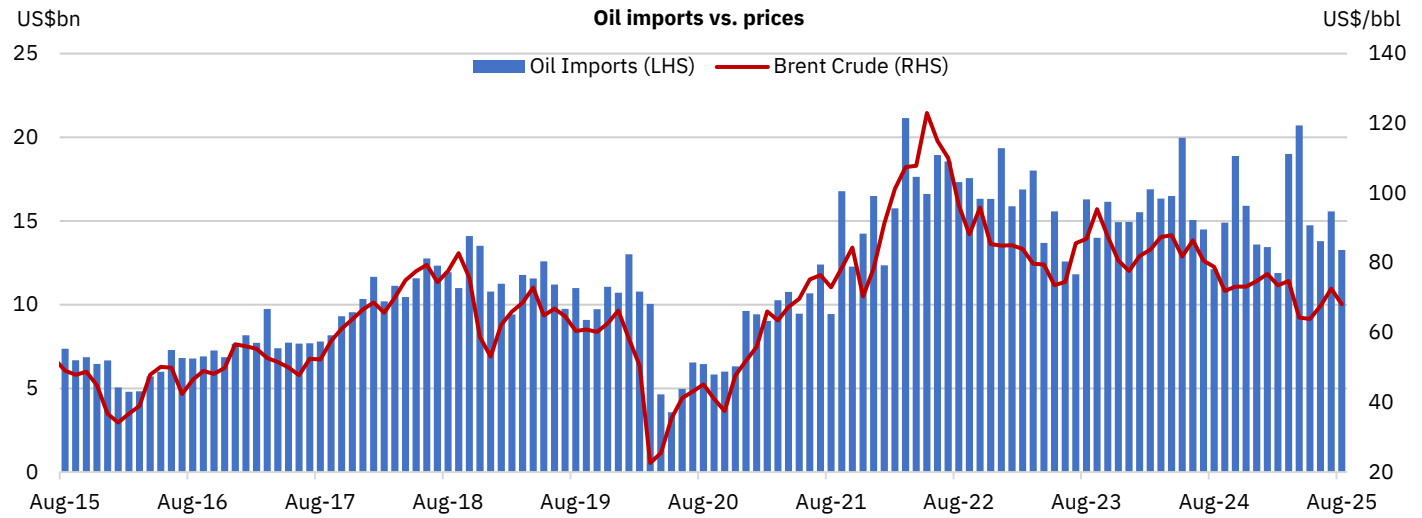


Figure 125: Monthly trend in monthly services exports, imports and net balance

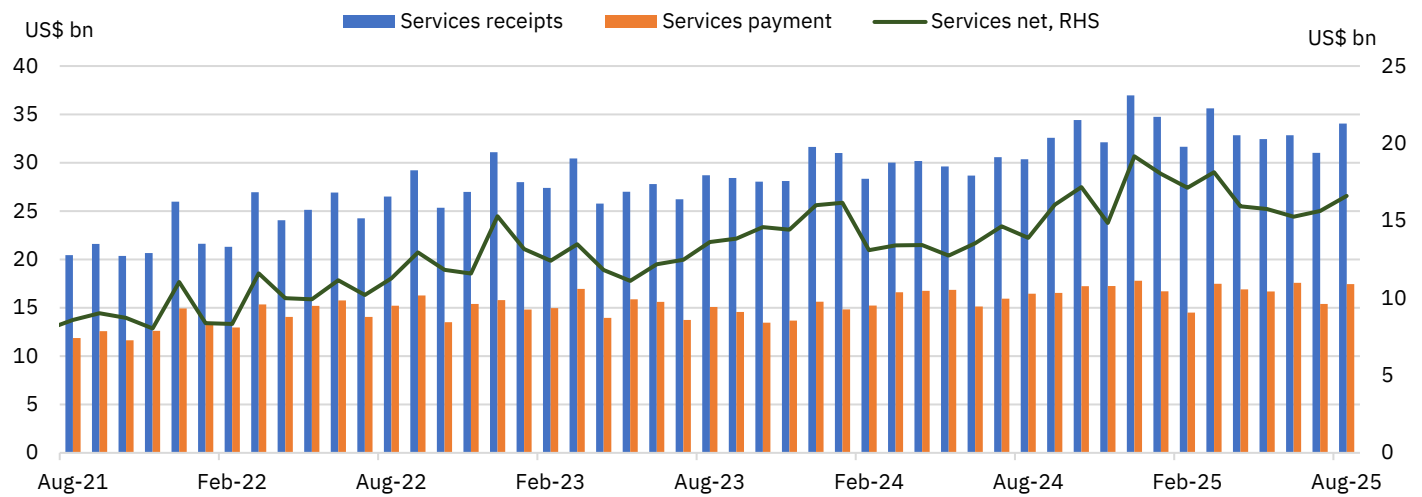


Figure 126: Annual trend in merchandise trade

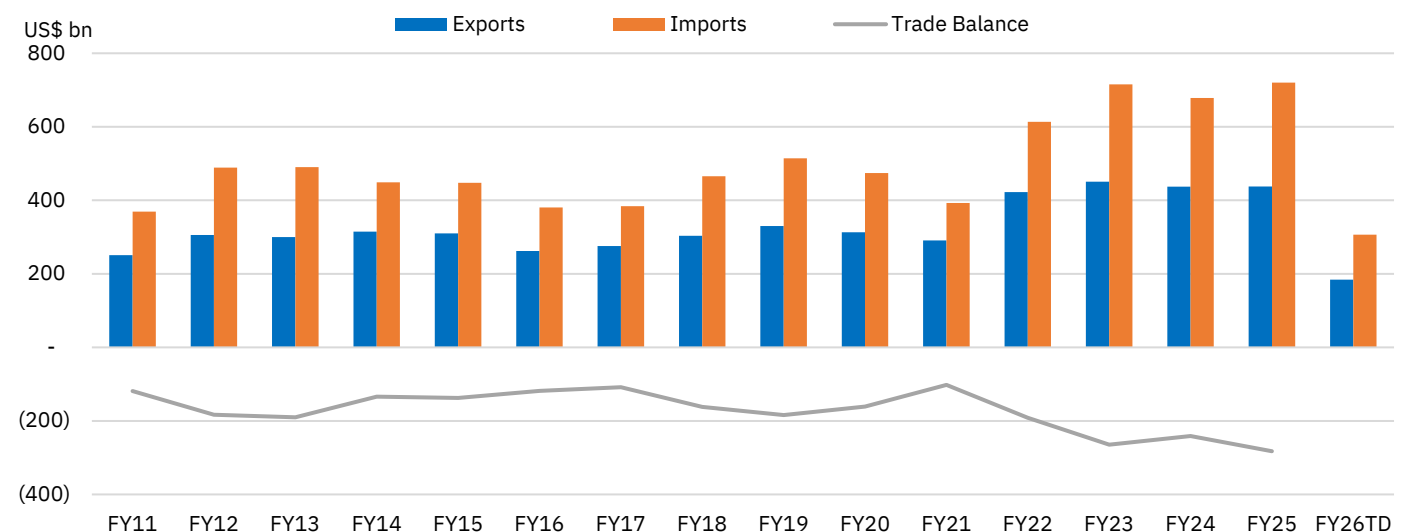
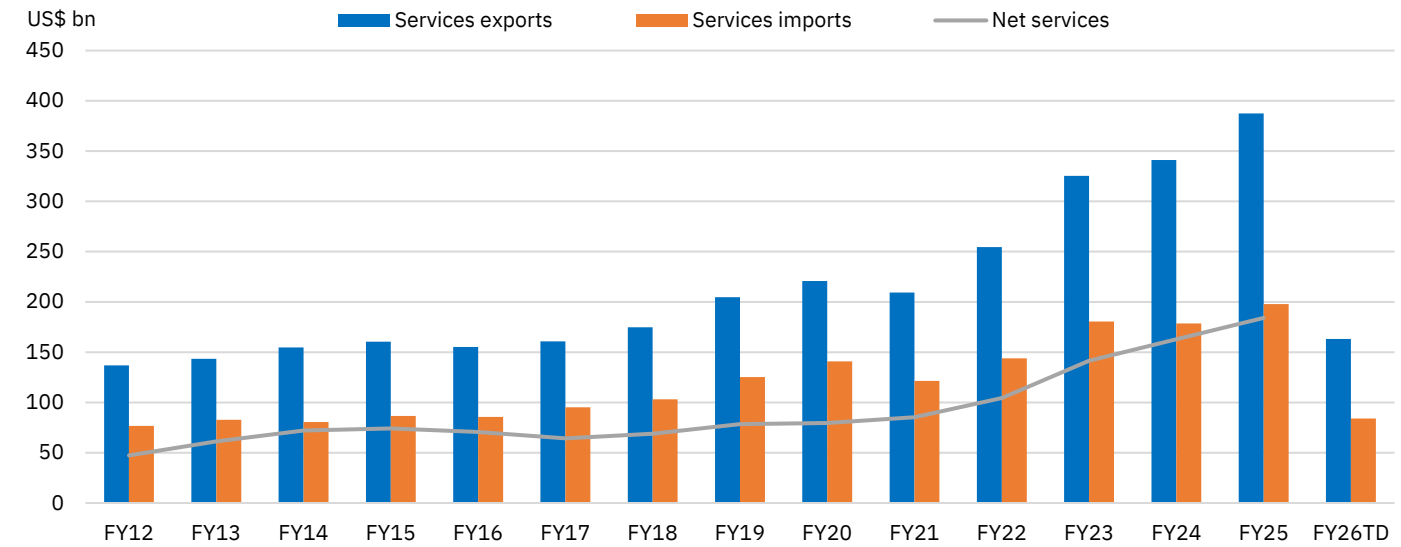
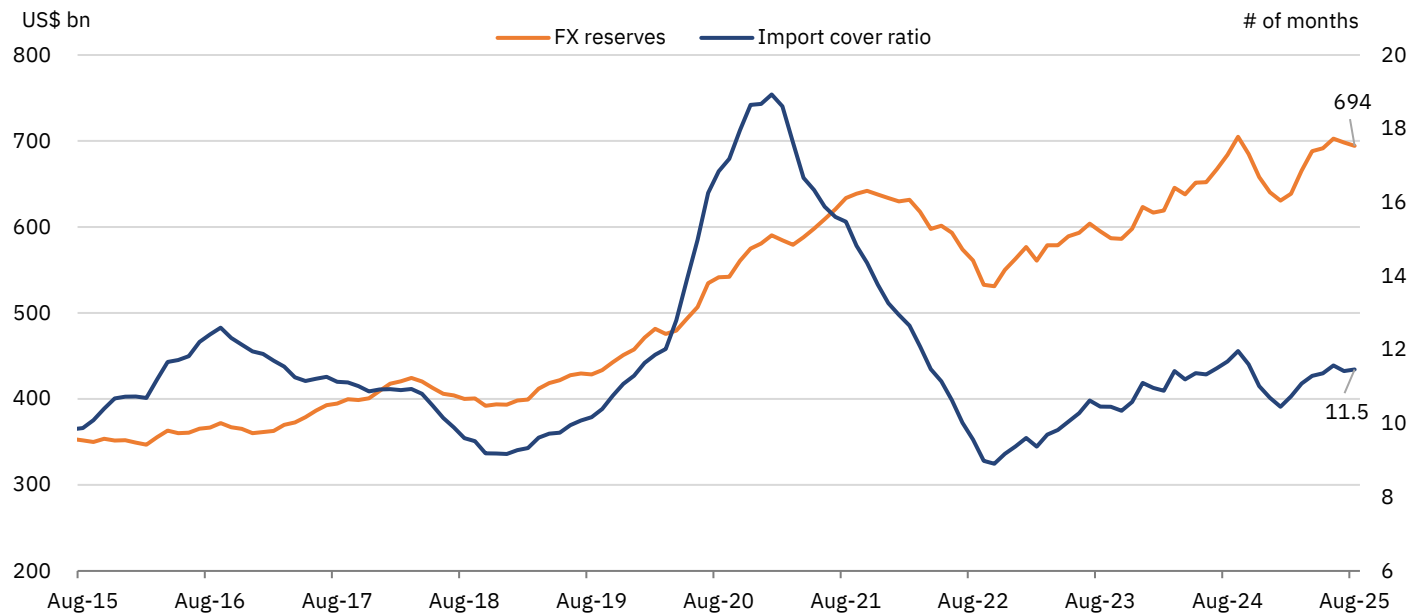


Figure 127: Annual trend in services trade



Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Data in FY26TD is till August 2025

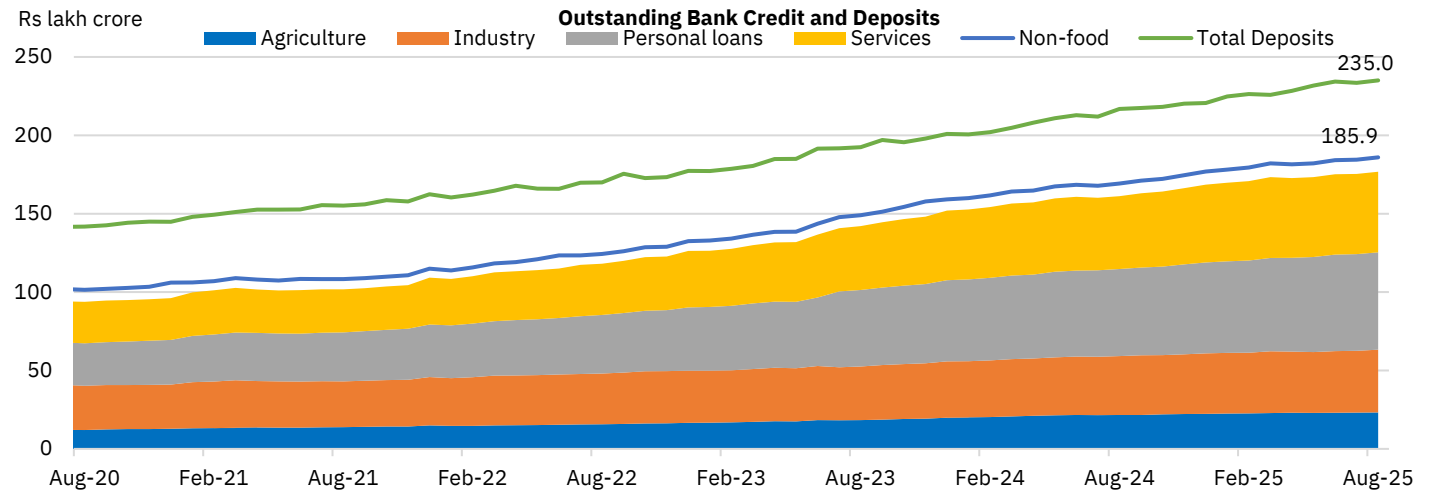
Figure 128: Forex reserves and import cover (months)



Source: LSEG Workspace, RBI, NSE EPR; Forex reserves as of August 29th, 2025.

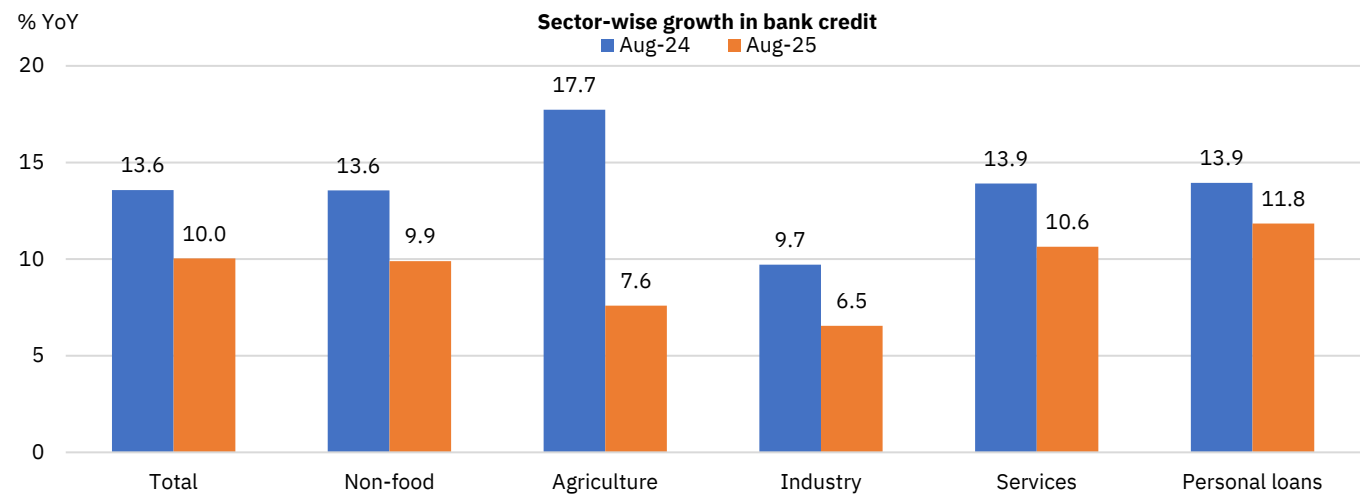
Credit-deposit ratio above the 80-mark in early September

Figure 129: Outstanding bank credit and deposit



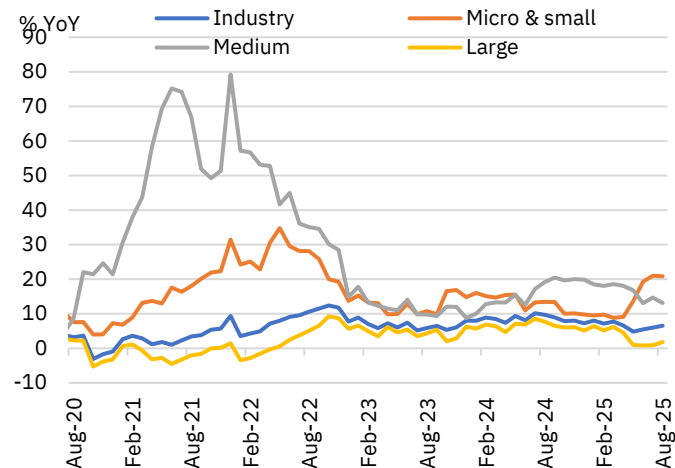
Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Data for total deposits for Aug'25 is from the Weekly Statistical Statement for the fortnight ended Sep 12th, 2025

Figure 130: Growth in bank credit across key heads



Source: CMIE Economic Outlook, NSE EPR.

Figure 131: Size-wise growth in industrial bank credit



Source: CMIE Economic Outlook, NSE EPR.

Figure 132: Credit growth in key industrial sub-segments

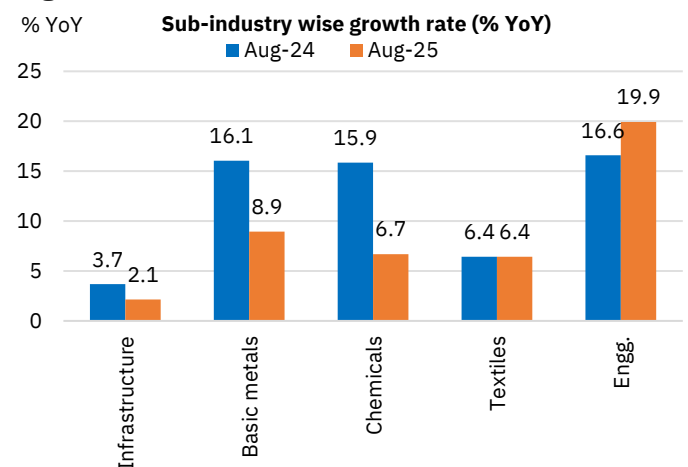
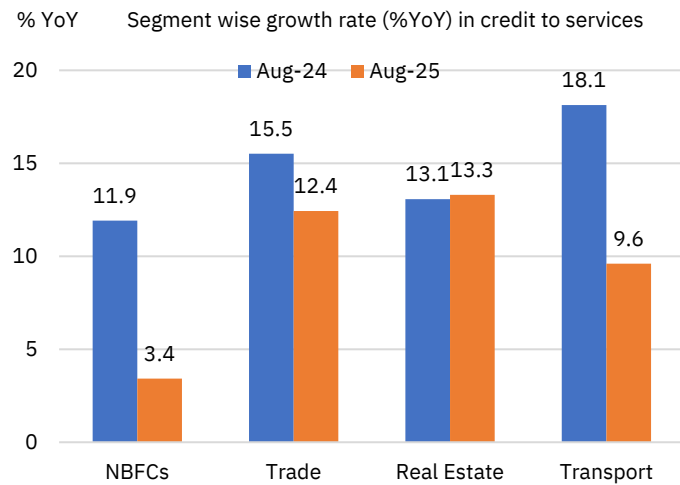


Figure 133: Growth in bank credit across segments of services



Source: CMIE Economic Outlook, NSE EPR.

Figure 134: Growth in bank credit across segments of personal loans

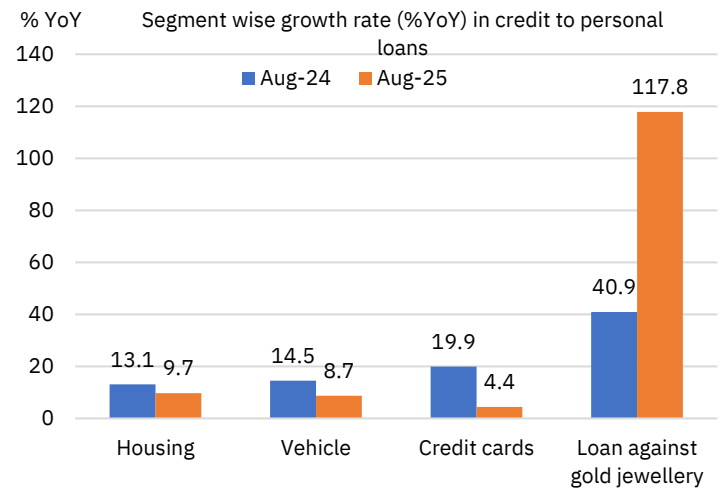
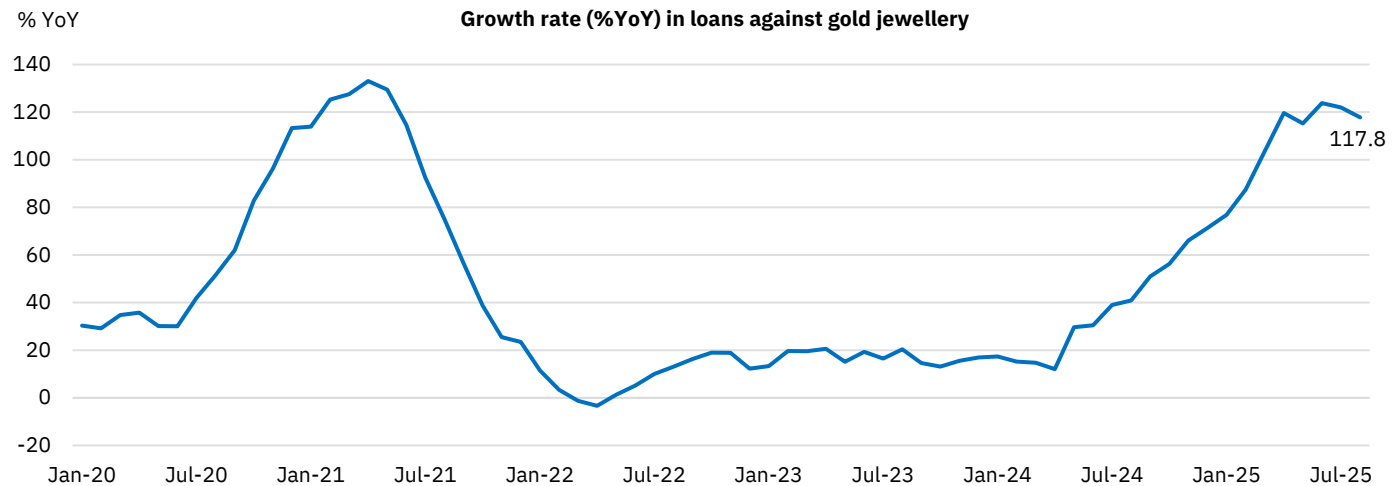
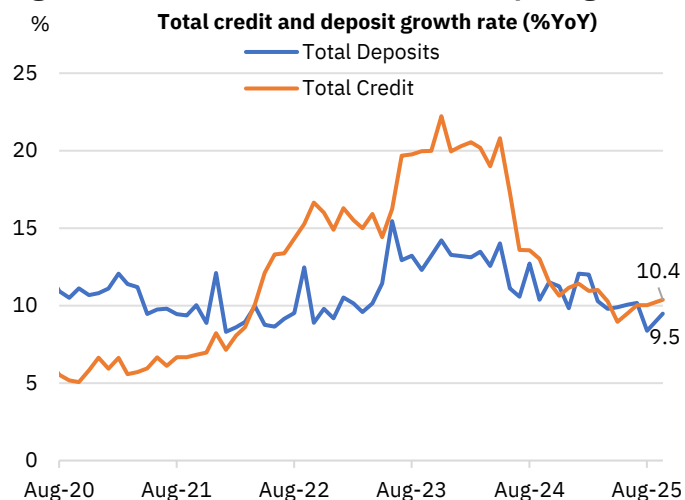


Figure 135: Growth rate in loans against gold jewellery



Source: CMIE Economic Outlook, NSE EPR.

Figure 136: Trends in bank credit and deposit growth



Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for September'25 as of September 19th, 2025 from the Weekly Statistical Statement of RBI (latest)

Figure 137: Comparison of credit and deposit growth based on latest values

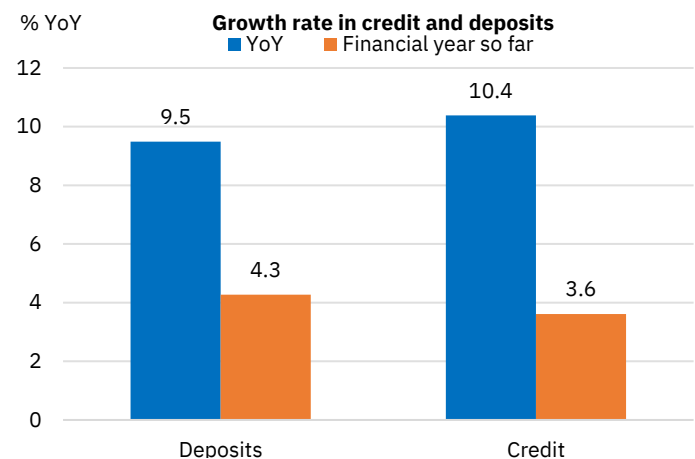
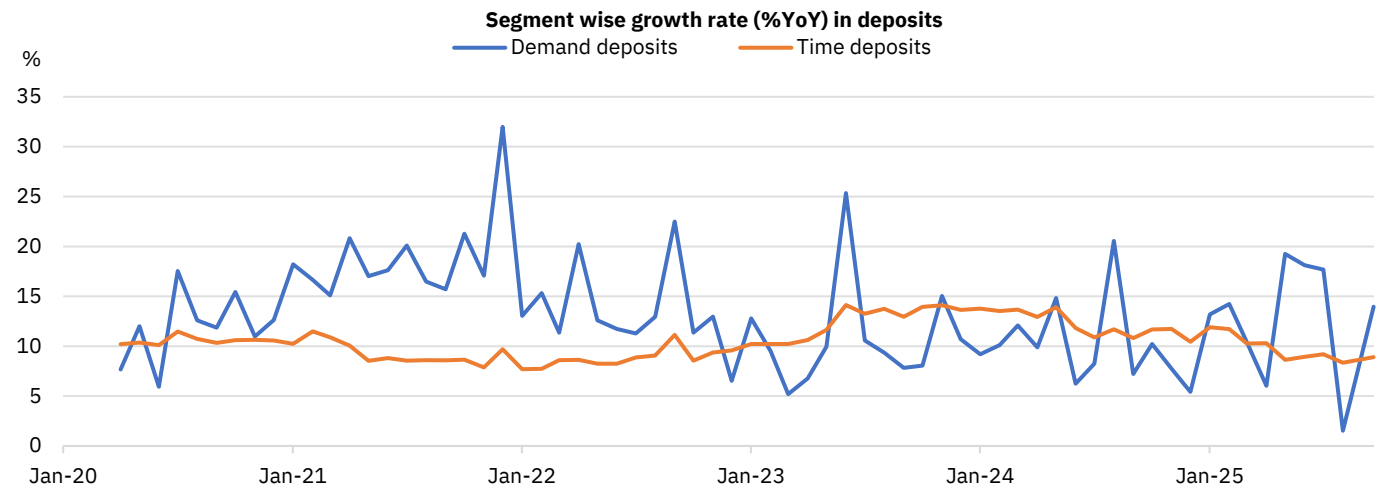
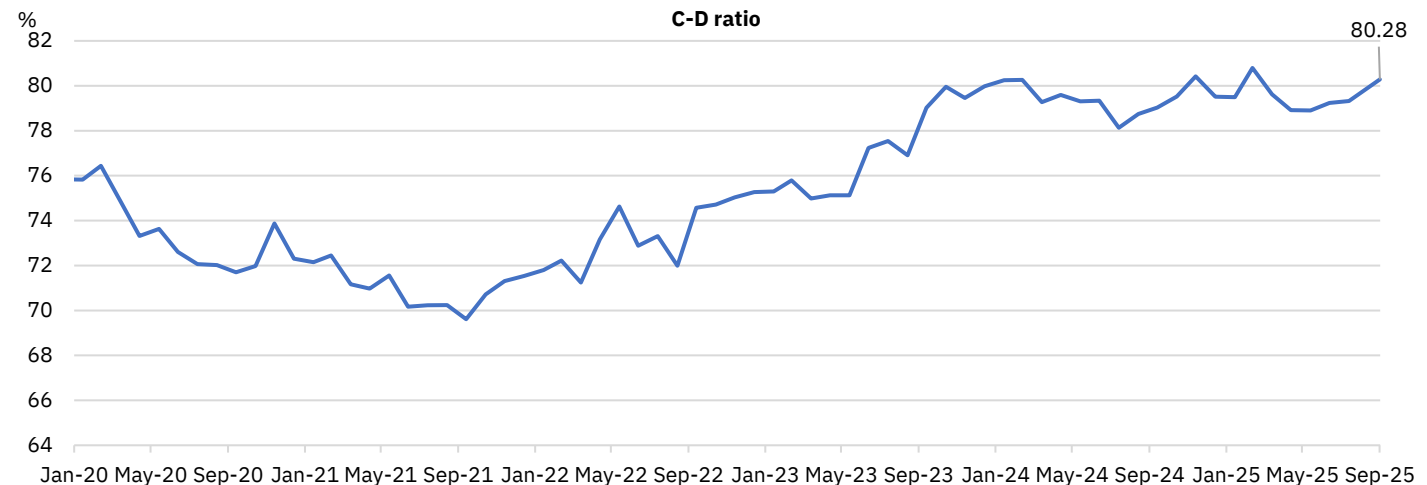
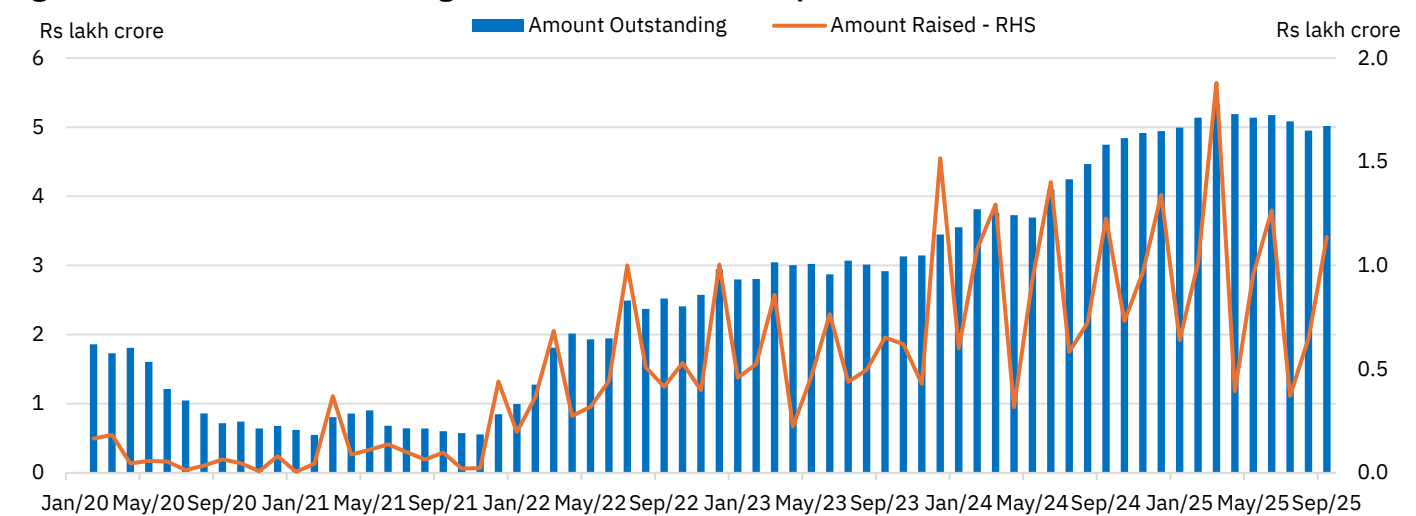


Figure 138: Growth in demand and time deposits


Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for September'25 as of September 19th, 2025 from the Weekly Statistical Statement of RBI

Figure 139: Credit to Deposit ratio (%)


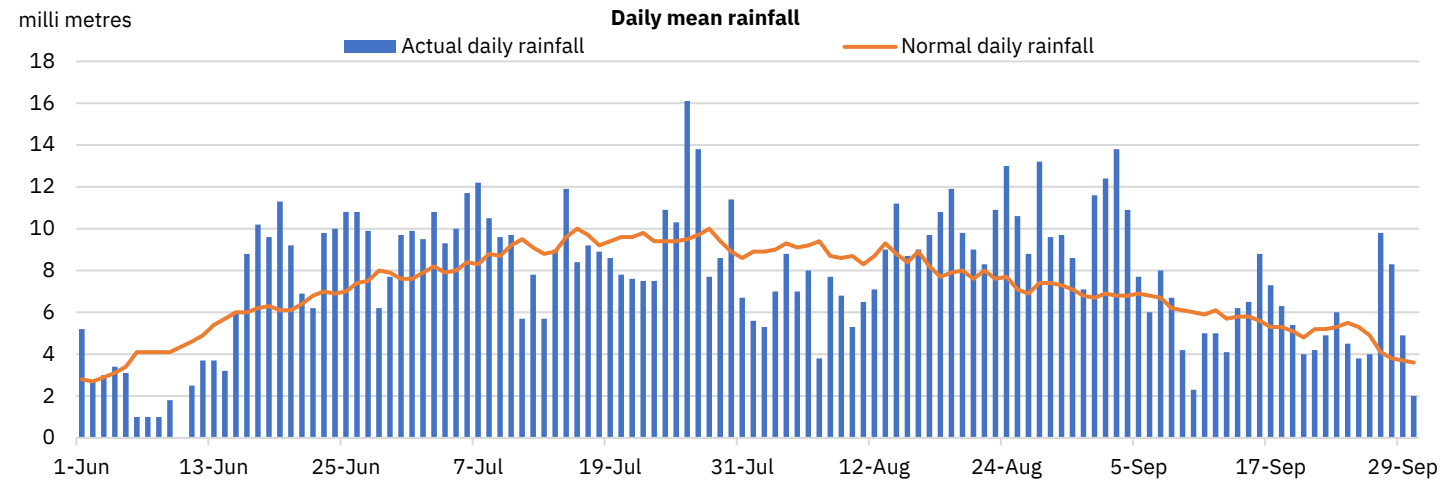
Source: CMIE Economic Outlook, RBI, NSE EPR. Data for September'25 as of September 19th, 2025 from the Weekly Statistical Statement of RBI

Figure 140: Issued and outstanding amount of Certificate of Deposits


Source: CMIE Economic Outlook, NSE EPR.

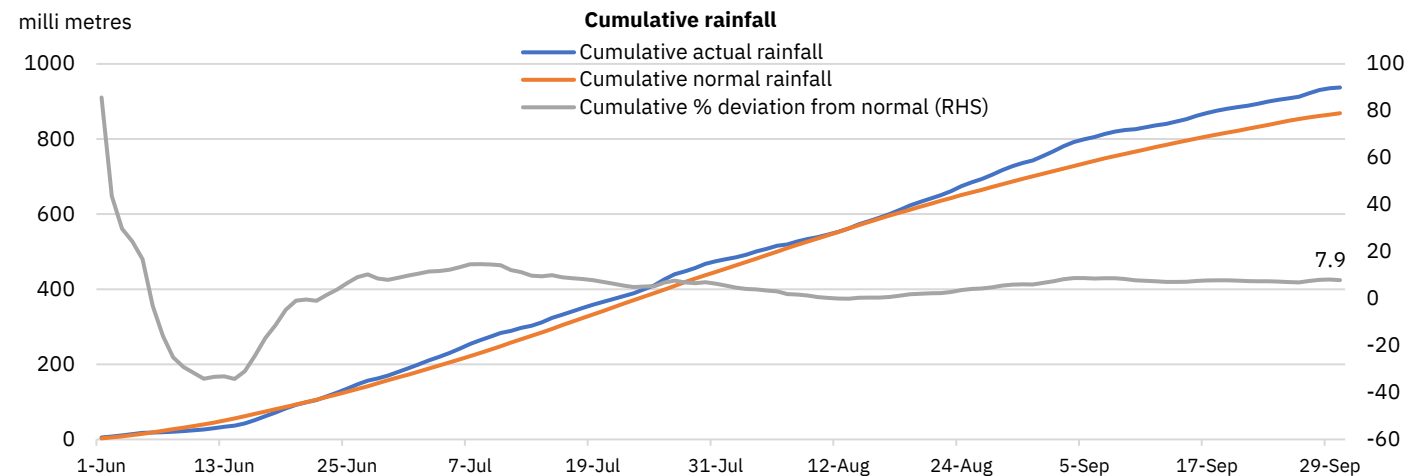
Monsoon: Southwest monsoon season ends in surplus; fifth highest since 2001

Figure 141: Daily mean rainfall



Source: CMIE Economic Outlook, IMD, NSE EPR Notes: 1) Data captured till September 30th, 2025.

Figure 142: Cumulative rainfall (period: June 1st, 2025 to September 30th, 2025)



Source: CMIE Economic Outlook, IMD, NSE EPR.

Table 23: Division-wise distribution of cumulative rainfall

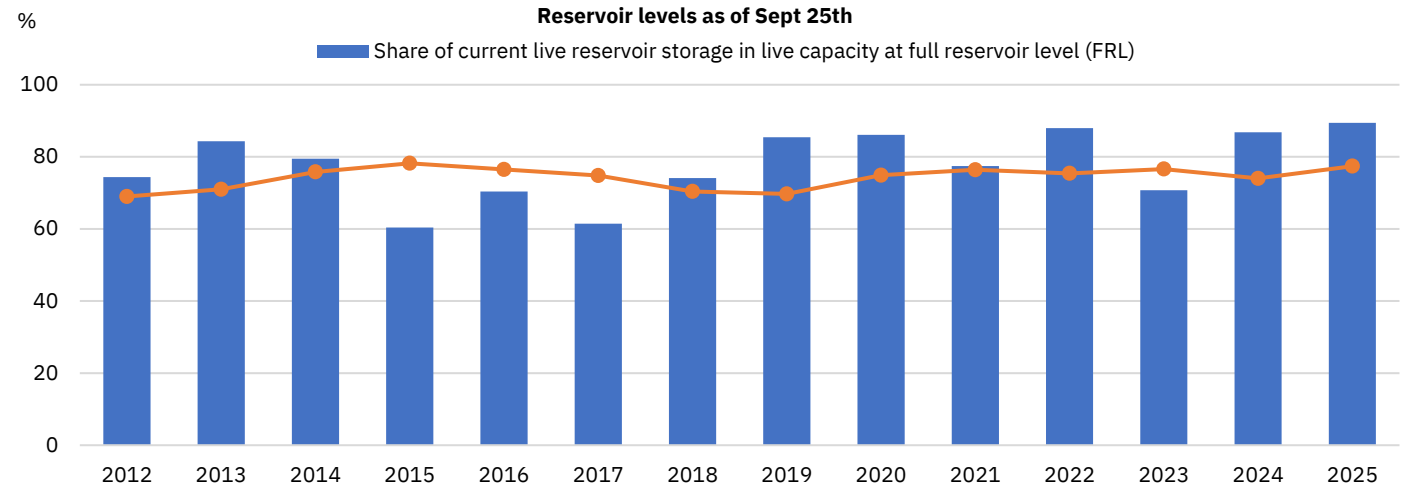
Subdivisions	Cumulative rainfall (Period: June 1 st to September 30 th)		% Deviation
	Actual (mm)	Normal (mm)	
East and North-East India	1,089.9	1367.3	-20.3%
Northwest India	747.9	587.6	27.3%
Central India	1125.3	978	15.1%
South Peninsula	787.4	716.2	9.9%
Total	937.2	868.6	7.9%

Source: CMIE Economic Outlook, IMD, NSE EPR

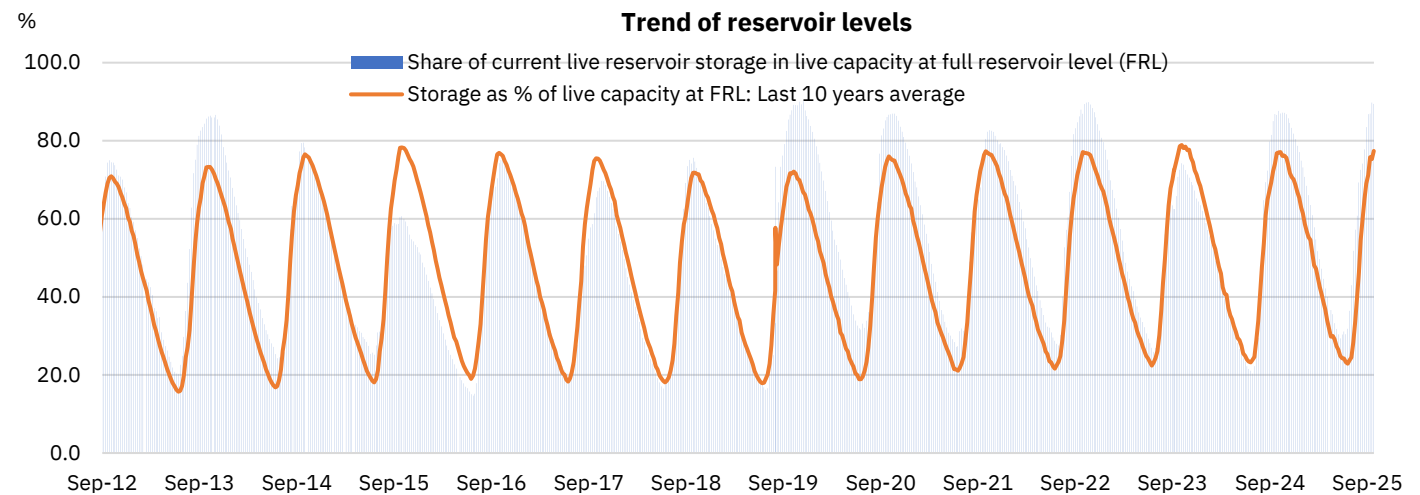
Table 24: Category-wise number of subdivisions and % area (sub-divisional) of the country

Category	Period: June 1 st to September 30 th , 2025	
	No. of subdivisions	% area of the country
Large excess	2	10%
Excess	12	35%
Normal	19	46%
Deficient	3	9%
Large Deficient	0	0%
No rain	0	0%

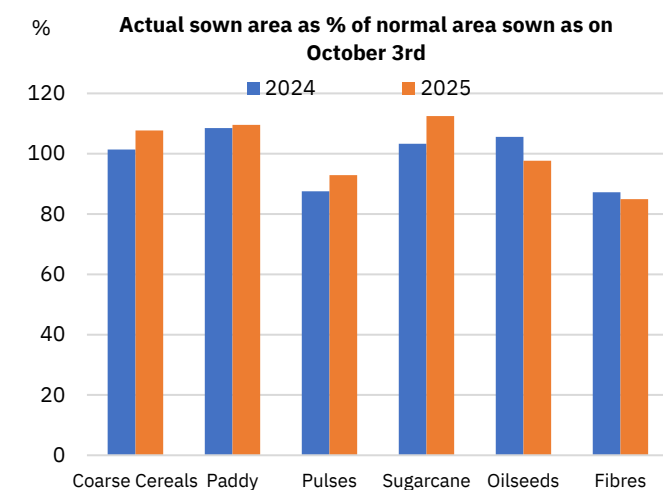
Source: IMD, NSE EPR.

Figure 143: Live reservoir storage levels


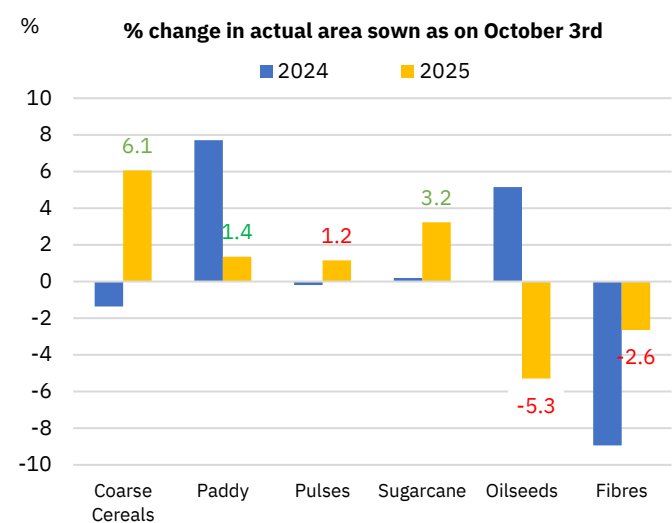
Source: CMIE Economic Outlook, NSE EPR.

Figure 144: Trend of reservoir storage levels (as of September 25th, 2025)


Source: CMIE Economic Outlook, NSE EPR.

Figure 145: Actual sown area as a % of normal area sown


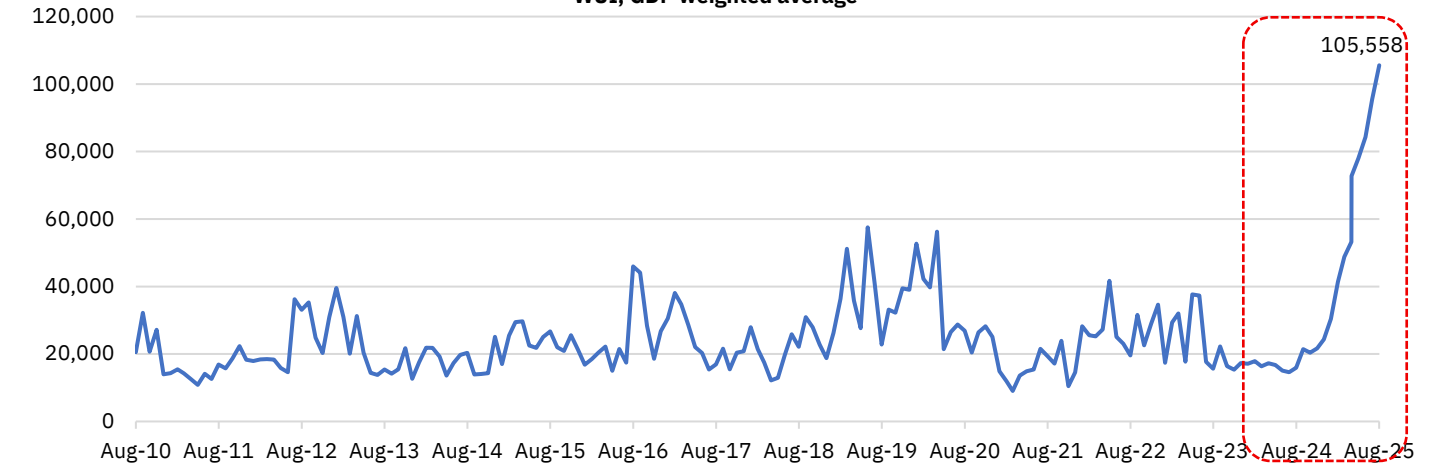
Source: CMIE Economic Outlook, NSE EPR

Figure 146: YoY change in actual sown area


Global snippets: Geopolitical risks abate, global uncertainty remains elevated

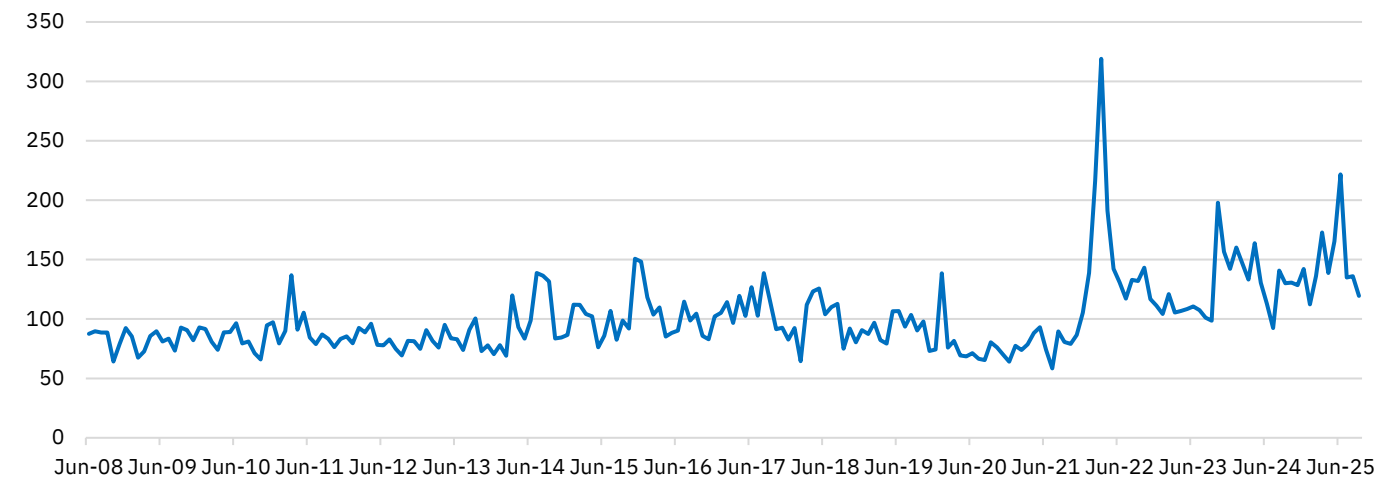
Figure 147: Monthly trends in World Uncertainty Index (WUI)

WUI, GDP weighted average



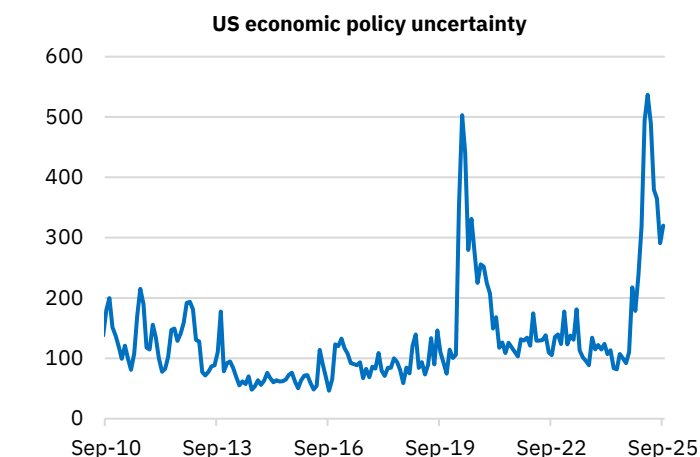
Source: Hites Ahir & Nicholas Bloom & Davide Furceri, 2022. "The World Uncertainty Index," NBER Working Papers 29763, National Bureau of Economic Research, Inc.

Figure 148: Monthly trends in Geopolitical Risk Index



Source: Caldara, Dario and Matteo Iacoviello (2022), "Measuring Geopolitical Risk", American Economic Review, April 112(4), pp. 1194-1225

Figure 149: Monthly trends in US economic policy uncertainty index



Source: Baker, S. R., Bloom, N., & Davis, S. J. (2016). *Measuring economic policy uncertainty*. *The Quarterly Journal of Economics*, 131(4), 1593-1636

Figure 150: Monthly trends in US trade policy uncertainty

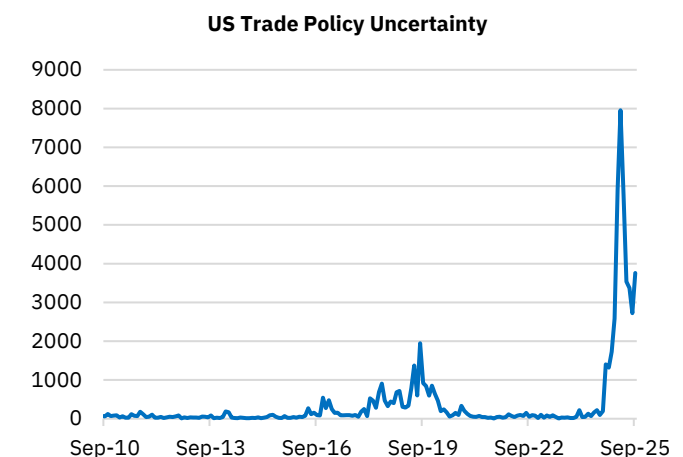
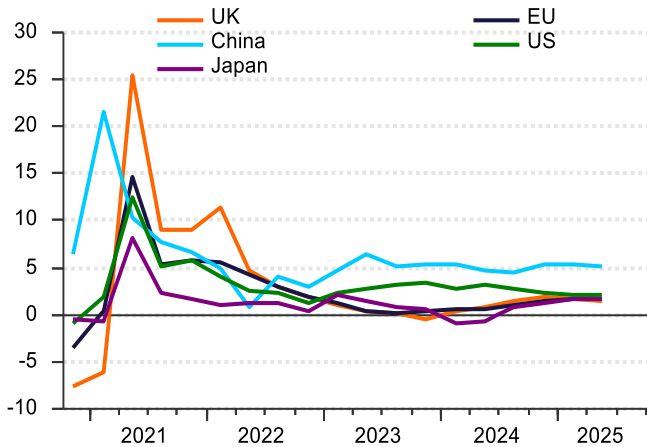


Figure 151: Growth across major economies



Source: LSEG Workspace, NSE EPR.

Figure 152: Inflation across major economies

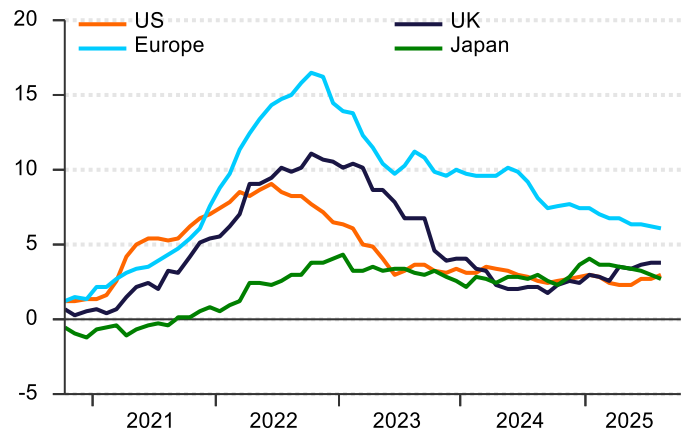
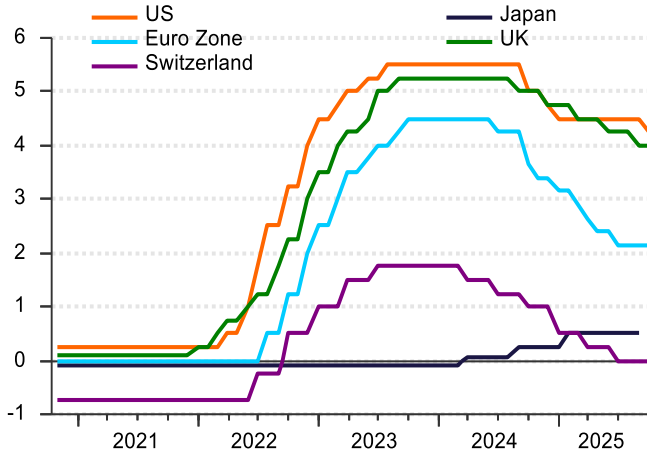


Figure 153: Policy rates across advanced economies



Source: LSEG Workspace, NSE EPR.

Figure 154: Policy rates across emerging economies

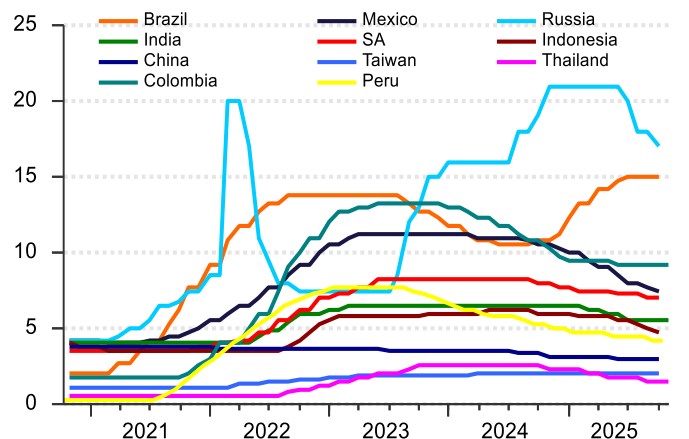
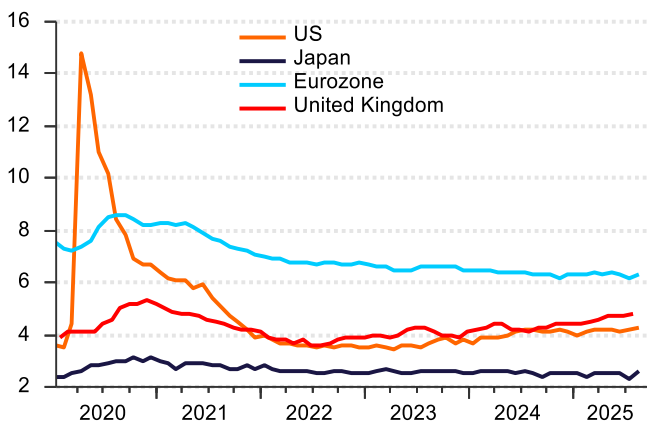


Figure 155: Unemployment rates across major developed economies



Source: LSEG Workspace, NSE EPR.

Figure 156: Trends in industrial production (YoY%) across major economies

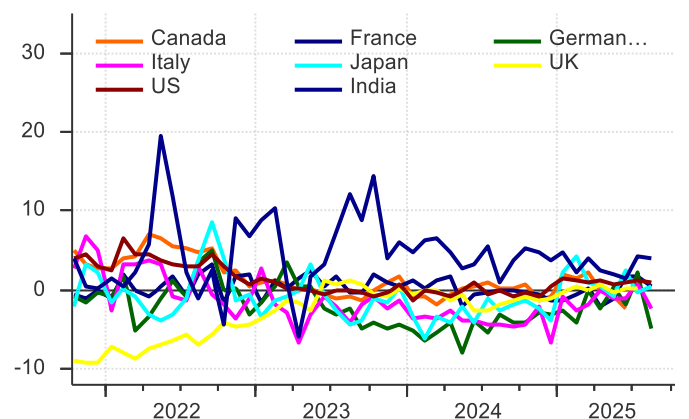
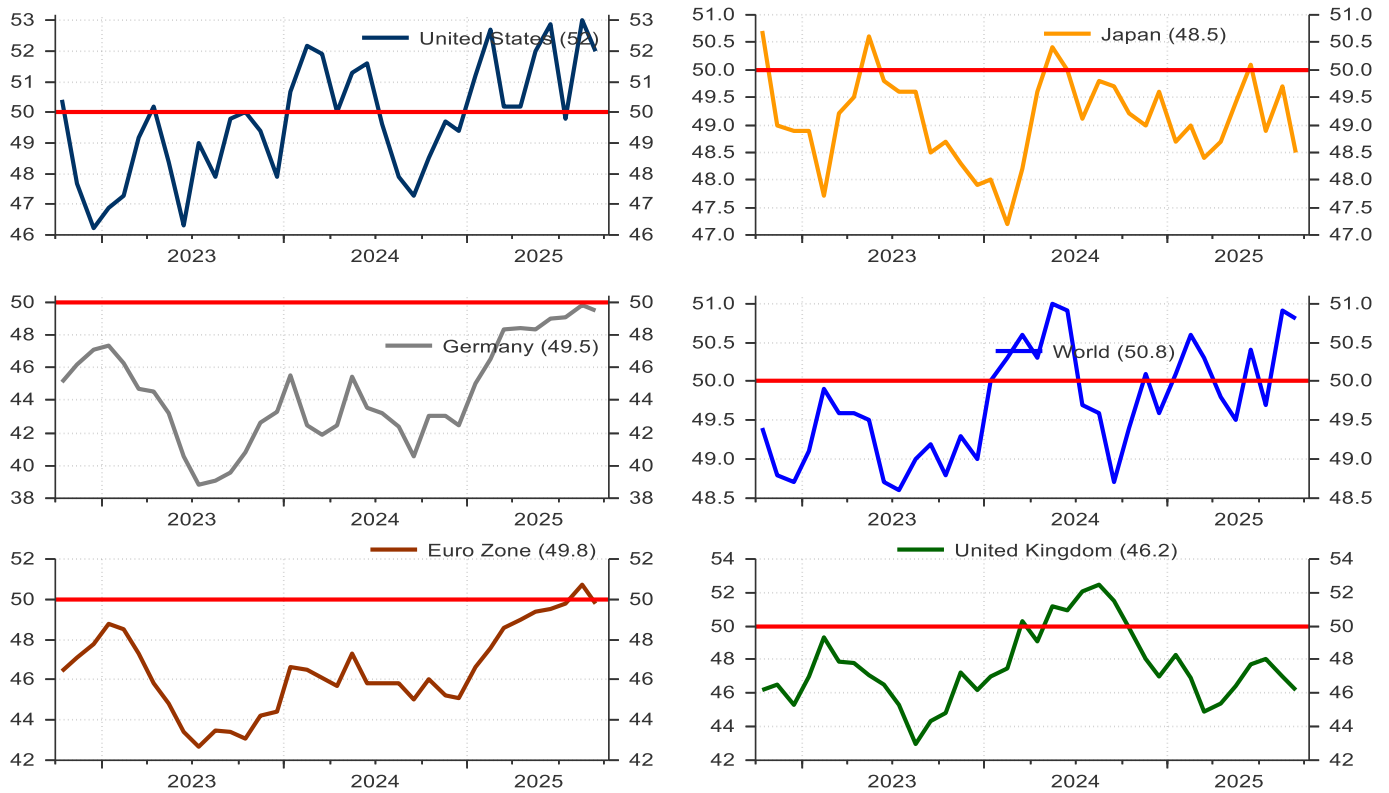


Figure 157: Trend in PMI manufacturing across countries

Manufacturing (SA) PMIs: Developed Markets



Source: LSEG Workspace, NSE EPR.

Insights

Beyond numbers: Unravelling investment as a driver of economic growth

An integrated review of theory and evidence from ten seminal studies spanning advanced and emerging economies

Investment is often measured in figures — capital formation, expenditure shares, and project counts — but its real significance lies beyond numbers. Every capital outlay, whether by government, firms, or households, carries intent about the future: expectations of demand, efficiency, and returns.

Over time, economic thought has shifted from viewing investment's role in growth as simple capital accumulation from household savings to recognizing the importance of complementary human capital formation and, more recently, the conditional impact of fiscal policy on growth. Evidence now suggests that investment effectiveness depends on the macroeconomic environment, policy composition, and the anticipation of policy change by economic agents. Public investment builds the base — roads, ports, digital networks — that reduces costs and attract private enterprises. Corporate capex converts that base into production and jobs, while foreign investment, when matched with local skills and institutions, brings technology and global know-how. Together, these strands form the architecture of durable, self-reinforcing growth.

In this month's edition of NSE Market Pulse, insights from ten papers spanning nearly 65 years of research, provide the analytical lens to interpret India's GFCF trends, assess project developments, and evaluate corporate capex plans within a deeper theoretical and empirical context.

Key takeaways from the papers

- **Savings, investment and the limits of capital accumulation:** [Solow's \(1956\)](#) model demonstrates that higher household savings — by raising investment through the savings-investment identity — expand output via capital accumulation. However, as there exist diminishing returns to capital, this process cannot sustain growth indefinitely. The model, thus reframed economic growth as more than the mechanical buildup of capital, highlighting technological progress as the essential driver of long-term, self-sustaining expansion.
- **Public investment and the productivity channel:** By the 1980s, the focus shifted toward the composition and efficiency of investment. [Blejer and Khan \(1984\)](#), [Aschauer \(1989\)](#), and [Barro \(1990\)](#) demonstrated that not all investment is equal. Public capital, particularly in infrastructure, can crowd in private activity and boost productivity. This marked the transition from quantity-driven to quality-oriented investment thinking, framing fiscal policy as a tool for structural transformation.
- **Private capital and the type of investment:** [Khan and Reinhart \(1990\)](#), and [De Long and Summers \(1991\)](#) revealed that private and equipment-intensive investment yield the highest growth payoffs. These studies emphasized that who invests, and in what, shapes long-term outcomes, reinforcing the need to align investment incentives with productivity gains.
- **Global linkages and technology transfer:** The globalisation era brought new dimensions through [Borensztein et al. \(1998\)](#), who found that foreign direct investment (FDI) promotes economic growth via technology diffusion. However, the impact depends on the level of human capital in the host nation.

- **Modern perspectives:** Later contributions such as [Song et al. \(2011\)](#), [Gutiérrez and Philippon \(2017\)](#), and [Ramey \(2019\)](#) connect these ideas to real-world dynamics — from China’s state-driven capital deepening to the puzzle of weak corporate investment in advanced economies despite profitability. Together, they underscore that today’s investment-led growth hinges upon the broader macroeconomic environment, efficiency of the investment outlay and fiscal foresight.

Papers in brief

- [Robert M. Solow \(1956\)](#) — **Foundations of long-run economic growth:** Solow’s paper established the neoclassical growth model that connects savings, **investment**, labour growth, and technological progress to the long-term expansion of output. By introducing a production function with substitutable capital and labour, Solow showed that economies tend to move toward a steady-state growth path where capital per worker and output per worker stabilize unless driven by technological advancement. His model demonstrated that while increases in saving and investment raise output levels, only sustained technological progress can drive continuous growth in per capita income. The theory also predicts that economies starting from different capital endowments converge over time to similar steady states, given similar technology and savings behaviour.

Solow’s model reminds policymakers that merely increasing investment levels—such as in infrastructure or equipment—will raise output only up to a certain point, known as the steady state. For India to sustain its ambitious growth trajectory, it must prioritize technological adoption, innovation, and efficiency improvements alongside capital deepening. This resonates with India’s policy push toward digitalization, green technologies, and skill development to enhance labour productivity.

- [Blejer and Khan \(1984\)](#) — **It develops a flexible-accelerator framework to analyse how fiscal and monetary policies affect private investment in developing economies.** Using pooled data for 24 countries (1971–1979), they show that private investment is constrained more by access to finance than by profitability or interest rates. Limited domestic bank credit and foreign capital make monetary policy’s effect operate mainly through credit availability. Public expenditure composition also matters; infrastructure investment “crowds in” private activity by expanding productive capacity, whereas non-infrastructure spending “crowds out” private investment by competing for scarce resources.

The study demonstrates that even in resource-constrained economies, a coherent investment function can be specified empirically. Its core insight is that sustained growth depends on maintaining adequate credit access and strategically targeting public investment. Excessive monetary tightening can unintentionally depress private capital formation, while well-structured infrastructure programs complement private investment and foster long-term growth, emphasizing the importance of coordinated fiscal and monetary policies.

- [Aschauer \(1989\)](#) – **Examines the relationship between total factor productivity growth and stock and flow government variables.** Using annual data on output, hours, private capital and productivity provided by the US Department of Labor

between 1949 and 1985, [Aschauer \(1989\)](#) attempts to answer two basic questions – i.) what proportion of public outlays are productive- this would answer fundamental questions regarding the degree of influence exerted by public expenditure policies on aggregate demand, interest rates and ii.) Are productive fiscal outlays crucial for trend shifts in productivity? Economists opine that transitory and permanent shifts in government expenditures have differential effects on interest rates, output and the trade balance. Additionally, certain strands of the literature posit that public investment outlays should have a larger impact on private sector output than public consumption outlays.

Proceeding along these lines, the authors demonstrate that the nonmilitary public capital stock is a crucial determinant of total factor productivity compared to the flows of either nonmilitary or military outlays. Additionally, military capital does not seem to affect longer term productivity. The authors also repudiate concerns regarding reverse causality between public capital and productivity, by regressing the output per employee in a specific sector (e.g. trucking) upon the net stock of public highways. The coefficient on the term denoting stock of highways is positive. Finally, the authors highlight the significance of “core” infrastructure- e.g. streets, highways, airports etc as a determinant of productivity through regressions. Moreover, the results in [Aschauer \(1989\)](#) could be decisive in terms of rationalising the ‘productivity slowdown’ in US markets via the net public capital stock channel.

- [Barro \(1990\)](#) embeds government into an AK-style endogenous growth model to assess how tax-financed public spending shapes long-run growth. Public services can be “productive” (entering production) or “consumption” (entering utility). **Growth is hump-shaped in the share of productive spending: at low levels, public inputs raise the marginal product of private capital and growth; beyond a point, higher taxes depress saving and growth.** In a Cobb-Douglas case, the growth-maximizing share equals the output elasticity of public services (the α -rule). With income taxation, decentralized saving and growth are too low relative to a planner; non-distortionary finance or user-fee designs can implement the optimum. Stronger property rights act like lower marginal tax rates, lifting investment and growth. Cross-country evidence aligns with the theory: larger government consumption shares correlate negatively with per-capita growth, while public investment shows no independent effect once total investment is controlled. The paper cleanly separates “what to fund” from “how to fund,” providing a practical efficiency benchmark.
- [Khan and Reinhart \(1990\)](#) on investment and growth in developing economies. The study uses decade-average data for 24 countries in the 1970s and a simple growth framework that separates private and public fixed investment. Three findings follow. **Private investment has a large, precise, positive association with real GDP growth. Public investment’s direct contribution is statistically indistinguishable from zero** and is sometimes negative after controlling for openness and population growth. Composition matters: shifting one point of investment from public to private is associated with faster growth. Mechanisms align with complementarities and crowding out. Infrastructure and human capital can raise private returns. Debt-financed expansion and state enterprise activity can displace private effort. The design is cross-sectional, so causality is not proven. The

policy message is practical: secure macro stability and property rights to mobilize private capital and upgrade the governance and composition of public projects toward clear complements.

- [De Long and Summers \(1991\)](#) — **Equipment investment as a key driver of productivity growth:** This influential paper revisits the relationship between investment and economic growth, providing strong empirical evidence that investment in machinery and equipment leads to substantially higher productivity and output growth compared to other forms of capital investment. Using cross-country data from 1960 to 1985, the authors control for various factors and find a robust and causal link between high equipment investment and rapid economic expansion, regardless of a country's income level. Their analysis shows that equipment investment not only raises output levels but also significantly boosts total factor productivity, with estimated social returns around 20-30% annually.

Focusing on India's economic scenario, simply increasing overall investment is not enough; the composition of investment plays a crucial role in determining productivity and growth outcomes.

India's recent policy initiatives, such as the Gati Shakti National Master Plan and the National Infrastructure Pipeline (NIP), strongly emphasize coordinated, equipment-intensive investment designed to modernize infrastructure, manufacturing, and logistics. This exemplifies how targeted, quality investment, especially in machinery and equipment can translate into sustainable productivity gains and growth aligning with the broader global evidence on investment-led development.

- [Borensztein et al. \(1998\)](#) — **When does foreign investment effectively impact economic growth?** Borensztein and co-authors provide one of the earliest cross-country assessments of how FDI contributes to economic growth in the host country, through technology diffusion. Analysing a sample of 69 developing nations for the period between 1970 and 1989, they find that FDI fosters economic growth only when host economies possess adequate human capital to absorb and adapt the foreign technology. Importantly, results suggest that FDI contributes more to economic growth than domestic investment, but its benefits materialize only beyond a threshold of education. Without that absorptive capacity, foreign capital may yield limited or even negative effects, highlighting that human and physical capital must evolve in tandem to sustain productivity gains. From an Indian perspective, this insight carries renewed relevance, as the country aims to position itself as a developed nation by 2047 (*Viksit Bharat*) while leveraging its demographic dividend. As global supply chains shift, India's ability to translate FDI inflows into economic growth and productivity gains requires strengthening its human capital base through education, vocational skills, and research capabilities.
- [Song et al. \(2011\)](#) — **“Growing Like China” (2011, AER) explains China's paradox of high investment, high returns, and large trade surpluses** through the lens of financial frictions and structural reallocation. Using comprehensive firm-level data from 1992–2007, the study shows that China's growth stemmed from a shift of resources from inefficient but credit-rich state-owned enterprises (SOEs) to productive, credit-constrained private firms. Private enterprises, financing

expansion mainly through internal savings, drove sustained productivity growth while keeping returns elevated. As SOEs contracted, domestic credit demand fell, creating excess savings that flowed abroad and generated persistent current account surpluses. The paper's central insight is that China's rapid development was achieved not by eliminating inefficiencies overnight but by growing out of misallocation—a gradual, internally financed transition that linked micro-level financial constraints to macroeconomic growth and global imbalances.

- **Gutiérrez and Philippon (2017) — Examines the rise in U.S. industry concentration and the simultaneous decline in non-residential business investment** since the early 2000s. Despite higher profits and markups, investment lagged fundamentals. The authors evaluate four explanations—Decreasing Domestic Competition (DDC), Efficient Scale (EFS), Intangible Capital Deepening (INTAN), and Globalization (GLOBAL)—and find that weakened domestic competition is the primary driver. Reduced rivalry depresses investment, particularly among industry leaders and in intangible assets, while INTAN and GLOBAL account for only a minor share. Weaker competition explains a 5–10% shortfall in the non-residential capital stock by 2016. Using U.S. and European firm- and industry-level data, the study applies Peters–Taylor (2017) methods to capitalize intangible investments and constructs import-adjusted Herfindahl indices to measure concentration. Results show that leaders invest less when competition declines, contradicting the efficient-scale narrative, while European evidence confirms that strong antitrust enforcement supports steady investment. The paper concludes that safeguarding competition is crucial: it directly drives capital formation, particularly in intangible assets, and its erosion constrains productivity, innovation, and long-term growth.
- **Ramey (2019) — Fiscal policy's impact is conditional and context dependent** Ramey's review of post 2008 GFC fiscal policy research reveals that the impact of fiscal policy is conditional rather than uniform. It depends on macroeconomic context, policy design, and fiscal foresight. The effectiveness of government spending depends crucially on the monetary policy stance, and on the composition of expenditure. Infrastructure and capital-intensive investments exhibit higher and more durable multipliers – often exceeding 1.5 – when monetary policy is accommodative, whereas consumption or transfer spending tends to yield modest, short-lived effects. Foresight in policy announcements also shape private investment responses. Credible and well-sequenced announcements can crowd in private investment even before funds are spent, while uncertainty or delayed execution can suppress it. Ramey's findings validate India's ongoing emphasis on capital creation, logistics modernization, and digital public infrastructure, as higher multipliers are consistently linked to capital-intensive investment that crowds in private activity.

A Contribution to the Theory of Economic Growth ¹⁵

Robert M. Solow (1956)

Summary

Robert M. Solow's (1956) paper marked a decisive turning point in economic thought laying the foundation for modern analysis of long-run economic growth. He introduces a dynamic model that attributes growth in national income to three broad drivers: capital accumulation (investment in machines, tools, buildings), expansion of labour force (population growth), and sustained progress in technology (innovation and productivity enhancements). The author demonstrated that economies naturally converge toward a steady-state equilibrium, where growth is driven not by capital accumulation alone but by technological progress. His model established the foundation for modern growth theory, highlighting that productivity and innovation are the ultimate sources of sustained economic prosperity.

Introduction

Solow (1956) addressed a fundamental question that puzzled economists in the post-war era — what determines the pace and stability of long-term economic growth? Building upon and critiquing the earlier [Harrod–Domar model \(1939,1946\)](#), author proposed a more flexible and realistic framework where the economy's growth path is shaped by capital accumulation, labour expansion, and technological progress. By allowing substitution between factors of production, Solow demonstrated that economies are not inherently unstable but instead naturally converge toward a steady-state equilibrium. His work provided the analytical foundation for the neoclassical growth model, emphasizing the role of productivity and innovation in sustaining rising living standards over time.

Literature

Robert M. Solow places his work within the context of earlier growth theories, particularly addressing the shortcomings of the Harrod–Domar model. Developed independently by [Roy F. Harrod \(1939\)](#) and [Evsey David Domar \(1946\)](#), this model linked the growth rate of output directly to the savings rate and capital-output ratio, asserting that only one specific rate of growth could maintain equilibrium. Solow identified this feature as a fundamental flaw, noting that even small deviations from the “warranted” rate of growth would trigger cumulative disequilibrium—either unemployment or inflation. He argued that this rigidity stemmed from the assumption of fixed factor proportions and the absence of substitution between capital and labour, which prevented the model from achieving long-run stability.

Solow contrasted these limitations with insights from Keynesian theory, particularly the short-run framework outlined in John Maynard Keynes' *General Theory of Employment, Interest and Money* (1936), and its extension to long-run growth by [Roy Harrod \(1939\)](#). He acknowledged their valuable emphasis on investment dynamics and savings behaviour but observed that they lacked a coherent explanation for how economies can return to equilibrium following disturbances.

The paper also referenced early contributions that examined capital accumulation and productivity growth, including [E. F. Denison's \(1954\)](#) empirical studies on sources of U.S. economic growth, which influenced Solow's interest in the role of technological change. He further drew upon the neoclassical production theory advanced by economists such as [J. R. Hicks \(1932\)](#), whose analyses of factor substitution under varying elasticities provided a theoretical foundation for Solow's introduction of variable factor proportions. This allowed the economy in his model to adjust smoothly to changes in savings or population growth, resolving the instability found in earlier models.

¹⁵ <https://www.jstor.org/stable/1884513>

Through this synthesis, Solow positioned his work as both a critique and extension of earlier growth theories. His innovation lay in merging Keynesian dynamics with neoclassical production principles to demonstrate that economies can achieve a stable steady-state equilibrium without precise parameter tuning. By embedding capital-labour substitutability and technological progress into a unified analytical framework, Solow established the groundwork for the neoclassical theory of long-run growth that would dominate subsequent economic research.

The Theoretical Framework

1. **The Steady-State Growth Path:** In Solow's framework, the economy naturally converges to a steady-state growth path where capital, labour, and output grow at the same rate (n). Along this path, output per worker (Y/L) and capital per worker (K/L) remain constant. This equilibrium is stable meaning that if the economy starts above or below the steady-state ratio, internal adjustments in capital accumulation and factor returns will bring it back to equilibrium. This property contrasts sharply with the Harrod–Domar model's "knife-edge" instability. At the steady state, the only way to achieve sustained increases in output per worker is through technological progress, which shifts the production function upwards and allows for continued growth without relying solely on more capital or labour.
2. **Role of Saving and Investment:** The Solow model describes how changes in saving and investment rates affect economic output. Higher saving and investment contribute positively to the short term by increasing capital stock and raising output. However, as the economy approaches the steady state, the positive impact on growth diminishes and only boosts the level of output, not its long-term growth rate. In other words, steady-state output will be higher for economies that save and invest more, but the rate of per capita growth is ultimately determined by technology, not just capital deepening.
3. **Factor Prices and Income Distribution:** The author examines how growth affects the distribution of income between labour and capital. Under competitive conditions, factor rewards are determined by their marginal products — the real wage equals the marginal product of labour, and the real interest rate equals the marginal product of capital. As the economy accumulates capital, real wages rise while the return to capital remains constant. Notably, under the Cobb–Douglas specification, factor income shares remain constant over time. This aligns with empirical evidence showing that income distribution between labour and capital tends to remain stable even as economies grow.
4. **Role of Technological Progress:** Recognizing that sustained increases in income per worker cannot result from capital accumulation alone, Solow extended his model to include neutral technological progress. This adjustment transforms the steady-state growth rate of total output to $(n + g)$, while output per worker grows at rate (g). Hence, technological change becomes the primary driver of long-term per capita growth, emphasizing innovation, education, and productivity improvements as key sources of economic advancement. This addition made the model more realistic and aligned it with postwar growth experiences of industrial economies.

Implications

The Solow model carries profound policy relevance. It shows that while fiscal and monetary measures can influence short-run investment and employment, long-run growth depends on structural factors — savings behaviour, population trends, and technological progress. Policies that promote higher productivity, innovation, and efficient capital allocation can permanently raise the standard of living. Moreover, by separating the determinants of short-term fluctuations from those of long-term growth, Solow's framework provided a clear analytical distinction between stabilization policy and growth policy, influencing decades of macroeconomic research and development planning.

Conclusion

Solow's (1956) contribution fundamentally transformed the study of economic growth. By introducing flexibility into the production process and highlighting the role of technological progress, he replaced a static, fragile growth model with one of dynamic equilibrium and structural resilience. The resulting Solow–Swan growth model remains the cornerstone of modern growth analysis, guiding how economists and policymakers interpret productivity trends, cross-country income differences, and the impact of innovation. In essence, Solow demonstrated that capital accumulation initiates growth, but technology sustains it. His work continues to influence how economies conceptualize long-run development — emphasizing that enduring prosperity is built not merely on investment, but on innovation, adaptability, and structural balance.

Solow acknowledged that his model operates under simplifying assumptions: full employment, perfect competition, and certainty. It abstracts from short-run frictions such as price rigidity, unemployment, or financial market imperfections. Nonetheless, later extensions — including the inclusion of human capital, endogenous technological progress, and policy variables — have evolved from Solow's foundation, giving rise to endogenous growth theory and a deeper understanding of innovation-driven development.

Government Policy and Private Investment in Developing Countries¹⁶

Mario I. Blejer and Mohsin S. Khan (1984)

Summary

This paper develops and estimates a coherent framework—based on an adapted flexible-accelerator model—to analyse how private investment in developing economies responds to changes in government policy. Drawing on pooled data for 24 countries, the study establishes a strong empirical link between fiscal-monetary instruments and private capital formation.

The central finding is that private investment is constrained not by profitability alone but by access to finance—both domestic bank credit and foreign capital inflows. Hence, monetary policy exerts powerful influence through credit management. Equally important, the impact of public expenditure depends on its composition: long-term infrastructure investment complements and stimulates private activity (“crowding in”), while short-term or non-infrastructure projects compete for scarce resources and reduce private investment (“crowding out”).

Introduction

Earlier research on investment behaviour largely centred on advanced economies, yet understanding private investment responses to policy is crucial for developing nations. Their governments must design fiscal and monetary policies that encourage growth without destabilizing prices or external balances.

Private investment is the backbone of output expansion, but policymakers cannot guide it effectively without knowing how it reacts to credit conditions, demand expectations, and public investment patterns. [Blejer and Khan \(1984\)](#) argue that stabilization programs—often involving credit tightening or expenditure cuts—can unintentionally suppress private capital formation if policy design ignores these behavioural linkages. The study thus situates private investment at the intersection of macroeconomic management and long-term development strategy, seeking to quantify how government actions alter investment dynamics in resource-constrained environments.

Literature

While macroeconomic relationships such as consumption, import demand, and money holdings had been well-established for developing economies by the 1980s, the investment function remained unsettled. Classical models—Jorgenson’s neoclassical and Hall’s accelerator—explained investment in industrial countries but assumed frictionless markets and abundant data, conditions rarely met in developing economies.

Structural and institutional realities—shallow financial systems, foreign-exchange restrictions, and dominant state investment—make standard optimizing assumptions unrealistic. Moreover, chronic data shortages on capital stock, wages, and real financing costs hinder direct application of these models.

Early efforts to adapt theory included [Sundararajan and Thakur \(1980\)](#) and [Tun Wai and Wong \(1982\)](#), who acknowledged financial bottlenecks but found mixed evidence on public–private investment interaction. Others—[Galbis \(1979\)](#) and [Fry \(1982\)](#)—highlighted that investors in developing economies are limited by credit quantity rather than price, implying that monetary policy transmits through access to funds rather than interest-rate changes. Studies by [Heller \(1975\)](#) and [Von Furstenberg and Malkiel \(1977\)](#) added that public investment can either complement or crowd out private capital depending on its nature.

¹⁶ <https://www.jstor.org/stable/3866797>

This study advanced this literature by integrating monetary and fiscal dimensions into a unified framework and empirically distinguishing between infrastructure-based and other public spending, clarifying why earlier results were inconclusive.

Contribution

The paper makes four distinct contributions:

1. **A policy-linked investment framework:** It introduces a flexible accelerator model tailored to developing economies, explicitly incorporating financial and real resource constraints to reflect how policy tools affect investment behaviour.
2. **Emphasis on financial availability:** The model centres on credit access and foreign capital inflows as key determinants of private investment, moving beyond traditional cost-of-capital approaches.
3. **Functional separation of public investment:** The study differentiates infrastructure spending, which expands private productive capacity, from non-infrastructure projects, which compete for limited resources. This conceptual clarity resolves previous ambiguity over crowding-in versus crowding-out effects.
4. **Empirical breadth and methodological rigor:** Using cross-country pooled data, the authors demonstrate that a robust and generalizable investment function can indeed be specified for developing nations, challenging the belief that standard econometric modelling is infeasible in such contexts.

Data & Methods

The analysis relies on annual data for 24 developing countries from 1971 to 1979, producing over 200 observations per variable. Since published figures on private investment were scarce, the authors constructed consistent series by deducting public from total fixed capital formation using national sources and IMF estimates, all expressed in real terms deflated by the GDP deflator.

Key explanatory variables include measures of private and public fixed capital formation, real output and its cyclical deviation, and financial availability, proxied by changes in real bank credit to the private sector combined with net foreign capital inflows.

Public investment data were further divided to capture its infrastructural component, distinguishing long-gestation development projects from short-term capital outlays. Cross-country dummy variables allowed for structural differences, and pooled time-series regression techniques extracted the average behavioural pattern for a representative developing economy.

Implications

The findings carry major policy implications:

- **Monetary policy:** Since private investment depends heavily on credit supply, excessive monetary tightening can unintentionally depress growth. Policymakers must therefore preserve adequate credit access for productive private activity, even during stabilization efforts. Misguided interest-rate or exchange-rate measures that restrict capital inflows can amplify this constraint.
- **Fiscal policy:** The composition of government spending determines whether fiscal measures enhance or inhibit private investment. Infrastructure investment in transport, power, and communications has clear crowding-in effects, while non-infrastructure or administrative spending diverts resources and crowds out the private sector. During expenditure cuts, governments should protect infrastructure outlays to sustain long-term capital formation.

- **Policy coordination:** Because monetary contraction can offset the benefits of public infrastructure programs, fiscal and monetary authorities must coordinate to avoid conflicting signals. Balanced policies foster both macro stability and investment momentum.
- **Strategic takeaway:** The study underscores that growth in developing economies depends less on the size of public spending and more on its quality and predictability, alongside a supportive credit environment.

Conclusion

This paper established a clear link between government policy and private investment behaviour in developing economies. It revealed that access to finance, rather than its cost, is the primary constraint on private capital formation, and that the composition of public spending—not its size—determines whether investment is encouraged or displaced.

By distinguishing between infrastructure-oriented investment, which complements private activity, and non-infrastructure projects, which crowd it out, the study reframed how fiscal and monetary coordination should be approached. Its enduring message is that sustained growth depends on policy quality, credit availability, and the complementary role of public investment in supporting private enterprise.

Is Public Expenditure Productive ¹⁷

David Alan Aschauer (1989)

Summary

The annual growth rate of total factor productivity demonstrated a significant slump between 1980 to 1985 in the United States, at 0.7%, down from 2% between 1950-70. The literature attempts to reconcile this difference by underscoring the decline in R&D expenditure, which in turn leads to a decline in technological growth. Notably, the growth rate of domestic R&D expenditure was 6.5% from 1960-69 but fell to 2.6% from 1969-79 at the same time. There are other studies that have attempted to explain this discrepancy by citing oil price shocks, but they note these were not a major concern prior to 1979 and others which have noted the halt in the migration of workers from farm to non-farm occupation, which occurred in about 1965. The rationale here was that until that point in time, these workers were moving from less to comparatively more productive occupations, which led to total factor productivity growing at higher rate, but this slowed down as inter-sectoral labour mobility gradually tailed off. [Aschauer \(1989\)](#) attempts, among other things, to underscore the importance of public capital outlays as a determinant of productivity decline. The authors find that the non-military capital stock is comparatively more important than either non-military or military spending, while military capital does not significantly affect productivity. They also posit the salience of core infrastructure, including highways, airports et cetera as a determinant of productivity.

Introduction

The present study focuses on the evolution of productivity, specifically for the United States economy. Particularly it looks at what proportion of this increment in productivity can be explained by public-sector capital formation and by the flow of fiscal expenditure.

Historically, the discourse on productivity and fiscal policy has been confined to analyses on Government budget deficits and why financing said deficits via sovereign debt issuances is economically more prudent than imposition of taxes. The effects of fiscal deficits on the private economy have been the subject of prolonged debate among economists, with some claiming that Government expenditures seem to crowd out private investment, by pushing up real interest rates. In contrast, others have highlighted the expansionary forces arising because of fiscal outlays and the associated effects on household consumption demand and asset holdings.

[Aschauer \(1989\)](#) examines the perspective in the new-classical literature on fiscal policy that “lump sum” fiscal measures do not meaningfully affect the key private sector outcome variables.

Literature

There have been several studies, which have attempted to empirically validate the equivalence between financing fiscal outlays either exclusively through taxation or via a combination of tax and sovereign debt. Studies including [Boskin \(1987\)](#), [Eisner \(1986\)](#), [Feldstein \(1982\)](#), [Modigliani and Sterling \(1986\)](#), [Poterba and Summers \(1987\)](#) have demonstrated that private consumption outlays can be augmented through tax cuts, which are offset by sovereign debt issuances. Several studies including ones like [Holscher \(1987\)](#) observe a positive influence of government deficits on longer term interest rates.

¹⁷ <https://www.jstor.org/stable/40784950>

On the contrary, several others including [Evans \(1985, '86, '87\)](#) and [Plosser \(1982, '87\)](#) have either been unable to find any correlation between public sector bond issuances and interest rates or have observed a negative correlation between the two variables.

The author notes that the emergence of the fiscal equivalence has led to a decisive shift in the existing literature on the consequences of fiscal spending on productivity and long-term economic growth by underscoring the significance of “real” variables including tax rates and how fiscal decisions about such “real” variables influences private incentives and longer-term spending patterns.

Studies, including [Ahmed \(1986\)](#) and [Barro \(1981, 1987\)](#) have tried to demonstrate the differential impacts of transitory and permanent changes in the fiscal spending on real interest rates, output and the trade balance. Historically, transitory changes in fiscal spending create excess demand pressures, which raise real interest rates, generate an increase in domestic output and lead to a trade deficit, whereas permanent increments in fiscal spending lead to a reduction in private sector asset holdings, which leads to an increase in tax rates and have a muted impact on real interest rates, output and the current account.

An alternative strand of the literature, including [Aschauer \(1987\)](#) hypothesizes that an increase in public investment outlays should stimulate private sector production to a greater extent than a commensurate increase in public sector consumption., since the former leads to an increase in the rate of return on private capital, which incentivizes private investment expenditure.

Contribution

[Aschauer \(1989\)](#) attempts to answer the following questions, which have garnered a great deal of attention within the literature on fiscal spending and productivity growth. Firstly, by analysing the proportion of public expenditures which are productive, researchers have a much better understanding of the degree of influence exerted by public expenditure policies on excess demand pressures, upward movements in interest rates and elevated production. Notably, a sufficiently high marginal productivity of government expenditure could ensure that a temporary spurt in fiscal outlays could lead to robust output growth, despite full capacity utilization. Additionally, [Aschauer \(1989\)](#) underscores the centrality of productive government expenditures as a variable influencing long-term movements in productivity.

Data and Methodology

The analysis uses annual data on output, hours, private capital and productivity provided by the Department of Labor between 1949 and 1985, as well as public capital stock data, net of depreciation and measured in constant 1982 terms.

The logarithm of the capacity utilization rate is employed by the authors to control for feedback effects arising from the business cycle and to allow comparisons with previous surveys in the productivity literature, which emphasized upon the a reduction in capacity use as being the primary determinant of the productivity slowdown of the 1970s and 80s. One of the public expenditure proxies used in [Aschauer \(1989\)](#) is the net stock of nonmilitary public structures and implements.

Research Design and Preliminary Results: The author observes from his initial regressions that the productivity of capital is significantly procyclical, and that output per unit of capital employed, the private labour-capital ratio and the public and private capital input stock ratio demonstrate a strong positive correlation. The author then regresses total factor productivity (TFP) on the public capital stock and then uses private capital stock and labour inputs (for full specification), under the assumption of constant returns to scale and observes a strong positive relationship between public investment outlays and TFP growth.

Moreover, the public capital- productivity relationship is robust to the choice of the sample period, whilst the relationship between output per unit of capital and the private capital ratio. The authors also posit that the positive relationship between productivity and private capital does not seem to be a case of reverse causality between the variables, given that public capital aids in fitting a production function and the positive correlation between public capital stock and productivity are robust to an instrumental variable (IV) based approach.

Major Results and Implications

The authors estimate regressions for the flow expenditures of the total Government sector to output per unit of private capital, and they observe that fiscal outlays do not explain the entirety of variations in private sector productivity. They also observe that decomposing fiscal outlays into military and non-military spending also fails to explain total factor productivity volatility. The authors note that there are multiple trade-offs in play for fiscal outlays, net of public investment which lead to a muted correlation with TFP. Sector-wise fiscal outlays may have differential impacts on productivity growth. This result is proposed in [Aschauer \(1989\)](#) but conclusively established.

Additionally, the authors observe that despite military capital stock contributing to 33% share of total government stock of structures and equipment, during the sample period (1949-1985), it does not significantly affect private sector productivity growth. The authors also attempt to characterize the effect of public capital stock on TFP in an alternate fashion by decomposing the nonmilitary public capital stock as the sum of structures and equipment. The authors note that non-military structures serve as a better proxy for total non-military public capital stock than equipment.

An alternative approach to modelling the baseline public capital investment-productivity relationship is trying to identify the share of 'core' infra- including streets, highways, airports etc on total productivity. According to the authors' findings, 'core' infrastructure comprises 55% of total non-military capital stock and significantly affects TFP. Notably, the stock of educational institutions is seen to vary inversely with productivity, a rather peculiar result. A possible explanation for this anomaly is the fact that educational institutions comprise a 16% share of non-military capital stock to begin with and the effect of construction of educational institutions on productivity probably sets in with a time lag.

Conclusion

[Aschauer \(1989\)](#) demonstrates the significance of the new classical approach to fiscal policy in this study, by underscoring the vitality of public investment decisions – particularly, additions to the stock of non-military public fixed capital assets, including highways and public sanitation systems to long term economic growth and productivity.

[Aschauer \(1989\)](#) posits that a potential extension of the present analysis could involve a multi-country-based framework, which would allow comparisons of public investment and productivity trends across nations. The author notes that regression-based analyses of the average annual growth rates of labour productivity in G-7 nations on the share of public investment in GDP for the period between 1973 and 1985 yield that these are positively correlated, while output per capita seems to be negatively correlated with Government outlays as a proportion of GDP.

Nevertheless, public sector deficits are purportedly crucial in terms of defining real interest rates, private investment decisions and long-term economic growth. The same holds true for net public investment and [Aschauer \(1989\)](#) posit that the intertemporal allocation of net public investment would have significant ramifications on private sector productivity.

Government Spending in a Simple Model of Endogenous Growth¹⁸

Robert J. Barro (1990)

Summary

How important is public spending for growth? This paper finds that productive public services can raise growth, but only up to the point where their marginal product equals one. In a Cobb–Douglas setting, this is exactly the output share. Beyond that point the tax burden needed to pay for additional services reduces saving and lowers growth. Non-productive consumption spending financed by income taxes reduces growth. Better property rights and lower marginal tax wedges raise growth. These results give a clear framework for thinking about the level and composition of government in the long run.

Introduction

The paper asks a clear question: How large should productive public spending be when long-run growth comes from capital accumulation? Public services can raise private productivity. Taxes to pay for them reduce private incentives to save and invest. The growth response is therefore hump shaped in the govt. share. Small expansions in productive spending lift growth. Large expansions do not. The model makes this trade-off precise and then checks the pattern in cross-country data.

Model in brief

A representative household allocates income between consumption and saving indefinitely. Output depends on private capital and publicly provided services, financed by a proportional income tax with a balanced budget each period. With constant returns to broad capital (human and physical), the economy grows at a steady rate. Public services raise the marginal product of capital, while taxation lowers it—the net growth effect hinges on the government’s share of spending in output.

Productive versus consumption spending

Two uses of public money matter. Productive services enter the production function. Think of core infrastructure, basic administration, and the rule of law. These services make private investment more effective. Consumption services add to utility but not to productivity. When financed by an income tax they reduce saving and growth because they raise tax rates with no offset in output. The model therefore predicts an unambiguous negative effect of government consumption on growth and a non-monotonic effect of productive spending.

The α rule for the optimal share

Under a Cobb–Douglas¹⁹ specification the productive share that maximises growth equals the output elasticity of public services, α . At that point the marginal product of public services equals one. If the govt. is smaller than this, spending more raises output by more than it costs and growth rises. If the government is larger, the last unit of service

¹⁸<https://www.journals.uchicago.edu/doi/abs/10.1086/261726>

¹⁹ $\frac{y}{k} = A \left(\frac{g}{k}\right)^\alpha$ where $\alpha \in (0,1)$, y is output, A is technology parameter and g, k are quantity of public services provided to each household-producer and capital stock in the economy respectively.

adds less to output than it costs, and the tax burden dominates. This α rule also maximizes welfare for a benevolent planner, and it maximizes the tax base for a self-interested government. The rule is robust and easy to state.

Taxes and implementation

With an income tax, decentralized saving is too low relative to the social optimum because investors do not internalize how public services complement capital. A lump-sum or broad consumption tax removes this wedge and can reproduce the planner's outcome if the spending share is set by the α rule. Stronger property rights operate like a fall in marginal tax rates. They raise the private return on investment and increase saving and growth. If the government overshoots the α share, the income tax partly offsets the induced over-provision by discouraging excess expansion of output at the margin.

Some services scale with the size of assets, such as policing or national defence. In that case, each user can be modelled as holding the ratio of public services to output fixed. The income tax then acts as a user fee. A one-unit rise in output automatically comes with the right quantity of services and payment. The decentralized outcome becomes Pareto efficient. Designing finance to mimic user pricing can remove distortions even when income taxes are used.

Evidence in the data

The empirical section studies average growth across many countries while controlling for initial income, schooling, stability, and other covariates. Two findings match the model. First, higher government consumption shares correlate with lower per-capita growth. This fits the prediction that non-productive spending financed by income taxes depresses saving. Second, public investment does not show a strong independent effect on growth once total investment is included. That pattern is consistent with many countries operating near the α rule on average. Improvements in property rights and lower effective marginal tax rates are also linked to higher growth, which aligns with the model's channel.

Benevolent and self-interested government

The paper compares a planner that maximizes household welfare with a government that maximizes its own consumption. Both choose the same productive spending share at the α rule. The difference is that the self-interested government sets the tax rate above the spending share to finance its own consumption. This matters for welfare but not for the rule that sets the productive share. The growth loss arises from taxation in excess of productive outlays rather than from the level of productive outlays itself.

Conclusion

Separate what to fund from how to fund it.

1. Focus the productive core of government on services that keep private capital highly productive. Use the α rule as a guide to the long-run share.
2. Finance these services with the least distortion. Broad consumption taxation or user-fee designs are superior to high marginal income taxes when feasible.
3. Invest in property rights. A predictable legal system and secure claims raise the private return on investment.
4. Monitor for overshooting. Once the share is above α , more spending reduces growth even if programs are well intentioned.

Private Investment and Economic Growth in Developing Countries²⁰

Mohsin S. Khan and Carmen M. Reinhart (1990)

Summary

Using decade-averaged data for 24 developing economies in the 1970s, The authors split total investment into private and public components within a Solow-style growth equation. The results are stark: private investment is a strong, precisely estimated driver of per-capita growth, while the direct coefficient on public investment is statistically indistinguishable from zero (and occasionally negative). Disaggregating investment improves fit and shifts growth accounting toward private capital; openness (exports/imports) helps, population growth explains little. The authors stress a caveat: public outlays can still raise growth indirectly when they complement private capital (e.g., infrastructure, human capital). Policy takeaway: prioritize conditions that mobilize private investment and improve public-project quality.

Introduction

This paper explores a central question in growth-oriented adjustment: do private and public investment contribute equally to long-run growth in developing economies? Standard cross-country growth models aggregate investment and therefore cannot say whether shifting a unit of investment from the public to the private sector raises (or lowers) growth. Using a simple Solow-style framework that explicitly separates private from public investment and estimating it on a cross-section of 24 developing countries with data averaged over the 1970s, the authors find that the direct contribution of private investment to growth is large and precisely estimated, while the direct contribution of public investment is statistically indistinguishable from zero (and sometimes negative). The upshot is that policies which raise private investment without starving productivity-enhancing public goods are likely to be associated with faster growth.

Data

The sample comprises 24 developing countries with consistent national accounts and investment disaggregation for 1970–79. Output is real GDP growth; capital formation is split into gross private and gross public fixed capital formation (both in real terms); “labour” is proxied by population growth; and openness/inputs are proxied by export or import volume growth, reflecting two familiar channels in the literature (export-led growth and reliance on imported capital/intermediate goods). Most macro series come from IMF International Financial Statistics and national sources; all variables are averaged over the decade to focus on trend rather than cyclical variation.

Empirical strategy

Starting from a standard production-function approach, the growth equation is written in changes as a linear specification in (i) private investment over income, (ii) public investment over income, (iii) labour force growth (proxied by population growth), and (iv) a fourth factor (either export growth or import growth). Estimation is by OLS on the cross-section of decade averages. For benchmarking, the authors first collapse investment into a single total-investment term. They then estimate the disaggregated model and formally test whether the marginal product of private investment equals that of public investment. Equality is rejected; the data prefer different coefficients for private and public investment.

²⁰ <https://www.sciencedirect.com/science/article/abs/pii/0305750X9090100C>

Results

1. **Benchmarks with total investment:** In specifications that include total investment and export growth, the coefficient on investment is positive and significant (≈ 0.12 – 0.15), and export growth enters positively; population growth is small and typically insignificant. When imports are used to proxy imported inputs, the investment coefficient rises modestly; import growth is also positive but the overall fit is somewhat lower than when exports are used. These benchmarks align with earlier cross-country work that finds investment and openness robustly associated with growth.
2. **Splitting private and public investment:** When total investment is disaggregated, the coefficient on private investment is positive and significant at the 1% level, while the coefficient on public investment is near zero and even negative in some specifications (though not precisely estimated). In short: private investment has a sizable direct association with growth; public investment's direct association is, at best, nil. The overall fit and the apparent contribution of labour improve when investment is split, suggesting that aggregating investment masks important compositional effects.
3. **A visual cross-check:** A simple scatter of the ratio of private-to-total investment against average real growth (1971–79) slopes upward: countries with higher private shares tended to grow faster. There are outliers (e.g., Trinidad and Tobago; Argentina), but the positive slope is clear.
4. **Sources-of-growth accounting:** Using the estimated elasticities, the authors decompose average growth into factor contributions. In the standard “total investment” model, capital accounts for roughly one-half of growth, exports/imports for about a quarter, labour little, and the residual (Solow residual, a proxy for TFP) for under one-fifth. In the split-investment model, private investment accounts for on the order of 40% (rising above 50% in some variants), the public-investment contribution is negligible or negative (reflecting its near-zero coefficient), labour's share is modest (≈ 10 – 21%), openness channels contribute ≈ 16 – 26% , and the residual is in the 18–35% range depending on specification. These patterns underscore that the composition of investment matters for growth accounting as well as for regression fit.

Interpretation and mechanisms

The paper emphasizes that its coefficients capture direct effects only. Public investment can indirectly raise the marginal productivity of private capital when it builds complementary infrastructure (transport, electricity), human capital (schools), or enhances market access; conversely, it can crowd out private activity if it absorbs scarce finance, competes with private producers, or requires distortionary financing. Consistent with prior work (e. g., [Blejer & Khan 1984](#)), the sign and size of these indirect channels likely depend on the composition and efficiency of public capital. Because the regressions hold constant only crude proxies for “Z” (exports or imports) and use population as a labour proxy, they cannot adjudicate those channels. The core finding should therefore be read as: private investment exhibits a stronger contemporaneous association with growth than public investment, given this decade-average, cross-sectional lens—not that public investment is never growth enhancing.

Limitations and cautions

Sample and scope: 24 countries with reliable public/private splits; decade averages (1970s) only. External validity to other periods and broader samples is not automatic.

Measurement: Labour is proxied by population; the private/public split is compiled from heterogeneous national sources; imported-input intensity is proxied by total import growth.

Omitted channels and endogeneity: The model is static and cross-sectional, so reverse causality (growth raising private investment) and composition effects in public outlays cannot be cleanly separated. Indirect effects of public investment—especially infrastructure and human-capital spending—are not directly modelled.

Pricing and macro regime: Differences in relative prices (e.g., investment-good prices), macro stability, and financial depth may drive both investment composition and growth but are not fully captured in the parsimonious specification.

Policy implications

1. **Tilt policy toward enabling private investment:** The strongest and most robust association is between private investment and growth. Priorities include macro stability, predictable property rights, credible contract enforcement, competitive factor/product markets, and access to credit and foreign exchange for tradable capital goods.
2. **Improve the composition and governance of public investment:** The null direct effect of public investment cautions against using the public capital budget as a blunt growth lever. Project selection, maintenance, and procurement matter: infrastructure and human-capital investments that raise private returns likely deliver the largest indirect gains.
3. **Facilitate openness on the input side:** Specifications that include import growth (a proxy for imported capital/intermediate goods) perform reasonably well, consistent with the idea that easing access to investment goods can lift growth—especially in countries reliant on foreign technology and capital goods.
4. **Monitor crowding-out risks:** Where public enterprises compete in markets or public investment is debt-financed under shallow financial systems, the crowding-out channel can dominate. Conversely, infrastructure gaps and weak human capital point to high-return public complements.

Conclusion

This paper provides early, quantitative evidence that—holding other factors constant—private investment has a larger direct association with long-run growth in developing economies than public investment. The result does not negate the value of well-governed public capital, but it does sharpen the policy focus: growth-oriented adjustment should prioritize conditions that mobilize and protect private capital while directing public investment toward clear complements rather than substitutes.

Equipment Investment and Economic Growth²¹

J. Bradford De Long, Lawrence H Summers (1991)

Summary

In their seminal paper “Equipment Investment and Economic Growth,” economists J. Bradford De Long and Lawrence H. Summers challenge prevailing notions in postwar growth theory regarding the limited role of capital accumulation. Drawing upon data from the United Nations International Comparison Project (ICP) and the Penn World Table, the authors present strong quantitative evidence that nations investing a greater share of GDP in machinery and equipment experience significantly faster productivity growth. Specifically, their empirical results indicate that for every additional percentage point of GDP invested in equipment, a nation’s annual growth rate of real GDP per worker rises by roughly one-third of a percentage point. This association is much stronger than for any other component of investment such as structures or infrastructure implying that the accumulation of productive machinery is a central mechanism of economic advancement.

Introduction

The paper by [DeLong and Summers \(1991\)](#) argue that equipment investment has a far stronger relation to productivity growth than other forms of investment. However, many modern empirical studies by [Abramovitz \(1956\)](#), [Solow \(1956\)](#), and [Denison \(1967\)](#), have often downplayed the importance of capital accumulation, particularly machinery investment in sustained growth. DeLong and Summers revisit this critical topic by providing fresh cross-country evidence showing a robust and causal link between high levels of equipment investment and faster economic growth, even among rich, highly industrialized economies. They argue that investment in machinery embodies technological progress and facilitates productivity improvements beyond what aggregate investment measures can capture. Their research highlights how favourable pricing conditions and efficient policies promoting equipment acquisition play a crucial role in explaining differences in growth rates across countries.

Literature

[DeLong and Summers \(1991\)](#) build their study on a long history of research emphasizing how mechanization and machinery investment drive economic growth. Most prior economic growth studies, such as those by [Abramovitz \(1956\)](#), [Solow \(1956\)](#), and [Denison \(1967\)](#), focused on broad capital accumulation but found that capital played a limited role in explaining productivity growth, shifting attention to technology and human capital. Later research by [Jorgenson \(1988\)](#) showed that when capital is broken down, equipment investment plays a significantly bigger role than previously thought. [Summers \(1990\)](#) also pointed to research and development spillovers from machinery as important for growth.

Development economists like [Hirschman \(1958\)](#) and [Rostow \(1958\)](#) emphasized mechanization as key to catch-up growth in industrializing countries. Meanwhile, studies of industrial policies in Japan and elsewhere during the 1970s and 1980s found that targeted equipment investment and favourable price conditions were crucial for rapid growth. Overall, previous work revealed mixed views but increasingly highlighted the unique importance of equipment investment compared to other forms of capital, which DeLong and Summers use as a foundation for their empirical analysis.

²¹ <https://www.jstor.org/stable/3488699>

Historical and Theoretical Context

The study begins by situating its hypothesis in a historical context. The authors emphasize that the Industrial Revolution, often regarded as the defining turning point in modern economic history, was fundamentally driven by mechanization. Early historians like [Blanqui \(1837\)](#) identified machinery—such as the steam engine and textile-spinning technologies—as the foundation of modern industry. These innovations, which embodied new technological knowledge, enhanced labour productivity and transformed production processes. The authors argue that throughout history, machinery has acted as the “lever of riches,” a vehicle through which economies have transitioned to higher productivity and income levels.

Despite this historical consensus, modern quantitative studies in the [Solow \(1957\)](#)– [Denison \(1967\)](#)– [Abramovitz \(1956\)](#) growth accounting tradition tended to minimize the role of capital accumulation. [DeLong and Summers \(1991\)](#) challenge this interpretation, suggesting that such aggregate analyses overlooked the qualitative differences among types of capital. They contend that equipment investment—unlike other forms of capital—embodies advanced technology and yields much larger social benefits than private financial returns suggest. Their central argument reasserts the older view that mechanization and capital accumulation are pivotal forces in economic growth.

Data and Methodology

To empirically test their hypotheses, [DeLong and Summers \(1991\)](#) use detailed cross-country data from the UN ICP and the Penn World Table. These datasets provide internationally comparable measures of real investment and output across more than sixty nations from 1960 to 1985. Crucially, the authors classify investment into specific categories: electrical and non-electrical machinery (collectively termed “equipment”) versus structures and transportation equipment. They emphasize that nominal investment data can be misleading because relative prices of equipment vary substantially across countries. Richer nations typically face lower relative equipment prices, reflecting both technological efficiency in manufacturing capital goods and favourable trade conditions. Hence, the study adjusts for these price differentials to obtain real measures of equipment investment.

Their descriptive analysis reveals three empirical patterns:

1. The relative price of equipment declines as national income per worker rises; richer countries face cheaper machinery relative to GDP deflators.
2. Equipment investment shares (real equipment as a proportion of GDP) increase systematically with development levels.
3. High variability in equipment prices and investment shares is greatest among poorer countries, reflecting both measurement error and structural heterogeneity.

Empirical Findings

The authors have deployed extensive regression analyses examining the relationship between equipment investment and growth in GDP per worker. Controlling for labour force growth, non-equipment investment, and initial income levels, the results consistently show a robust positive link between machinery investment and productivity growth. In numbers, they found that if a country increases the share of its GDP spent on machinery by just one percent, its economy tends to grow about one-third of a percent faster every year. Over several decades, this difference adds up to much higher living standards. For example, Japan’s rapid growth after World War II can be explained largely by its unusually high level of investment in machinery and technology.

What's interesting is that this strong relationship exists only for machinery and equipment—not for other kinds of investment like buildings, roads, or infrastructure. The researchers also discovered that richer countries tend to face lower prices for machinery and therefore invest more in it, while poorer countries face higher machinery costs and often invest less. To understand the causality direction authors looked closely at the timing of events, patterns across countries, and differences between types of investment. Their results show that the direction mostly goes from machinery investment to growth, not the other way around. In countries where investment in equipment rose first, economic growth tended to speed up soon after. But in countries where growth increased without a rise in machinery investment, the effect was short-lived or much weaker.

Policy Implications

The findings carry profound implications for economic policy. Since private markets may underinvest in equipment due to its large social spillovers, governments have a legitimate role in encouraging machinery accumulation. Policies that reduce the relative cost of capital goods, facilitate technology imports, and support research and development can yield large gains in national productivity. Moreover, maintaining open and competitive trade regimes ensures access to advanced machinery and stimulates learning-by-doing in export industries. [DeLong and Summers \(1991\)](#) thus advocate for an investment-oriented development strategy, particularly for emerging economies seeking to accelerate industrialization. Encouraging capital deepening through tax incentives, credit facilities, and infrastructure support can generate enduring growth dividends.

Conclusion

[DeLong and Summers \(1991\)](#) research provide empirical evidence to support the traditional economics views that accumulation of machinery and capital goods is the engine of sustained economic progress. While DeLong and Summers' study provide strong evidence linking machinery investment to economic growth however data do not fully capture differences in data quality or accuracy across countries, especially developing ones. Their analysis is also based on broad cross-country averages, which makes it hard to observe short-term changes and factors like governance quality, financial development, and education, which also affect growth, were not deeply explored. Since the study focuses mainly on industrial machinery, its conclusions may not fully apply to today's economies, where technology, software, and digital tools play a much bigger role. The research demonstrates that equipment investment, more than any other form of capital accumulation, drives productivity growth across nations. By embodying technological progress and enabling diffusion of innovations, machinery investment magnifies both private and social welfare.

How Does Foreign Direct Investment Affect Economic Growth?²²

Eduardo Borensztein, Jose De Gregorio, and Jong-Wha Lee (1998)

Summary

In the decades when developing economies began opening their markets to global capital, one of the most pressing questions was whether foreign direct investment (FDI) could effectively accelerate economic growth. [Borensztein et al. \(1998\)](#) offer a seminal exploration of this question by using cross-country data from 69 developing nations between 1970 and 1989. One of their most enduring insights is that FDI is not merely a source of capital, but a vehicle for technology transfer, whose success depends on a nation's absorptive capacity, particularly its level of human capital. For countries lacking this absorptive capacity, FDI's effects may be limited or even negative. Importantly, the authors find that FDI contributes relatively more to growth than domestic investment, underscoring that human capital must be developed alongside physical capital to sustain long-term productivity gains.

Introduction

The paper is built on the premise that technology diffusion is central to economic development; that poorer nations can grow faster by catching up to the technological frontier. Among the various channels of diffusion, foreign direct investment (FDI) plays a distinctive role. Multinational corporations (MNCs) act as carriers of advanced machinery, R&D, and managerial know-how, transferring productivity-enhancing knowledge to host economies. Earlier work, notably [Findlay \(1978\)](#) and [Wang \(1990\)](#), described this process as a "contagion effect", wherein interaction with foreign firms accelerates domestic technological progress.

[Borensztein et al. \(1998\)](#) adopt this view but embed it in an endogenous-growth framework. In their model, growth comes from introducing new varieties of capital goods (innovations) at a lower cost. MNCs supply these advanced capital varieties but applying them requires educated workers. Thus, the authors emphasize the concept of absorptive capacity. The paper empirically tests this interaction between FDI flows (mainly from industrialised to developing nations) and education levels using cross-country data for 69 developing nations from 1970 to 1989.

Literature

The relationship between foreign direct investment (FDI) and economic growth has long attracted attention in both theoretical and empirical literature. Early models of growth, such as [Solow \(1956\)](#), treated technology as an exogenous factor, offering little explanation for how it spreads across countries. Later, endogenous growth theorists—notably [Nelson and Phelps \(1966\)](#), [Romer \(1990\)](#), and [Grossman and Helpman \(1991\)](#)—shifted the focus toward technology diffusion and human capital accumulation as engines of convergence. Within this framework, FDI emerged as a vital channel for international technology transfer, especially for developing economies seeking to close the productivity gap with advanced nations.

Empirical evidence preceding [Borensztein et al. \(1998\)](#) was mixed. [Findlay \(1978\)](#) and [Wang \(1990\)](#) theorized that FDI could accelerate technological progress through imitation and spillovers from foreign firms. [De Gregorio \(1992\)](#), using data from Latin America, found FDI to be several times more efficient than domestic investment, while [Blomstrom et al. \(1992\)](#) also reported positive FDI–growth links. However, micro-level studies such as [Aitken and Harrison \(1994\)](#) observed limited or uneven spillover effects. Against this backdrop, [Borensztein et al. \(1998\)](#) sought to reconcile these

²² <https://www.sciencedirect.com/science/article/pii/S0022199697000330>

findings by explicitly modelling and testing the complementarity between FDI and human capital, offering a unified explanation for the conditional nature of FDI-led growth.

Contribution

[Borensztein et al.'s \(1998\)](#) work is distinctive in the way it links FDI as not only a source of capital, but a vehicle for technological diffusion and thereby economic growth in developing nations, while being dependent on domestic conditions for effectiveness. The positive relationship between FDI and economic growth is found to be conditional on the host country's stock of human capital. Countries with stronger educational foundations are better able to absorb and adapt foreign technologies, while those with low human capital experience limited or even negative effects.

Data and Methodology

Data Sample & Period: The study uses a cross-country panel of 69 developing economies spanning two decades (1970–1979 and 1980–1989).

FDI Data Source: Data on FDI inflows are obtained from the OECD's Geographical Distribution of Financial Flows, focusing specifically on flows from industrialized to developing countries to capture technology-driven investment.

Other Data Sources: Macroeconomic indicators such as GDP, investment, and government consumption are drawn from the [Summers and Heston \(1991\)](#) (Penn World Tables, version 5.5) dataset, while education data—used to measure human capital—are sourced from [Barro and Lee \(1993, 1994\)](#).

Key Variables Used: The variable of interest is the average annual growth rate of real per capita GDP per decade. Foreign investment intensity is measured by the ratio of FDI inflows to GDP, while human capital stock is proxied by average years of male secondary schooling. Additionally, an interaction term (FDI × human capital), capturing the complementarity between foreign investment and domestic educational attainment is also used in the regression specifications.

Econometric Specification: Growth regressions are estimated using the Seemingly Unrelated Regressions (SUR) method, which accounts for correlated error structures across time periods. The empirical specifications test three hypotheses, namely:

1. Whether FDI contributes more to growth than domestic investment
2. Whether the growth impact of FDI depends on human capital (via the interaction term)
3. Whether FDI crowds in or crowds out domestic investment

Robustness checks include alternative specifications with additional controls and regional fixed effects, ensuring the results are not driven by omitted variables or sample composition.

Results

1. **Conditional Growth Effects of FDI Through Human Capital:** Across all specifications, the FDI–human capital interaction is positive and significant, while the standalone FDI term is insignificant or negative. This shows that FDI enhances growth only when educational attainment exceeds a threshold of roughly 0.5–1.1 years of secondary schooling, below which its productivity benefits remain unrealized.
2. **Quantified Growth Benefits Above the Threshold:** For countries meeting the human capital requirement, FDI delivers substantial growth dividends. In an economy with average human capital (0.91 years), a one standard

deviation increase in the FDI-to-GDP ratio (0.005) raises annual growth rates by 0.3 percentage points. The complementarity effect is particularly striking when comparing extreme cases: countries with the highest FDI and human capital levels averaged 4.3% annual growth, while those with the lowest levels managed only 0.64%.

3. **Evidence of Crowding-In Rather Than Crowding-Out:** Contrary to displacement concerns, FDI appears to stimulate domestic investment, with coefficients ranging from 1.5 to 2.3 across specifications. This suggests that each dollar of FDI attracts additional domestic investment, likely through complementary activities and supply chain linkages.
4. **FDI's Superior Productivity Compared to Domestic Investment:** After controlling total investment levels, FDI continues to exhibit significant positive effects through its interaction with human capital, while domestic investment shows no such complementarity.

Implications

[Borensztein et al. \(1998\)](#) became a cornerstone in the FDI–growth literature, reframing the debate by emphasizing that the benefits of foreign investment are conditional on domestic absorptive capacity. Their findings prompted a wave of research investigating the mechanisms through which FDI influences growth, particularly via human capital, institutional quality, and sectoral composition. Subsequent studies, such as [Alfaro et al. \(2004\)](#) on the role of financial markets, [Li and Liu \(2005\)](#) on endogenous interaction effects, and [Javorcik \(2004\)](#) on productivity spillovers, expanded the framework to explore institutional and sector-specific dimensions of FDI. Research by Makki and Somwaru (2004), Durham (2004), and Xu (2000) further refined the human capital threshold hypothesis, testing it across diverse country contexts.

Conclusion

[Borensztein et al. \(1998\)](#) provide compelling evidence that impact of FDI on economic growth is not merely through capital formation but more so through productivity related gains on account of technology diffusion. However, this is not automatic but conditional, dependent on domestic absorptive capacity.

Growing Like China²³

Zheng Song, Kjetil Storesletten, and Fabrizio Zilibotti (2011)

Summary

China's extraordinary economic rise over the past three decades rests on a paradoxical foundation: the coexistence of high capital accumulation and persistently elevated returns on investment—often surpassing 20 percent—alongside a massive net foreign surplus, which peaked at nearly half of annual GDP by 2009. This “allocation puzzle” cannot be attributed merely to exchange-rate policies or external imbalances. Rather, it stems from deep micro-level financial distortions and resource misallocation within the domestic economy.

Zheng Song, Kjetil Storesletten, and Fabrizio Zilibotti's 2011 paper “Growing Like China,” develops a theory that explains how China achieved sustained high growth, persistently high returns to capital, and large trade surpluses — outcomes that defy conventional economic models. The authors argue that China's success is rooted in a process of gradual structural transformation driven by financial frictions and resource reallocation within the industrial sector. The economy evolved through a shift of resources from inefficient but credit-rich state-owned enterprises (SOEs) to productive, credit-constrained private firms. This reallocation sustains growth because high-productivity firms expand using internal savings rather than borrowed capital, allowing investment and output to grow without depressing returns. As inefficient SOEs contract, domestic savings exceed investment demand, generating capital outflows and persistent trade surpluses. Using extensive Chinese data, the paper validates this mechanism and provides a unified framework linking micro-level distortions to macroeconomic outcomes.

Introduction

Since the post-1992 reform surge, China's development trajectory has defied conventional macroeconomic logic. The economy displays **simultaneously high investment rates and persistently high returns on capital**, contradicting standard neoclassical expectations that such profitability should attract foreign capital inflows. Instead, China experienced the opposite—large-scale capital outflows and foreign reserve accumulation.

The paper begins by identifying a central puzzle in China's growth story. Over three decades, China experienced extraordinary rates of capital accumulation and GDP growth, yet returns to capital remained high, and instead of attracting foreign capital, the country exported it. These stylized facts are inconsistent with both standard closed-economy models, which predict declining marginal returns to capital, and open-economy models, which predict that high-return countries should be net importers of capital.

To reconcile these paradoxes, the authors propose that China's transition was shaped by the coexistence of two distinct types of firms — financially integrated but inefficient SOEs, and efficient but credit-constrained private enterprises. Because entrepreneurial firms relied primarily on internal savings, growth was driven by self-financed expansion rather than external borrowing. Meanwhile, the contraction of SOEs lowered the demand for credit, resulting in domestic savings being deployed abroad. This dual structure — one sector rich in capital access and another rich in productivity — allowed China to sustain high returns, high growth, and large surpluses simultaneously.

²³ <https://www.jstor.org/stable/pdf/41038787.pdf>

Literature

The study situates itself within several interconnected strands of economic research. First, it draws on the literature on resource misallocation and aggregate productivity (Hsieh & Klenow, 2009; Restuccia & Rogerson, 2008), which emphasizes how inefficiencies across firms depress total factor productivity. While those works analyze misallocation as a static phenomenon, “Growing Like China” focuses on its dynamic resolution — growth as a process of gradually “growing out of misallocation.”

Second, the model resonates with structural transformation theories, particularly Lewis’s (1954) dual-economy framework. However, instead of reallocation between agriculture and industry, the focus is on reallocation within manufacturing — from state to private firms — as the primary driver of productivity gains.

Third, the paper extends the financial frictions literature (Banerjee & Duflo, 2005; Matsuyama, 2005), emphasizing how credit market imperfections shape both firm dynamics and macro outcomes. Finally, it contributes to the debate on global imbalances (Gourinchas & Jeanne, 2009) by showing that capital outflows from high-growth economies can emerge naturally from internal credit constraints rather than excess thrift or exchange rate manipulation. In doing so, the authors integrate firm-level financial frictions with macroeconomic patterns of saving, investment, and trade.

Contribution

The Song et al. model transcends earlier macro narratives by tracing the origins of China’s external surplus and growth efficiency to domestic structural asymmetries. The study yields several defining insights:

1. **The Surplus Mechanism:** The foreign surplus arises as a byproduct of financial repression. With E firms financing expansion internally and F firms contracting, the domestic demand for credit falls. Surplus household savings—channelled through banks—seek returns abroad, creating large foreign asset accumulation. This explains why China exports capital despite high domestic returns.
2. **Productivity and Capital Intensity Gap:** Empirical analysis confirms that E firms are significantly more efficient and profitable than F firms but operate with far lower capital intensity (capital-output ratio of 0.67 versus 1.75 in 2006). This asymmetric capital allocation, coupled with superior productivity, is the principal engine of observed TFP growth.
3. **The Reallocation Dividend:** Resource reallocation accounts for roughly 70 percent of aggregate TFP growth between 1998 and 2005. The process is uneven across sectors: E firms dominate labour-intensive industries, while SOEs persist in capital-intensive domains. This sectoral divergence underscores the economy’s structural dualism - coexistence of dynamism and inertia within the same industrial fabric.

Data & Methods

1. **Empirical Evidence and Data:** The analysis draws on firm-level and provincial data from China’s National Bureau of Statistics and China Statistical Yearbooks (1992–2007), covering nearly all industrial firms with sales above five million RMB. The data reveal profound ownership transformation, with private firms’ share of manufacturing employment rising from 4% in 1998 to over 50% in 2007. Private enterprises exhibit 1.8–2.3 times higher productivity and about nine percentage points higher profitability than SOEs but remain credit constrained—SOEs finance over 30% of investment through bank loans, while private firms rely primarily on retained earnings. Regionally, a 10% increase in private employment share is associated with a 10% rise in

net surplus and 2% higher productivity growth, though inequality widens as entrepreneurial income outpaces wages.

2. **Theoretical Framework:** The paper develops a dynamic model of economic transition featuring two firm types: (i) entrepreneurial firms, highly productive but financially constrained, and (ii) financially integrated firms, credit-rich but less efficient. Growth occurs through the gradual reallocation of labour and capital from the latter to the former. Financial frictions slow expansion but do not stop it—entrepreneurial firms expand via internal savings, sustaining high returns and driving aggregate productivity. As these firms grow, inefficient, credit-rich firms shrink, reducing domestic credit demand while savings remain high.
3. **Growth Dynamics and External Balance:** The model explains several key macroeconomic puzzles: the coexistence of high investment and high returns, capital outflows despite rapid growth, and ongoing productivity gains during transition. Excess domestic savings, poorly intermediated by the financial system, are invested abroad, generating China's current account surplus. The model also replicates observed patterns—labour-intensive private growth followed by capital deepening as credit constraints ease, and rising income inequality as entrepreneurial profits grow faster than wages.

Implications

The path to high-quality, sustainable growth lies in synchronizing financial liberalization with structural decarbonization.

- **Resolving Financial Frictions:** Deepening capital markets, expanding private credit access, and neutralizing state-bank bias toward SOEs are essential to sustain productivity-led growth. Reallocation can no longer rely solely on entrepreneurial self-financing; it must be institutionally supported by efficient credit intermediation.
- **Accelerating Industrial Transformation:** Economic modernization must reinforce, not resist, China's low-carbon trajectory. Enforcing rigorous entry standards for energy-intensive sectors and facilitating the withdrawal of outdated, carbon-heavy industries will align productivity gains with environmental imperatives.
- **Anticipating Corporate Responses:** Firms may react strategically to regulation by accelerating emissions before compliance deadlines. To counter this, China must adopt green accounting frameworks that monetize environmental costs and align firm incentives with carbon goals.

Conclusion

"Growing Like China" provides a powerful theoretical and empirical explanation for China's distinctive pattern of growth. It demonstrates that rapid development can occur through reallocation-led growth, where financial frictions both constrain and shape the path of transition. China's experience illustrates how an economy can sustain high investment, high returns, and large surpluses by "growing out of misallocation." Over time, as financial markets deepen and private firms gain access to credit, the economy is expected to converge toward a standard equilibrium with lower returns and smaller external imbalances.

The paper's core contribution lies in reframing China's growth miracle as the outcome of a market-driven reallocation process under imperfect finance, offering a unifying explanation that links firm behaviour, financial structure, and macroeconomic outcomes. It remains one of the most influential frameworks for understanding growth under financial repression and the dynamics of structural transformation in emerging economies.

Declining Competition and Investment in the U.S.²⁴

G Gutiérrez and T Philippon (2017)

Summary

This paper investigates the simultaneous rise in industry concentration and the decline in non-residential business investment in the United States since the early 2000s. Despite stronger profitability and market power, investment has lagged fundamentals such as profits, funding costs, and market valuations. The authors assess four possible explanations: Decreasing Domestic Competition (DDC), Increases in Efficient Scale (EFS), Intangible Capital Deepening and Mismeasurement (INTAN), and Globalization (GLOBAL).

Their analysis concludes that the surge in concentration is driven mainly by DDC, not by efficiency gains under EFS. Reduced domestic competition has causally depressed investment—most prominently among industry leaders and in intangible assets. While INTAN explains only a minor share of the investment shortfall and GLOBAL plays a limited role, weakened competition under DDC accounts for a 5–10% shortfall in the US non-residential capital stock by 2016.

Introduction

Two empirical regularities frame the debate. First, U.S. industries have become significantly more concentrated and profitable since the early 2000s. Both manufacturing and, even more sharply, nonmanufacturing sectors show rising concentration ratios and markups. Second, investment has been historically low relative to profitability and market valuations. The ratio of net investment to net operating surplus has fallen persistently, and investment–Q regressions show negative residuals since the early 2000s, signalling an enduring “capital gap.”

Interpretations diverge. One view attributes these patterns to increased rents and market power. Another regards them as efficient outcomes of digital “winner-take-most” dynamics driven by scale economies, network effects, and IT diffusion. A third emphasizes intangible capital mismeasurement, and a fourth highlights globalization, whereby foreign competition raises measured domestic concentration while relocating investment abroad. Gutiérrez and Philippon disentangle these mechanisms and demonstrate that, unlike in the 1990s, when scaling efficient firms reflected productivity, the 2000s marked a structural decline in domestic competition that curtailed leader investment.

Literature

The paper connects several literatures on concentration, market power, investment, and dynamism. Recent work documents that U.S. industries exhibit higher concentration, persistently high returns to capital, and diminished job reallocation and firm entry. Studies show that M&A activity typically raises markups and delivers abnormal returns to incumbents. Cross-Atlantic comparisons reveal that concentration rose in the U.S. but remained stable or declined in Europe, where competition policy has been more assertive, particularly in sectors such as telecom and airlines.

In parallel, a separate body of research observes that investment has weakened relative to Tobin’s Q and profitability, even after controlling for financing frictions or demand expectations. While some attribute this to unmeasured intangible accumulation, most evidence rules out these factors as complete explanations. Theoretically, rents can either stimulate or suppress investment depending on strategic rivalry: when competition is fierce, firms innovate to pre-empt rivals; when rivalry fades, incumbents conserve cash. Studies of the “China shock” similarly show that import competition spurs innovation among surviving firms even as it induces exit. Gutiérrez and Philippon synthesize these

²⁴ <https://www.nber.org/papers/w23583>

strands by explicitly distinguishing leaders from laggards and introducing causal designs that link competition to investment behaviour.

Contribution

The paper's contribution is twofold.

1. It offers cross-regional and within-industry evidence that rising U.S. concentration is not an outcome of efficient scale. U.S. industries that became more concentrated did not do so in Europe. The historical correlation between concentration and total factor productivity (TFP)—positive in the 1990s—turned zero or negative after 2000. Moreover, industry leaders invested less as concentration rose, contradicting the efficiency narrative.
2. It establishes causality: competition fosters investment, particularly by leaders and especially in intangible capital. Three distinct empirical strategies—based on trade shocks, entry dynamics, and merger waves—anchor this claim. Even after adjusting for intangible mismeasurement and globalization, reduced competition explains the bulk of the post-2000 investment decline. Quantitatively, weaker domestic rivalry left the U.S. business capital stock 5–10% below its counterfactual level by 2016, concentrated among leading firms' intangible underinvestment.

Data and Methodology

The analysis integrates U.S. and European data across aggregate, industry, and firm levels. Aggregate series derive from national accounts and Flow of Funds. Industry data combine BEA, Economic Census, OECD STAN, and KLEMS. Firm-level data rely on Compustat (U.S.) and Compustat Global (Europe), complemented by Orbis-based European concentration measures from CompNet.

A key methodological contribution is the careful measurement of intangible capital and market concentration. For intangibles, the study applies the [Peters–Taylor \(2017\)](#) approach, which capitalizes internally created intangible expenditures—R&D, marketing, product design, organizational and human capital—alongside acquired intangibles. This produces firm-level measures of tangible, intangible, and total capital and investment.

For concentration, the authors construct import-adjusted Herfindahl indices, integrating foreign competition to better reflect true market structure. In manufacturing, these begin from Feenstra–Weinstein's trade-adjusted Herfindahl and are mapped into NAICS and BEA sectors; nonmanufacturing measures correct for coverage bias and imports. The indices display a clear post-1990s rise, especially outside manufacturing, and closely align with Census ratios.

Implications

1. **Competition as an Investment Engine:** Rivalry is a key determinant of capital formation. When competition intensifies—through domestic entry or foreign pressure—leaders expand both tangible and intangible investment. When rivalry fades, they retrench, raising margins but curbing capex. This mechanism reconciles rising profitability with weak investment and is especially pronounced in intangible assets, where innovation races depend on competitive threat. Competition thus disciplines leaders to reinvest; its erosion turns profits into payouts rather than productive capacity.
2. **Efficient Scale Rejected:** The efficient-scaling narrative fails for the 2000s. The earlier positive link between concentration and productivity disappeared as concentration rose without corresponding efficiency gains. Leaders invested less, not more, despite higher markups. In contrast, Europe—where antitrust enforcement remained stronger—saw stable investment despite lower profitability. The evidence points not to technological efficiency but to diminished competition as the source of U.S. concentration and investment weakness.

3. **Macro and Policy Costs:** The macro effects are significant. Had leaders maintained 1990s investment intensity, U.S. business capital would be roughly 3.5% higher by 2015; in equilibrium, weakened competition accounts for a 5–10% shortfall by 2016. Lower investment depresses productivity, labour shares, and potential growth, while entrenching low interest rates.

The policy message is clear: competition policy shapes not just prices or innovation but the trajectory of the capital stock. The U.S.–EU contrast implies that stronger enforcement sustains investment, particularly in leader-dominated sectors. Antitrust assessments should explicitly weigh investment effects alongside consumer welfare.

Beyond policy, the results refine interpretation. Capitalizing intangibles narrows but does not close the investment gap, confirming that the slowdown reflects reduced rivalry, not mismeasurement or globalization. Firm behaviour adapts accordingly—competition spurs R&D and intangible spending, while its absence shifts focus to margins and payouts. Investment remains elastic to perceived rivalry, linking market structure directly to macroeconomic capital accumulation.

Conclusion

Since the late 1990s, the U.S. economy has grown markedly more concentrated, with rising profits and markups but muted investment. Gutiérrez and Philippon show that this is not a result of technological scaling or measurement error, but of declining domestic competition. Using trade shocks, entry patterns, and merger waves, they demonstrate that competition directly drives investment, particularly among leaders and in intangible assets. Even after accounting for mismeasured intangibles, weaker rivalry explains most of the investment shortfall.

The macro consequences are substantial: by 2016, declining competition left U.S. business capital 5–10% below its potential, constraining productivity and growth. The policy implication is clear—safeguarding competition is essential for capital formation. Antitrust enforcement, merger review, and policies promoting entry should consider their impact on investment and innovation, because when rivalry wanes, leaders invest less, productivity slows, and the economy's growth potential erodes.

Ten Years After the Financial Crisis: What Have We Learned from the Renaissance in Fiscal Research?²⁵

Valerie Ramey (2019)

Summary

[Ramey \(2019\)](#) reviews the surge in fiscal policy research precipitated by the 2008 GFC and re-examines the effectiveness of government spending as an engine of growth. The study's central insight is that the impact of fiscal policy hinges upon the macroeconomic environment, financing mix and whether economic agents anticipate policy changes. Findings suggest that fiscal multipliers for advanced economies are positive but modest – typically lying between 0.6 and 1.0. This indicates that government spending raises output but seldomly elicits strong private investment responses. When targeted toward infrastructure and capital formation, though, the impact becomes far more durable, with multipliers nearing 1.5 in an accommodative monetary setting. In contrast, tax multipliers are larger in magnitude, underscoring the drag from fiscal tightening- a 1% increase in taxes can reduce GDP by 2-3%. The author also posits that credible and well-sequenced announcements can crowd in private investment even before funds are spent, while uncertainty or delayed execution can suppress it. Thus, fiscal stimulus is a conditional rather than an automatic catalyst for investment-led growth.

Introduction

The aftermath of the 2008 Global Financial Crisis (GFC) became a pivotal moment in fiscal policy research. With monetary policy constrained by the zero lower bound on interest rates, governments turned to large-scale fiscal interventions to revive growth. Yet recovery outcomes varied sharply across countries, revealing a striking lack of consensus on fiscal policy's true effectiveness. This divergence sparked what [Ramey \(2019\)](#) describes as a "renaissance in fiscal research," aimed at understanding why fiscal packages of similar scale produced such different results.

Her paper surveys this renewed body of work. Central to this research is the concept of fiscal multipliers – the responsiveness of output to changes in government spending or taxation. She emphasizes that the impact of fiscal policy hinges on the surrounding macroeconomic environment, financing method, the degree of policy anticipation, and monetary policy stance.

Literature

[Ramey \(2019\)](#) is positioned within a decade-long revival of fiscal policy research that followed the Global Financial Crisis. This resurgence is built on both theoretical innovation and empirical refinement, reflecting how the study of fiscal policy had evolved since its Keynesian origins.

On the empirical front, early contributions such as [Blanchard and Perotti \(2002\)](#) pioneered structural vector autoregression (SVAR) techniques to identify fiscal shocks, while subsequent work by [Ramey \(2011\)](#) introduced the concept of fiscal foresight, showing that expectations about future government spending influence current economic behaviour. Studies like [Ramey and Zubairy \(2018\)](#) and [Auerbach and Gorodnichenko \(2012\)](#) extended this agenda, demonstrating that fiscal multipliers vary with economic conditions; rising substantially during recessions or when monetary policy is constrained at the zero lower bound.

²⁵ <https://www.aeaweb.org/articles?id=10.1257/jep.33.2.89>

Theoretically, advances in New Keynesian and DSGE models - including work by [Christiano et al. \(2011\)](#) and [Woodford \(2011\)](#) - provided a coherent framework linking fiscal stimulus to monetary accommodation and nominal rigidities. These models emphasized that the impact of fiscal policy depends on the prevailing macroeconomic environment and policy coordination.

Contribution

[Ramey \(2019\)](#) advances the fiscal policy literature by consolidating a decade of theoretical and empirical progress into a unified framework. This shifts fiscal analysis from a debate over magnitude to a disciplined inquiry into its conditional effectiveness and its role in catalysing private investment and sustaining long-term capital formation.

1. **Reframing fiscal multipliers as context-dependent:** [Ramey \(2019\)](#) contests that the notion of a single, constant multiplier is flawed. Rather, its size depends on the macroeconomic environment, policy composition and timing. By doing so, she shifts the focus from “how big” the multiplier is to “when and why” it works.
2. **Establishing empirical benchmarks across policy types:** Through a systematic review of studies using SVARs, narrative identification, and local projection techniques, [Ramey \(2019\)](#) establishes a coherent empirical range for fiscal multipliers: 0.6-1.0 for general spending and up to 1.5 for infrastructure and capital investment under accommodative conditions. Tax multipliers, by contrast, are large and negative; a 1% rise in taxes can reduce GDP by 2-3%, underscoring the asymmetric impact of fiscal tightening vs. expansion. Transfers and temporary rebates have smaller and less durable effects unless they are targeted and accompanied by supportive monetary policy.
3. **Integrating key mechanisms:** [Ramey \(2019\)](#) synthesizes evidence on state dependence — where multipliers vary with the business cycle and monetary policy stance — and fiscal foresight, demonstrating how expectations about future policy shape present-day consumption and investment decisions. Tax multipliers appear procyclical – larger during expansions than recessions – suggesting that fiscal tightening is more damaging during booms than in downturns. While unanticipated tax cuts have expansionary effects on output, phased-in tax cuts depress output during the phase-in period because firms and consumers delay their activity until tax rates are lower. These mechanisms reconcile the wide dispersion in empirical estimates across studies.
4. **Sub-national or Micro-evidence:** State or regional natural experiments and household-level studies often report larger multipliers (~1.5-2.0) for government purchases, transfers and rebates than aggregate national studies. However, [Ramey \(2019\)](#) notes that these results cannot be directly generalized to national levels, as they depend on financing, spillovers, currency union membership and monetary conditions.

Implications

[Ramey's \(2019\)](#) findings validate India's ongoing emphasis on infrastructure creation, logistics modernization, and digital public capital, as higher multipliers are consistently linked to capital-intensive investment that crowds in private activity. Her work reinforces the importance of treating public investment not as short-term stimulus but as a strategic catalyst for sustained growth. At the same time, she identifies key research priorities: understanding the short- and long-run effects of infrastructure spending, where evidence remains promising but limited, and achieving greater methodological precision in measuring fiscal multipliers.

Conclusion

[Ramey \(2019\)](#) concludes that fiscal policy's impact is conditional and context dependent. Government spending generally raises output, but infrastructure and capital investment have stronger, longer-lasting effects, especially when monetary policy is supportive. Tax increases, however, reduce growth sharply. She also highlights the role of fiscal foresight, showing that anticipated policies can shape behaviour even before implementation.

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Market performance

Market round-up

Indian equity staged a modest rebound in September

Global equity markets extended gains and staged a robust rally in September 2025, buoyed by strong corporate earnings, resilient macroeconomic data, and growing expectations of a sizeable US Fed rate cut in the coming months. The MSCI World Index advanced 3.1% during the month (YTD: 14.3%, as of October 10th, 2025), led by the US and Japan. In the US, equities surged to record highs across major benchmarks—S&P 500, Nasdaq, and Dow Jones—driven by better-than-expected Q3 earnings and dovish monetary signals. The Federal Reserve cut policy rates by 25 bps, the first reduction since 2023, indicating room for further cuts. Japanese equities extended their rally for a sixth consecutive month, supported by optimism around fiscal stimulus under the newly formed government and continued yen weakness aiding exporters. Emerging markets (MSCI EM) also posted strong gains, outperforming developed markets with a 7.0% rise in September (YTD: +27%, as of October 10th, 2025). The rally was led by Taiwan and China, where renewed AI-driven optimism and policy support measures spurred risk appetite. Other Asian and Latin American markets also benefited from easing global yields and a weaker US dollar, reinforcing a broad-based risk-on sentiment.

Indian equities posted modest gains in September 2025 but continued to underperform global peers, as persistent trade headwinds and sustained FPI outflows weighed on investor sentiment. Even so, resilient domestic growth, policy support through GST rate rationalisation, and steady DII buying provided a critical buffer against external pressures. The Nifty 50 Index ended September with a 0.8% gain, before staging a more decisive rebound in October, rising 2.7% in the first seven trading sessions and taking its year-to-date return to 6.9% (As of October 10th).

Global fixed income markets showed mixed trends in September 2025, reflecting differing monetary and fiscal trajectories across major economies. US Treasury yields eased across most maturities on growing expectations of further Fed rate cuts, with short-end yields declining 14–20 bps during the month and 35–40 bps over the past three months. In contrast, yields in the EU, UK, and Japan edged higher amid persistent fiscal pressures in Europe, stronger inflation and hawkish BoE signals in the UK, and the BoJ's announcement of gradual ETF and J-REIT sales, which tempered risk appetite. In India, bond yields declined across the curve, aided by expectations of RBI policy easing, easing inflation, and a lower-than-expected state borrowing plan. However, external headwinds kept foreign investors cautious, and the rupee weakened 0.6% MoM (–3.5% over three months) to close at 88.8 per US dollar.

- Indian equities gained marginally in September:** After two consecutive months of decline, weighed down by trade-related uncertainty and sustained FPI outflows, Indian equity markets staged a brief rebound in the first half of September 2025, supported by resilient macro data—particularly a stronger-than-expected Q1 GDP print—and policy support through GST rate rationalisation. However, the recovery lost traction in the latter half of the month as continued foreign selling, renewed trade concerns, and the US administration's announcement of H-1B visa restrictions reignited pressure on equities. Even so, steady domestic institutional inflows provided a critical buffer, helping Indian markets remain broadly resilient amid persistent global volatility.

Indian equity markets sold off further in August (Nifty50: -1.4%), even as long-term returns remain robust (25Y CAGR: 12.1%).

The benchmark Nifty 50 Index ended September 0.8% higher and further 2.7% in the first seven trading sessions of October, taking the YTD gain to 6.9% (As of October 10th, 2025). The rebound was sharper in the broader market, with the Nifty Midcap 150 and Nifty Smallcap 250 rising by 1.4% and 1.1%, respectively. Notwithstanding near-term weakness, Indian equities have generated strong returns in the medium to long-term. Over the last 25 years ending September 2025,

Nifty 50 Index has gained 12.6% on an annualised basis, much higher than 4.6% return generated by the MSCI World Index and 4.7% by the MSCI EM Index.

After declining over the previous two months, activity in the equity cash segment improved in September, with the daily turnover (ADT) rising by 5.1% MoM to a three-month high of Rs 98,312 crore. ADT in the equity options segment rose for the second month in a row by 2.8% MoM to a three-month high of Rs 48,662 crore. In the equity futures segment, the ADT, on the other hand, declined by 6.7% in September to Rs 1.37 lakh crore.

- **Indian bond markets recovered in September:** Global fixed income markets exhibited mixed trends in September 2025, reflecting diverging monetary and fiscal dynamics across major economies. US Treasury yields eased across most maturities, supported by rising expectations of further Federal Reserve policy easing. The decline was most pronounced at the short end, where 1-year and shorter maturities fell by 14–20 bps, extending the cumulative decline to 35–40 bps over the past three months. In contrast, yields in the EU, UK, and Japan edged higher. European bonds faced pressure from persistent fiscal concerns, while UK gilts reacted to stronger-than-expected inflation and hawkish commentary from the Bank of England. Meanwhile, Japanese yields rose modestly after the Bank of Japan announced plans to gradually sell its ETF and J-REIT holdings, keeping investor sentiment cautious.

In India, bond markets witnessed some relief in September 2025, with yields softening across the curve after several months of volatility. The rally was underpinned by renewed expectations of monetary easing by the RBI, as both headline and core inflation continued to ease, and early indicators pointed to a gradual moderation in growth momentum. Additionally, a lower-than-expected state borrowing calendar for Q3 FY26 at Rs 2.82 lakh crore vs. Rs 3.25 lakh crore expected eased supply concerns and improved demand-supply dynamics in the sovereign debt market. The decline, however, was more prominent at the short-end, with the 6-month and 3-year papers declining by 10bps and 15bps respectively, while the long-end remained fairly steady.

- **FPI remained strong sellers of Indian equities in September; DIIs continued to provide cushion through sustained buying:** September marked the third consecutive month of strong FPI selling, as persistent trade-related uncertainty continued to weigh on investor sentiment. Net FPI outflows stood at US\$2.7bn in September, bringing total outflows to US\$8.7bn in Q3 2025 and US\$17.6 billion in the first nine months of the year—already exceeding the highest annual outflows (on a calendar year basis) on record. On the debt side, FPIs remained steady buyers for the third month in a row, with net inflows of US\$1.4bn each in the last three months, more than reversing the net outflows seen in the first quarter of FY26.

DIIs, by contrast, continued to provide a counterbalance to FPI selling in Indian equities. September marked the 26th consecutive month of net DII inflows, with purchases of Rs 65,344 crore (US\$7.4 bn). In the half of FY26, DIIs have invested a net Rs 3.9 lakh crore (US\$45 bn), already accounting for 64% of the total net investment made during the entirety of the previous fiscal year.

- Global equity markets rallied further in September:** Global equity markets extended their advance in September 2025, buoyed by robust corporate earnings, resilient macroeconomic data, and growing optimism over further US Federal Reserve rate cuts in the months ahead. The MSCI World Index gained 3.1% during the month (YTD: 14.3%, as of October 10th, 2025), led by the US and Japan, while the EU and UK recorded modest gains. Emerging markets (MSCI EM) also posted strong gains, outperforming developed peers with a 7.0% rise in September (YTD: +27%, as of October 10th). The rally was led by Taiwan and China, where AI-related optimism and targeted policy support measures spurred risk appetite. Other Asian and Latin American markets benefited from easing global yields and a weaker US dollar, reinforcing a broad-based risk-on sentiment across global equities.

US: The US equities surged and ended the month of September with robust gains, despite emerging signs of growth slowdown. The rally was supported by strong corporate earnings, rising optimism over rate cuts by the US Fed and renewed AI-led optimism. All flagship indices, including the S&P 500, Nasdaq and Dow Jones, rose to fresh record high levels. In fact, the Russel 2000 Small-cap Index surged to all-time high for the first time since 2021, signaling broadening of performance beyond the large technology stocks. The Nasdaq 100 and S&P 500 rose 5.4% and 3.5% in September, taking the YTD (As of October 10th, 2025) to 15.3% and 11.4% respectively. Dow Jones, however, underperformed with a 1.9% gain in September (YTD: 6.9%), reflecting the impact of limited presence of tech stocks in the Index. Small caps (Russell 2000) rallied nearly 3% on top of 7% return in the previous month as investors rotated into broader segments.

US economic data for September 2025 presented a mixed picture. The US economy expanded by an annualized 3.8% in Q2 2025, higher than the estimated 3.3%, supported by strong consumer spending. This was in-line with 0.6% MoM increase in retail sales in August, marking the third consecutive month of sequential expansion. Manufacturing PMI, however, eased to 52 in September from over three-year high of 53 in the previous month. Further, labour market has continued to show signs of softening, as reflected in muted non-farm payrolls, and a sharp surge in unemployment rate to 4.3% in August—the highest since October 2021. In response to emerging signs of growth slowdown, the US Fed expectedly cut the federal funds rate by 25bps to 4-4.25% early this month.

Europe: European equities recorded gains in September, benefiting from easing tariff tensions, even as policy and political uncertainty capped the upside. The benchmark Euro Stoxx 50 Index rose by 3.3% in September, translating into a return of 13% in 2025 thus far (As of October 10th, 2025). France's CAC Index, however, ended the month with a relatively lower 2.5% gain, amid persistent political uncertainty. The UK equities posted modest gains in September, weighed down by weakening economic backdrop, and expectations of tax increase in the upcoming budget. The FTSE 100 Index rose 1.8% during the month, bringing YTD gains to 15.4% (As of October 10th, 2025).

Euro area macro data in September painted a mixed picture. Eurozone Manufacturing PMI moved back into the contraction zone to 49.8 in September from the three-year high of 50.7 in the previous month, while the Services PMI expanded to an eight-month high of 51.3, beating market expectations. Headline

inflation inched up to 2.2% in September 2025, up from 2% in the previous three months, and breaching the ECB's 2% target. In response, the ECB held the deposit rate unchanged at 2%, even as the President acknowledged easing inflationary pressures.

In the UK, Manufacturing PMI declined further to a five-month low of 46.2 in September, marking the 12th consecutive month of contraction in manufacturing output. Services PMI also moderated sharply to 50.8 in September from a 16-month high of 54.2 in the previous month. Headline inflation held steady at 3.8% in September—the highest since January 2024. In response, the Bank of England's Monetary Policy Committee voted 7:2 to keep the bank rate unchanged at 4%, while two members voted for a 25bps cut.

Asia: Asian equities ended September on a strong note, led by strong gains in Taiwan, Korea and Chinese markets, partly offset by continued underperformance of Indian equities. Chinese stocks (MSCI China \$ up 9.5% in September and 35.5% YTD, as of October 10th) continued to benefit from the government's anti-involution campaign aimed at reducing excess capacity and curbing competition as well as AI-led optimism, resulting in influx of foreign capital. Taiwan and Korean markets also gained from a significant rally in technology stocks, with the Taiex Index and Kospi Index rising by 6.6% (YTD: +18.5%) and 7.5% (YTD: +50.5%) respectively.

India's economic backdrop has remained resilient. Q1FY26 GDP growth at 7.8% surpassed expectations by a wide margin, led by a broad-based rebound, propelled by resilient private consumption, buoyant Government spending, and steady investment demand. The Manufacturing PMI, while declining sequentially, remained strong at 57.7 in September, while the Services PMI stood at 60.9. Headline inflation inched up to 2.1% in August, even as it remained closer to the lower bound of the RBI's 2-6% target range. On the policy front, the RBI's MPC kept the policy rate unchanged despite easing inflation trajectory, as it assessed the transmission of earlier rate reductions and the impact of recent tax reductions.

- Commodities show contrasting trends in September:** In September 2025, commodity markets showed mixed trends driven by supply, demand, and economic factors. Crude oil prices fell due to rising OPEC+ supply and U.S. inventory builds. Precious metals surged strongly, supported by a weak dollar, rate cuts, and geopolitical tensions. Industrial metals mostly gained on robust demand and supply disruptions, except nickel, which declined amid oversupply. Agricultural commodities displayed a varied pattern, with notable declines in soybeans and wheat, while corn prices rose. This month's movements reflect ongoing shifts in global supply-demand dynamics and macroeconomic conditions.
- INR downside continued:** The INR fell to a new low of 88.8/US\$, depreciating by 0.6% MoM in September, despite a largely stable dollar index, weighed down by sustained FPI outflows, high dollar demand by importers ahead of the festive season, lingering trade uncertainty and hike in H1-B visa fees. That said, the RBI's proactive intervention, backed by robust FX reserves of over US\$700 bn, helped manage volatility to some extent. That said, INR's annualised volatility rose for the ninth consecutive month to 4%, while the one-year forward premium edged up to 2.2%, but remained below the post-pandemic peak. The REER fell to 98.8, pushing the rupee into undervalued zone and enhancing export competitiveness.

The S&P GSCI Index rose by 0.05% MoM in September 2025.

Performance across asset classes

Table 25: Benchmarks across equity, fixed income, currency, and commodity markets (As on Sep 30th, 2025)

Indicator Name	Sep-25	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Equity Indices									
NIFTY 50	24,611	24,427	25,517	25,811	0.8	-3.6	4.6	-4.7	4.1
NIFTY 500	22,734	22,463	23,617	24,245	1.2	-3.7	6.5	-6.2	1.6
MSCI INDIA	2,903	2,871	3,016	3,121	1.1	-3.7	5.6	-7.0	2.1
India Volatility Index (%)	11	12	13	13	-5.9	-13.5	-13.0	-13.5	-23.4
MSCI WORLD	4,307	4,178	4,026	3,723	3.1	7.0	18.7	15.7	16.2
S&P 500 COMPOSITE	6,688	6,460	6,205	5,762	3.5	7.8	19.2	16.1	13.7
DOW JONES INDUSTRIALS	46,398	45,545	44,095	42,330	1.9	5.2	10.5	9.6	9.1
HANG SENG	26,856	25,078	24,072	21,134	7.1	11.6	16.2	27.1	33.9
FTSE 100	9,350	9,187	8,761	8,237	1.8	6.7	8.9	13.5	14.4
NIKKEI 225	44,933	42,718	40,487	37,920	5.2	11.0	26.2	18.5	12.6
Fixed Income									
India 10YR Govt Yield (%)	6.57	6.59	6.32	6.75	-2bps	26bps	-1bps	-18bps	-60bps
India 5YR Govt Yield (%)	6.28	6.35	6.01	6.67	-7bps	27bps	-17bps	-39bps	-78bps
India 1YR Govt Yield (%)	5.60	5.64	5.59	6.62	-3bps	1bps	-80bps	-101bps	-151bps
India 3Month T-Bill Yield (%)	5.59	5.64	5.52	6.62	-5bps	6bps	-94bps	-103bps	-150bps
US 10YR Govt Yield (%)	4.15	4.22	4.23	3.79	-8bps	-8bps	-6bps	36bps	28bps
Germany 10YR Govt Yield (%)	2.71	2.72	2.60	2.13	-1bps	12bps	-2bps	58bps	68bps
China 10YR Govt Yield (%)	1.88	1.79	1.65	2.16	9bps	23bps	-1bps	-28bps	-70bps
Japan 10YR Govt Yield (%)	1.65	1.61	1.43	0.86	4bps	23bps	17bps	80bps	103bps
Currency									
USD/INR	88.8	88.2	85.8	83.8	0.6	3.5	3.9	6.0	3.7
EUR/USD	1.2	1.2	1.2	1.1	0.4	0.1	8.8	5.3	13.5
GBP/USD	1.3	1.4	1.4	1.3	-0.4	-1.8	4.3	0.4	7.5
USD/YEN	147.7	146.8	144.4	143.0	0.6	2.2	-1.2	3.2	-6.0
USD/CHF	1.3	1.3	1.3	1.2	0.4	0.0	11.2	6.0	13.9
USD/CNY	7.1	7.1	7.2	7.0	-0.2	-0.7	-1.8	1.5	-2.5
Commodities									
Brent Crude Oil (US\$/bbl)	67.1	68.2	67.7	72.0	-1.6	-0.8	-10.3	-6.8	-10.3
LME Aluminium (US\$/MT)	2,678.9	2,618.5	2,596.6	2,608.7	2.3	3.2	6.4	2.7	6.0
LME Copper (US\$/MT)	10,225.5	9,821.7	10,050.7	9,692.0	4.1	1.7	5.9	5.5	18.2
LME Lead (US\$/MT)	1,946.4	1,949.9	2,017.4	2,051.3	-0.2	-3.5	-1.9	-5.1	1.1
LME Nickel (US\$/MT)	15,051.6	15,246.8	15,019.6	17,266.3	-1.3	0.2	-4.1	-12.8	-0.4
LME Tin (US\$/MT)	35,455.2	35,193.0	33,843.5	33,491.0	0.7	4.8	-3.7	5.9	22.9
LME Zinc (US\$/MT)	3,016.0	2,825.1	2,741.3	3,056.8	6.8	10.0	6.3	-1.3	2.1
SHC Iron Ore Spot (US\$/MT)	105.0	104.5	96.0	113.0	0.5	9.4	0.5	-7.1	1.9
Gold Spot Price (US\$/troy ounce)	3,833.9	3,441.4	3,284.5	2,634.0	11.4	16.7	22.7	45.6	46.0
Silver Spot Price (US\$/troy ounce)	46.7	39.7	36.1	31.2	17.6	29.3	37.0	49.8	61.6
Platinum Spot Price (US\$/ounce)	1,571.0	1,347.0	1,350.0	985.0	16.6	16.4	58.2	59.5	71.9
Palladium Spot Price (US\$/ounce)	1,235.0	1,094.0	1,134.0	998.0	12.9	8.9	25.3	23.8	35.9
Soyabeans (US\$/bushel)	9.6	10.3	10.0	10.1	-6.6	-3.9	-3.0	-5.1	-2.1
Corn (c/lb)	416.0	398.3	421.0	424.0	4.5	-1.2	-9.1	-1.9	-9.3
Wheat (US\$/bushel)	4.6	4.9	5.2	4.8	-6.0	-12.0	-13.9	-5.5	-19.1
Cotton (US\$/lb)	0.6	0.6	0.7	0.7	-0.3	-3.9	-0.8	-4.9	-3.3
Raw Sugar (c/lb)	16.3	16.7	16.2	22.1	-2.5	0.4	-13.3	-26.2	-10.6

Source: LSEG Workspace, Cogencis, NSE EPR

Table 26: Performance (total returns) across global asset classes (As on October 7th, 2025)

Asset performance (Ranked by % change each year)

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025TD
Bitcoin 34.2	Bitcoin 122.7	Bitcoin 1,394.5	Nifty 50 4.6	Bitcoin 94.1	Bitcoin 304.5	Bitcoin 59.4	WTI Crude 6.7	Bitcoin 153.5	Bitcoin 121.9	Gold 51.9
STOXX 600 10.2	WTI Crude 45.0	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 \$ 31.0
Nasdaq 100 9.8	FTSE100 19.1	Nifty 500 37.7	Gold -1.7	WTI Crude 35.3	Gold 24.8	Nifty 500 31.6	FTSE100 4.7	Nifty 500 26.9	Nasdaq 100 25.9	Bitcoin 30.0
SSE Comp 9.4	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	FTSE100 19.5
S&P500 1.4	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 18.9
Russell 1000 0.9	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	MSCI World 18.5
Nifty 500 0.2	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 15.8
DJIA 0.2	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	STOXX 600 15.5
MSCI World -0.3	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	S&P500 15.3
FTSE100 -1.3	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	Russell 1000 15.1
Nifty 50 -3.0	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	DJIA 11.0
Gold -10.5	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 50 7.4
MSCI EM \$ -14.6	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	Nifty 500 4.6
WTI Crude -30.5	SSE Comp -12.3	SSE Comp 6.6	Bitcoin -74.2	Nifty 500 9.0	WTI Crude -21.0	Gold -4.0	Bitcoin -64.1	WTI Crude -10.4	WTI Crude 0.8	WTI Crude -13.7

Source: LSEG Workspace, NSE EPR. Note: Returns for equity indices are based on total return index values except for Shanghai SE Composite Index.

Equity market performance and valuations

Table 27: Performance across NSE equity indices (As on September 30th, 2025)

September-25 Index Name	PR Index Returns (%)					TR Index Returns (%)				
	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Broad Market Indices										
Nifty 50	0.8	-3.6	-4.7	12.9	17.0	0.8	-3.2	-3.5	14.2	18.4
Nifty Next 50	3.2	-1.7	-12.0	17.0	20.2	3.2	-1.3	-11.2	17.8	21.2
Nifty 100	1.2	-3.2	-5.9	13.2	17.3	1.2	-2.9	-4.8	14.4	18.7
Nifty 200	1.2	-3.6	-6.0	14.5	18.6	1.2	-3.3	-4.9	15.7	19.9
Nifty 500	1.2	-3.7	-6.2	15.3	19.5	1.2	-3.4	-5.3	16.4	20.7
Nifty Midcap 50	1.5	-5.4	-5.6	24.2	27.9	1.5	-5.1	-5.1	24.9	29.0
Nifty Midcap 100	1.4	-5.4	-6.0	22.6	27.2	1.5	-5.2	-5.5	23.3	28.2
Nifty Midcap 150	1.4	-4.3	-5.7	21.8	26.6	1.4	-4.1	-5.2	22.5	27.5
Nifty Midcap Select	1.2	-6.2	-4.7	20.5	24.4	1.2	-6.1	-4.2	21.3	25.4
Nifty Smallcap 50	1.6	-8.6	-8.8	25.3	23.6	1.7	-8.3	-8.2	26.3	24.6
Nifty Smallcap 100	2.0	-7.9	-8.4	23.0	24.7	2.0	-7.6	-7.8	23.8	25.7
Nifty Smallcap 250	1.1	-6.2	-9.3	22.0	27.3	1.2	-5.9	-8.8	22.7	28.2
Nifty LargeMidcap 250	1.3	-3.8	-5.7	17.6	22.0	1.3	-3.5	-4.9	18.5	23.1
Nifty MidSmallcap 400	1.3	-5.0	-7.0	21.8	26.8	1.3	-4.7	-6.5	22.6	27.7
Nifty500 Multicap 50:25:25	1.2	-4.3	-6.5	17.7	22.2	1.2	-4.0	-5.7	18.7	23.4
Nifty Microcap 250	-0.5	-5.4	-11.0	29.0	38.3	-0.4	-5.2	-10.6	29.6	39.1
Nifty Total Market	1.1	-3.8	-6.4	15.7	19.9	1.2	-3.5	-5.5	16.8	21.1
Thematic Indices										
Nifty India Consumption	0.0	1.9	-6.0	15.3	19.2	0.0	2.3	-5.0	16.4	20.6
Nifty MidSmall India Consumption	-0.9	-3.6	-6.0	19.5	22.9	-0.9	-3.3	-5.5	20.1	23.6
Nifty Non-Cyclical Consumer	-2.6	-1.8	-11.1	13.6	18.0	-2.6	-1.6	-10.1	14.6	19.2
Nifty India Manufacturing	3.7	1.5	-5.4	21.9	24.3	3.7	1.9	-4.7	22.7	25.5
Nifty Infrastructure	1.5	-4.3	-5.9	22.0	23.9	1.6	-3.9	-5.1	23.0	25.3
Nifty Services Sector	0.3	-5.6	-3.5	10.9	17.0	0.3	-5.3	-2.2	12.2	18.4
Nifty Commodities	4.8	0.5	-8.6	17.3	23.6	5.0	1.1	-7.5	18.3	25.2
Nifty CPSE	5.2	-2.7	-11.0	36.1	37.3	5.5	-1.9	-8.8	38.8	41.7
Nifty PSE	6.5	-2.9	-13.2	34.9	34.1	6.7	-2.1	-11.2	37.2	38.0
Nifty Energy	4.1	-4.3	-20.5	11.0	18.4	4.2	-3.7	-19.3	12.3	20.6
Nifty MNC	1.7	3.1	-8.5	14.8	16.3	1.7	3.6	-7.2	16.1	17.8
Nifty India Digital	-1.8	-5.8	-8.2	18.2	18.1	-1.8	-5.5	-7.2	19.4	19.4
Nifty India Defence	5.9	-11.5	17.9	56.6	59.8	6.0	-11.3	18.6	57.9	61.6
Nifty Mobility	4.9	6.7	-2.6	27.0	27.4	4.9	7.2	-1.9	27.9	28.5
Nifty100 Liquid 15	3.6	-1.1	0.1	16.9	22.3	3.6	-0.8	1.0	17.9	23.5
Nifty Midcap Liquid 15	0.6	-6.4	2.7	25.9	29.2	0.6	-6.2	3.2	26.9	30.4
Nifty Corp. Grp Index - Aditya Birla Group	2.2	1.9	-1.4	19.3	24.8	2.2	2.4	-1.0	19.8	25.4
Nifty Corp. Grp Index - Mahindra Group	4.0	1.2	3.1	28.5	29.3	4.0	1.7	3.9	29.7	31.2
Nifty Corp. Grp Index - Tata Group	-2.7	-10.1	-24.8	8.2	14.7	-2.7	-9.9	-23.4	9.6	16.2
Nifty Corp Grp Index - Tata Group 25% Cap	-2.3	-8.6	-22.0	13.3	23.6	-2.3	-8.5	-21.1	14.3	24.8
Nifty Shariah 25	-2.7	-3.8	-14.7	8.8	11.7	-2.7	-3.3	-13.3	10.4	13.5
Nifty50 Shariah	-2.8	-6.6	-19.9	6.1	9.5	-2.8	-6.2	-18.4	7.9	11.4
Nifty500 Shariah	-0.8	-4.1	-15.5	10.9	15.6	-0.8	-3.7	-14.6	12.1	17.1
Nifty SME EMERGE	0.6	2.8	-6.7	39.5	59.5	0.6	2.8	-6.7	39.7	59.8
Nifty100 ESG	0.9	-2.6	-5.8	13.1	17.0	0.9	-2.2	-4.7	14.3	18.4
Nifty100 Enhanced ESG	0.9	-2.6	-5.7	13.1	17.1	0.9	-2.2	-4.7	14.2	18.4
Nifty100 ESG Sector Leaders	0.2	-3.6	-4.7	13.3	16.1	0.2	-3.2	-3.7	14.5	17.4

September-25	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty IPO	0.7	2.9	-8.3	14.0	14.0	0.7	3.0	-8.1	14.2	14.4
Nifty REITs & InvITs	6.9	10.9	16.2	6.6	8.9	6.9	12.1	21.5	11.9	16.1
Nifty Core Housing	-2.3	-3.6	-12.3	13.8	18.7	-2.3	-3.4	-11.8	14.4	19.5
Nifty500 Multicap India Mfg. 50:30:20	3.2	0.5	-4.5	21.5	25.4	3.2	0.9	-3.9	22.2	26.4
Nifty500 Multicap Infra 50:30:20	1.9	-4.9	-8.2	21.4	26.2	1.9	-4.5	-7.5	22.3	27.5
Nifty EV & New Age Automotive	2.9	4.1	-12.3	20.3	31.6	2.9	4.5	-11.6	21.2	32.6
Nifty India Tourism	-2.3	-5.1	-1.9	17.4	26.7	-2.3	-5.0	-1.6	17.7	27.0
Nifty Rural	2.8	1.9	-5.0	16.2	21.1	2.8	2.3	-3.9	17.5	22.5
Nifty Capital Markets	1.3	-12.4	21.2	47.7	32.6	1.3	-12.2	22.0	49.1	34.2
Nifty India New Age Consumption	0.1	0.0	-4.9	22.8	25.0	0.1	0.4	-4.4	23.4	25.7
Nifty India Select 5 Corp Groups (MAATR)	2.5	-2.8	-9.6	11.7	24.7	2.5	-2.5	-9.0	12.4	25.7
Nifty India Railways PSU	5.1	-10.7	-23.4	36.8		5.3	-10.4	-22.4	38.5	
Nifty India Internet	-0.9	3.1	5.3	29.6		-0.9	3.1	5.5	30.1	
Nifty Waves	-0.2	-6.2	-29.7	-1.1	8.9	0.0	-5.9	-29.3	-0.6	9.4
Nifty India Infrastructure & Logistics	2.9	-4.5	-9.0	22.1	31.1	3.0	-4.2	-8.3	23.0	32.4
Strategy Indices										
Nifty Alpha 50	-0.7	-9.6	-19.4	18.1	23.6	-0.7	-9.5	-18.9	18.8	24.4
Nifty100 Alpha 30	0.5	-3.6	-14.4	12.9	18.1	0.5	-3.2	-13.7	13.9	19.3
Nifty Alpha Low-Volatility 30	-0.6	-4.6	-16.6	15.2	16.6	-0.6	-4.2	-15.8	16.5	18.0
Nifty Alpha Quality Low-Volatility 30	-0.3	-1.6	-13.9	16.9	16.9	-0.3	-1.1	-12.7	18.4	18.7
Nifty Alpha Quality Value Low-Volatility 30	-0.5	-0.9	-9.6	22.7	21.8	-0.5	-0.3	-8.1	24.6	24.0
Nifty200 Alpha 30	-1.3	-7.1	-16.4	22.6	23.7	-1.3	-7.0	-15.8	23.5	24.8
Nifty Dividend Opportunities 50	1.7	-3.5	-14.7	18.4	20.1	1.8	-3.1	-12.7	20.6	22.9
Nifty Growth Sectors 15	-0.5	0.4	-9.7	9.3	17.2	-0.5	0.8	-8.1	11.1	19.1
Nifty High Beta 50	7.1	-4.3	-10.7	21.7	27.4	7.2	-4.0	-9.9	22.6	28.6
Nifty Low Volatility 50	-1.0	-3.3	-6.9	16.0	16.8	-1.0	-2.9	-5.9	17.2	18.4
Nifty100 Low Volatility 30	-1.6	-1.2	-7.1	15.7	16.6	-1.6	-0.7	-5.9	17.1	18.5
Nifty100 Quality 30	-0.2	-1.8	-11.2	13.1	15.4	-0.2	-1.2	-9.8	14.7	17.1
Nifty Quality Low-Volatility 30	-1.0	-1.5	-12.5	11.5	14.0	-1.0	-0.9	-11.1	13.0	15.8
Nifty200 Quality 30	-0.2	-3.3	-12.8	12.4	14.4	-0.2	-2.8	-11.3	14.1	16.4
Nifty50 Equal Weight	1.5	-1.6	-5.4	17.0	22.3	1.5	-1.2	-4.3	18.2	24.0
Nifty100 Equal Weight	2.4	-1.4	-7.3	17.2	21.3	2.5	-1.1	-6.4	18.2	22.6
Nifty50 Value 20	-0.1	-3.8	-13.6	13.4	17.5	-0.1	-3.3	-11.7	15.6	20.1
Nifty500 Value 50	6.5	0.6	-7.0	33.8	37.2	6.6	1.2	-5.5	35.4	40.0
Nifty Midcap150 Quality 50	-0.2	-6.0	-8.9	12.2	16.0	-0.2	-5.7	-8.1	13.2	17.1
Nifty200 Momentum 30	0.7	-6.5	-20.6	16.0	19.8	0.7	-6.2	-20.0	16.9	20.9
Nifty Midcap150 Momentum 50	-1.2	-8.2	-12.4	21.0	29.2	-1.2	-8.1	-12.1	21.7	30.0
Nifty Smallcap250 Quality 50	-1.2	-8.3	-15.6	19.8	26.4	-1.1	-7.8	-14.7	21.0	27.8
Nifty Smallcap250 Momentum Quality 100	1.0	-8.4	-16.3	17.2	24.1	1.0	-8.1	-15.7	18.1	25.2
Nifty MidSmallcap400 Momentum Qtly 100	0.0	-8.9	-14.3	18.5	23.1	0.0	-8.7	-13.7	19.4	24.2
Nifty500 Equal Weight	1.6	-3.8	-7.6	21.1	25.8	1.7	-3.5	-7.0	21.9	26.8
Nifty500 Momentum 50	0.8	-8.6	-20.9	17.6	25.0	0.8	-8.5	-20.6	18.3	25.8
Nifty500 LargeMidSmall Equal-Cap Wgtd	1.2	-4.6	-6.8	19.1	23.8	1.3	-4.3	-6.1	20.0	24.9
Nifty200 Value 30	7.1	-0.2	-7.9	34.4	36.6	7.2	0.4	-6.4	36.0	39.5
Nifty Top 10 Equal Weight	-0.3	-7.1	-5.9	10.3	15.8	-0.3	-6.9	-4.6	11.7	17.3

September-25	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty500 Multicap Momentum Quality 50	1.2	-8.1	-17.2	18.9	21.1	1.2	-7.7	-16.4	20.1	22.4
Nifty Top 15 Equal Weight	2.0	-0.9	0.2	13.4	20.0	2.0	-0.6	1.5	14.8	21.3
Nifty Top 20 Equal Weight	0.6	-2.4	-5.5	13.1	19.6	0.6	-2.1	-4.3	14.4	21.0
Nifty500 Quality 50	1.0	-7.2	-9.9	18.4	19.0	1.0	-6.7	-8.8	19.7	20.6
Nifty500 Low Volatility 50	1.4	0.2	-1.0	20.3	19.3	1.4	0.6	-0.3	21.4	20.8
Nifty500 Multifactor MQVLv 50	3.2	-3.0	-8.6	24.2	23.0	3.2	-2.5	-7.6	25.6	25.0
Nifty500 Flexicap Quality 30	-1.2	-6.5	-18.0	10.5	20.6	-1.1	-6.1	-16.7	11.9	22.2
Sectoral Indices										
Nifty Auto	6.3	11.2	-1.8	27.9	27.4	6.3	11.9	-0.9	28.9	28.6
Nifty Bank	1.8	-4.7	3.1	12.3	20.6	1.8	-4.4	4.0	13.2	21.5
Nifty Private Bank	1.6	-6.3	-0.2	9.9	17.5	1.6	-6.0	0.4	10.7	18.2
Nifty PSU Bank	11.4	4.5	11.4	36.0	42.6	11.4	4.5	12.1	36.9	43.9
Nifty Financial Services	1.8	-4.2	6.3	14.1	19.6	1.8	-3.9	7.4	15.2	20.7
Nifty Financial Services Ex-Bank	4.0	-4.9	5.4	21.3	22.2	4.0	-4.7	6.3	22.3	23.3
Nifty Financial Services 25/50	2.3	-4.5	3.7	18.1	21.7	2.3	-4.2	4.7	19.3	22.9
Nifty MidSmall Financial Services	3.0	-6.0	12.7	32.8	27.9	3.0	-5.8	13.2	33.7	29.2
Nifty FMCG	-2.6	-0.3	-16.5	7.2	12.9	-2.6	-0.1	-14.8	9.1	15.1
Nifty IT	-4.3	-13.6	-19.8	7.7	11.0	-4.3	-13.3	-18.0	9.8	13.2
Nifty MidSmall IT & Telecom	-2.0	-12.8	-18.0	15.8	24.6	-2.0	-12.6	-17.5	16.7	25.7
Nifty Media	-4.3	-12.1	-27.9	-9.2	-0.1	-4.3	-11.9	-27.3	-8.8	0.5
Nifty Metal	9.7	5.3	-1.6	20.3	35.0	9.7	5.6	-0.7	21.0	36.8
Nifty Pharma	-1.6	-2.7	-7.9	18.3	12.8	-1.6	-2.3	-7.2	19.1	13.6
Nifty Realty	-0.4	-12.1	-21.1	27.0	32.6	-0.3	-11.8	-20.8	27.4	33.0
Nifty Consumer Durables	-3.8	-3.5	-15.1	10.9	18.8	-3.8	-3.2	-14.7	11.4	19.3
Nifty Oil & Gas	4.6	-4.4	-13.5	13.9	18.1	4.7	-3.9	-12.4	14.8	19.9
Nifty Healthcare Index	-1.5	-2.3	-4.2	19.9	15.2	-1.5	-2.0	-3.6	20.6	16.0
Nifty MidSmall Healthcare	-0.4	-0.7	2.1	27.9	17.4	-0.4	-0.5	2.5	28.5	18.0
Nifty Transportation & Logistics	4.9	9.1	-1.4	27.7	29.3	4.9	9.7	-0.7	28.5	30.4
Nifty Housing	2.1	-1.1	-6.7	13.4	22.2	2.2	-0.8	-6.0	14.3	23.4
Nifty Chemicals	-2.9	-10.3	-6.7	5.5	20.1	-2.9	-10.0	-6.2	6.1	20.7
Nifty500 Healthcare	-1.5	-2.2	-2.0	21.8	15.5	-1.5	-1.9	-1.4	22.5	16.3

Source: NSE Indices, NSE EPR

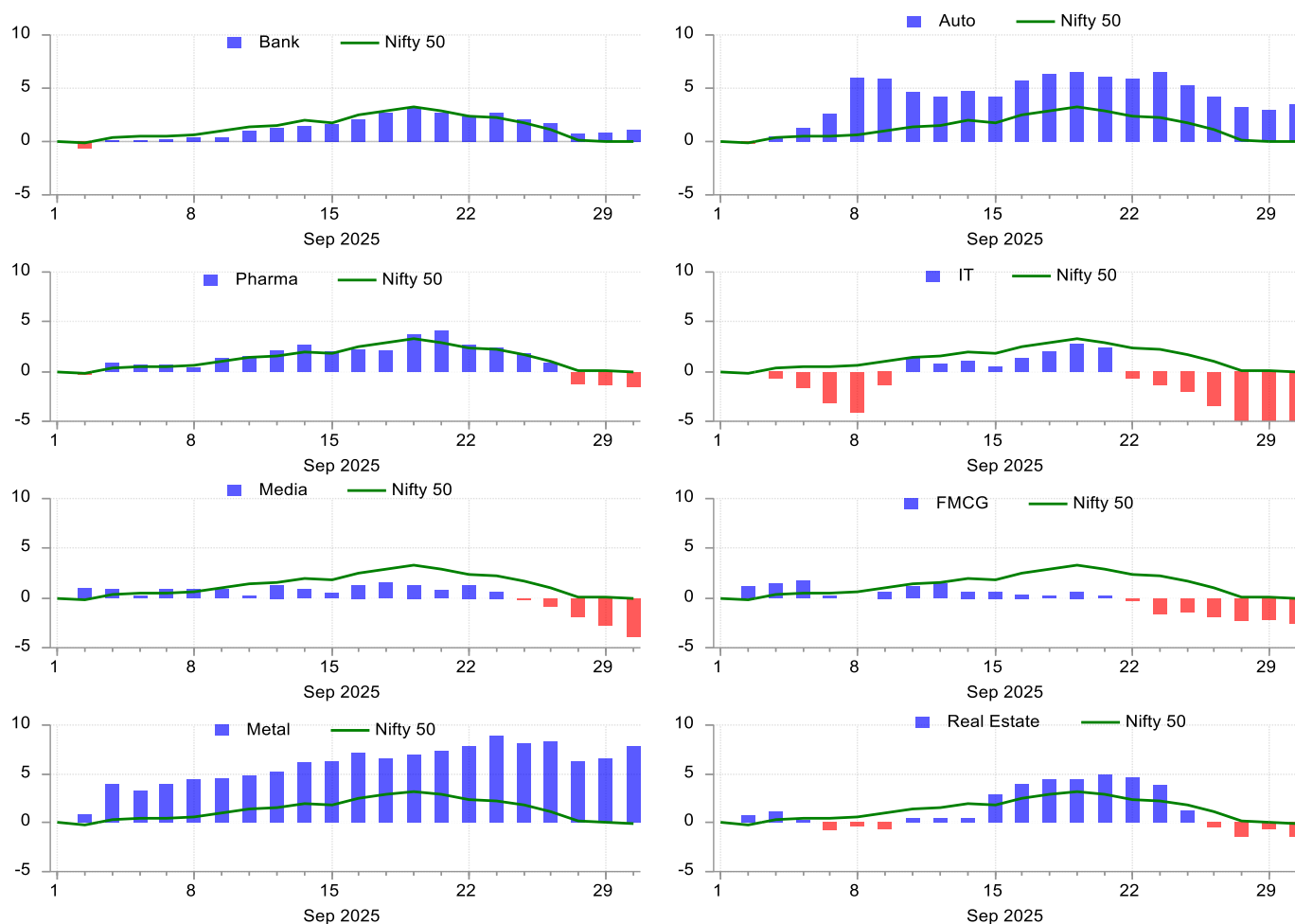
Note: Returns for the period up to one year are absolute returns. Returns for a period greater than one year are CAGR returns.

Table 28: Performance across NSE sector indices based on Price Return Index (As on September 30th, 2025)

Indicator Name	Sep-25	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Sector indices									
Auto	26,542	24,961	23,873	27,027	6.3	11.2	24.6	-1.8	16.2
Bank	54,636	53,656	57,313	52,978	1.8	-4.7	6.0	3.1	7.4
Energy	35,000	33,639	36,569	44,017	4.1	-4.3	4.3	-20.5	-0.5
FMCG	54,711	56,142	54,884	65,540	-2.6	-0.3	2.1	-16.5	-3.7
IT	33,655	35,181	38,950	41,946	-4.3	-13.6	-8.8	-19.8	-22.3
Infrastructure	9,007	8,873	9,409	9,575	1.5	-4.3	6.5	-5.9	6.4
Media	1,543	1,612	1,754	2,139	-4.3	-12.1	4.6	-27.9	-15.1
Metals	10,038	9,155	9,535	10,198	9.7	5.3	10.4	-1.6	16.1
Pharma	21,454	21,804	22,039	23,281	-1.6	-2.7	1.5	-7.9	-8.4
Real Estate	868	871	987	1,099	-0.4	-12.1	1.9	-21.1	-17.6
Thematic Indices									
CNX PSE	9,801	9,202	10,094	11,286	6.5	-2.9	4.9	-13.2	2.8
CNX Consumption	12,063	12,059	11,843	12,827	0.0	1.9	12.5	-6.0	6.2
CNX Services	31,851	31,771	33,740	33,008	0.3	-5.6	2.2	-3.5	1.4

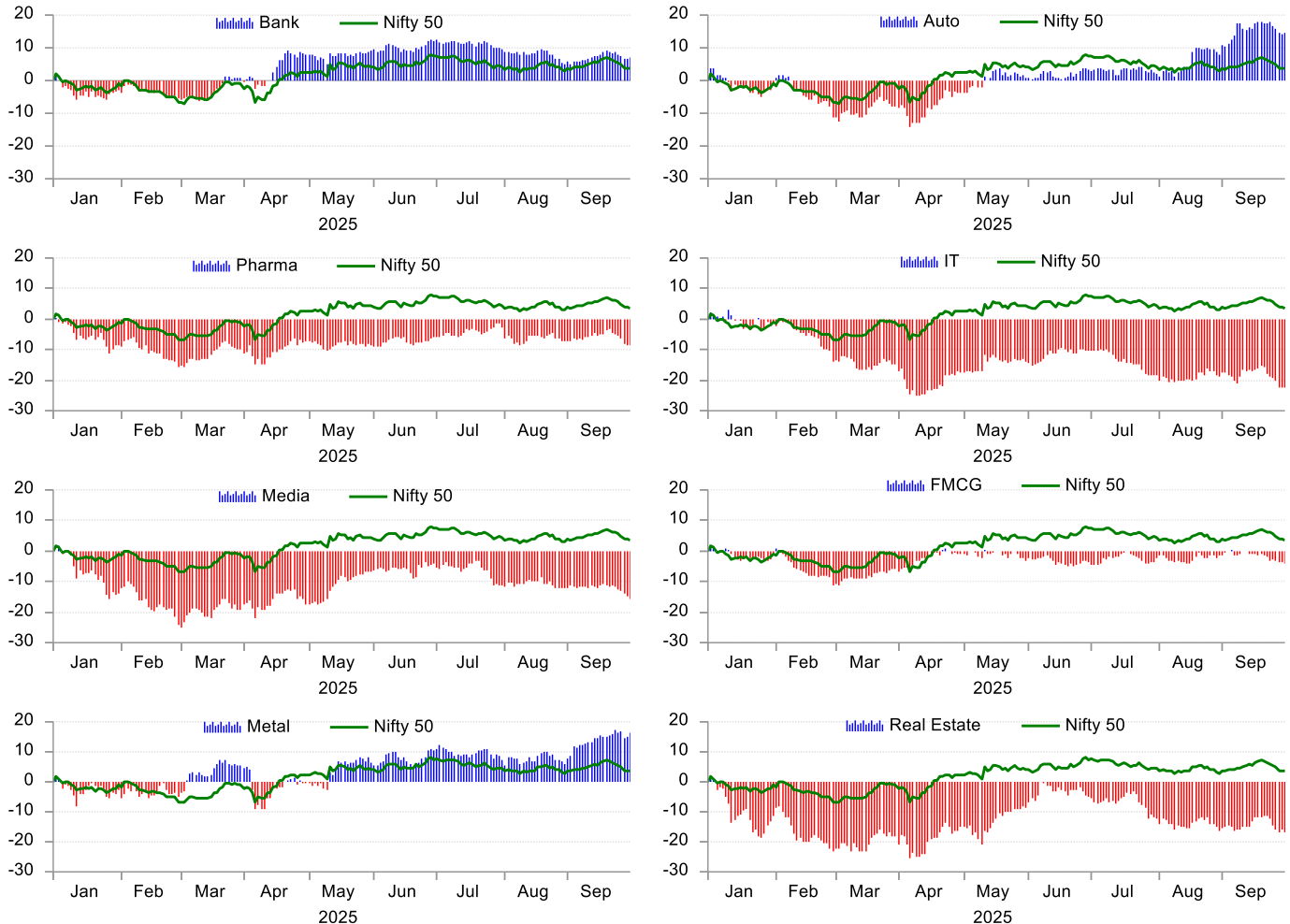
Source: Cogencis, NSE EPR.

Figure 158: NIFTY sector performance in September 2025

Rebased to 0 on September 1st, 2025


Source: LSEG Workspace, NSE EPR.

Figure 159: NIFTY sector performance in 2025 till date (Jan-Sep'25)

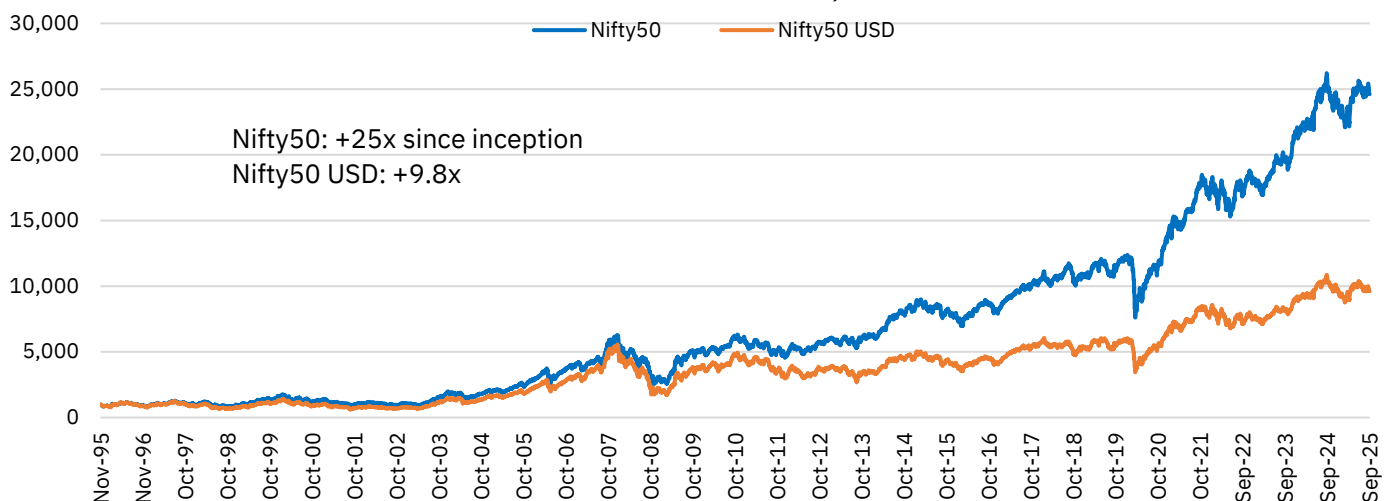
Rebated to 0 on January 1st, 2025


Source: LSEG Workspace, NSE EPR.

Figure 160: Nifty 50 and Nifty 50 USD since inception

Movement in Nifty50 and Nifty50 USD since inception

Rebated to 1000 on November 3rd, 1995



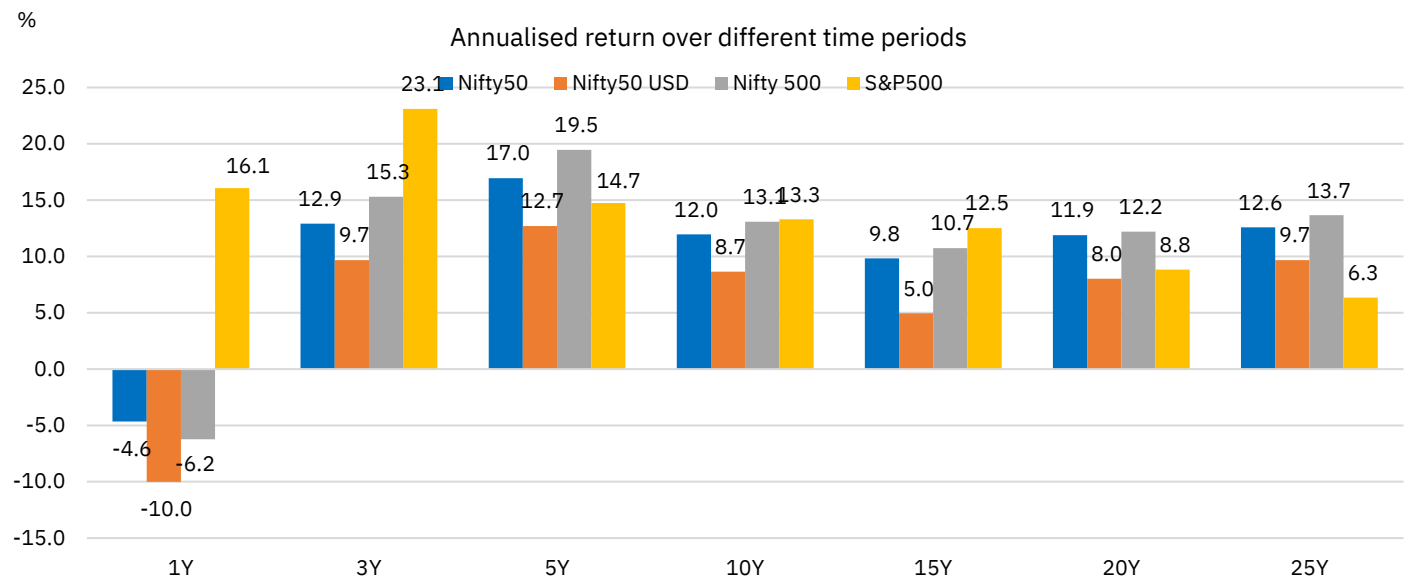
Source: Nifty Indices, NSE EPR.

Launched on April 22nd, 1996 (with a rebasing on Nov 3rd, 1995), the Nifty 50 Index completed 29 years in Apr'25, marking a remarkable journey of sustained growth and value creation. From its rebasing date, the index has risen to an all-time high of 26,216 on Sep 26th, 2024—a 26-fold increase, translating into an annualised return of 12%.

Following a sharp correction between October 2024 and February 2025, the index rebounded over the next four months before partially retracing gains during July–August, and recovered only marginally in September. Market sentiment during this period was weighed down by heightened trade policy uncertainty and the imposition of 50% tariffs by the US on Indian imports, which triggered notable FPI outflows. Consequently, the Nifty 50 declined 4.3% during July–August, ending September with a modest 0.8% gain, while the Nifty 50 Dollar Index fell 6.9% during July–August and remained broadly flat in September, reflecting rupee depreciation.

Despite periodic volatility, Indian equities have consistently delivered strong medium- to long-term returns, outpacing both developed and emerging market peers. Over the last 25 years (as of September 30th, 2025), the Nifty 50 has generated annualised returns of 12.6% in INR terms and 9.7% in dollar terms, outperforming the S&P 500 (+6.3%), MSCI World (+4.6%), and MSCI Emerging Markets (+4.7%). This enduring outperformance underscores the resilience and strength of India's equity markets in a global context.

Figure 161: Annualised return of major indices across different time periods (As of September 30th, 2025)



Source: Nifty Indices, LSEG Workspace, NSE EPR.

Market growth and concentration

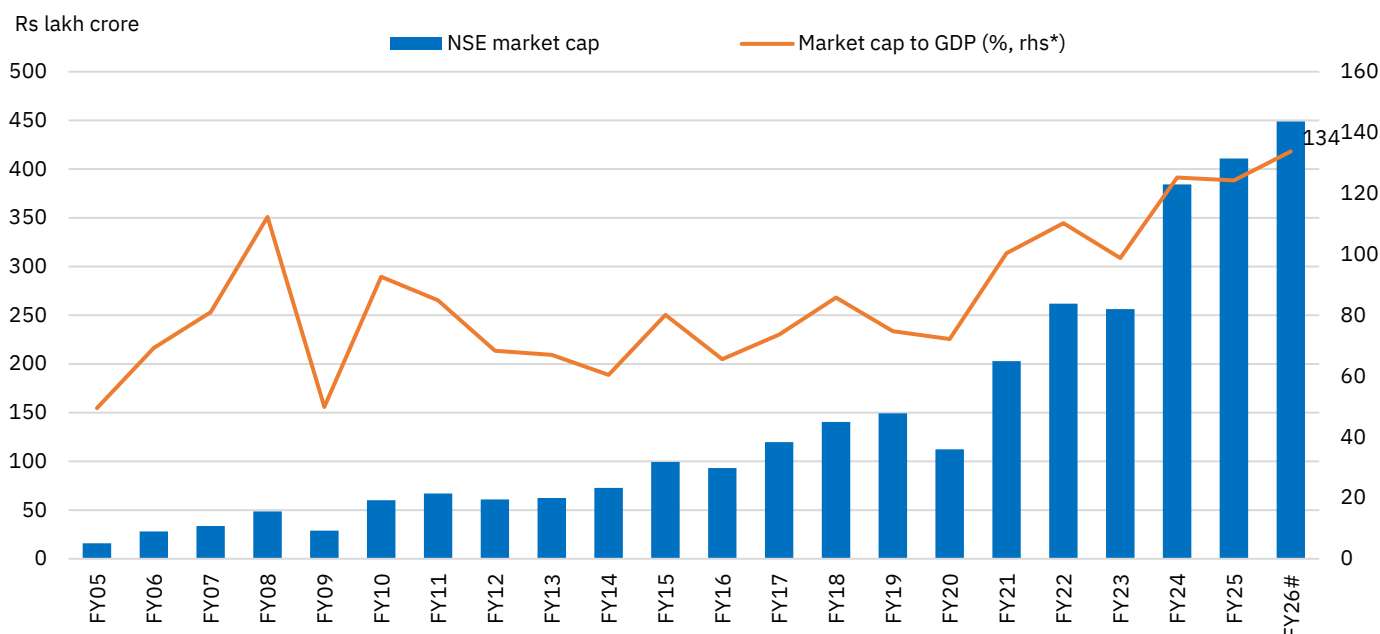
Market capitalisation of NSE listed companies rebounded after two-month decline:

After two consecutive months of decline, the market capitalisation of NSE-listed companies expanded in September 2025. Following a sharp correction of 19.5% in rupee terms (23% in USD) between September 27th, 2024—when markets hit an all-time high—and February 28th, 2025, when market capitalisation bottomed at Rs 382 lakh crore (US\$4.36 tn), listed companies staged a strong recovery over the next four months. By June 30, total market capitalisation had rebounded 20.3% in rupee terms and 22.8% in dollar terms to Rs 459 lakh crore (US\$5.35 tn).

This recovery, however, proved short-lived. Market capitalisation declined by 4.1% in rupee terms and 6.8% in dollar terms during July–August, weighed down by escalating US tariff uncertainty and sustained FPI outflows. In September 2025, however, market capitalisation registered a turnaround, rising 1.9% MoM (Rs 8.5 lakh crore) to Rs 449 lakh crore, with a more modest 1.3% increase in USD terms reflecting an additional 0.6% rupee depreciation.

Despite recent volatility, NSE’s aggregate market capitalisation has expanded at a robust CAGR of 16.6% in rupee terms and 12.5% in dollar terms over the past 20 years (as of September 30th, 2025). The market-cap-to-GDP ratio, based on a three-month rolling average of market cap to trailing four-quarter nominal GDP, declined from 147% in November 2024 to 124% in March 2025, before recovering to 134% in September 2025, reaffirming the long-term depth and resilience of India’s capital markets.

Figure 162: Market cap to GDP ratio trend (NSE listed companies)



Source: CMIE Economic Outlook, NSE EPR. # As of September 30th, 2025. * Based on average market cap over the last three months of the period and actual nominal GDP for the last four quarters.

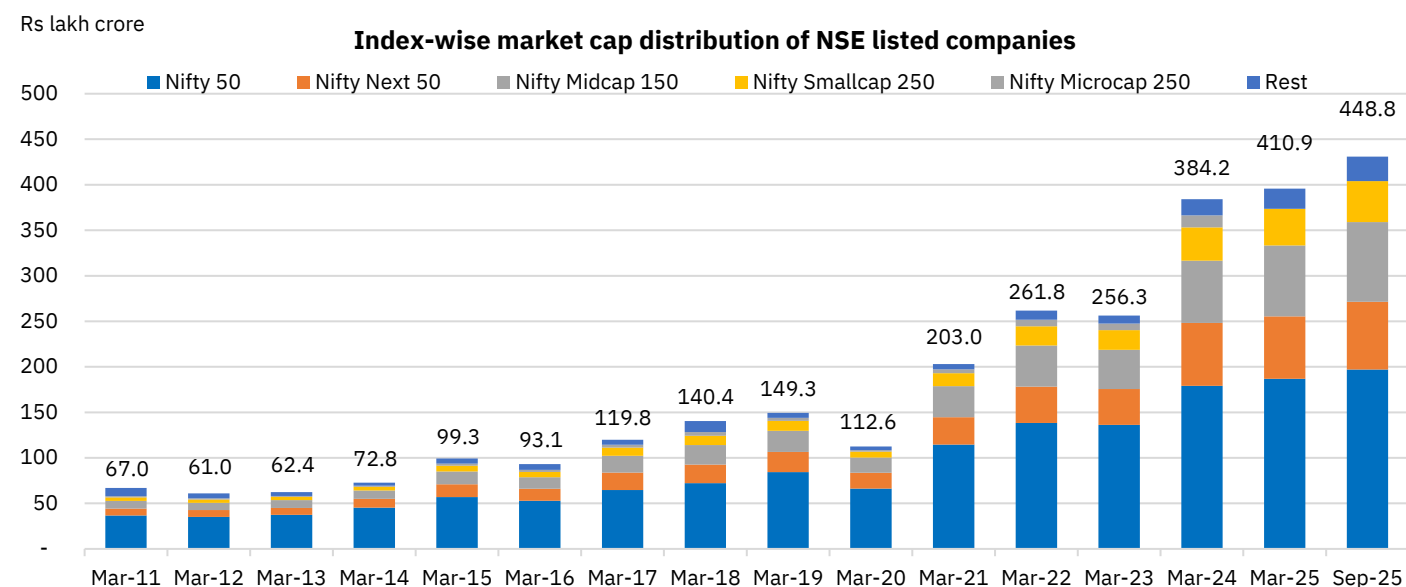
Share of Nifty Next 50 and Nifty Mid-cap 150 Index in total market capitalization

improved in September 2025: The share of the Nifty 50 Index in the total market capitalisation of NSE-listed companies remained broadly steady at 43.9% in September 2025, while that of the Nifty Next 50 Index inched up to a six-month high of 16.6%. The share of Nifty Midcap 150 Index also recovered to multi-month high of 19.5% in September 2025 as attractive valuations and renewed risk-on environment resulted in some recovery in mid-cap stocks. The share of Nifty Smallcap 250 and Nifty Microcap 250 Index, however, remained broadly steady at 10.0% and 4.0% respectively.

Despite this modest uptick, the longer-term trend shows a steady erosion in the Nifty 50’s dominance. Its share in overall market capitalisation has declined from 62.3% in FY14 to 43.9% at present. This shift has been underpinned by two structural forces: first, the rapid expansion of India’s listed universe—from 422 companies in FY96 and 1,969 in FY20 to 2,856 by September 2025—and second, the superior performance of mid- and small-cap segments relative to large caps.

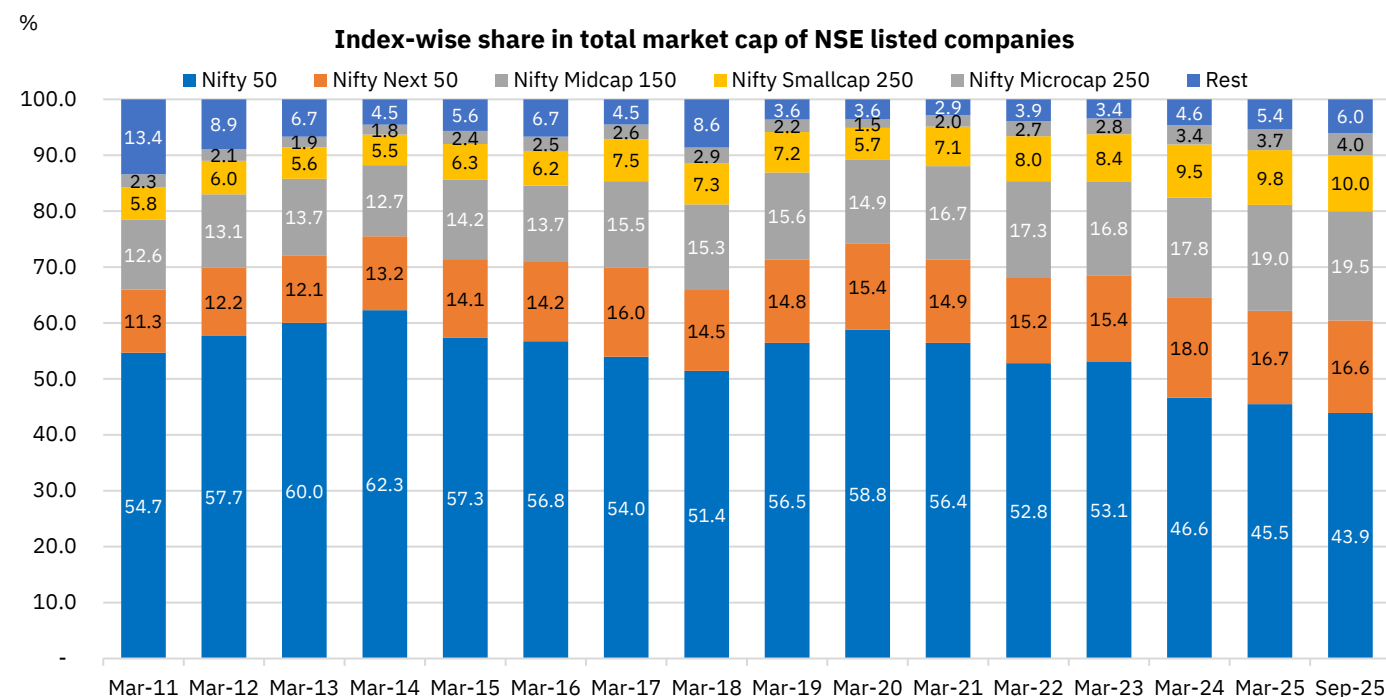
Over the past five years, the Nifty Midcap 50 and Nifty Smallcap 250 have delivered impressive compounded annual growth rates of 26.7% and 27.3%, respectively, far outpacing the 17.0% CAGR of the Nifty 50. This reflects both heightened investor participation in broader market segments and the growing contribution of mid- and small-cap companies to India's capital market growth story.

Figure 163: Index-wise distribution of total market cap of NSE listed companies (Rs lakh crore)



Source: Nifty Indices, NSE EPR.

Figure 164: Index-wise share in total market cap of NSE listed companies



Source: Nifty Indices, NSE EPR.

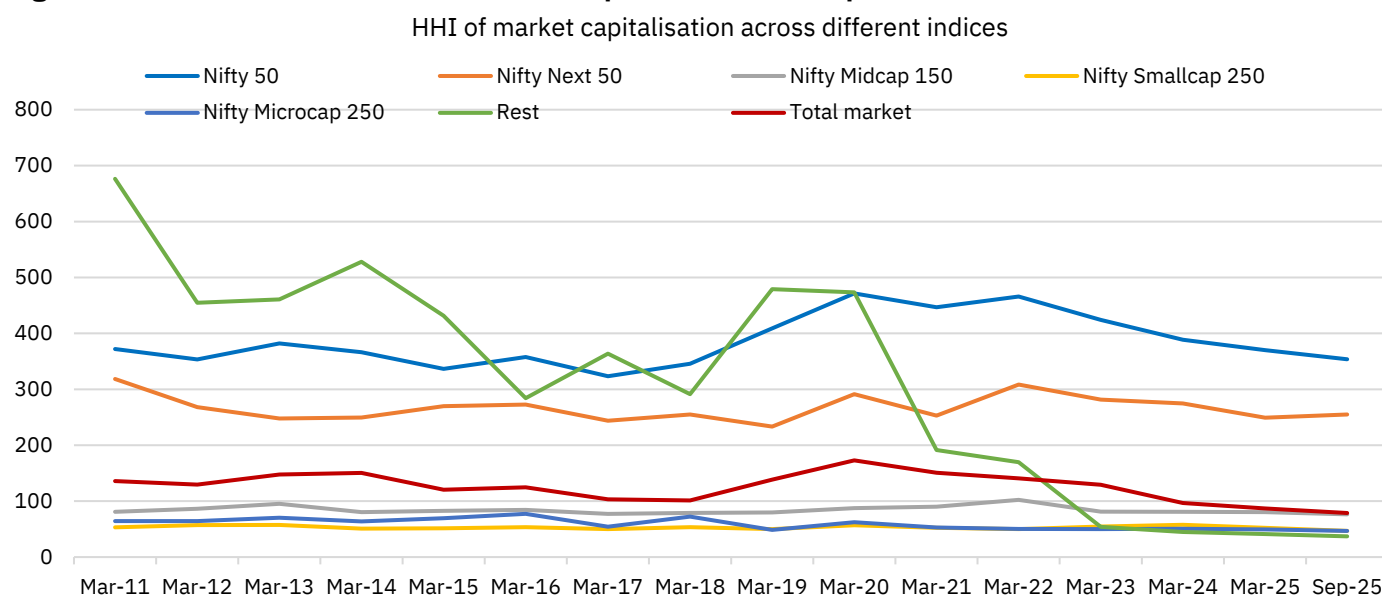
Market HHI inched down in September: To assess market concentration, we analyse the Herfindahl–Hirschman Index (HHI) based on market capitalisation across NSE-listed companies and major equity indices over the past two decades. After trending lower

between 2010 and 2018, the market-wide HHI spiked in 2019, reaching an 11-year high of 173 in March 2020, as the pandemic-induced sell-off increased the relative weight of large-cap stocks. Since then, the index has declined steadily, reflecting a broadening of market participation. As of September 2025, the HHI for all NSE-listed companies fell marginally MoM to a nine-month low of 79, led by a broad-based decline across indices.

Within the top 750 listed stocks, the Nifty 50 continues to exhibit the highest concentration, with an HHI of 354 as of September 2025—the lowest in over three years and well below its March 2009 peak of 476. The Nifty Next 50 Index remained stable MoM at 255, while concentration across the Nifty Midcap 150, Nifty Smallcap 250, and Nifty Microcap 250 indices declined to multi-year lows of 76, 47, and 47, respectively.

Taken together, these readings highlight a structurally more diversified and inclusive equity market, shaped by the rapid expansion of the listed universe and the sustained outperformance of mid-, small-, and micro-cap segments over the long term.

Figure 165: Index-wise share in total market cap of NSE listed companies



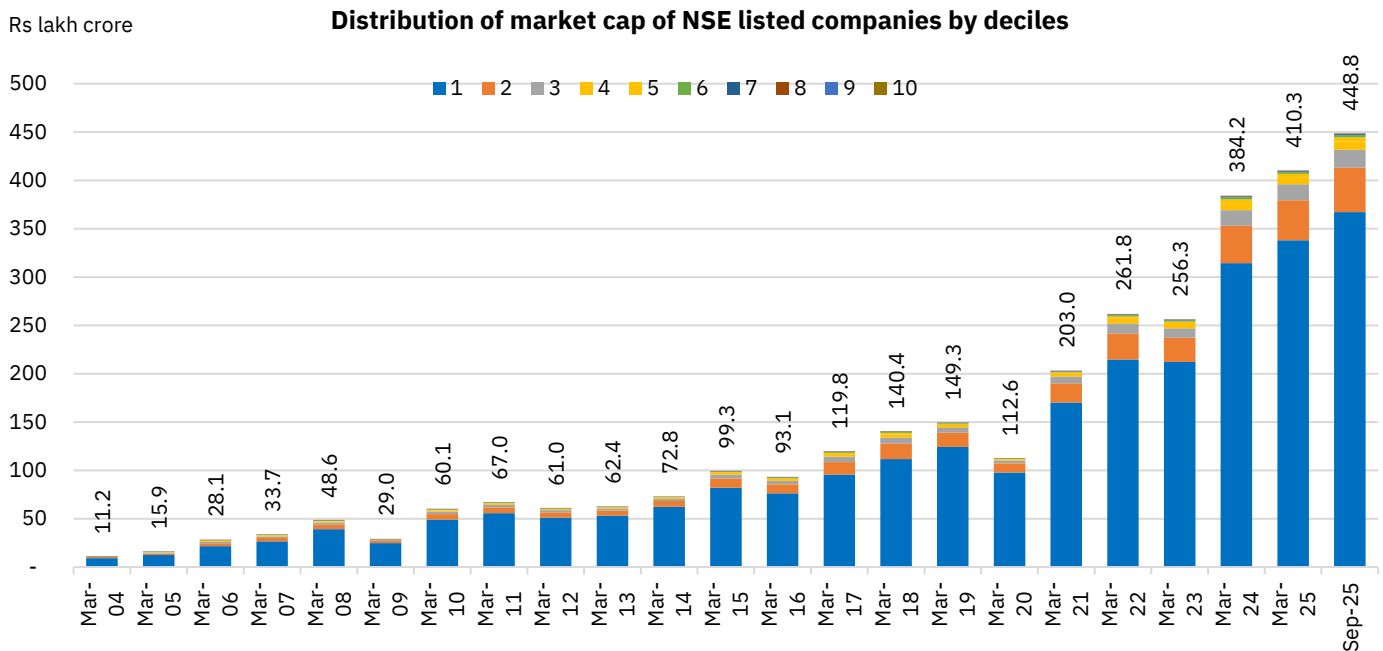
Source: Nifty Indices, NSE EPR.

Decile-wise distribution of total market cap: We also examine the distribution of total market capitalisation across deciles within the NSE-listed universe. The share of the top decile reached an all-time high of 86.8% in FY20, as pandemic-driven risk aversion concentrated investor flows in large-cap stocks. By March 2020, the top two deciles together accounted for over 95% of total market capitalisation, underscoring the extreme concentration that characterised the crisis period.

Since then, the dominance of the top decile has gradually declined, mirroring the downtrend in the market-cap-based HHI. Its share fell to 81.8% by March 2024 and further to 80.1% by December 2024—the lowest level since March 2018—before rebounding to 82.5% in April 2025, reflecting a temporary rotation back to large-caps amid heightened trade policy and geopolitical risks. This rebound proved short-lived, however, as the top decile's share eased again over the following three months before inching up 50 bps to 81.8% in September 2025.

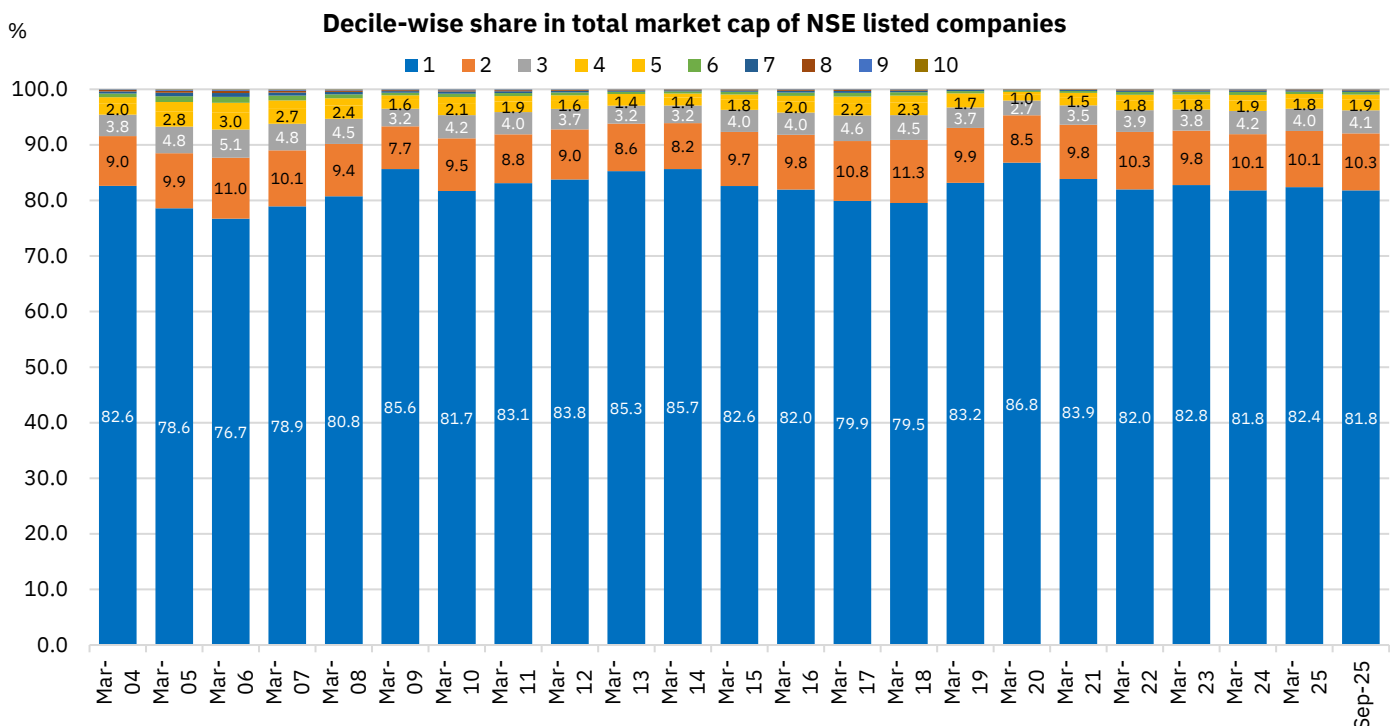
At the lower end of the spectrum, the bottom five deciles collectively accounted for 0.95% of total market capitalisation in September 2025, unchanged month-on-month. Although this remains below the recent peak of 1.1% in December 2024, it is nearly double the pandemic low of 0.47% in FY20, highlighting the gradual broadening of market participation and the rising contribution of mid-, small-, and micro-cap segments to overall market value creation.

Figure 166: Decile-wise distribution of total market cap of NSE listed companies



Source: NSE EPR.

Figure 167: Decile-wise share of total market cap of NSE listed companies



Source: NSE EPR.

Nifty50 performance attribution analysis

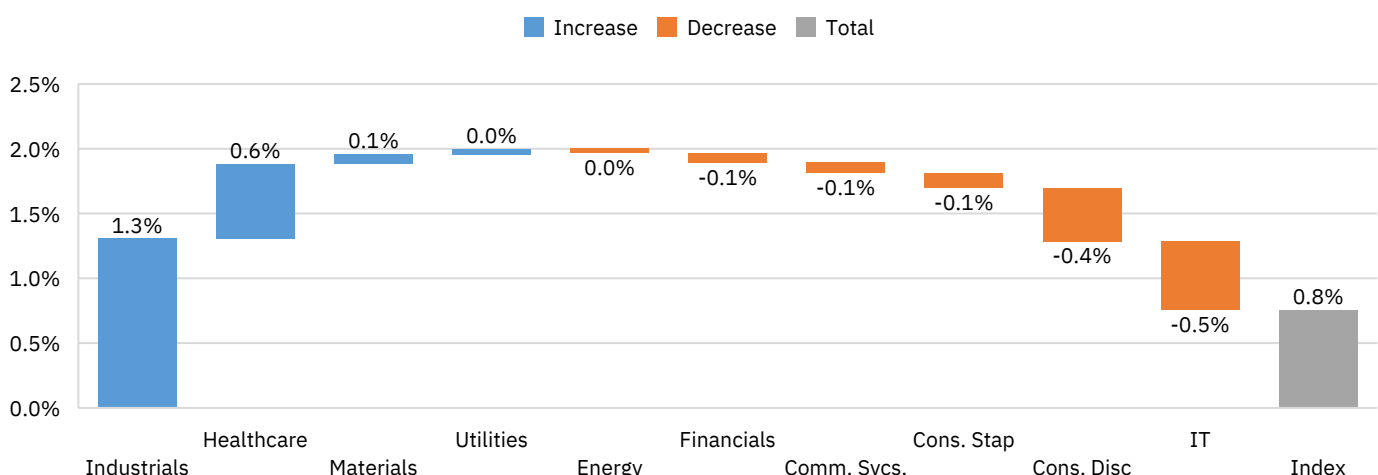
Equity markets recovered marginally in September: After two consecutive months of sell-off, weighed down by trade-related uncertainty and sustained FPI selling, Indian equity markets staged a rebound in the first half of September, supported by resilient economic data—particularly a strong Q1 GDP print—and policy support through GST rate rationalisation. The recovery, however, lost momentum in the second half of the month, as continued FPI outflows, persistent trade-related uncertainty, and the announcement of H-1B visa restrictions by the US administration exerted renewed pressure on equities.

Despite these headwinds, steady buying by domestic institutional investors (DIIs) continued to provide a crucial cushion for the markets. September marked the 26th consecutive month of positive DII inflows, with net purchases of Rs 3.9 lakh crore (US\$45 bn) in the first six months of FY26—already accounting for about 64% of the total net investment recorded during the previous fiscal year. This resilience was underpinned by sustained retail participation through Systematic Investment Plans (SIPs), which reached an all-time high of Rs 29,361 crore in September, rising 3.9% MoM. These steady retail inflows have provided a strong domestic anchor for valuations, helping Indian equities remain relatively resilient amid heightened global volatility.

The benchmark Nifty 50 Index ended September 0.8% higher and further 2.7% in the first seven trading sessions of October, taking the YTD gain to 6.9% (As of October 10th, 2025). The rebound was sharper in the broader market, with the Nifty Midcap 150 and Nifty Smallcap 250 rising by 1.4% and 1.1%, respectively. Sectoral performance, however, was concentrated, with Industrials and Healthcare driving most of the gains in September, partly offset by sell-off in IT and Consumer Discretionary. On a 12-month basis, the Nifty 50 is down 4.2%. Gains in Financials, Consumer Discretionary, and Communication Services have been more than offset by steep losses in Information Technology, Consumer Staples, Energy, and Utilities, reflecting the uneven sectoral dynamics that have characterised the market over the past year.

Figure 168: Sector-wise contribution to Nifty 50 price return in September 2025

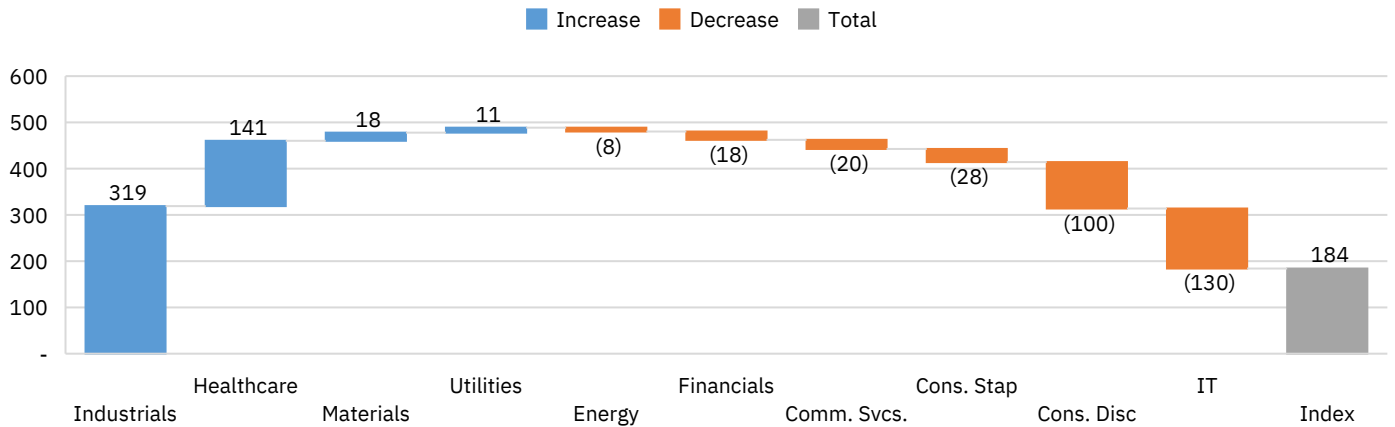
Contribution to Nifty50 Index percentage change (September 2025)



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

Figure 169: Sector-wise contribution to absolute Nifty 50 Index change (points) in September 2025

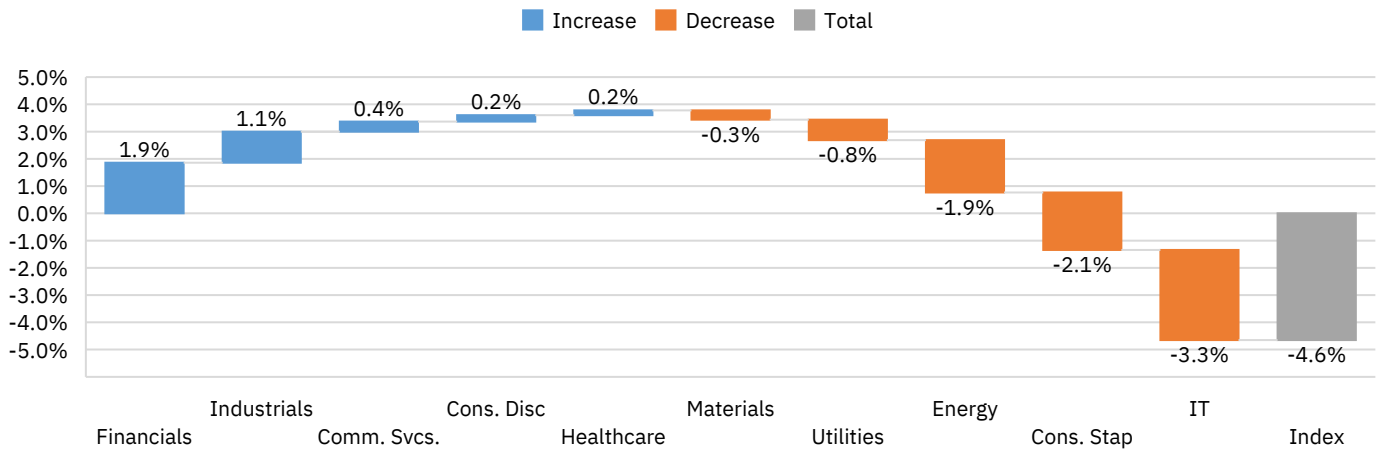
Contribution to absolute Nifty50 Index change (September 2025)



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

Figure 170: Sector-wise contribution to Nifty 50 price return in the last 12 months (Oct'24-Sep'25)

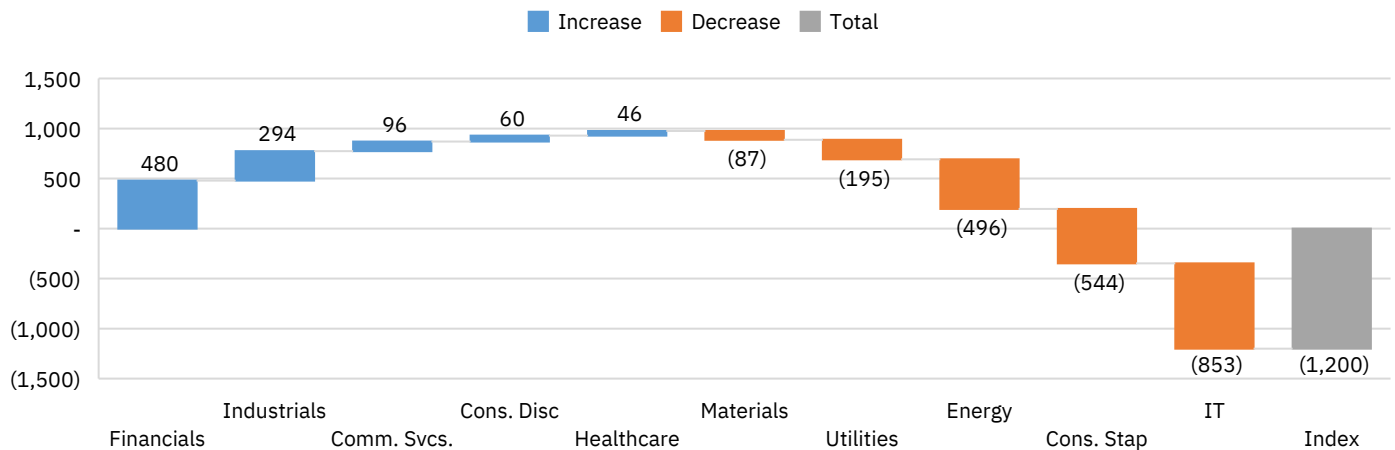
Contribution to Nifty50 Index percentage change (One-year)



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

Figure 171: Sector-wise contribution to Nifty 50 Index change (points) in the last 12 months (Oct'24-Sep'25)

Contribution to absolute Nifty50 Index change (One-year)



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

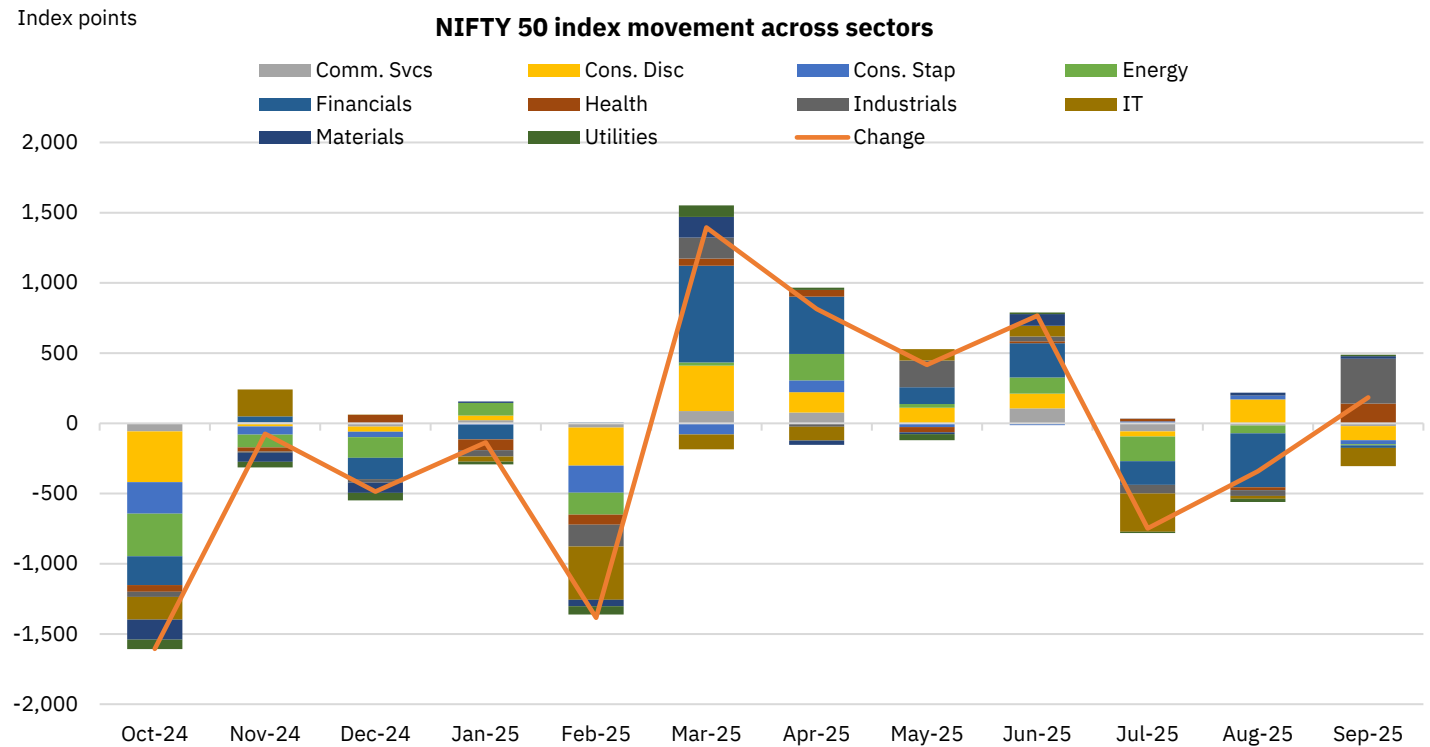
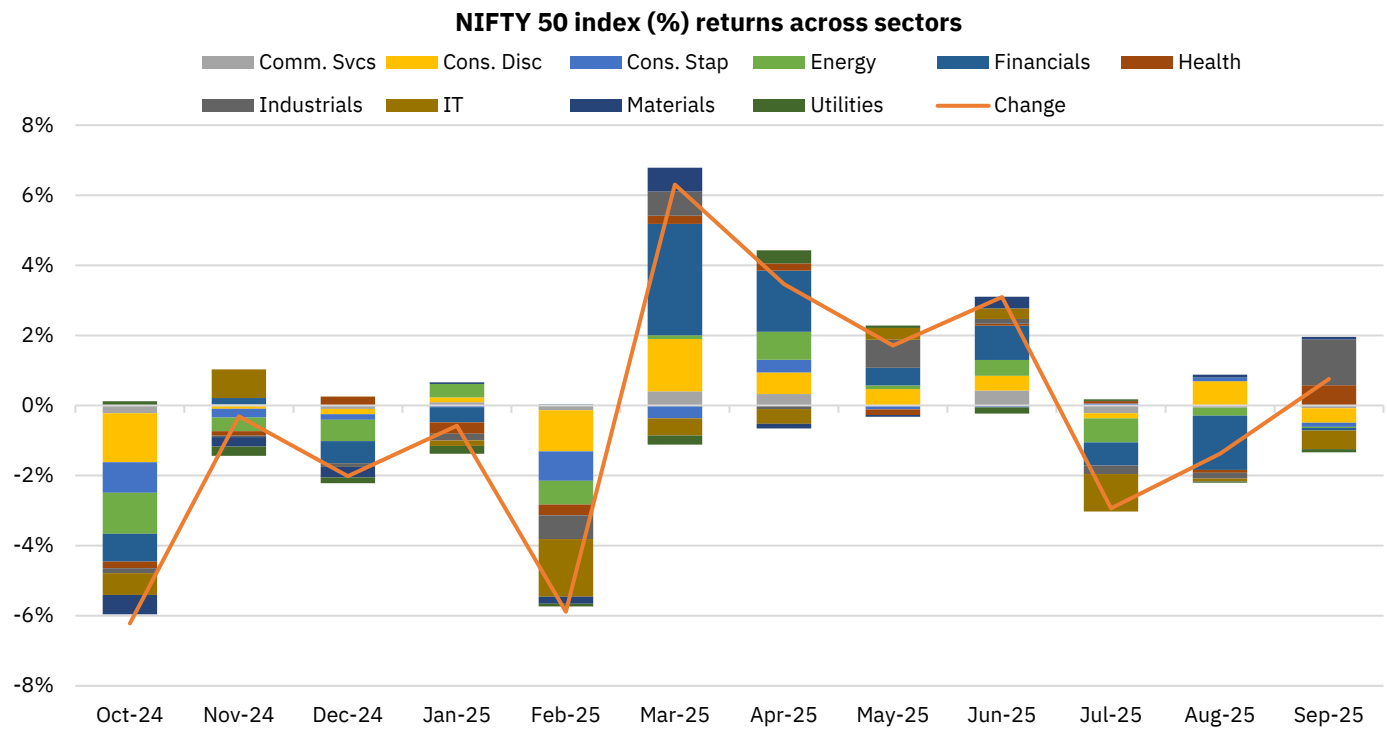
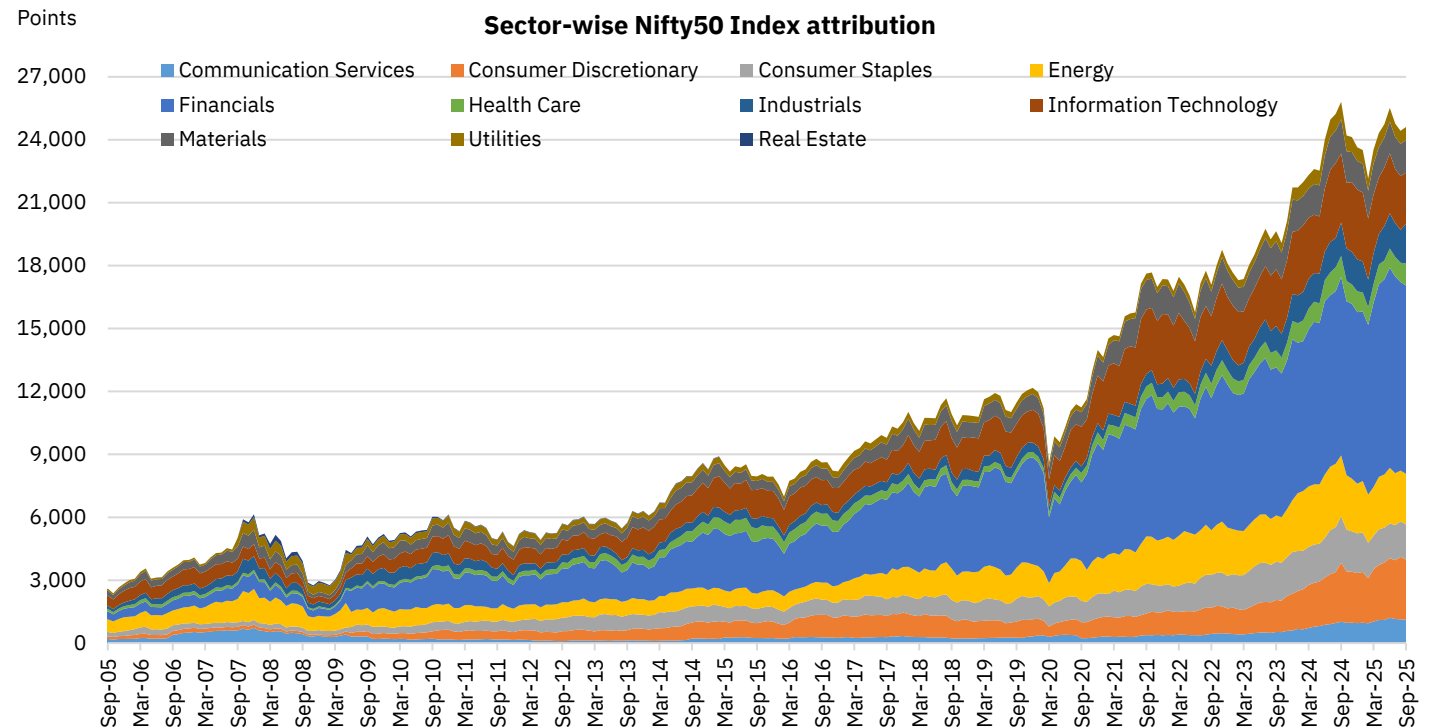
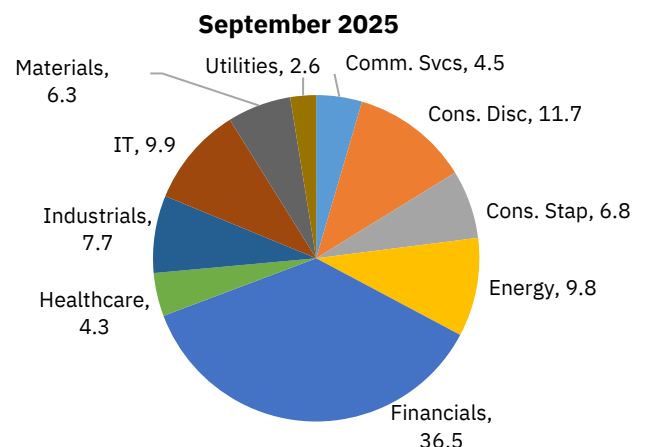
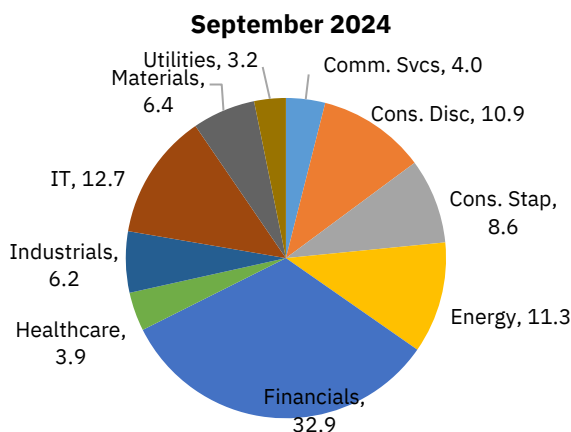
Figure 172: Nifty 50 Index monthly movement across sectors over the last 12 months

Figure 173: Nifty 50 Index monthly return across sectors over the last 12 months


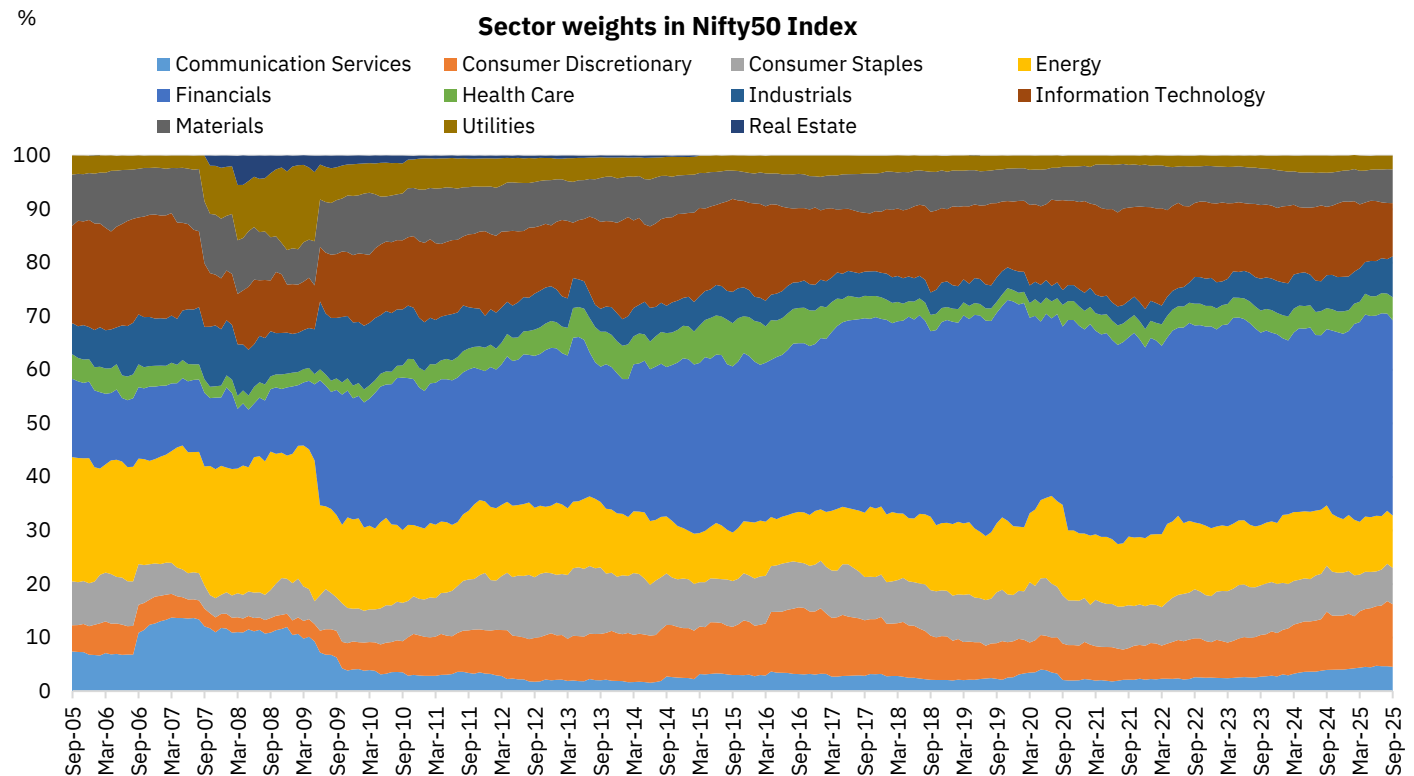
Figure 174: Sector-wise Nifty50 Index attribution (2005-)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

The strong outperformance of Financials and Industrials over the past 12 months has led to a notable increase in their respective weights in the Nifty 50 Index, rising by 355 bps and 149 bps to 36.5% and 7.7%, respectively, as of September 2025. Notably, the weight of Industrials is now at its highest level in nearly 14 years. Consumer Discretionary too gained ground, with its weight reaching an 8.5-year high in August before easing marginally to 11.7% in September, still up 77 bps over the past year. This rise came largely at the expense of IT, Consumer Staples, and Energy, which saw their index weights decline. The IT sector's weight fell below 10% for the first time in 195 months (16 years and three months), to 9.9%, while Energy dropped to an eight-and-a-half-year low of 9.8%. These shifts in sectoral composition underscore the evolving leadership within Indian equities, reflecting investors' growing preference for domestic cyclical sectors aligned with India's ongoing capex and economic growth cycle.

Figure 175: Nifty 50 sector weightage (September 2024) Figure 176: Nifty 50 sector weightage (September 2025)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Figure 177: Sector weights in the Nifty 50 Index (2005-)

Table 29: Top five Nifty 50 Index gainers in September 2025

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
State Bank Of India	SBIN	8.7	0.4	109
Bajaj Finance Ltd.	BAJFINANCE	13.8	0.3	65
Axis Bank Ltd.	AXISBANK	8.3	0.2	46
Mahindra & Mahindra Ltd.	M&M	7.1	0.2	38
Maruti Suzuki India Ltd.	MARUTI	8.4	0.1	30
Total			1.2	288
Nifty 50 Index	NIFTY 50	0.8	0.8	184

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 30: Top five Nifty 50 Index gainers in the last 12 months (Oct'24-Sep'25)

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
H D F C Bank Ltd.	HDFCBANK	10.1	0.9	240
Jio Financial Services Ltd.	JIOFIN	-16.4	0.8	209
Max Healthcare Institute Ltd.	MAXHEALTH	13.1	0.7	181
State Bank Of India	SBIN	10.7	0.4	114
I C I C I Bank Ltd.	ICICIBANK	5.9	0.4	100
Total			3.3	844
Nifty 50 Index	NIFTY 50	-4.6	-4.6	-1,200

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 31: Top five Nifty 50 Index losers in September 2025

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
I C I C I Bank Ltd.	ICICIBANK	-3.6	-0.4	-102
Tata Consultancy Services Ltd.	TCS	-6.4	-0.2	-52
Infosys Ltd.	INFY	-1.9	-0.1	-36
H D F C Bank Ltd.	HDFCBANK	-0.1	-0.1	-36
Hindustan Unilever Ltd.	HINDUNILVR	-5.5	-0.1	-34
Total			-1.1	-259
Nifty 50 Index	NIFTY 50	0.8	0.8	184

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 32: Top five Nifty 50 Index losers in the last 12 months (Oct'24-Sep'25)

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Infosys Ltd.	INFY	-23.1	-1.4	-371
Tata Consultancy Services Ltd.	TCS	-31.3	-1.3	-329
I T C Ltd.	ITC	-18.1	-0.9	-230
Reliance Industries Ltd.	RELIANCE	-7.6	-0.8	-217
Tata Motors Ltd.	TATAMOTORS	-30.2	-0.6	-151
Total			-5.0	-1,298
Nifty 50 Index	NIFTY 50	-4.6	-4.6	-1,200

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

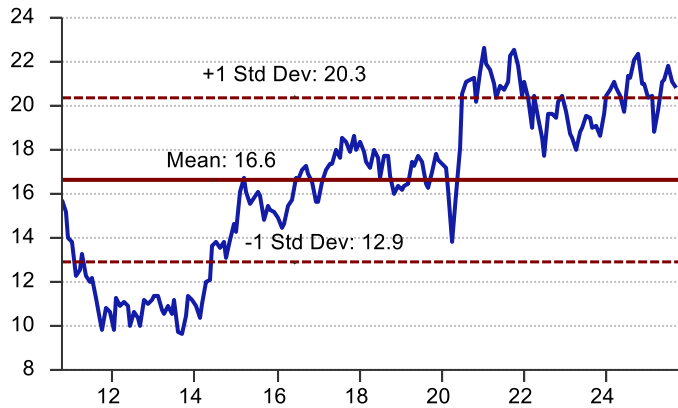
Valuation analysis

Market valuations came off further in September: After climbing to a nearly three-year high of 22.5x in early October, market valuations corrected sharply over the following five months amid a steep sell-off. The 12-month forward price-to-earnings (P/E) multiple of the Nifty 50 Index fell to a 16-month low of 18.8x by mid-March, before rebounding strongly to 21.9x by June-end on the back of a robust rally between March and June. Valuations have since eased slightly, slipping over the subsequent three-month period to 20.7x at present. Despite this moderation, current valuations remain elevated—25% above the long-term (15-year) average multiple of 16.6x but only 2% higher than one standard deviation above the mean. A similar trend is evident on a price-to-book (P/B) basis: the Nifty 50 is trading at a 12-month forward P/B of 3.1x, representing a 24.2% premium to its 15-year average of 2.5x. This suggests valuations remain rich by historical standards, leaving earnings delivery as the key driver of near-term market direction.

...Accompanied with a significant decline in valuation premium to EM equities: Indian equities have historically commanded a premium to other emerging markets, underpinned by strong macro fundamentals and a robust growth outlook. This premium narrowed sharply by mid-March 2025, following a period of relative underperformance. A renewed rally in April sparked a meaningful rebound in valuations by month-end, but the subsequent five months saw the premium compress again, driven by significant outperformance of other emerging markets, particularly Taiwan, China, and Korea. On a 12-month forward P/E basis, MSCI India now trades at a 57% premium to its EM peers—down from 91% at the end of April, in-line with the 15-year average premium. On a forward P/B basis, the adjustment has been even sharper: the premium has dropped from 128% in April to 75% currently, bringing it below its long-term average.

Figure 178: Nifty 50 NTM P/E trend for last 15 years

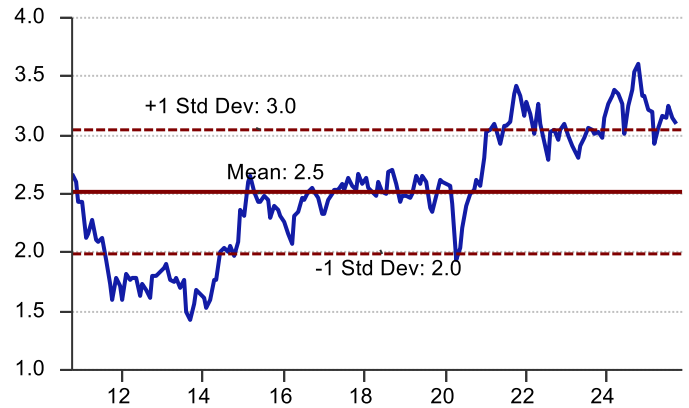
Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 179: Nifty 50 NTM P/B trend for last 15 years

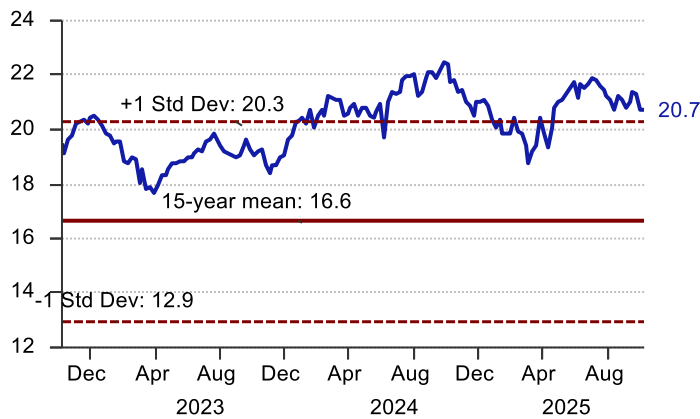
Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 180: Nifty 50 NTM P/E (Last three-year trend)

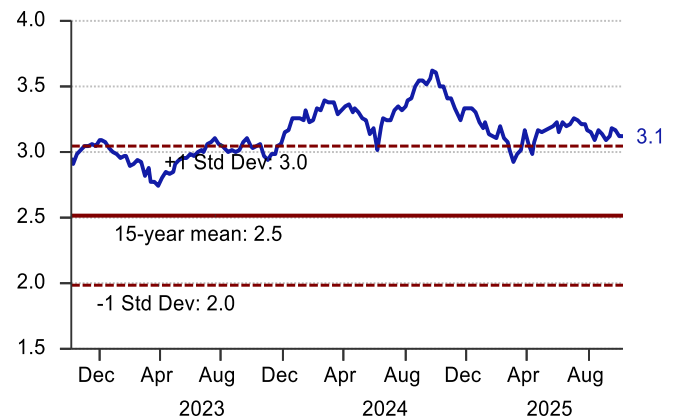
Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 181: Nifty 50 NTM P/B (Last three-year trend)

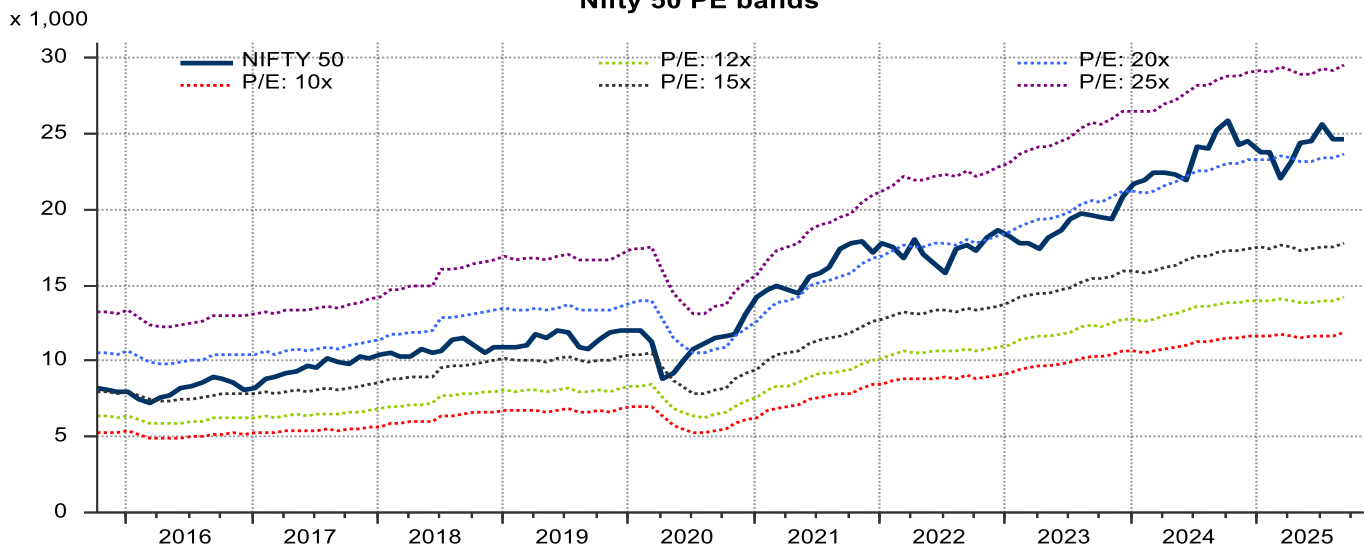
Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 182: Five-year trend of Nifty 50 values at different 12-month forward P/E bands

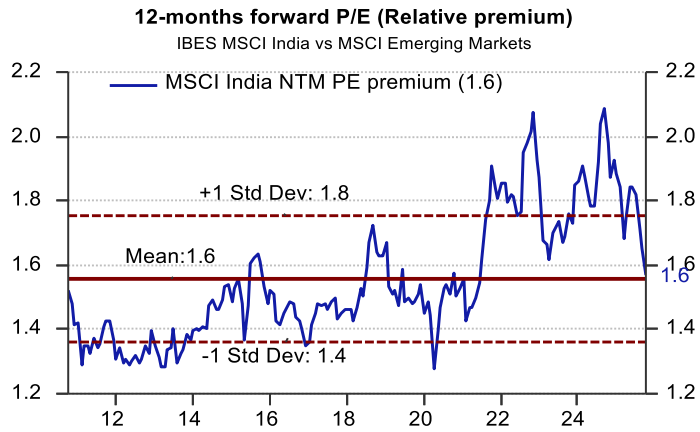
Nifty 50 PE bands



Source: LSEG Workspace, NSE EPR.

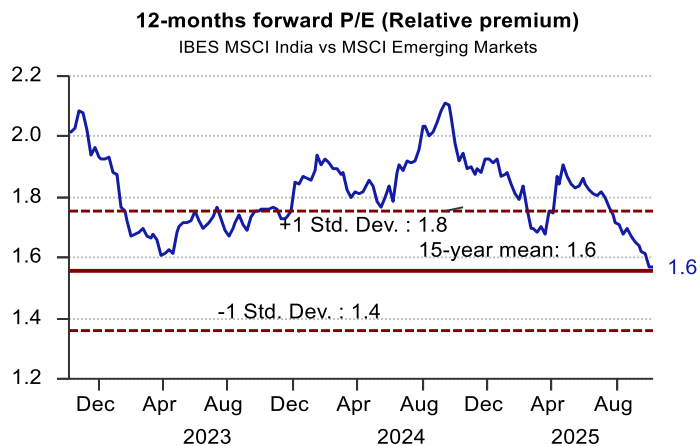
Figure 183: NTM P/E of MSCI India vs. MSCI EM (15-year trend)

MSCI India currently trades at a premium of 57% to MSCI EM on 12-month forward P/E, falling from 91% in April-end, in-line with the long-term average premium.



Source: LSEG Workspace, NSE EPR

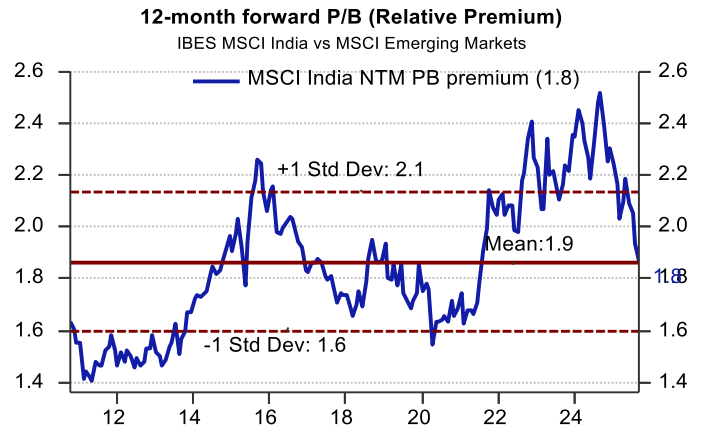
Figure 185: NTM P/E of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR

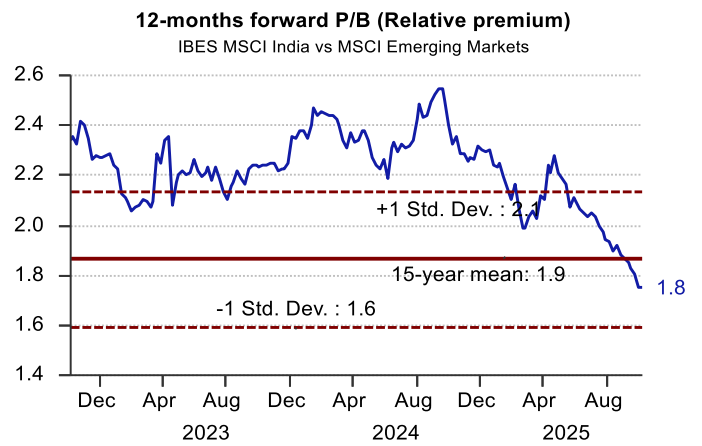
Figure 184: NTM P/B of MSCI India vs. MSCI EM (15-year trend)

On 12m forward P/B, India's valuation premium to MSCI EM has fallen sharply from 128% by April-end to 75% currently, below the long-term average premium of 86%.



Source: LSEG Workspace, NSE EPR

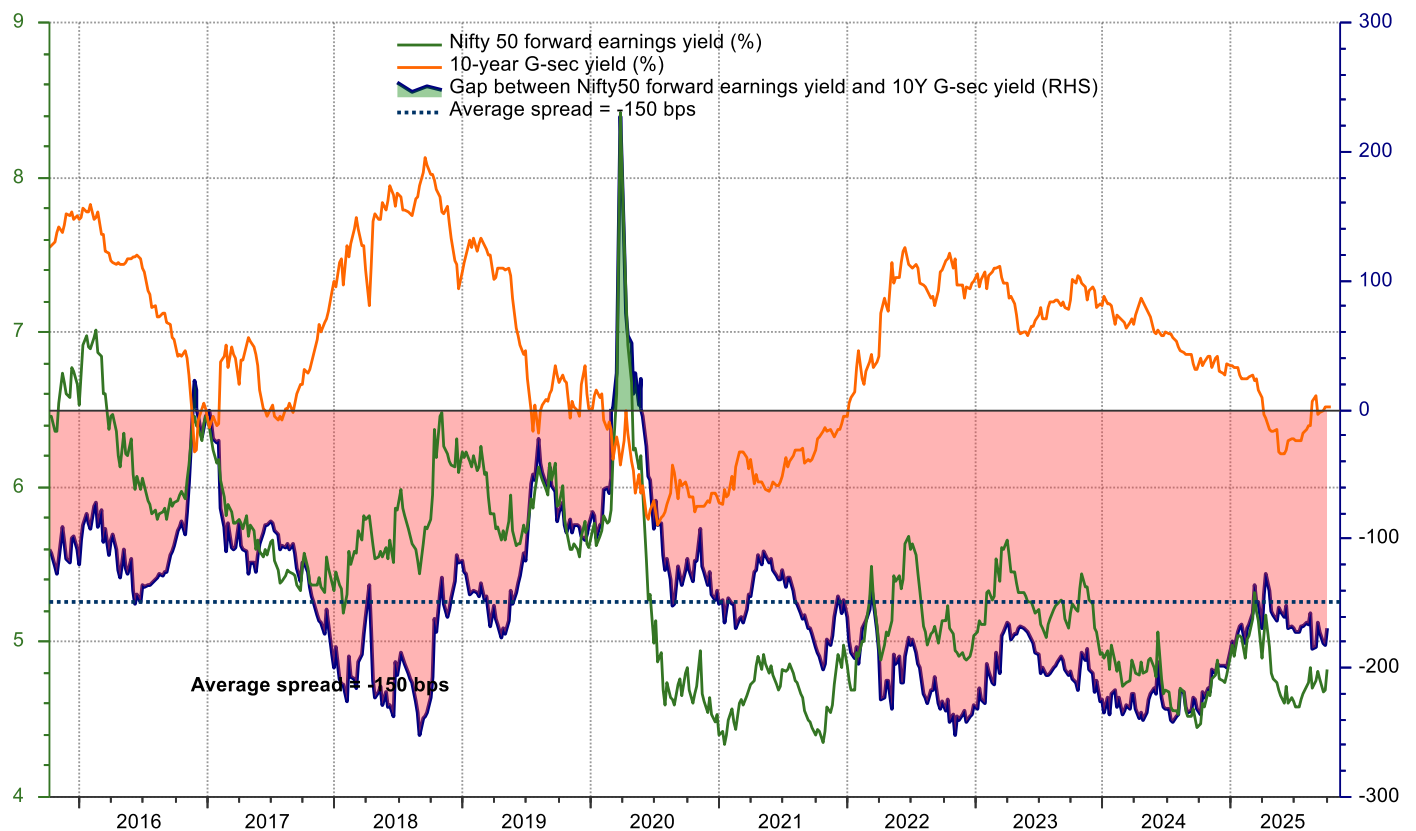
Figure 186: NTM P/B of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR

Figure 187: 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 33: Performance of key debt indices (As of September 30th, 2025)

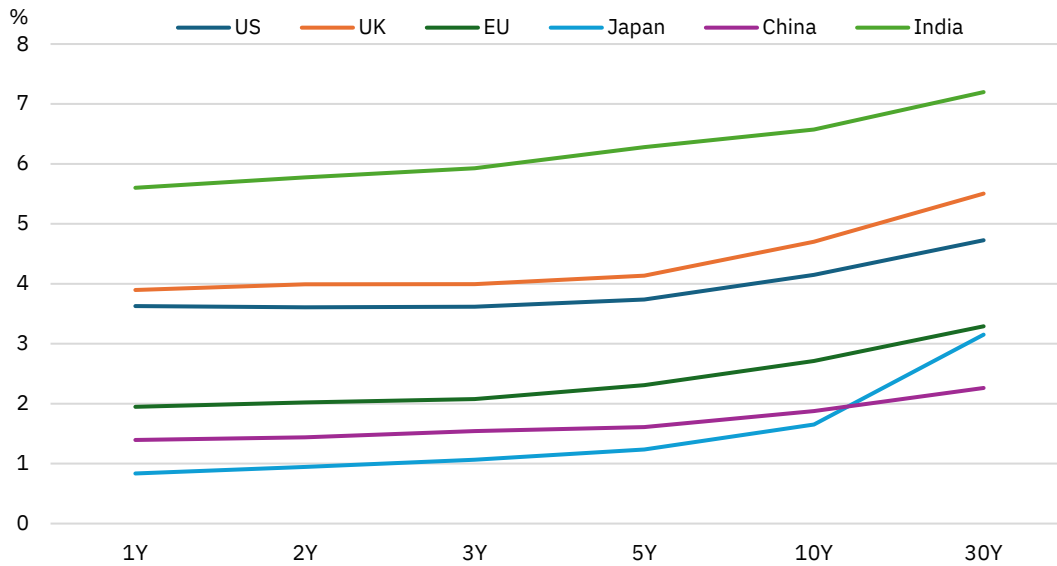
Category	Index name	Absolute returns (%)					CAGR returns (%)		
		1M	3M	6M	1Y	YTD	2Y	3Y	5Y
G-sec	Nifty 5yr Benchmark G-sec Index	0.7	0.7	4.1	8.4	7.0	9.0	8.5	6.3
	Nifty 10 yr Benchmark G-Sec	0.7	(0.2)	2.9	7.3	5.9	8.8	8.6	5.4
	Nifty Composite G-sec Index	1.1	0.0	2.3	6.6	5.4	8.8	8.6	6.1
SDL	NIFTY 10 Year SDL Index	(1.0)	(5.0)	(2.9)	1.3	(0.0)	5.6	6.5	5.6
AAA credit	NIFTY AAA Ultra Short Duration Bond Index	0.5	1.6	3.6	7.5	5.5	7.7	7.6	6.2
	NIFTY AAA Short Duration Bond Index	0.6	1.3	4.1	8.1	6.3	7.8	7.5	6.0
	NIFTY AAA Low Duration Bond Index	0.5	1.5	3.7	7.6	5.7	7.5	7.3	6.0
	NIFTY AAA Medium Duration Bond Index	0.6	1.0	3.6	7.3	6.0	7.6	7.3	5.9
	NIFTY AAA Medium to Long Duration Bond Index	0.2	0.5	2.7	6.3	5.1	7.5	7.3	5.9
	NIFTY AAA Long duration Bond Index	0.1	(0.5)	0.6	2.7	1.3	6.1	6.6	5.0
Composite	NIFTY Liquid Index	0.5	1.5	3.2	6.9	5.0	7.2	7.1	5.8
	NIFTY Money Market Index	0.5	1.5	3.5	7.4	5.5	7.6	7.5	6.0
	NIFTY Ultra Short Duration Debt Index	0.5	1.6	3.6	7.6	5.6	7.8	7.7	6.3
	NIFTY Short Duration Debt Index	0.6	1.4	4.0	8.0	6.2	7.8	7.6	6.3
	NIFTY Low Duration Debt Index	0.5	1.5	3.7	7.7	5.7	7.7	7.6	6.2
	NIFTY Medium Duration Debt Index	0.7	1.0	3.8	7.7	6.2	7.9	7.7	6.3
	NIFTY Medium to Long Duration Debt Index	0.3	(0.3)	2.3	6.2	4.9	7.7	7.7	6.1
	NIFTY Long Duration Debt Index	0.7	(0.8)	0.2	3.8	2.8	7.4	7.6	5.9
	NIFTY Composite Debt Index	0.6	0.3	2.5	6.4	5.0	7.8	7.7	6.2
	NIFTY Corporate Bond Index	0.6	1.3	4.0	7.9	6.2	7.8	7.7	6.4

Source: NSE Indices, NSE EPR.

Global bond yields witnessed mixed performance in September 2025: Global fixed income markets exhibited mixed trends in September 2025, reflecting diverging monetary and fiscal dynamics across major economies. US Treasury yields eased across most maturities, supported by rising expectations of further Federal Reserve policy easing. The decline was most pronounced at the short end, where 1-year and shorter maturities fell by 14–20 bps, extending the cumulative decline to 35–40 bps over the past three months. In contrast, yields in the EU, UK, and Japan edged higher. European bonds faced pressure from persistent fiscal concerns, while UK gilts reacted to stronger-than-expected inflation and hawkish commentary from the Bank of England. Meanwhile, Japanese yields rose modestly after the Bank of Japan announced plans to gradually sell its ETF and J-REIT holdings, keeping investor sentiment cautious. Entering October, global yields exhibited some moderation as concerns over global growth and ongoing US government shutdown kept investors cautious. The 10-year US Treasury yield inched lower at 4.1% amid softening economic data and expectations of further Fed easing.

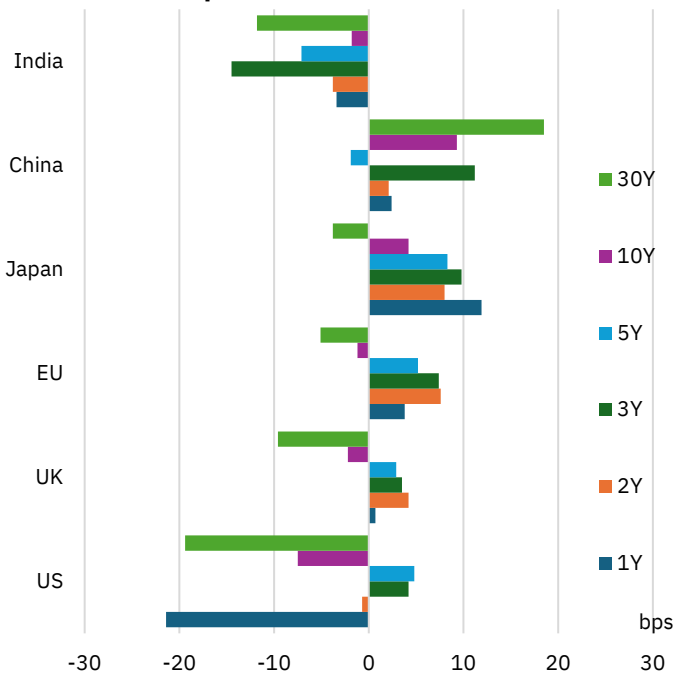
India's sovereign bond markets remained range-bound in September: In India, bond markets witnessed some relief in September 2025, with yields softening across the curve after several months of volatility. The rally was underpinned by renewed expectations of monetary easing by the RBI, as both headline and core inflation continued to ease, and early indicators pointed to a gradual moderation in growth momentum. Additionally, a lower-than-expected state borrowing calendar for Q3 FY26 at Rs 2.82 lakh crore vs. Rs 3.25 lakh crore expected eased supply concerns and improved demand-supply dynamics in the sovereign debt market. The decline, however, was more prominent at the short-end, with the 6-month and 3-year papers declining by 10bps and 15bps respectively, while the long-end remained fairly steady.

Figure 188: Sovereign yields curve across major economies as on September 30th, 2025



Source: NSE Cogencis, NSE EPR, LSEG Workspace.

Figure 189: Change in sovereign yields across major economies in September 2025



Source: NSE Cogencis, LSEG Workspace, NSE EPR.

Figure 190: Change in sovereign yields across major economies in CY25 (As on September 30th, 2025)

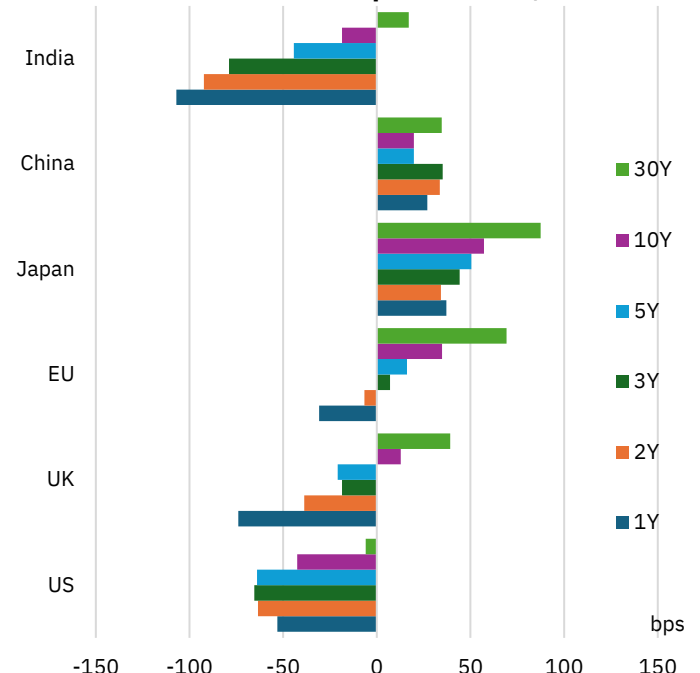
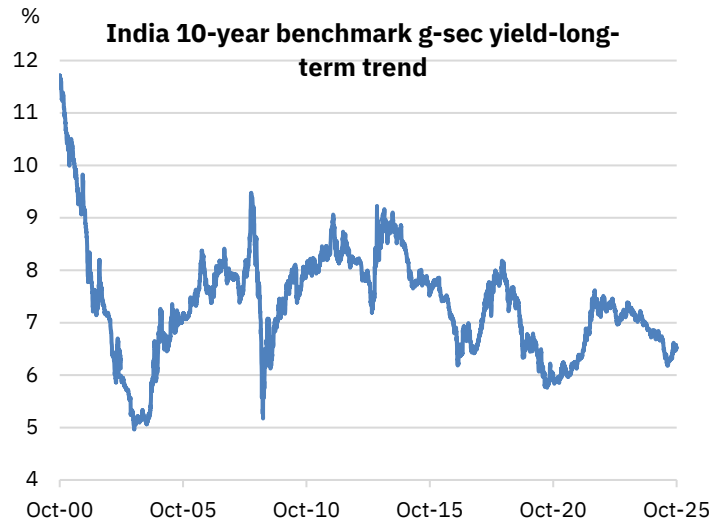
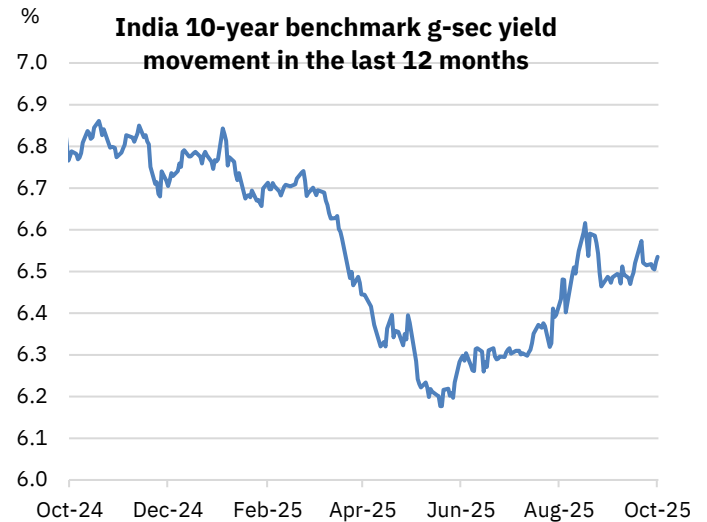


Figure 191: India 10Y G-sec yield—long-term trend


Source: NSE Cogencis, NSE EPR.

Figure 192: India 10Y G-sec yield—last one-year trend


Term premia registered a slight uptick in September: Although the average spread between the 10-year and 1-year yields edged down to 83 bps from 84 bps in August, the spreads between the 10-year and both 2-year and 3-year bonds remained elevated in September. Overall, CY25 has witnessed a notable rise in the average term premium, contributing to a steepening of the yield curve. During this period, the average 10Y-1Y, 10Y-2Y, and 10Y-3Y spreads stood at 47 bps, 40 bps, and 32 bps respectively—significantly higher than the CY24 averages of 8 bps, 8 bps, and 6 bps—indicating increased market caution amid ongoing global and domestic volatility.

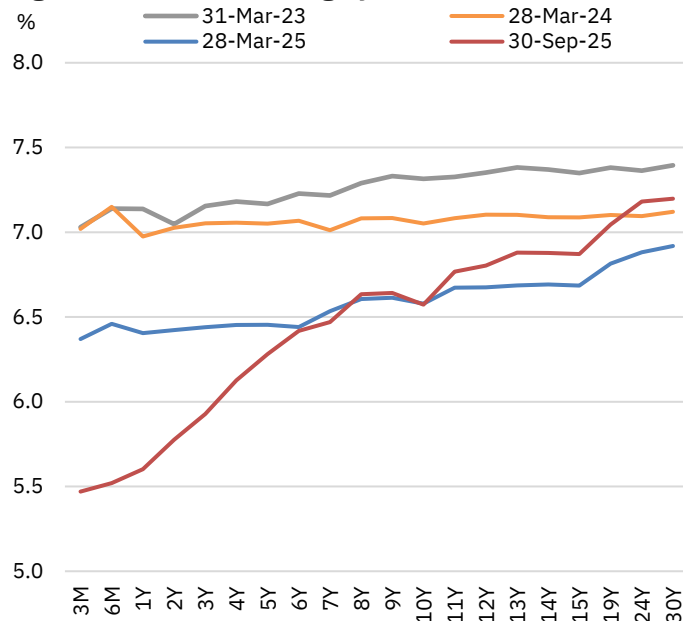
Figure 193: India sovereign yield curve

Source: NSE Cogencis, NSE EPR. Note: * FY26TD is as of September 30th, 2025.

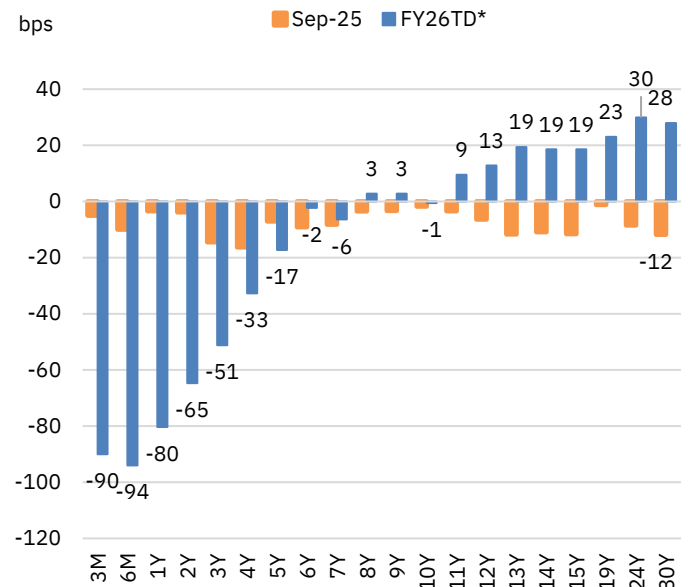
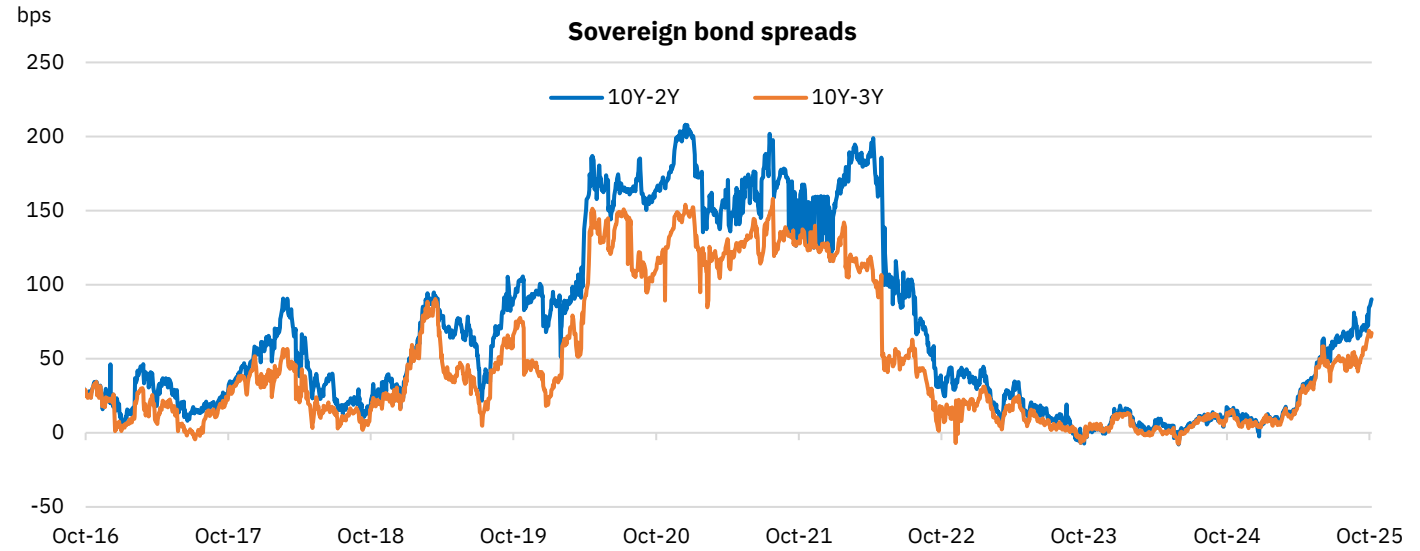
Figure 194: Change in sovereign yields across the curve so far in FY26


Figure 195: India sovereign bonds term premia


Source: NSE Cogencis, NSE EPR.

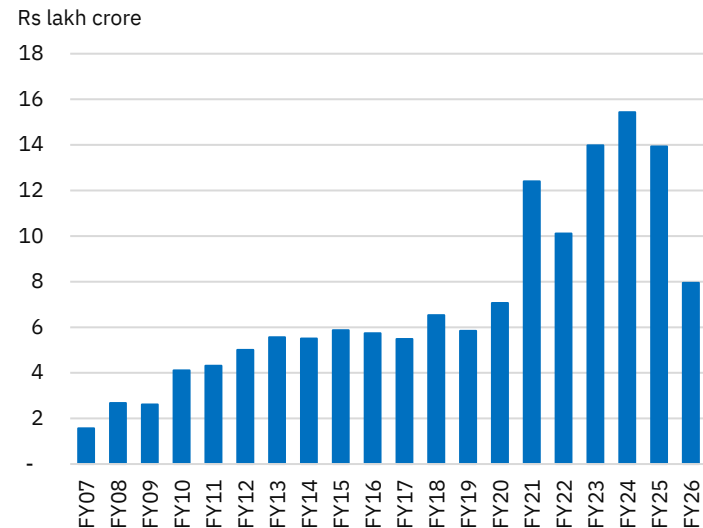
Figure 196: Annual trend of Centre's market borrowings

Source: RBI, NSE EPR. Note: Data as on September 30th, 2025.

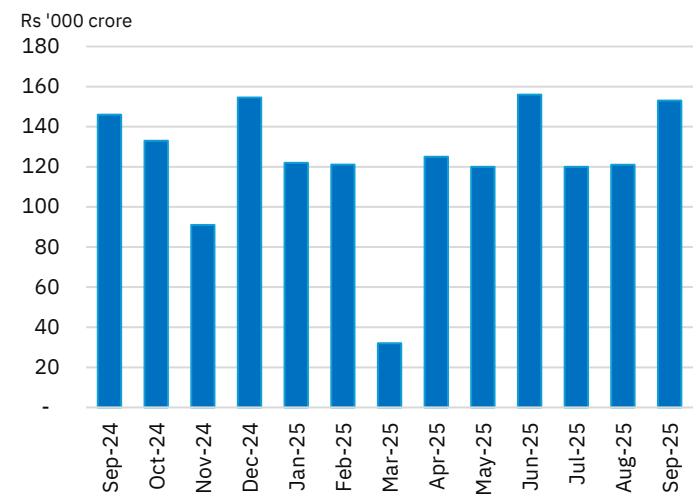
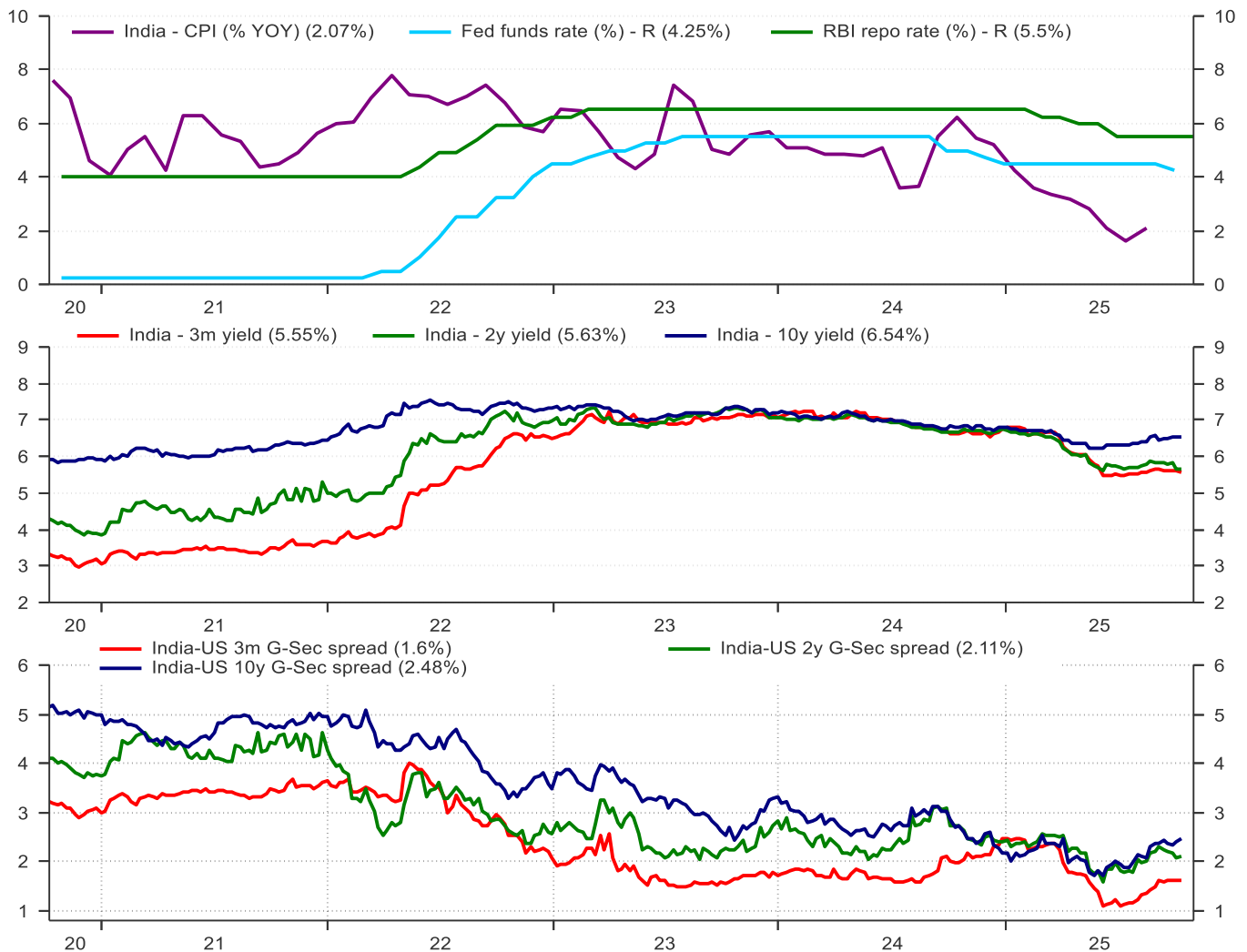
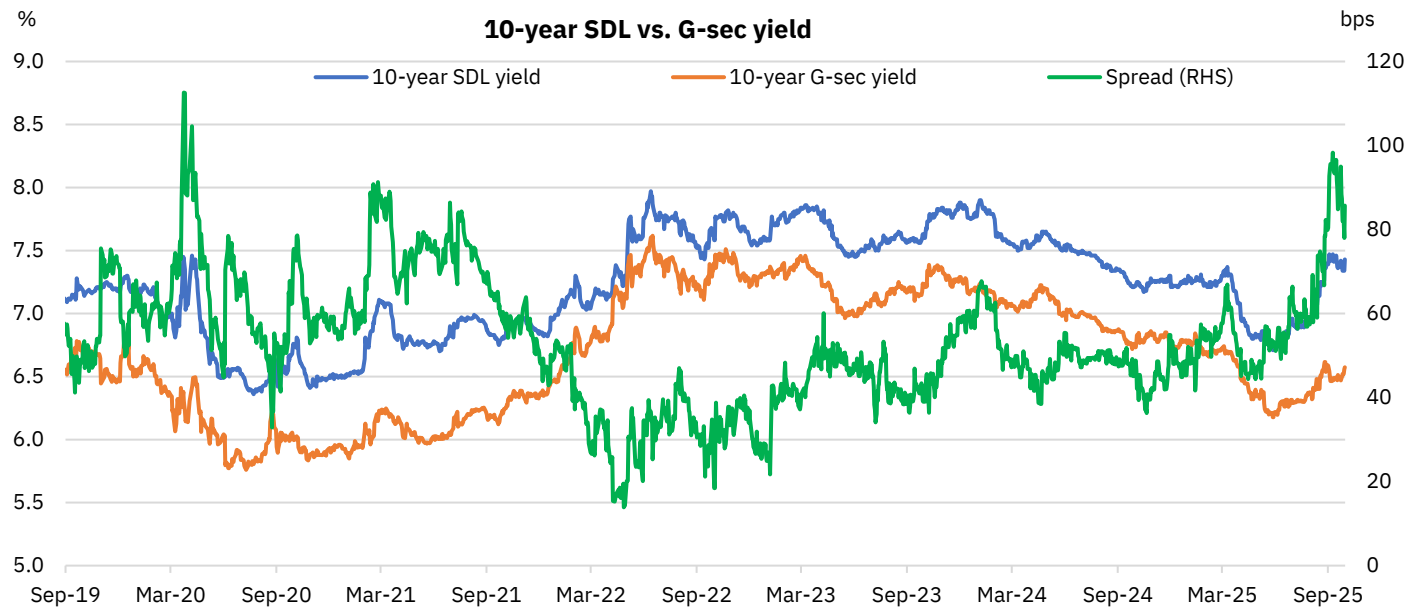
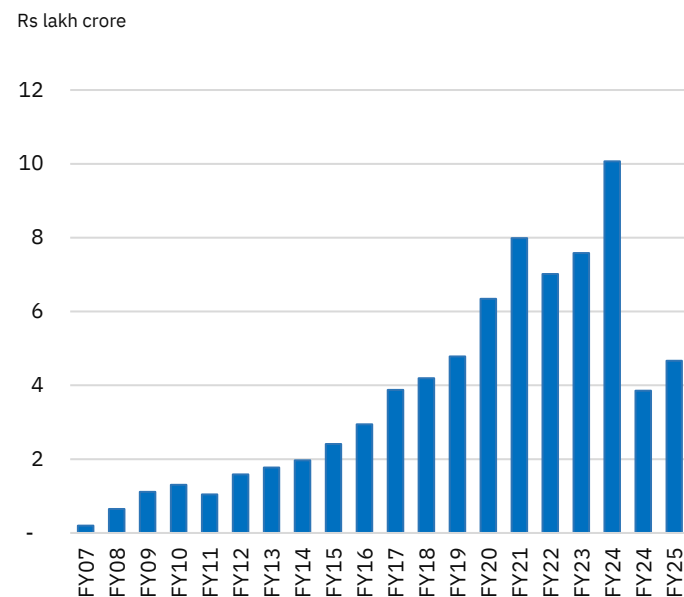
Figure 197: Centre's market borrowings in the last 12 months


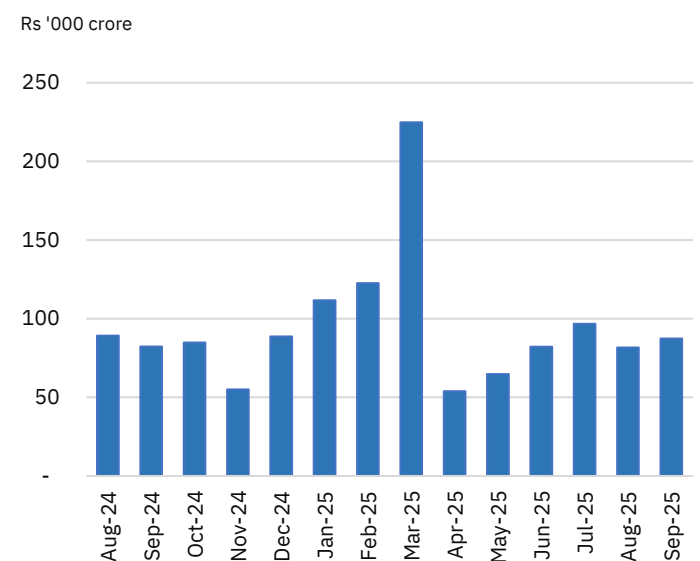
Figure 198: Inflation, yields and spreads in India vs. US


Source: LSEG Workspace, NSE EPR.

SDL spreads shot up in September: SDL yields rose markedly during September, diverging from the relatively steady trend witnessed in G-sec yields. Heavy borrowing from State Governments pushed 10-year SDL yields to 7.43% in September. This resulted in an average spread of 90 bps over the equivalent 10-year G-Sec yield during the month – the highest in last five years. Notably, SDL yields touched a 14-month high of 7.47% in early September amid an influx of state bond supply and reallocation of investments by institutional investors to equity markets, before retracing slightly by about 4 -9 bps by end of the month. While the spread over G-Secs narrowed to about 80 bps by the end of the month, they remained higher than the average spread of 69 bps witnessed during August. However, October 2025 brought some relief to the SDL markets as States announced conservative borrowing plans for Q3 of FY26. In September, SDL issuance increased 7% MoM to Rs 87,383 crore, resulting in total issuance of Rs 4.67 lakh crore in FY26 (+21% YoY) compared to Rs 3.86 lakh crore in the same period last year.

Figure 199: Spreads between 10-year SDL and G-sec yields

Figure 200: Annual state government borrowings


Note: Data as on September 30th, 2025.

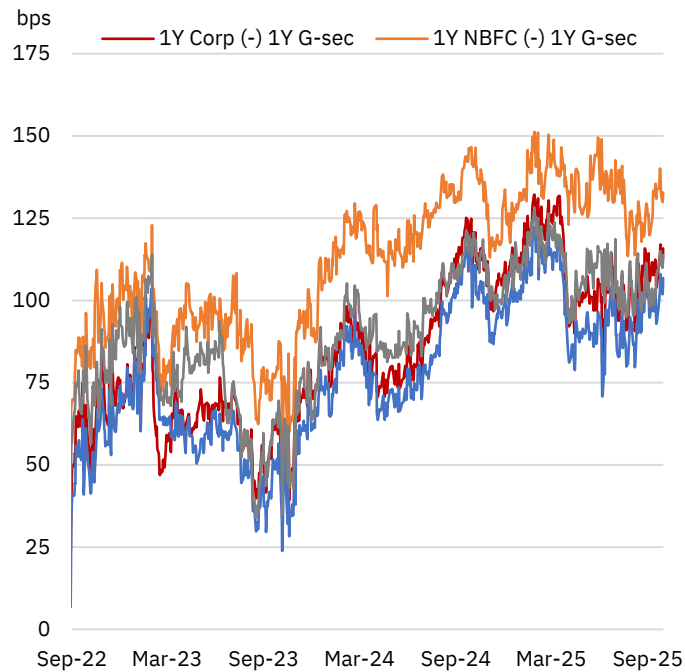
Figure 201: State government borrowings in the last 12 months


Corporate bond market performance

Corporate bond issuances rose in September: After declining for three consecutive months, corporate bond issuances nearly doubled MoM to Rs 99,688 crore in September across 495 issues with private sector accounting for a larger portion (90%) of the issuances. As a result, corporate bond yields tracked the broader movement of government securities, experiencing upward pressure across the yield curve. The spread between corporate bond yields and corresponding G-Sec yields widened during this period, ranging from 1-10 bps, with shorter tenor corporate bonds commanding relatively

higher spread. Indian companies have raised Rs 4.92 lakh crore (+3.2% YoY) in the first six months of FY26, compared to Rs 4.86 lakh crore during the same period last year.

Figure 202: Spreads for one-year AAA-rated corporate bonds across segments



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

Figure 203: Spreads for three-year AAA-rated corporate bonds across segments

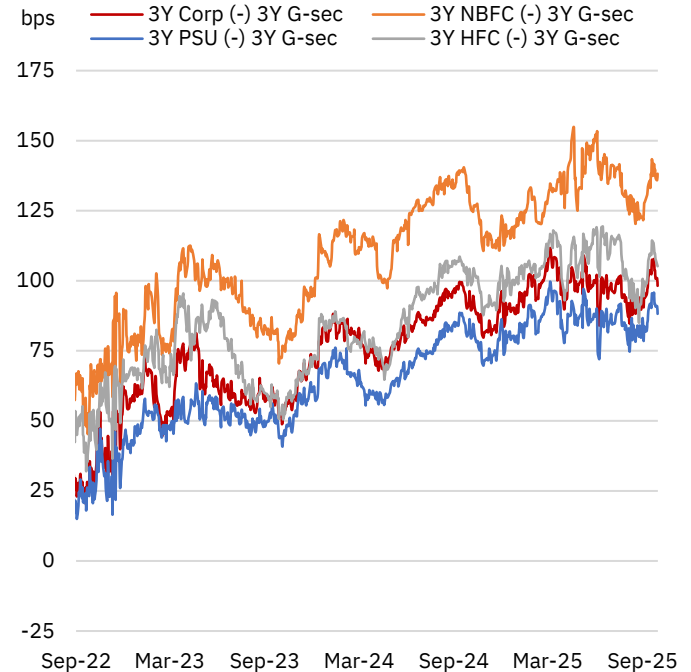
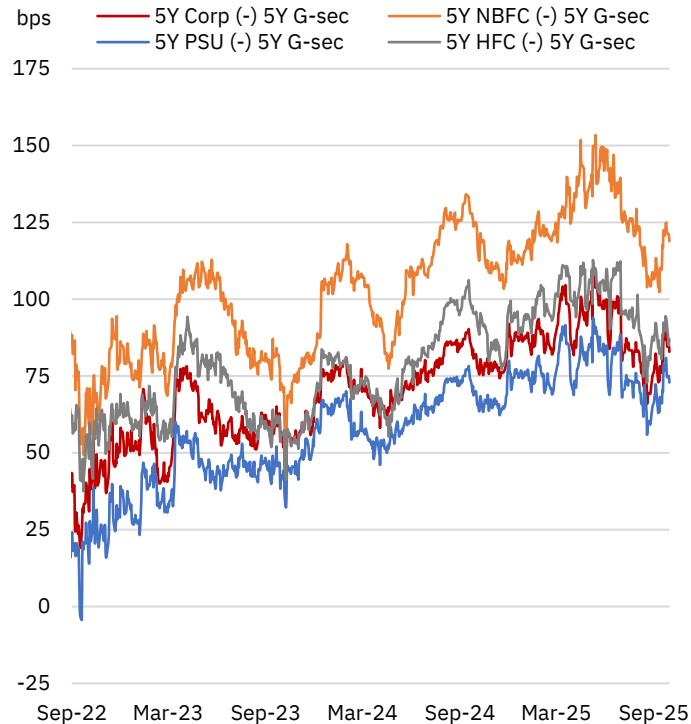


Figure 204: Spreads for five-year AAA-rated corporate bonds across segments



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

Figure 205: Spreads for 10-year AAA-rated corporate bonds across segments

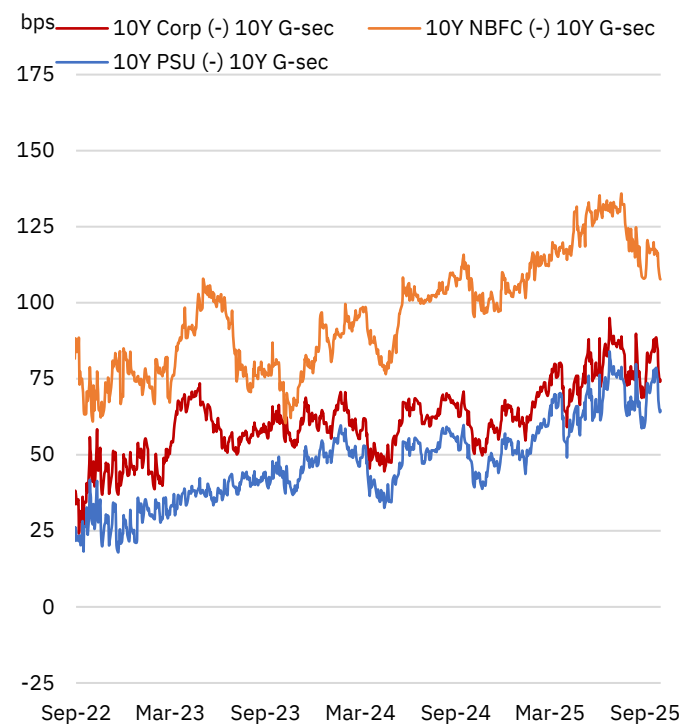
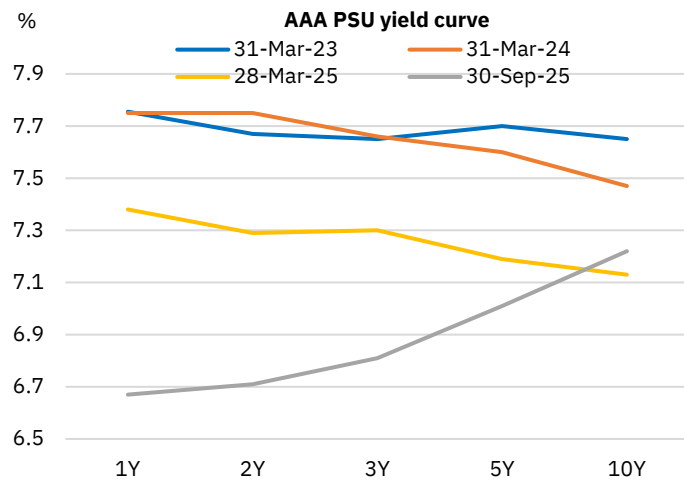
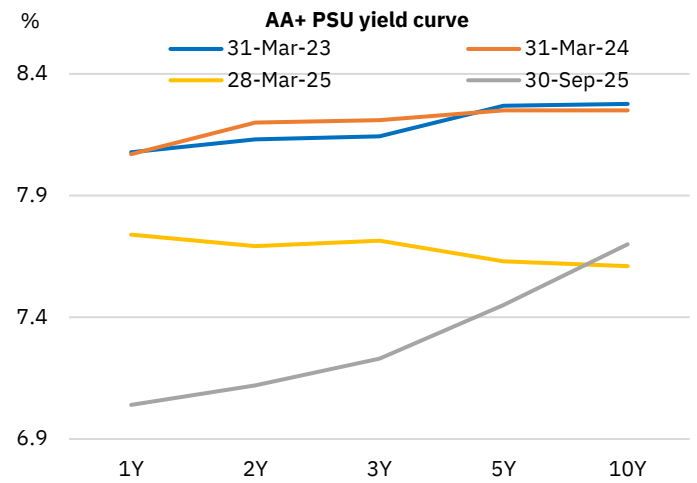


Figure 206: AAA-rated corporate bond yield curve


Source: NSE Data and Analytics (NDAL).

Figure 207: AA+ rated corporate bond yield curve


Source: NSE Data and Analytics (NDAL).

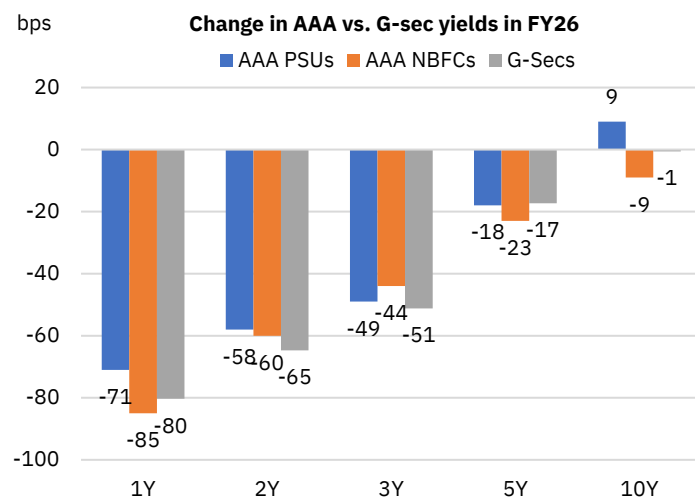
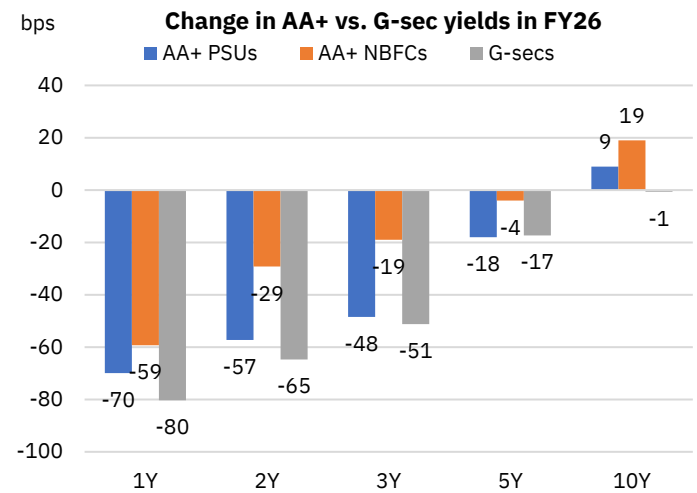
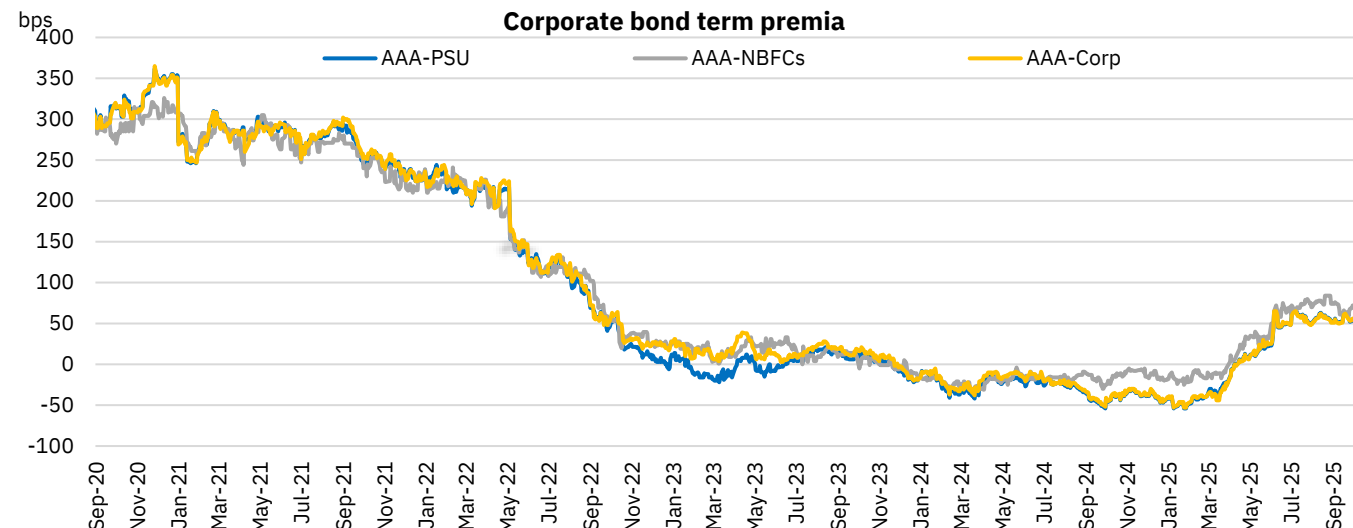
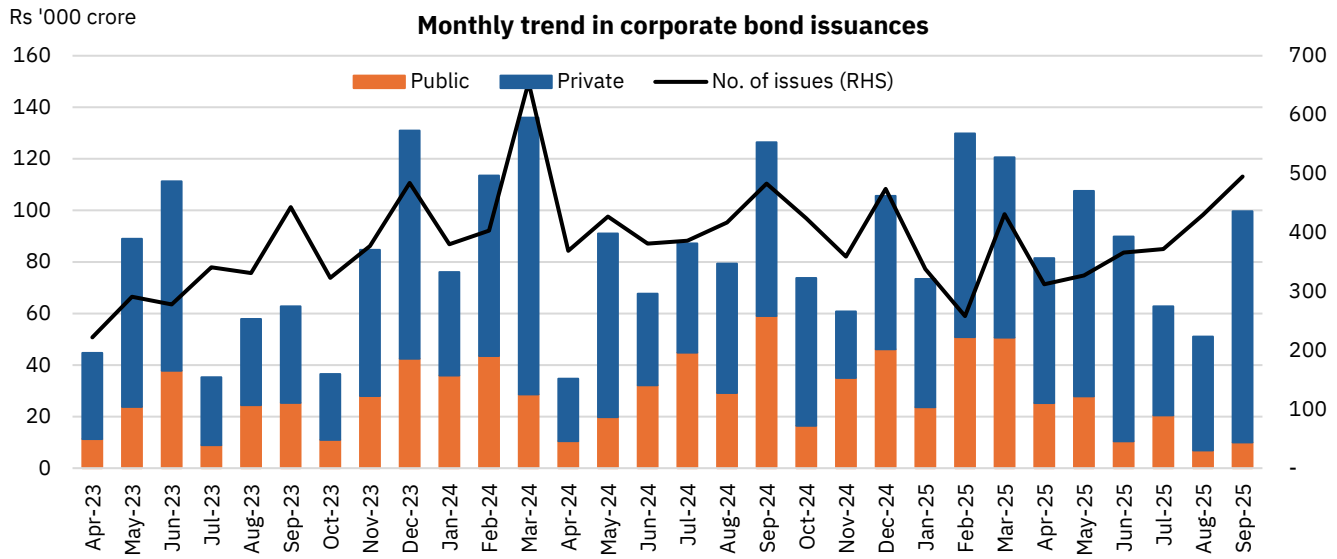
Figure 208: Change in AAA corporate bond and G-sec yields in FY26TD

Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR. Data is as of September 30th, 2025

Figure 209: Change in AA+ corporate bond and G-sec bond yields in FY26TD

Figure 210: Corporate bond term premia between 10-year and 1-year yields


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

Figure 211: Monthly trend in corporate bond issuances



Source: NSDL India Bond Info, NSE EPR.

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

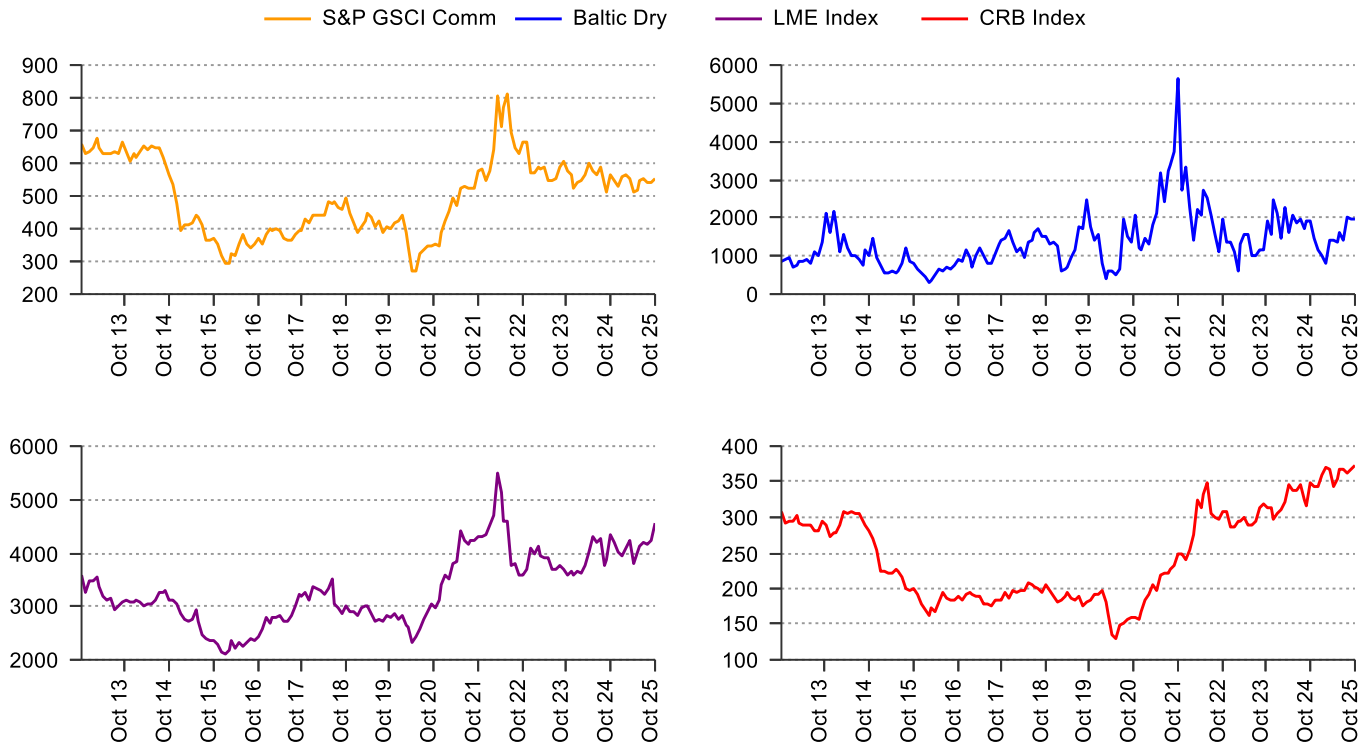
Commodity market performance

Mixed performance in the commodity market in September: In September 2025, global commodity markets showed mixed performance across sectors. Crude oil prices declined by 1.6% MoM due to anticipated OPEC+ supply increases, rising U.S. crude inventories, and softer global demand amid economic and geopolitical uncertainties. Precious metals surged, with gold up 11.4%, platinum 16.6%, palladium 12.9%, and silver 17.6%, driven by safe-haven demand, rate cuts, and supply concerns. Industrial metals generally rose, supported by strong demand and supply disruptions: aluminium (+2.3%), copper (+4.3%), zinc (+6.8%), tin (+0.7%), lead (+0.2%), while nickel fell (-1.3%) amid oversupply. Agricultural commodities were mixed, with soybeans (-6.6%), wheat (-6%), cotton (-0.3%), and raw sugar (-2.5%) declining, but corn rising (+4.5%).

- **Energy Sector:** Crude oil prices declined by 1.6% MoM, due anticipated OPEC+ supply increases, a surprise build-up in U.S. crude inventories, and weaker global demand amid economic and geopolitical uncertainty.
- **Precious Metals:** Precious metal prices displayed a rising trend in September 2025. Gold prices shot up by 11.4% MoM due to weak dollar and rate cut by US federal reserve boosted gold's appeal as a non-yielding safe haven asset. Rising geopolitical uncertainty and aggressive buying by central banks also. Platinum prices increased by 16.6% MoM on account of strong industrial demand, supply challenges, and increased substitution for palladium in catalytic converters. Palladium, which rose by 12.9% MoM, this increase was fuelled by concerns about supply disruptions in Russia and South Africa, industrial demand (especially in auto emissions controls), and investor speculation. Silver prices increased sharply by 17.6% MoM due to inflation hedging and expected surges in industrial demand
- **Industrial Metals:** Aluminium prices shot up by 2.3% MoM due to robust demand from construction and automotives. Supply disruption threats engendering from US tariffs also contributed to the surge as import costs increased. Copper prices increased by 4.3% MoM due to strong demand for copper-intensive projects such as electric grids, renewable energy, transportation, and telecom upgrades coupled with supply constraints from labour strikes, environmental protests in South America, and disruptions at major copper mines (e.g., Indonesia) contributed to global shortages and price spikes Tin prices jumped by 0.7% MoM due Production disruptions in major tin-producing regions such as Myanmar, while Zinc prices registered an increase of 6.8% primarily due to a combination of robust demand from key industries such as construction, steel galvanizing, and battery production, along with tightening supply conditions. Lead prices increased by 0.2% MoM. Meanwhile, Nickel prices declined by 1.3% MoM, persistent global oversupply, especially from increased Indonesian production, which continued to flood the market beyond demand levels.
- **Agricultural Sector:** Prices of agricultural commodities showed a mixed trend in September 2025. Soyabean prices fell sharply by 6.6% MoM while wheat prices fell by 6% MoM respectively. Corn prices increased sharply by 4.5% MoM. Cotton prices declined modestly by 0.3% MoM while raw sugar prices fell by 2.5% MoM.

Figure 212: Movement in key commodity indices

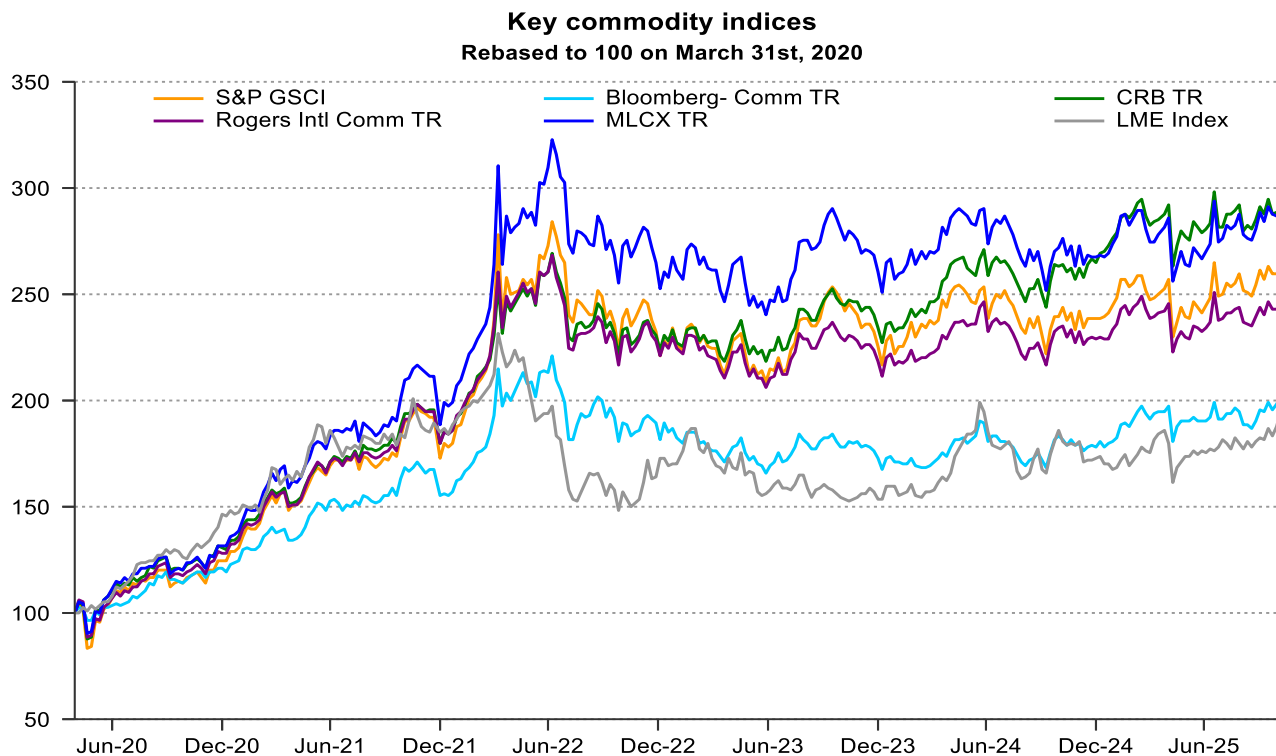
(As of October 9th, 2025)



Source: LSEG Workspace, NSE EPR.

Figure 213: Movement in key commodity indices since 2020

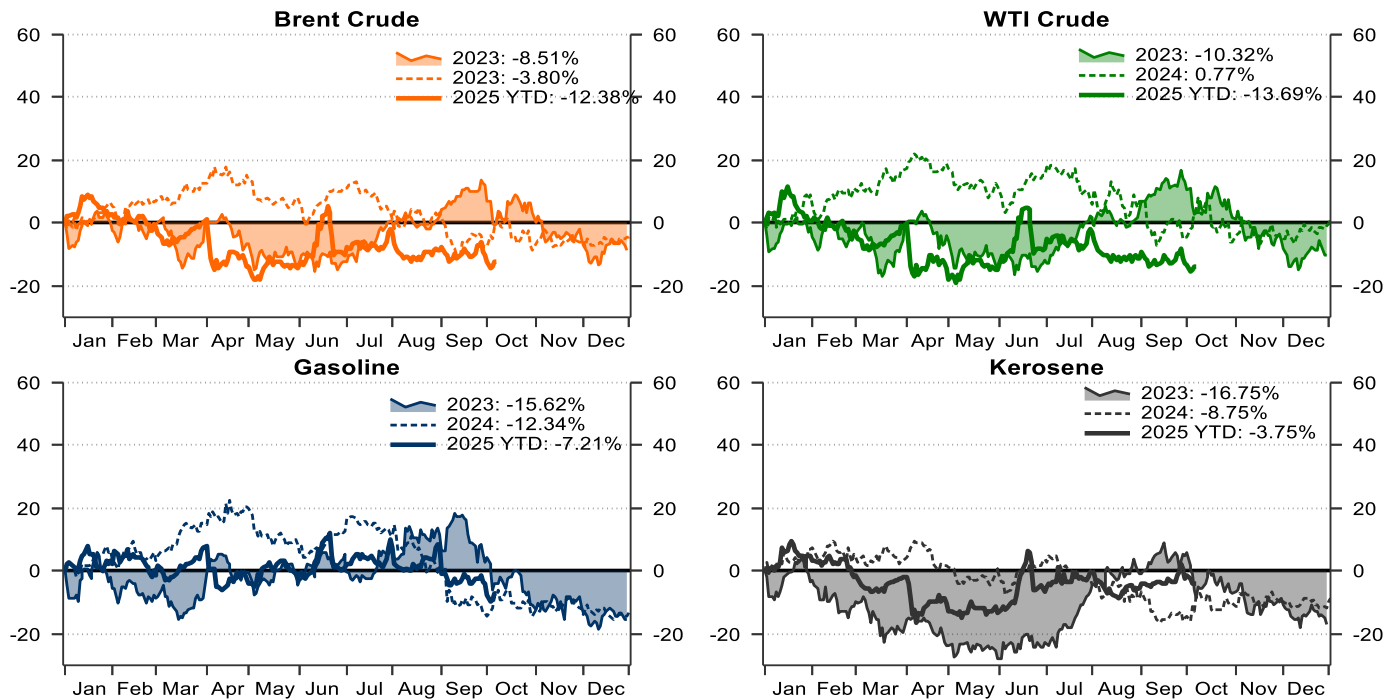
Rebased to 100 on March 31st, 2020 (As of October 9th, 2025)



Source: LSEG Workspace, NSE EPR.

Figure 214: Returns of key energy commodities in 2023, 2024 and 2025 till date
(As of October 9th, 2025)

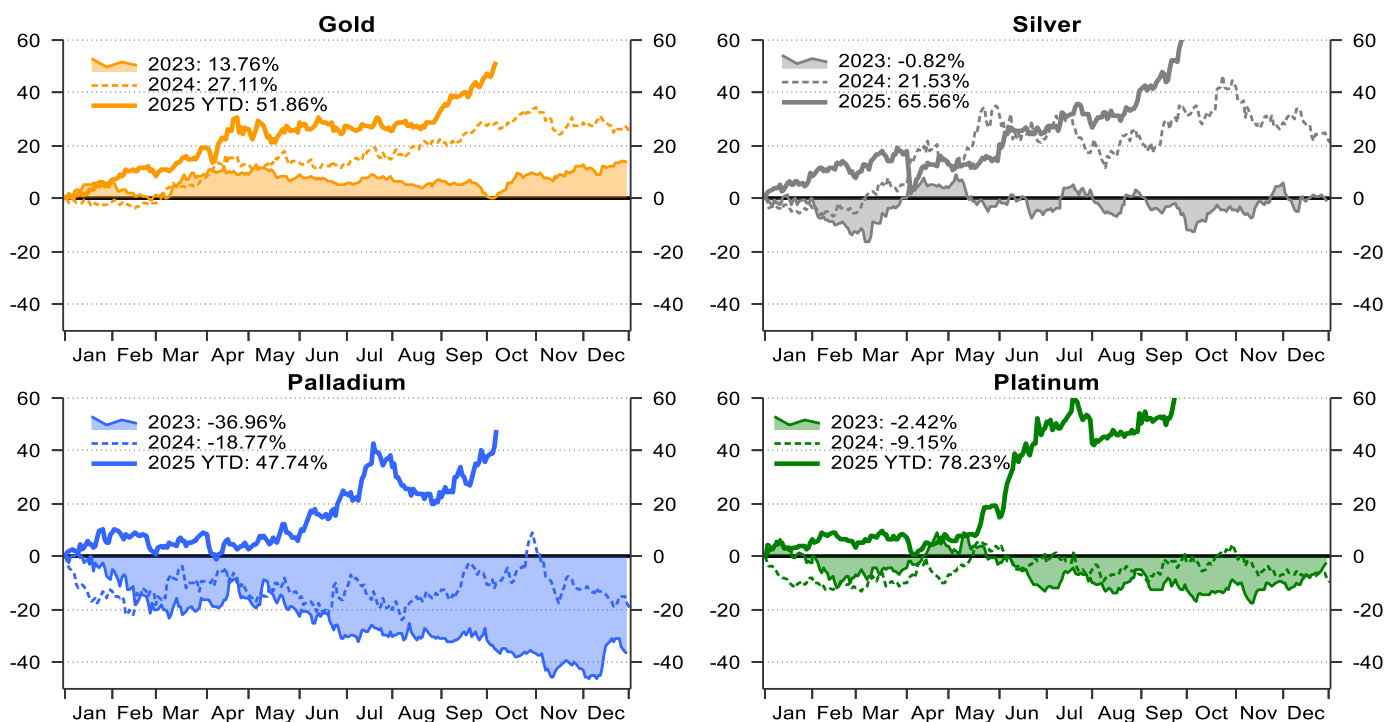
Returns of key energy commodities



Source: LSEG Workspace, NSE EPR.

Figure 215: Returns of key precious metals in 2023, 2024 and 2025 till date
(As of October 9th, 2025)

Returns of key Precious Metals

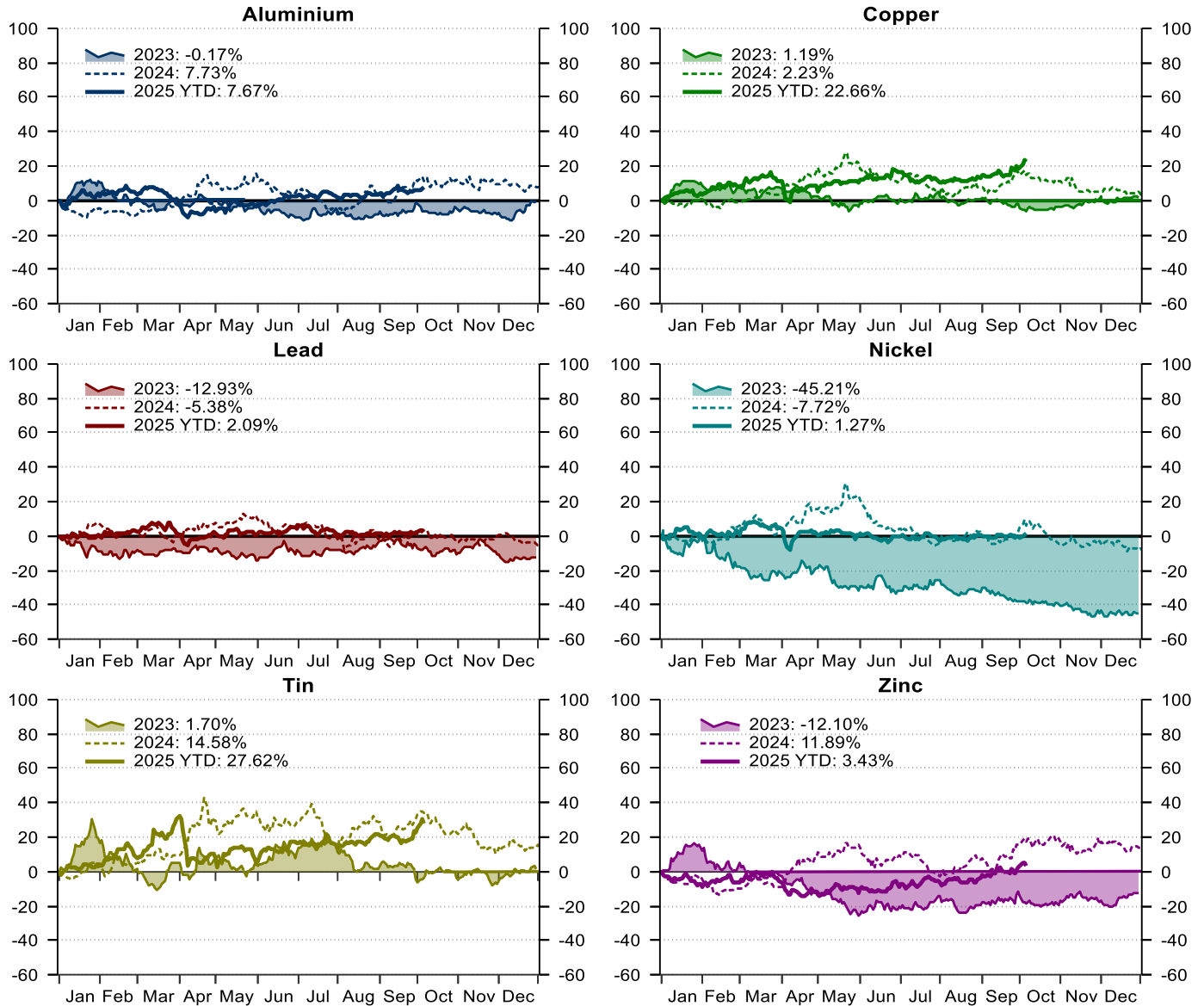


Source: LSEG Workspace, NSE EPR.

Figure 216: Returns of key industrial metals in 2023, 2024 and 2025 till date

(As of October 9th, 2025)

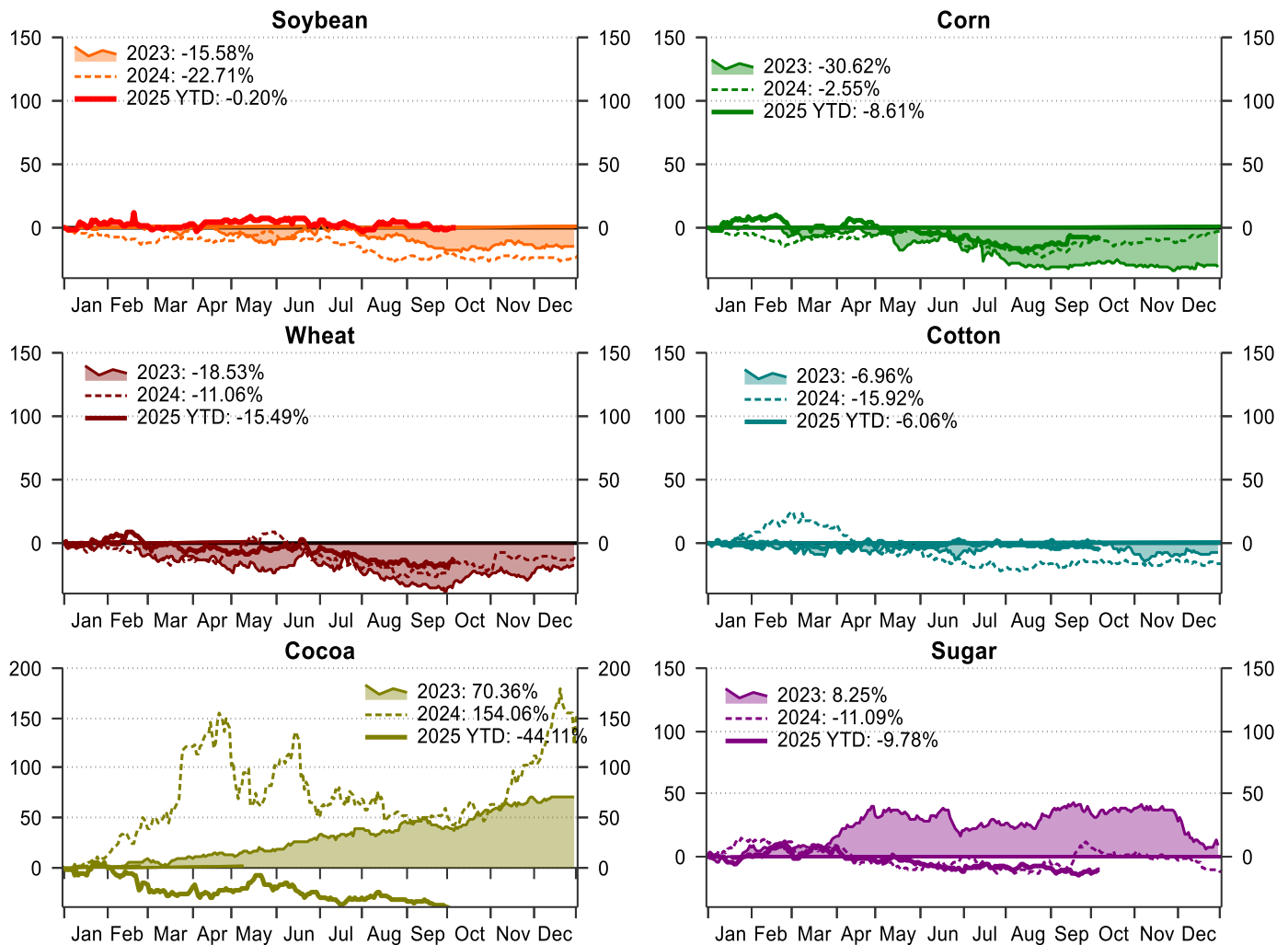
Returns of key Industrial Metals



Source: LSEG Workspace, NSE EPR.

Figure 217: Returns of key agricultural commodities in 2023, 2024 and 2025 till date
(As of October 9th, 2025)

Returns of key agri commodities



Source: LSEG Workspace, NSE EPR.

Table 34: Annual performance across commodities

(As of October 9th, 2025)

Annual performance across commodities (Ranked by % change each year)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025YTD
Palladium 13.3	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	Platinum 78.2
Nickel 9.0	Gold -10.5	Brent Crude 54.5	Aluminium 32.4	Gold -1.7	WTI 35.3	Copper 26.0	WTI 55.8	Brent Crude 8.3	Tin 1.7	Silver 21.5	Palladium 78.2
Zinc 5.6	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	Silver 65.6
Aluminium 4.0	Aluminium -17.8	WTI 45.0	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 51.9
Gold -1.8	Tin -24.9	Palladium 20.7	Nickel 27.5	Platinum -14.4	Platinum 22.3	Zinc 19.7	Zinc 31.5	WTI 6.7	Silver -0.8	Aluminium 7.7	Tin 26.7
Platinum -11.1	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	Copper 23.9
Tin -13.0	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 8.4
Copper -13.7	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	Zinc 5.4
Lead -15.9	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 -10.4	Lead -5.4	Lead 2.4
Silver -19.3	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	Nickel 1.3
WTI -45.9	Brent Crude -35.1	Gold 9.0	Platinum 3.2	Zinc -24.5	Zinc -9.5	WTI -21.0	Palladium -10.2	Zinc -16.3	Lead -12.9	Platinum -9.2	Brent Crude -12.4
Brent Crude -48.9	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 -13.7

Source: LSEG Workspace, NSE EPR.

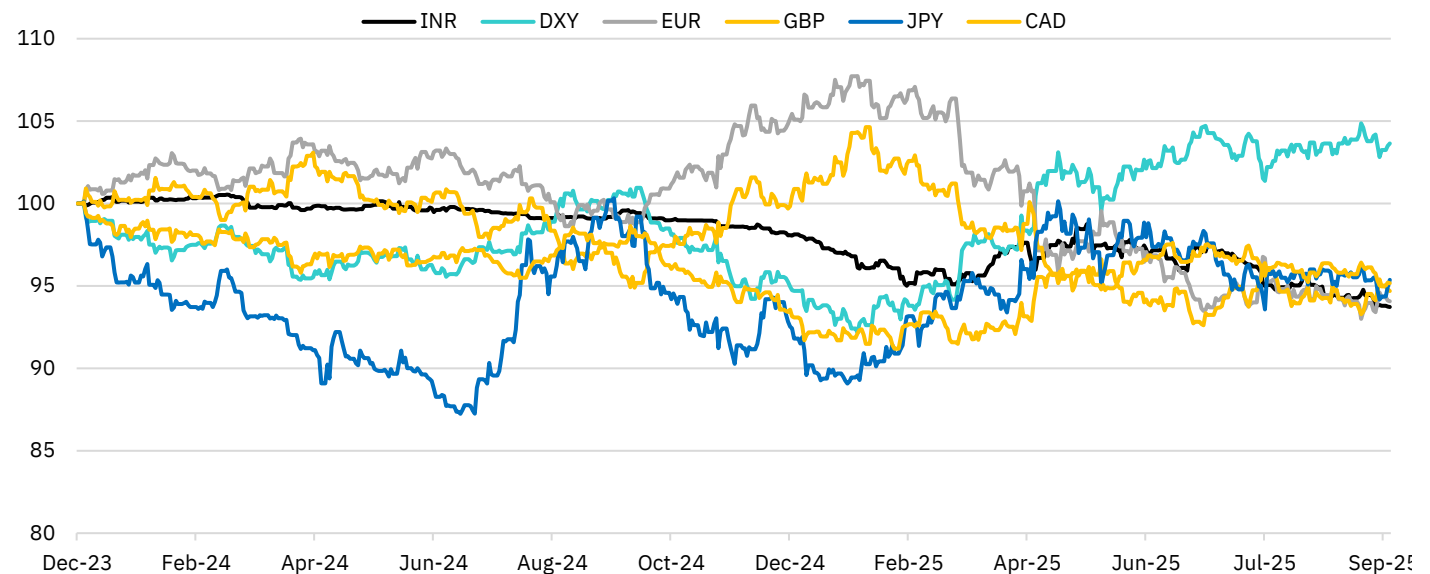
Currency market performance

Rupee sinks to deeper record lows amid external pressure: Having breached the 88-level for the first time in Aug'25, the INR extended its slide in Sep'25, ending the month at a fresh record low of 88.8, depreciating by 0.6% MoM against the US dollar. At the same time the U.S. dollar index (DXY) showed little net movement over the month, leaving most of the rupee's weakness attributable to India-specific factors—notably persistent though easing capital outflows, importer dollar demand ahead of the festive season, and risk premia linked to policy uncertainty, rather than a broad dollar rally. This weakness unfolded despite improving fundamentals — merchandise trade deficit narrowed further to US\$26.5 bn in Aug'25 from US\$27.2 bn in July'25, while net capital outflows also slowed to US\$1.4 bn down from US\$2.3 bn in Aug'25. Nonetheless, the overhang of U.S. tariff measures, combined with subdued global risk appetite, continued to restrain sentiment and keep the rupee under pressure. Adding to external pressures, the U.S. government's one-time \$100,000 H-1B visa fee implemented in September raised costs for Indian IT firms servicing U.S. clients, threatened remittance inflows, and likely weighed on investor confidence. Even so, the RBI's foreign exchange reserves continued to provide a cushion; the reserves rose to US\$700.2 bn (as of 26th Sep'25) vs US\$690.8 bn in Aug'25. While India's macro fundamentals (growth momentum, services export resilience, remittances) remain broadly intact, stabilization of the currency will hinge on easing of trade tensions, reversal of capital outflows, and the RBI's intervention strategy to manage volatility and sustain confidence among global investors.

Major currencies diverge as the dollar holds steady: In Sep'25, the U.S. dollar weakened in the first half of the month before reversing those losses to end broadly unchanged from Aug'25 levels. However, underlying currency moves were uneven, reflecting idiosyncratic and regional drivers. Among the DMs, the Euro witnessed a modest gain (+0.4% MoM) and the Swiss Franc strengthened (+0.5% MoM) while the Pound Sterling (-0.4% MoM) and Japanese Yen (-0.6% MoM) lost ground against the US dollar, followed by Canadian Dollar (-1.3% MoM). Emerging market currencies diverged more dramatically: the Chinese Yuan appreciated marginally (0.2% MoM), followed by the Brazilian Real (1.9% MoM) and the South African Rand (2.6% MoM). In contrast, the Indonesian Rupiah (-1.1% MoM), the Russian Ruble (-2.5% MoM) and the Turkish Lira (-1.0% MoM) declined, weighed down by domestic macroeconomic and geopolitical pressures. Among advanced economies, central bank guidance and tariff frictions influenced direction, yet in the absence of a strong dollar trend, domestic fundamentals and investor flows shaped outcomes more sharply. As a result, a few currencies gained modestly on policy-easing expectations or resilient growth signals, whereas others stayed weak under the weight of inflation, outflows, or political uncertainty.

Figure 218: Movement in INR and major DM currencies against dollar since end of 2023

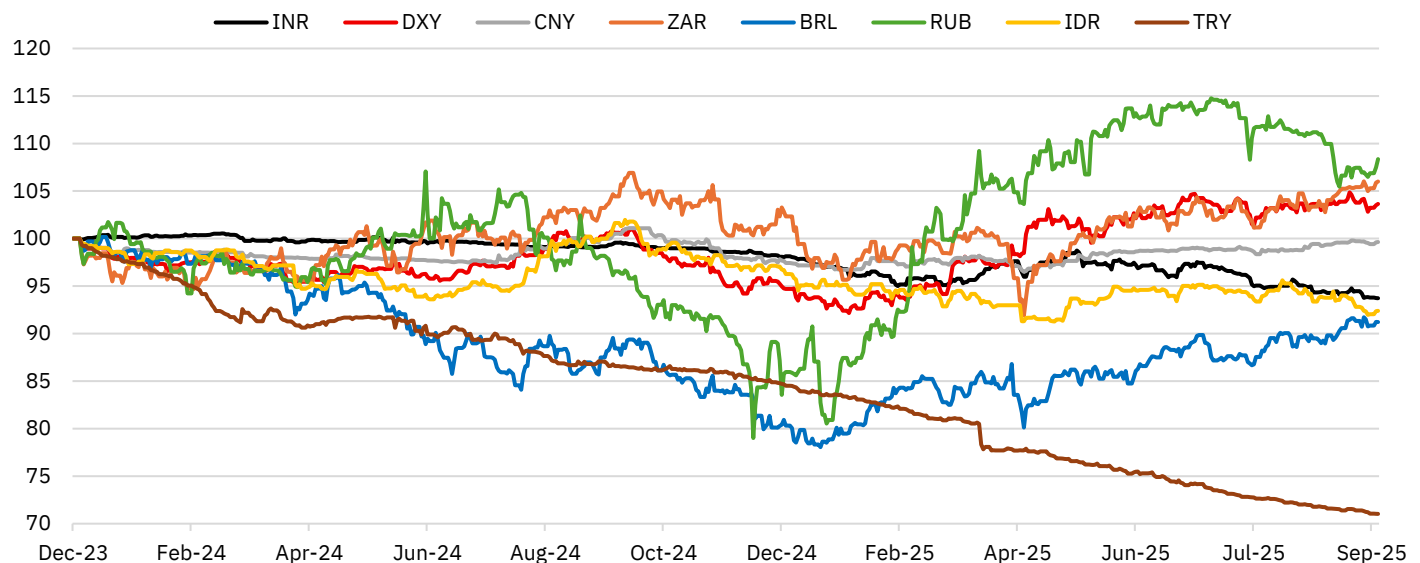
(Rebased to 100 on December 29th, 2023)



Source: LSEG Workspace, NSE EPR.

Figure 219: Movement in INR and major EM currencies against dollar since end of 2023

(Rebased to 100 on December 29th, 2023)

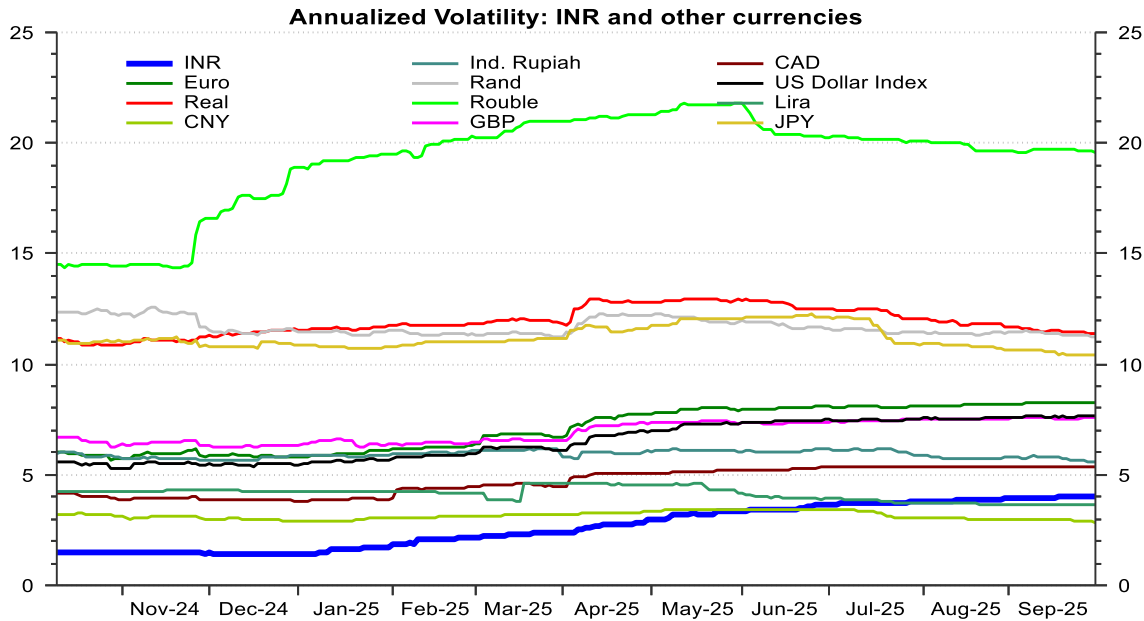


Source: LSEG Workspace, NSE EPR.

INR annualized volatility continues to rise for the ninth consecutive month: In Sep'25, volatility in the Indian rupee remained elevated, continuing a nine-month upward trend, with the rupee's average annualized volatility rising to 4.0% (+12 bps MoM). Although the increase was same as in July'25 (+12 bps), the upward bias in INR volatility remained among the highest across both major tracked DM and EM currencies. Among EM, the Russian Ruble was the most volatile at 19.7%, despite a decline (-19 bps MoM), followed by the Brazilian Real at 11.5%, the South African Rand at 11.4%, the Indonesian Rupiah at 5.7%, the Turkish Lira at 3.6%, and the Chinese Yuan at 2.9%. Among developed markets, the Japanese Yen continued to exhibit the highest volatility at 10.5% (-32 bps MoM), followed by the euro at 8.3%, the Pound Sterling at 7.5%, and the Canadian Dollar

at 5.4%. Notably, most EM currencies continued to display lower average annualized volatility in Sep'25 compared to their DM peers, likely reflecting the market's ongoing adjustment to prolonged global trade tensions, shifting central bank policies, and geopolitical realignments.

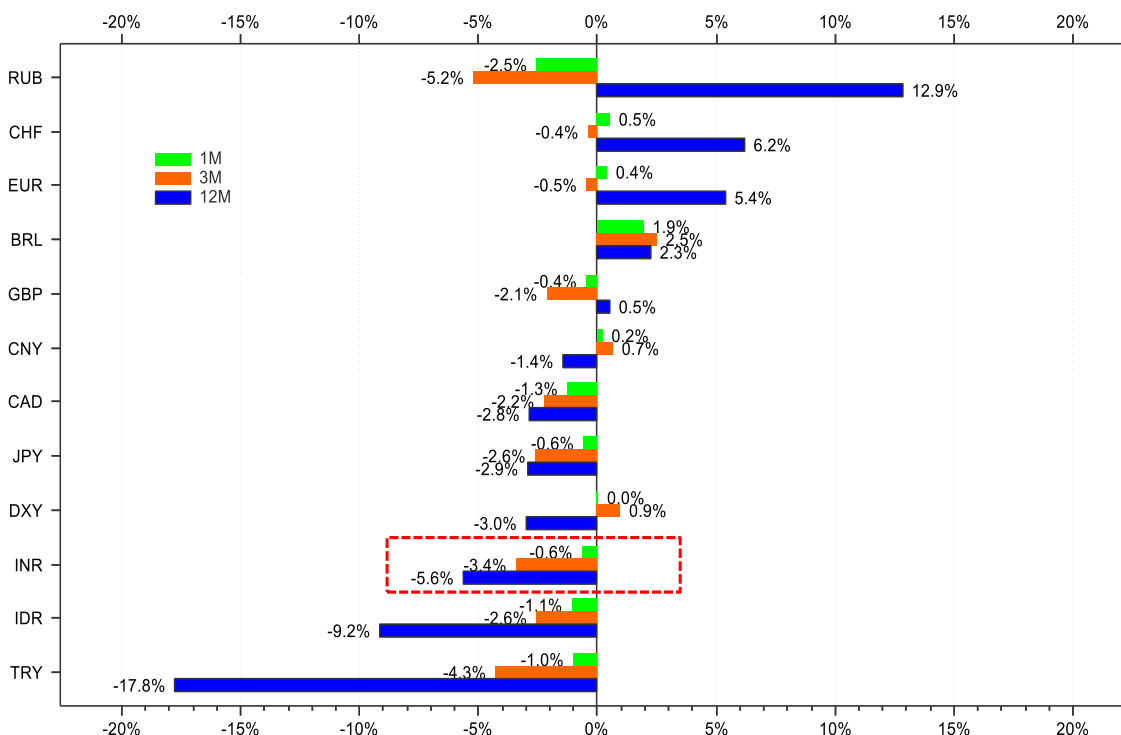
Figure 220: Annualized volatility of INR and other DM & EM currencies



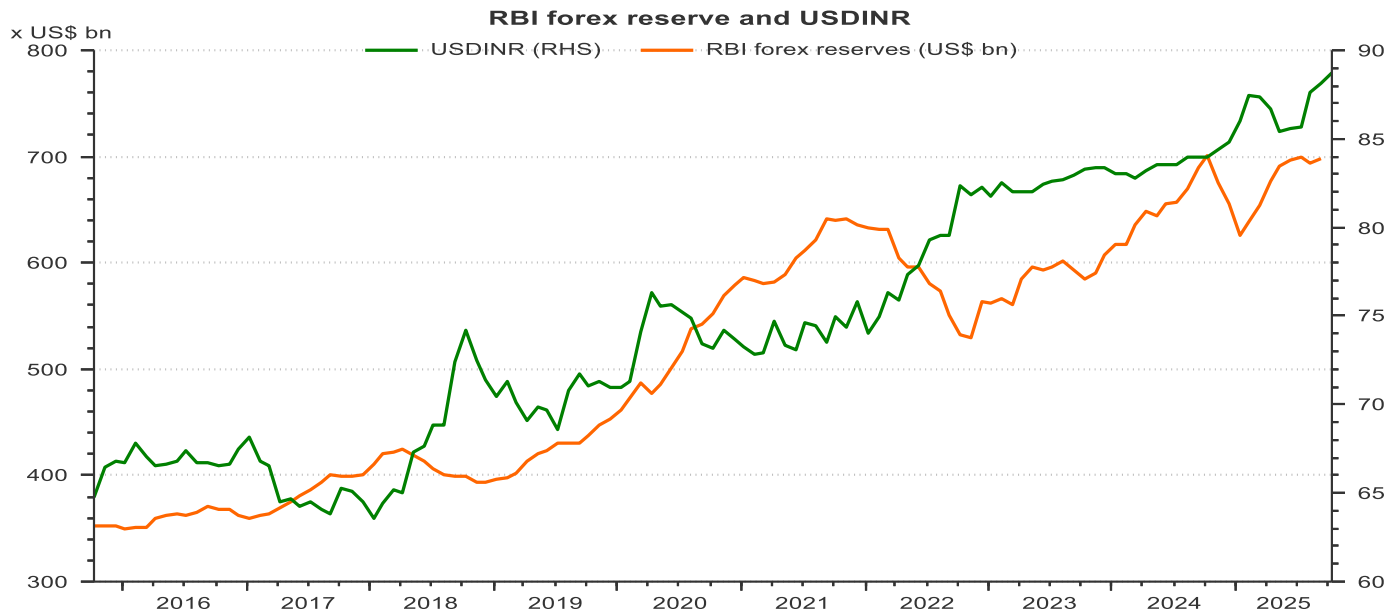
Source: LSEG Workspace, NSE EPR.

Figure 221: Change in INR and major DM & EM currencies (as on September 30th, 2025)

INR & Key Currencies vs. the USD (1M, 3M, 12M)

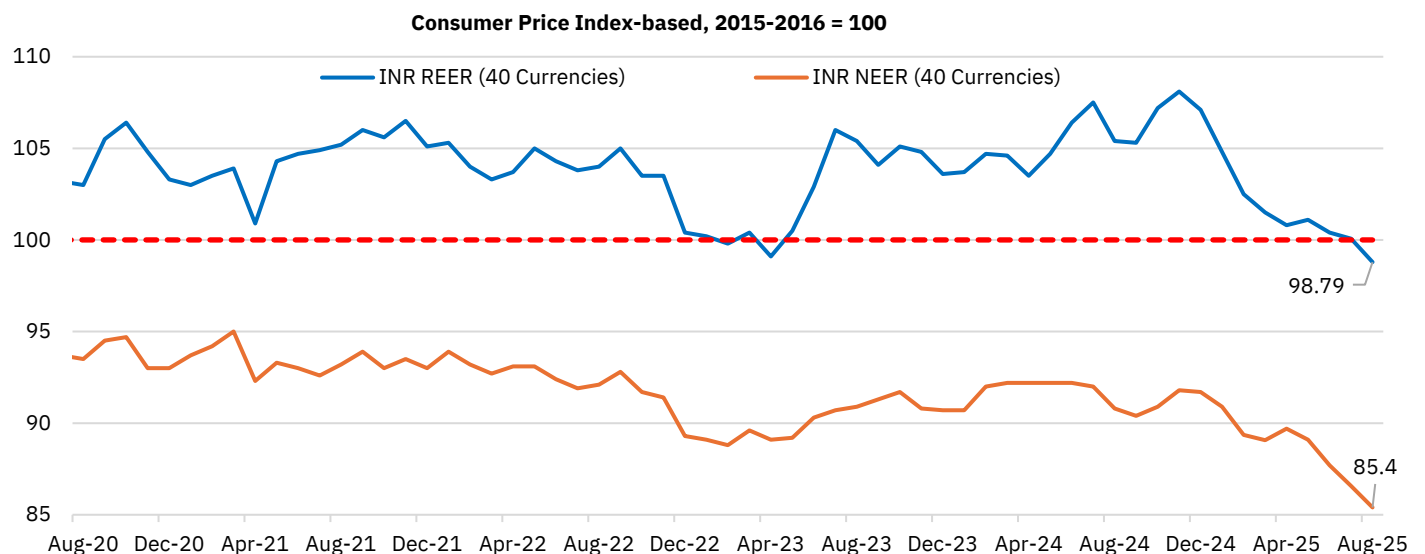


Source: LSEG Workspace, NSE EPR.

Figure 222: RBI forex reserves and USDINR


Source: LSEG Workspace, NSE EPR.

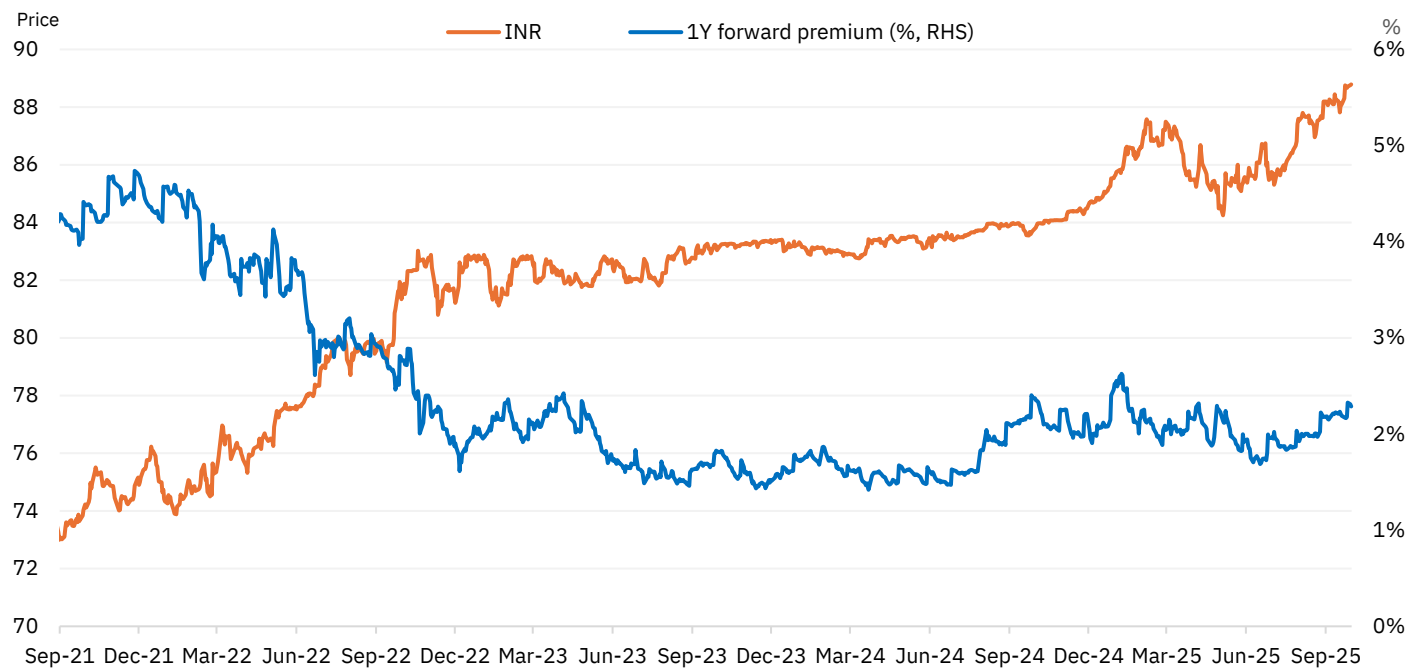
Evolving valuation dynamics of the INR: The overvaluation pressures eased further on the INR, with the Real Effective Exchange Rate (REER)—calculated against a basket of 40 currencies—moderating and falling into the undervalued zone after remaining overvalued for 27 months in a row. The REER fell to 98.8 in the latest reading (-1.28 bps MoM), marking a notable drop from its recent high of 108.1 seen in Nov'24. This sustained moderation reflects the impact of rupee depreciation and relatively softer domestic inflation vs. trading partners. The Nominal Effective Exchange Rate (NEER) also continued its downward slide, falling to 85.4 in Aug'25 from 89.1 over the preceding three months. Together, these shifts suggest a rebalancing of earlier valuation distortions which could enhance price competitiveness for Indian exports if sustained, though the near-term impact remains limited amid soft global demand, subdued capital inflows and tariff-related headwinds, including trade-related uncertainties.

Figure 223: Real and nominal effective exchange rates of INR


Source: CMIE Economic Outlook, NSE EPR.

One-year forward premia edges higher in September...: The average one-year forward premium on the INR edged higher in Sep'25, rising to 2.2% from 2.0% in Aug'25. Although this marks a modest recovery, the premium remains subdued relative to its long-term average, reflecting continued caution among market participants amid persistent geopolitical risks and trade uncertainties. The uptick primarily reflected stable U.S.–India interest rate differentials and a brief softening in the US dollar early in the month, while RBI operations helped contain volatility and prevent sharper swings in the forward curve. The forward premium witnessed significant intra-month volatility fluctuating between 189.5 and 206.5 paise before settling at 203 paise (30th Sep'25) against the dollar. The persistent threat of U.S. tariffs on Indian exports and related policy overhangs continued to act as a dampener on market optimism, keeping forward activity cautious. Nevertheless, India's strong foreign exchange reserves and sound macro fundamentals provided a crucial buffer, helping anchor market expectations. Despite recent fluctuations, the premium remains significantly below its post-pandemic peak of 5.3%, indicating that markets are pricing in only modest near-term rupee volatility, even as external headwinds and policy uncertainties persist, amid a backdrop of resilient macro fundamentals.

Figure 224: USDINR and 1-year forward premium



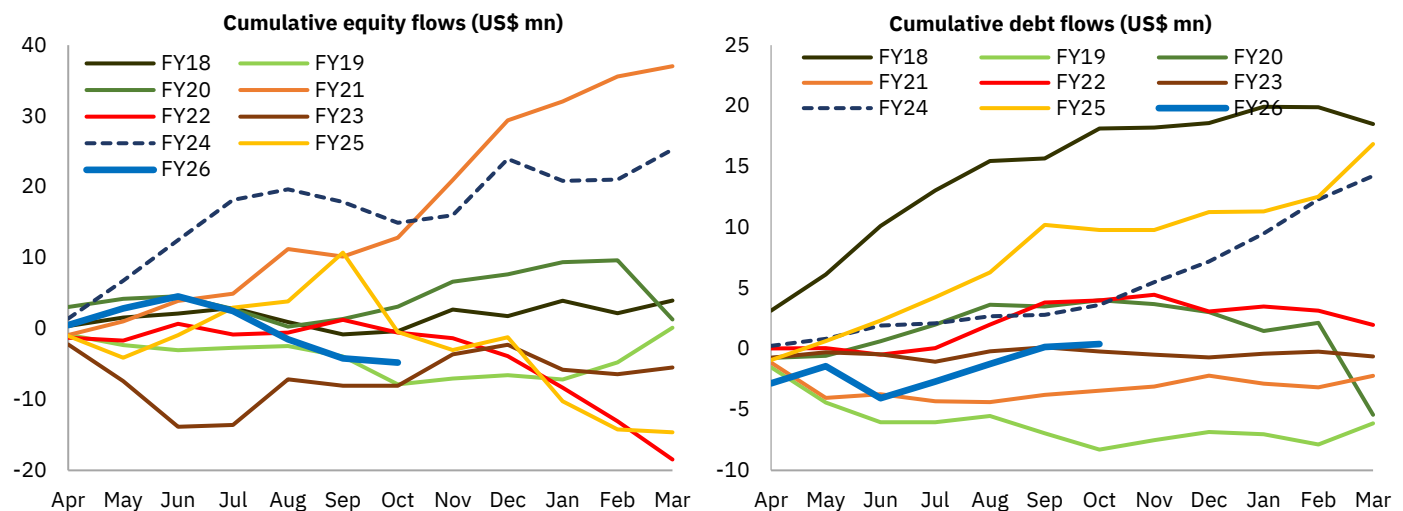
Source: NSE Cogencis, NSE EPR.

Institutional flows across market segments in India

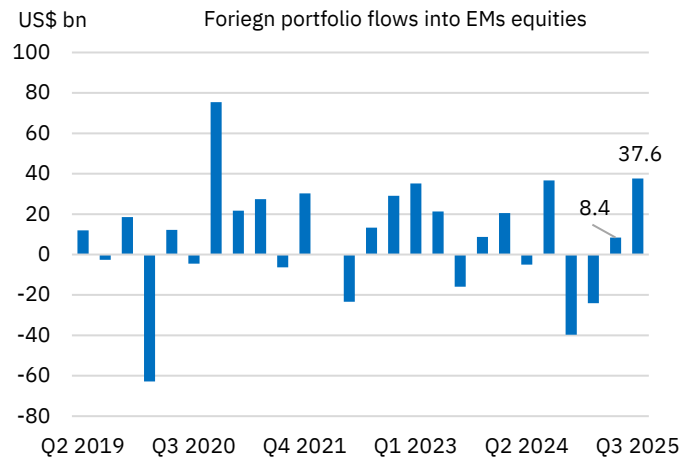
FPI outflows from Indian equities extended into September 2025...: September 2025 marked the third consecutive month of FPI outflows from Indian equities market, amounting to US\$2.7 bn. For the quarter ending September 2025, the FPI recorded an outflow of US\$8.7 bn, compared with an inflow of US\$ 11.6 bn during the same period last year. The outflows have been driven by a combination of ongoing trade tariffs and persistent global risks that have kept the investor sentiment generally down. Relatively high valuations in the Indian equities market have also prompted FPIs to shift to other Asian markets. The selling trend persisted in October as well, with FPIs withdrawing another US\$ 589 m in October till date (as of October 8th, 2025). The cumulative net FPI outflows in Indian equities in 2025the fiscal year thus far stand at US\$4.8 bn (as of October 8th, 2025).

...but have remained consistent net buyers in the debt market: While equity markets have seen persistent FPI outflows, debt markets saw steady inflows to the tune of US\$1.4bn in September 2025. Majority of these were through the Fully Accessible Route (FAR) (US\$1.1 bn). The recent GST rationalisation, easing inflation and better performing domestic economy have acted in favour of the Indian debt market. As of October 8th, 2025, net FPI inflows in debt market stood at US\$ 244mn. Cumulatively, for the fiscal year to date (up to October 8th, 2025), FPIs recorded net outflows in the debt market totaling US\$ 397mn.

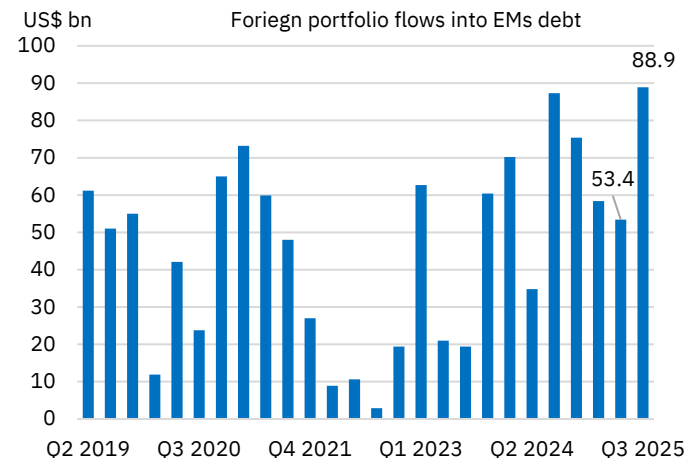
Figure 225: Net inflows by FPIs in Indian equity and debt markets



Source: NSDL, NSE EPR; Data for October is as of October 8th, 2025.

Figure 226: Foreign portfolio flows into EM equities


Source: Institute of International Finance, NSE EPR.

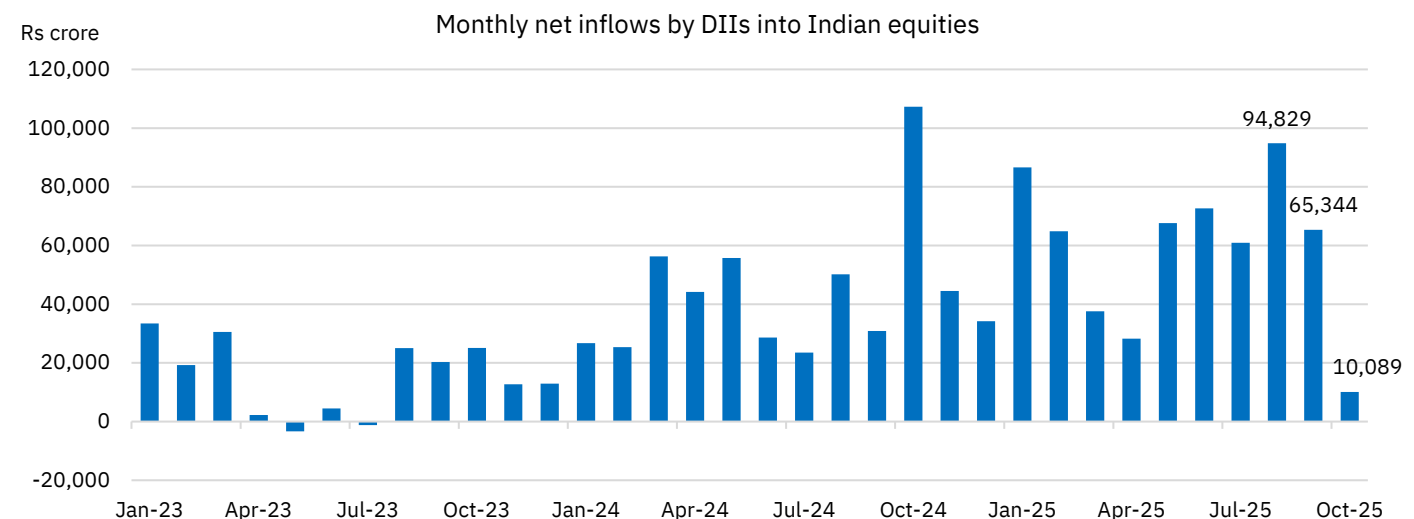
Figure 227: Foreign portfolio flows into EM debt


Source: Institute of International Finance, NSE EPR.

DIIs remained consistent buyers in Indian equities but net sellers in Indian debt:

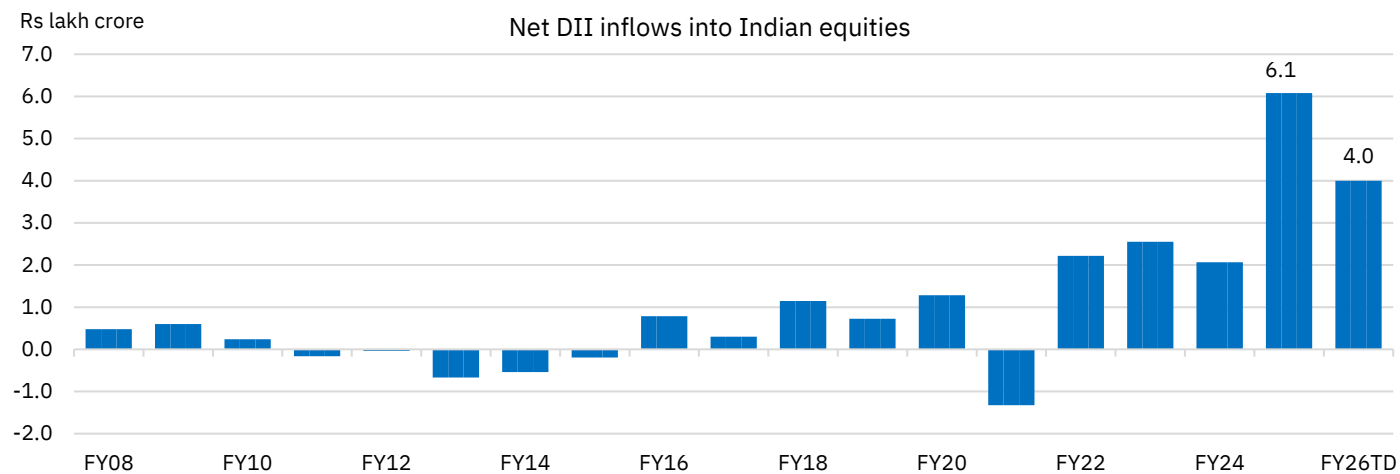
While FPIs remained volatile, DIIs continued to cushion the market, investing Rs 65.3k crore in equities in September 2025. Inflows continued in October 2025 as well, with Rs 10.1k crore added up to October 8th taking total DII net inflows in FY26 so far (as of October 8th, 2025) to Rs 4.0 lakh crore (US\$ 46.1 bn).

Among DIIs, Domestic Mutual Funds (DMFs) have remained primary drivers of equity inflows, investing Rs 46.4k crore (US\$ 5.3bn) in September and Rs 4.5k crore (US\$ 0.5bn) in October (as of October 8th). This brought cumulative FY26TD equity investments to Rs 2.9 lakh crore (US\$ 32.9bn). While the pace softened in September since peak inflows in the current fiscal of Rs 70k crore in August, the overall trend continues to reflect sustained investor confidence in equities, supported by steady SIP contributions and retail participation. DMFs continued to be net sellers in debt investments, with outflows amounting to Rs 55.9k crore (US\$ 6.3bn), compared with an average of Rs 45k crore in the previous months of the current fiscal. In FY26TD (till October 8th), they posted a net outflow of Rs 2.8 lakh crore (US\$ 31.8bn) from debt overall.

Figure 228: Monthly net inflows by DIIs in Indian equity markets


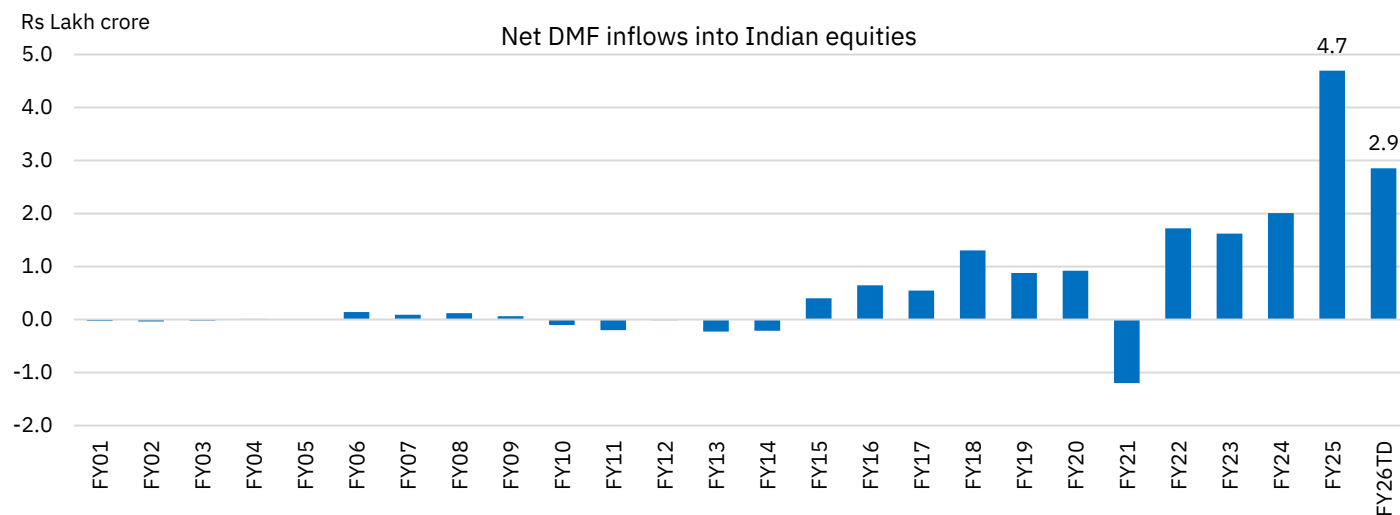
Source: LSEG Workspace, NSE EPR. Data for October is as of October 9th, 2025.

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.

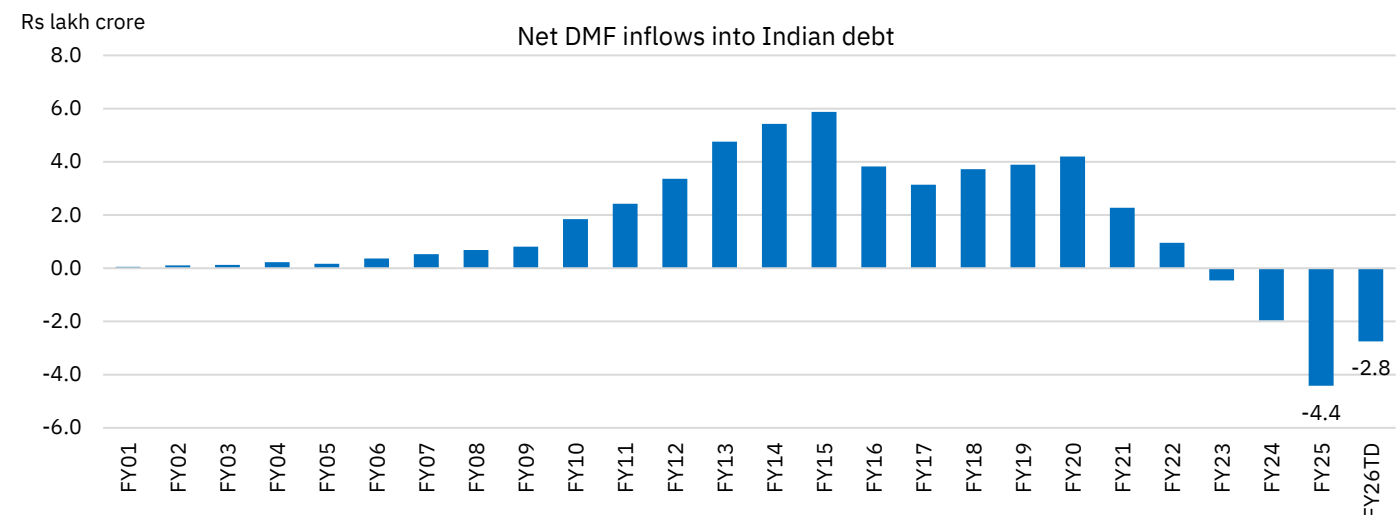
Figure 229: Annual net inflows by DIIs in Indian equity markets


Source: LSEG Workspace, NSE EPR. *Data for FY26TD is as of October 9th, 2025

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 230: Annual net inflows by domestic mutual funds in Indian equity markets


Source: CMIE Economic Outlook, NSE EPR. *Data for FY26TD is as of October 8th, 2025.

Figure 231: Annual net inflows by domestic mutual funds in Indian debt markets


Source: CMIE Economic Outlook, NSE EPR. *Data for FY26TD is as of October 8th, 2025.

Markets in depth

Robust primary activity accompanied by improved secondary market participation

India's capital markets displayed strong resilience in H1FY26, raising Rs 9.7 lakh crore through equity and debt, with IPOs contributing Rs 64,363 crore. A total of 122 new listings added Rs 4.1 lakh crore in market cap during this period, with October on track to witness record fund mobilisation through IPOs. Equity cash turnover surged 22% MoM to Rs 21.6 lakh crore in September, with 1.18 crore investors participating. NSE's shift of index derivatives expiry to Tuesday reshaped trading strategies, boosting Nifty50 premium turnover by 2.7% MoM to Rs 37,393 crore. Overall, the market averaged 8.5 crore trades per day, reflecting deep liquidity, evolving investor behaviour, and structural adaptability.

- Robust IPO momentum and market depth define H1FY26:** India's capital markets displayed resilience in H1 FY26, mobilising Rs 9.7 lakh crore via equity and debt—up 13% YoY. Equity fundraising touched Rs 2 lakh crore, with IPOs adding Rs 64,363 crore. The mainboard and SME ended H1 with 54 and 68 listings, raising Rs 60,991 crore and Rs 3,372 crore respectively, collectively adding Rs 4.1 lakh crore in market cap. Since Apr'21, total fundraising hit Rs 70.6 lakh crore, emphasising capital markets' pivotal role in India's growth. October is set to see record IPO haul, with marquee deals like Tata Capital and LG Electronics boosting confidence.
- NSE investor base crossed the 12-crore mark:** The registered investor base at NSE crossed the 12-crore mark on September 22nd, ending the month at 12.03 crore (client accounts: ~23.7 crore), with women accounting for about one-fourth share. Despite muted sentiments, the last one crore increment took just eight months. New additions inched up to 12.8 lakh in September, even as the MoM pace eased, with UP leading for the 32nd month in a row. In the first half of FY26, 74 lakh investors were added, with investors aged 30 and below comprising 55.6% share.
- Secondary market activity picked up:** Market activity strengthened in September, with equity cash ADT rising 5.1% MoM to Rs 98,312 crore. Equity options ADT rose for the second month to Rs 48,662 crore, supported by the expiry shift to Tuesdays, while equity futures ADT fell 6.7% to Rs 1.37 lakh crore, both remaining below year-ago levels. Decile-wise analysis of equity derivatives showed a more balanced turnover distribution, signalling improving market depth. Commodity derivatives ADT rose to a record Rs 106 crore, on strong electricity futures trading. Corporate debt market ADT (OTC and RFQ) rose slightly to Rs 7,009 crore, though still below the Mar'25 peak of ~Rs 10,000 crore, with RFQ share at 45% (32% in Sep'24).
- Individual investor participation improved...:** Individual participation in equity cash rose to 1.19 crore in September, though still well below the peak. Only 1.2 lakh investors traded daily, contributing 8.4% of turnover, while ~40% traded on just one day, accounting for 0.6%. In equity derivatives, participation rose to 33.6 lakh; about 77% of derivative traders over the last 12 months were also active in cash equities, while 21 lakh (1.8% of the base) traded exclusively in derivatives—underscoring the limited and concentrated nature of retail activity in derivatives.
- ...Even as activity remained skewed:** Turnover in September remained highly concentrated across equity segments, dominated by large-ticket and institutional investors. In equity cash, the top 0.2% of investors comprised 77% of turnover, while in options, 0.3% contributed 69% of premium turnover. Equity futures were also equally skewed, with 8% of investors generating 93% of turnover, highlighting the disproportionate contribution by a small group of high-value traders.

Primary markets: From capital formation to confidence; a strong first half

During the first half of FY26, India's capital markets continued to demonstrate resilience and depth, mobilising Rs 9.7 lakh crore through equity and debt combined — up 13% YoY. Equity fundraising stood at Rs 2 lakh crore, with IPOs contributing Rs 64,363 crore. The mainboard saw 54 listings during this period, raising Rs 60,991 crore, led by Consumer Discretionary, Financials, and Industrial sectors. On the SME Emerge platform, 68 companies raised Rs 3,372 crore, with Industrial and Consumer Discretionary dominating activity. Together, the 122 newly listed companies added Rs 4.1 lakh crore in market capitalisation as of September 2025. Over FY22–FY26, cumulative fundraising through equity and debt reached Rs 70.6 lakh crore, reflecting the capital market's central role in India's growth story. Notably, October FY26 is poised for a record fund mobilisation through IPO proceeds, reaffirming India's standing among the world's most dynamic equity hubs.

Fund mobilisation and new listings

SMEs to mega IPOs; India's inclusive capital market formation: In the first half of FY26, fund mobilisation through equity and debt instruments stood at Rs 9.7 lakh crore, reflecting 13% YoY growth. Of this, Rs 2.0 lakh crore (21%) was raised via equity—slightly lower than in the corresponding period of FY25—while debt accounted for the remaining 79%. Within equity, IPOs contributed Rs 64,363 crore (up 16% YoY), while further offerings mobilized Rs 1.35 lakh crore (down 11%). On the mainboard, the share of fresh issuance climbed to 54% (up from 48% in H1FY25), while Offers for Sale (OFS) declined to 46%. In the SME IPO segment, fresh issuance dominated at 94% in H1 FY26.

A total of 54 companies listed on the mainboard in this half, raising Rs 60,991 crore—a 20% increase over last year. Four of these new issuances exceed Rs 3,000 crore IPO size, while the average IPO size stood at Rs 1,129 crore in the mainboard during first half of FY26 (as against average IPO size of Rs 2057 crore for the entire FY25). Sector-wise, consumer discretionary led with 15 listings raising Rs 18,359 crore (30%), followed by financials (4 listings, Rs 14,312 crore, 23%) and industrial (15 listings, Rs 8,708 crore, 14%). Together, these three sectors accounted for 63% of listings and 68% of the proceeds on the mainboard. On the Emerge platform, 68 companies were listed, raising Rs 3,372 crore. The leading sectors were industrial (27 listings, Rs 1,235 crore, 37%), consumer discretionary (14 listings, Rs 805 crore, 24%) and materials (9 listings, Rs 398 crore, 12%). Combined, they represented 74% of listings and 72% of the funds raised on Emerge. Remarkably, the consumer discretionary sector dominated fundraising, combining on both the mainboard and Emerge platform, reflecting strong investor appetite for consumption-linked businesses and economic developments. Collectively, the 122 new listings across both platforms added approximately Rs 4.1 lakh crore in market capitalisation as of September 2025. India's market-cap-to-GDP ratio stood at around 124%, as compared to the estimated levels in the U.S. (≈226%), China (≈67%), Japan (≈178%), and the U.K. (≈96%).

Allocation to RIIs witnessed an increase: In terms of allocation, retail individual investors' (RIIs) share in newly listed mainboard entities increased to 26% in H1FY26 from 19% in entire FY25, while the share of qualified institutional buyers (QIBs) declined to 58% in H1FY26 from 67% in entire FY25. On the NSE Emerge platform, RIIs accounted for 37% of the allocation in H1FY26 (marginally lower than last year), whereas QIBs' share rose slightly to 39% compared with H1FY25.

Fund mobilization trends over the last five years: Over the last five years from FY22 to FY26 (as of September 2025), a total of Rs 70.6 lakh crore was raised via equity and debt, of which Rs 12.3 lakh crore was raised through equity. This highlights the critical role of India's capital markets in fueling capital formation and supporting the country's economic development. In the SME domain, more than 678 companies have so far listed on the Emerge platform, raising Rs 20,238 crore, and 151 of them have subsequently migrated to the mainboard of the exchange. As of September 2025, these SME firms have added a combined market capitalisation of Rs 2.3 lakh crore.

India's IPO market is gearing up for a record October: IPO activity is expected to remain strong in October, with companies set to raise over Rs 40,000 crore, emphasising robust investor appetite in one of the world's most active equity markets. Several big-ticket deals—including Tata Capital Ltd. and LG Electronics India—are stoking confidence that India's stock market can absorb large issuances, even amid mounting U.S. tariff risks. Most notably, the Hyundai Motor India Ltd, which raised Rs 27,859 crore in Oct'24, is the largest ever IPO in India, and is a strong signal of the market's deep liquidity and capacity.

Table 35: Monthly fund mobilisation (Rs crore) through equity and debt in 2025

Segments	Modes	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Equity (Main Board) - Primary markets	Fresh listing	1,204	525	-	-	4,921	7,078	7,464	7,803	5,679
	OFS	874	13,380	-	-	355	1,497	17,096	5,115	3,984
	IPO (Fresh + OFS)	2,078	13,905	-	-	5,276	8,575	24,559	12,918	9,664
	FPO	-	-	-	-	-	-	-	-	-
	Rights	143	617	1,016	48	1,008	6,030	1,698	3,149	1,349
	Preferential	3,997	2,439	5,360	42,644	2,370	3,649	4,028	2,763	4,101
	QIPs	3,961	-	5,368	5,969	110	10,106	30,539	1,202	2,000
Equity (SME) - Primary markets	Fresh listing	295	519	266	121	218	837	565	791	643
	OFS	48	87	12	37	3	11	40	53	55
	IPO (Fresh + OFS)	342	607	278	157	222	848	604	843	698
	FPO	-	-	-	-	-	-	-	-	-
	Rights	-	-	-	7	-	49	40	-	35
	Preferential	263	190	72	90	268	199	161	86	139
	QIPs	-	-	-	25	-	-	70	-	85
Secondary markets	OFS	5,407	-	23	4,086	3,860	354	35	828	1,304
Total equity raised		16,191	17,756	12,117	53,026	13,114	29,810	61,733	21,790	19,375
InvITS	Fresh listing	1,578	-	-	-	-	-	1,300	-	-
	Rights	-	-	-	-	-	-	-	-	-
	Preferential	5,501	-	3,286	-	-	-	-	-	-
	QIPs	-	-	5,455	-	-	-	-	-	-
REITs	Fresh listing	-	-	-	-	-	-	-	4,800	-
	Rights	-	-	-	-	-	-	-	-	-
	Preferential	-	-	613	-	-	-	-	-	1,000
	QIPs	-	-	-	-	-	-	-	-	-
Total business trusts raised		7,079	-	9,353	-	-	-	1,300	4,800	1,000
Debt	CPs	42,634	73,052	96,055	87,828	67,395	88,460	74,483	65,826	1,04,444
	NCDs (Private)	44,380	49,875	88,649	55,299	58,408	62,952	27,879	20,593	47,088
	NCDs (Public)	-	-	184	700	-	-	1,000	174	-
Total debt raised		87,014	1,22,927	1,84,888	1,43,827	125,803	1,51,412	1,03,362	86,593	1,51,532
Total fund mobilisation		1,10,285	1,40,684	2,06,357	1,96,853	1,38,917	1,81,222	1,66,395	1,13,182	1,71,907

Source: NSE EPR. Note: Debt issuances include reissuances.

Table 36: Quarterly trends for IPO on mainboard and Emerge platform

Period	Mainboard		Emerge platform	
	No of issuances	Amount (Rs crore)	No of issuances	Amount (Rs crore)
Q1FY24	4	5,864	21	709
Q2FY24	23	16,580	36	1,094
Q3FY24	27	25,937	43	1,354
Q4FY24	21	12,990	38	1,464
Q1FY25	13	16,618	39	1,351
Q2FY25	26	34,403	69	2,883
Q3FY25	30	95,513	32	1,650
Q4FY25	10	15,983	23	1,227
Q1FY26	9	13,851	24	1,226
Q2FY26	45	47,140	44	2,146

Source: NSE.

Table 37: Top 10 IPOs on Mainboard during first half of FY26

Name of the company	Fresh Issuances (Rs crore)	Offer for sales (Rs crore)	Total raised (Rs crore)	Offer Price (Rs)	Listing Gain (%)	Market Cap (Rs Crore)
HDB Financial Services Limited	2,500	10,000	12,500	740	13%	62,242
JSW CEMENT LIMITED	1,600	2,000	3,600	147	4%	18,799
Schloss Bangalore Limited	2,500	1,000	3,500	435	-7%	13,792
Anthem Biosciences Limited	-	3,395	3,395	570	27%	42,750
Ather Energy Limited	2,626	355	2,981	321	2%	21,431
Aegis Vopak Terminals Limited	2,800	-	2,800	235	-6%	28,861
Belrise Industries Limited	2,150	-	2,150	90	11%	14,013
Vikram Solar Limited	1,500	579	2,079	332	2%	11,425
Travel Food Services Limited	-	2,000	2,000	1100	2%	17,429
Urban Company Limited	472	1,428	1,900	103	58%	24,034

Source: CMIE Prowess, NSE EPR.

Note: Data for market capitalisation is as of September 30th, 2025.

Table 38: Top 10 IPOs on Emerge platform during first half of FY26

Name of the company	Fresh Issuances (Rs crore)	Offer for sales (Rs crore)	Total raised (Rs crore)	Offer Price (Rs)	Listing Gain (%)	Market Cap (Rs Crore)
Safe Enterprises Retail Fixtures Limited	170	-	170	138	9%	857
FlySBS Aviation Limited	103	-	103	225	90%	900
Pushpa Jewellers Limited	79	20	99	147	-24%	325
Virtual Galaxy Infotech Limited	93	-	93	142	27%	440
Connplex Cinemas Limited	90	-	90	177	10%	383
Monolithisch India Limited	82	-	82	143	62%	929
Ecoline Exim Limited	61	15	76	141	0%	288
Studio LSD Limited	59	15	74	54	-20%	98
Shri Ahimsa Naturals Limited	50	24	74	119	18%	520
Neptune Petrochemicals Limited	73	-	73	122	9%	392

Source: CMIE Prowess, NSE EPR.

Note: Data for market capitalisation is as of September 30th, 2025.

Table 39: Annual trend of fund mobilisation (Rs crore) during the last five years

Segments	Modes	FY22	FY23	FY24	FY25	FY26
Equity (Main Board) - Primary markets	Fresh listing	40,641	14,359	28,763	57,639	32,944
	OFS	70,979	38,080	32,611	1,04,878	28,047
	Fresh listing + OFS	1,11,620	52,440	61,374	1,62,517	60,991
	FPO	-	4,300	-	18,000	-
	Rights	25,555	5,267	13,437	15,670	13,281
	Preferential allotment	57,883	80,952	34,549	62,688	59,554
	QIPs	31,441	8,212	66,891	1,28,488	49,926
Equity (SME) - Primary markets	Fresh listing	481	1,181	4,348	6,695	3,175
	OFS	23	149	273	416	198
	Fresh listing + OFS	504	1,330	4,622	7,111	3,372
	FPO	-	-	27	150	-
	Rights	355	149	120	426	131
	Preferential allotment	79	119	371	1,668	944
	QIPs	-	-	80	215	180
Secondary markets	OFS	14,210	11,033	21,769	29,077	10,467
Total equity raised		2,41,646	1,63,803	2,03,239	4,26,010	1,98,847
InvITs	Fresh listing	13,841	1,166	10,868	1,578	1,300
	Rights	1,284	-	5,629	1,715	-
	Preferential allotment	-	1,088	8,978	10,382	-
	QIPs	-	1,216	6,850	5,455	-
REITs	Fresh listing	-	-	3,200	-	4,800
	Rights	-	-	-	-	-
	Preferential allotment	950	-	400	1,841	1,000
	QIPs	-	-	2,305	3,500	-
Total business trusts raised		16,075	3,470	38,230	24,471	7,100
Debt	CPs	8,31,120	7,03,755	5,90,582	7,70,812	4,88,436
	NCDs (Private)	3,58,911	5,09,338	5,40,350	6,44,372	2,72,219
	NCDs (Public)	5,398	4,343	11,145	3,259	1,874
Total debt raised		11,95,428	12,17,436	11,42,077	14,18,443	7,62,529
Total fund mobilisation		14,53,148	13,84,709	13,83,547	18,68,924	9,68,476

Source: NSE EPR.

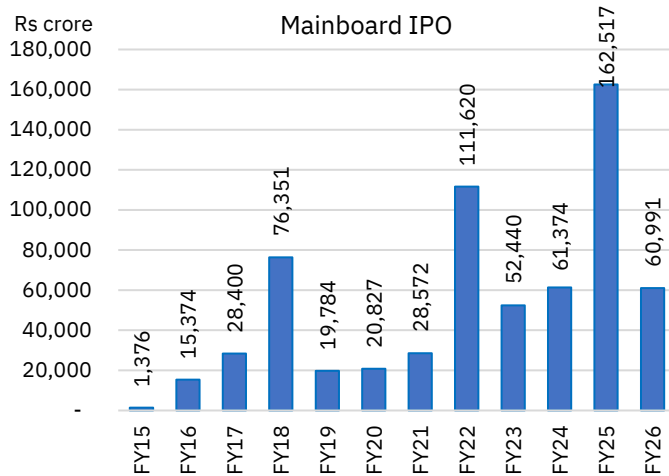
Notes:

1.Data for initial public offering includes issuances on Mainboard and Emerge platform.

2.Debt issuances include reissuances.

3.Data for FY26 is as of Sep'25.

Figure 232: Annual trend on equity raised through IPOs on Mainboard



Source: NSE EPR. Note: Data for FY26 is as of Sep'25.

Figure 233: Annual trend on equity raised through SME IPOs on Emerge platform

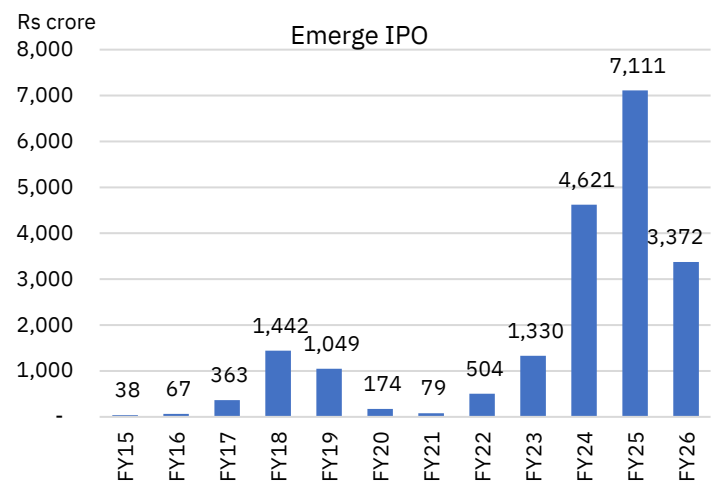


Figure 234: Sector wise fund raising for mainboard IPO in FY26 (as of Sep 2025)

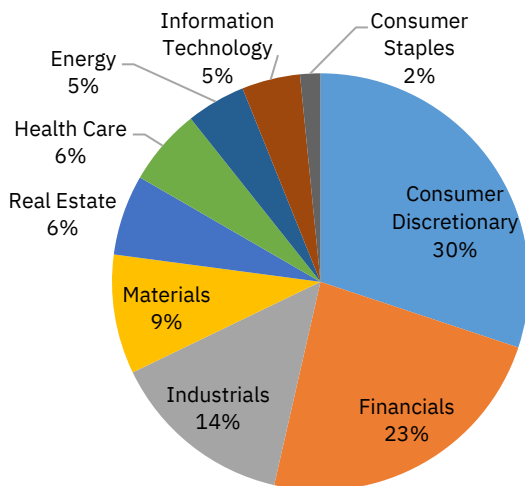
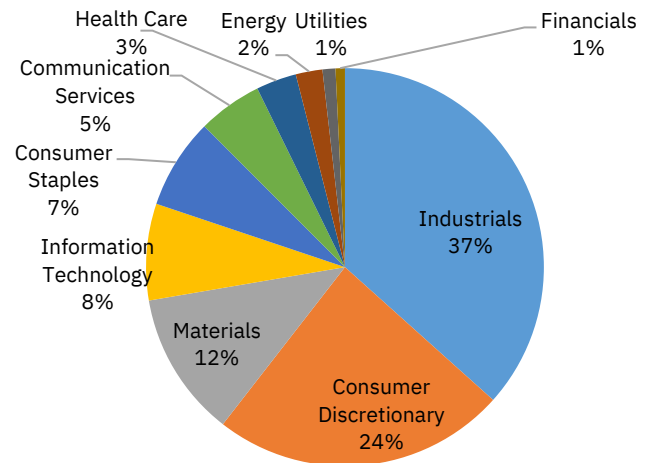
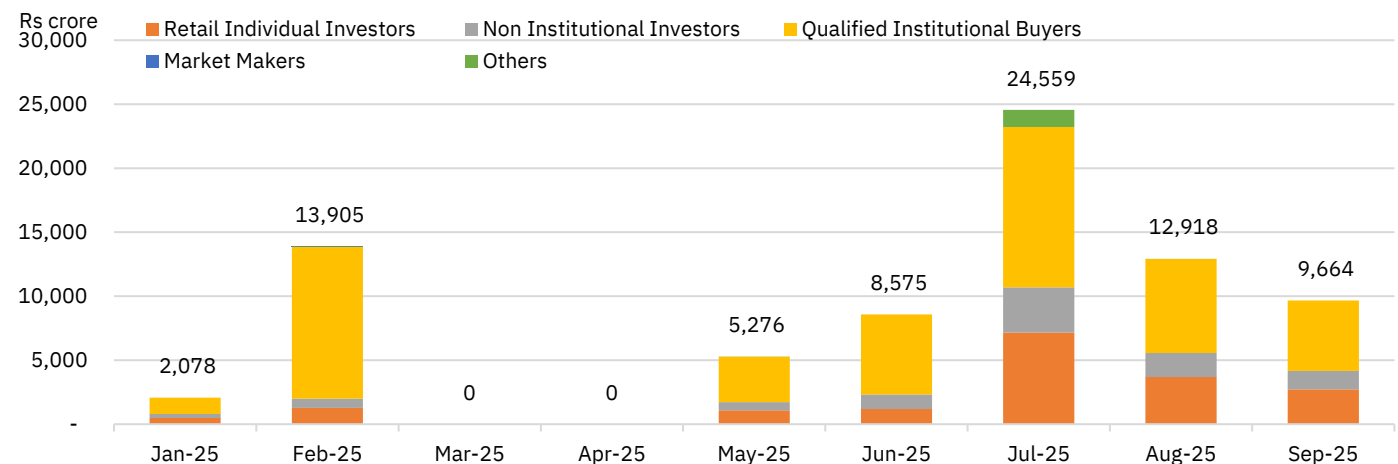


Figure 235: Sector wise fund raising for SME IPO in FY26 (as of Sep 2025)

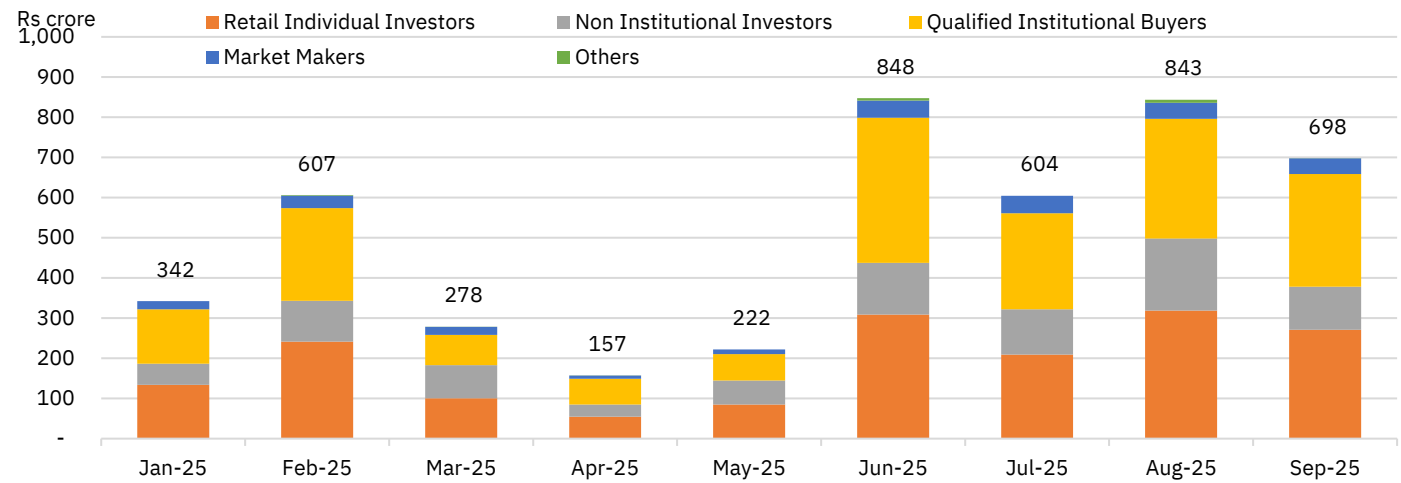


Source: NSE EPR.

Figure 236: Monthly trend of IPO allocation (Rs crore) to investors for mainboard in 2025



Source: NSE EPR.

Figure 237: Monthly trend of IPO allocation (Rs crore) to investors for Emerge platform in 2025


Source: NSE EPR.

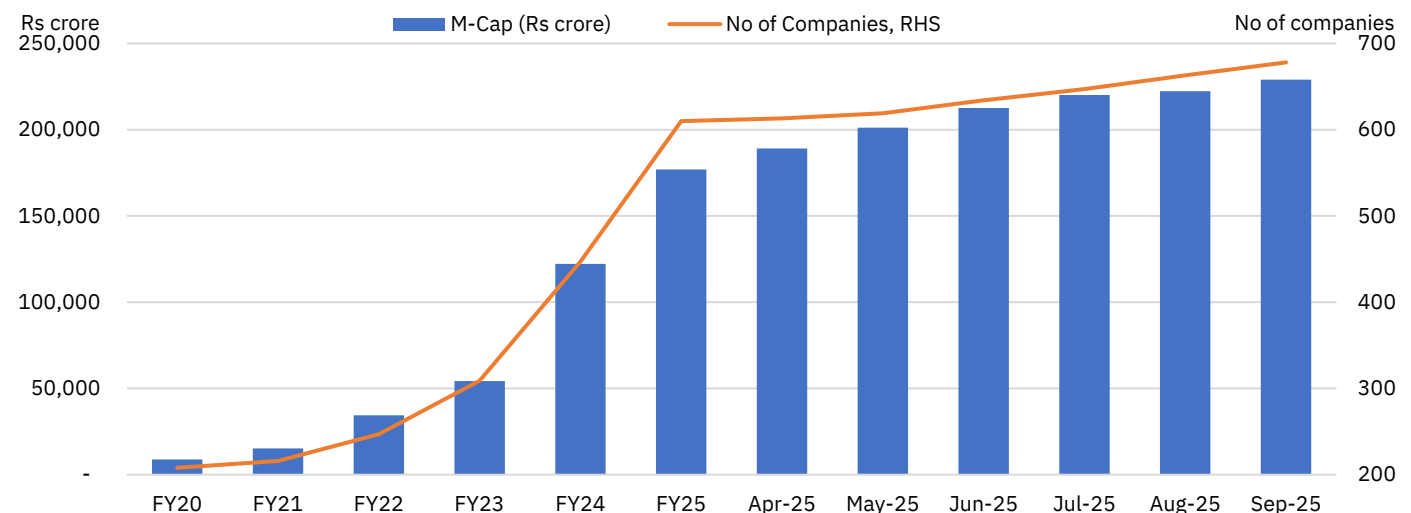
Table 40: Top 10 state-wise issuance on Emerge platform since inception

State	No of listings	Issue size (Rs crore)	Market cap (Rs crore)
Maharashtra	189	5,414	51,038
Gujarat	174	4,508	51,052
NCT of Delhi	92	3,274	45,725
West Bengal	41	1,306	10,946
Tamil Nadu	23	1,102	9,606
Rajasthan	31	856	13,570
Madhya Pradesh	32	837	12,574
Karnataka	16	635	5,779
Telangana	19	490	2,091
Haryana	15	462	3,875
Others	46	1,354	22,757
Grand Total	678	20,238	2,29,012

Source: CMIE Prowess, NSE EPR.

Notes: 1. Market cap values are as on September 30th, 2025.

2. Above data includes companies that have migrated to Mainboard of the exchange.

Figure 238: Annual trend of listings and market capitalization on NSE Emerge (SME Platform)


Source: CMIE Prowess, NSE EPR.

Notes: 1. Market cap is as on the last working day for the period.

Eligibility requirements and allocation criteria for mainboard IPOs

Regulation 6(1) and 6(2) of the SEBI ICDR Regulations lay down the framework for initial listing of companies on the main board.

Eligibility criteria for an issuer to make an initial public offering under regulation 6(1):

- Net tangible assets of at least Rs 3 crore in each of the preceding three full years (of twelve months each), of which not more than 50% are held in monetary assets
- Average operating profit of at least Rs 15 crore during the preceding three years (of twelve months each), with operating profit in each of these preceding three years
- Net worth of at least Rs 1 crore in each of the preceding three full years (of twelve months each)
- In case of name change in the last one year, at least 50% of the revenue for the preceding one full year has been earned by it from the activity indicated by its new name.

Note: The thresholds mentioned above are based on restated and consolidated figures.

For issuers satisfying the eligibility criteria under regulations 6(1), the following allotment criteria would apply.

- Minimum allotment to Retail and NII is 35% and 15%, respectively. Allotment to QIBs is capped at 50%, 5% of which shall be allocated to mutual funds.

Regulation 6(2) of the ICDR Regulations specifically allows issuer companies who do not satisfy the asset/net worth/operating profit criteria listed under Regulation 6(1) to make an initial public under. This is subject to a minimum allotment of 75% to qualified institutional buyers ("QIBs") and refund of the full subscription money if it fails to do so. Such issues are mandatorily required to be made through the book-building process. Accordingly, maximum allotment to Retail and NII for IPO issuances under Regulation 6(2) is capped at 10% and 15% respectively.

Please refer the SEBI's ICDR regulations for more details.

2. Above data includes companies that have migrated to Mainboard of the exchange.

Investor participation: NSE registered investor base crossed 12 crore

Region-wise distribution of total registered investors

NSE's registered investor base surpassed the 12-crore mark: NSE's registered investor base has reached a significant milestone, crossing 12 crore unique investors as of September 2025. New registrations improved compared with the previous month, with 12.8 lakh investors added in September, though this remains below the FY26TD peak additions of 15.1 lakh recorded in July 2025. On a MoM basis, monthly new investor registrations rose by a modest 3.7%, yet they are still 41% lower compared with the same month last year.

During the first half of FY26 (April–September 2025), new investor additions have grown in most months, except for April and August, when tariff-related shocks and broader global headwinds weighed on market sentiment and investor confidence. Despite these setbacks, incremental one crore investors were added in just eight months. That said, momentum has slowed meaningfully: so far in FY26, monthly additions have averaged 12.3 lakh, down sharply from 19.8 lakh during the same period last year.

Over a longer horizon, the structural deepening of the investor base has accelerated meaningfully. In the past five years, the registered investor base has expanded more than threefold, driven by rapid digitization, the proliferation of fintechs, supportive policy measures, and combined efforts by the regulator, MIIs, and the Government to strengthen financial literacy and inclusion.

Regionally, the composition of investors has evolved as well. North India, which overtook West India in 2022, has steadily increased its lead and now accounts for 36.5% of the total (4.4 crore investors), followed by West India with 29.8% (3.6 crore) and South India with 20.8% (2.5 crore). East India, while expanding, still trails with a 12% share (1.5 crore investors) as of September 2025.

Figure 239: Trend of region wise total unique registered investors

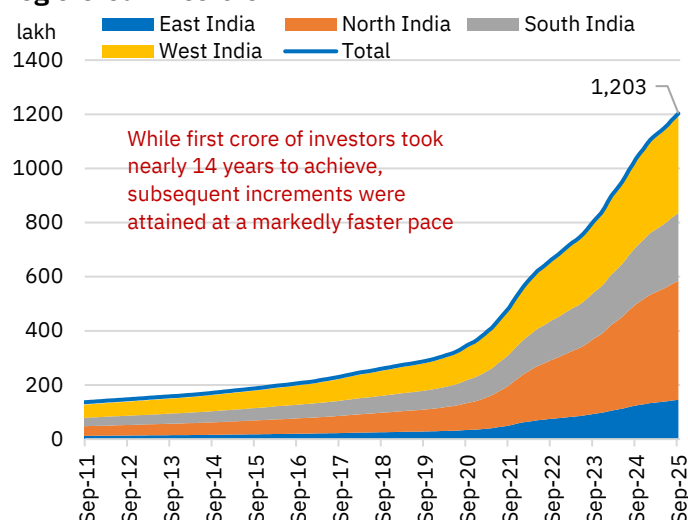
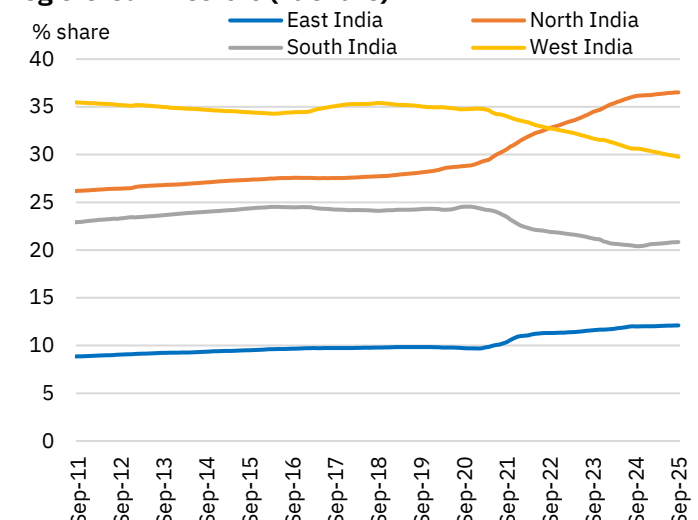


Figure 240: Trend of region wise total unique registered investors (% share)



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, Daman & Diu, Goa, Dadra & Nagar Haveli; North India includes Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Haryana, Delhi, Punjab, Jammu & Kashmir, Himachal Pradesh, Chandigarh, Ladakh and Rajasthan; South India includes Telangana, Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Pondicherry, Lakshadweep and Andaman & Nicobar.

Table 41: Region-wise distribution of total unique registered investors (in lakh) at end of each fiscal year

Region	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26TD
East India	24.1	27.0	30.4	39.3	65.7	82.8	107.7	135.8	145.6
North India	68.2	76.7	88.4	117.6	189.4	243.5	324.0	409.6	439.3
South India	59.7	66.6	75.1	97.0	132.5	157.3	189.2	232.9	250.7
West India	87.2	96.7	108.4	139.0	198.1	234.8	286.0	341.0	357.9
Others [#]	7.8	7.8	7.7	7.5	8.0	8.4	9.0	8.6	9.5
Total	247.0	274.9	310.0	400.3	593.7	726.9	915.8	1127.9	1203.1

Source: NSE EPR.

Note: Data for FY26TD is as of September 2025. [#]Others include Army Personnel Officers and investors for whom state mapping is unavailable

Maharashtra remains the largest contributor to the investor base: Maintaining its lead, Maharashtra continues to hold the highest share of registered investors at 16.0%, with a base of 1.9 crore investors as of September 2025. The state recorded 11.4% YoY and 0.8% MoM growth. However, the pace of expansion in its investor base has gradually moderated. Over the past three years, Maharashtra's unique investor base has grown at an annualized rate of 16.3%, significantly slower than the 21.9% CAGR in India's overall registered investor base during the same period. This sustained deceleration has also led to a gradual decline in Maharashtra's share of the national investor pool — down from 18.2% in FY23 to 16.0% as of September 2025.

Uttar Pradesh consolidates its second place; Gujarat remains third: Uttar Pradesh retained its position as the second-largest contributor with a 1.4 crore registered investor base as of September 2025. Notably, the pace of new investor additions in the state has accelerated — while earlier it took 7–8 months to add every 10 lakh investors, it now takes only about 5 months, enabling the state to firmly secure its second rank. Gujarat is the only other state with more than 1 crore registered investors. Beyond these top three, there is a significant gap, with West Bengal and Rajasthan ranking fourth and fifth with 71 lakh and 68.8 lakh investors, respectively. That said, several other states such as Bihar and Madhya Pradesh have recorded a sharp surge in investor registrations, indicating a broadening of the retail investor base beyond the traditional strongholds. This shift points to improving investor confidence and deeper market penetration.

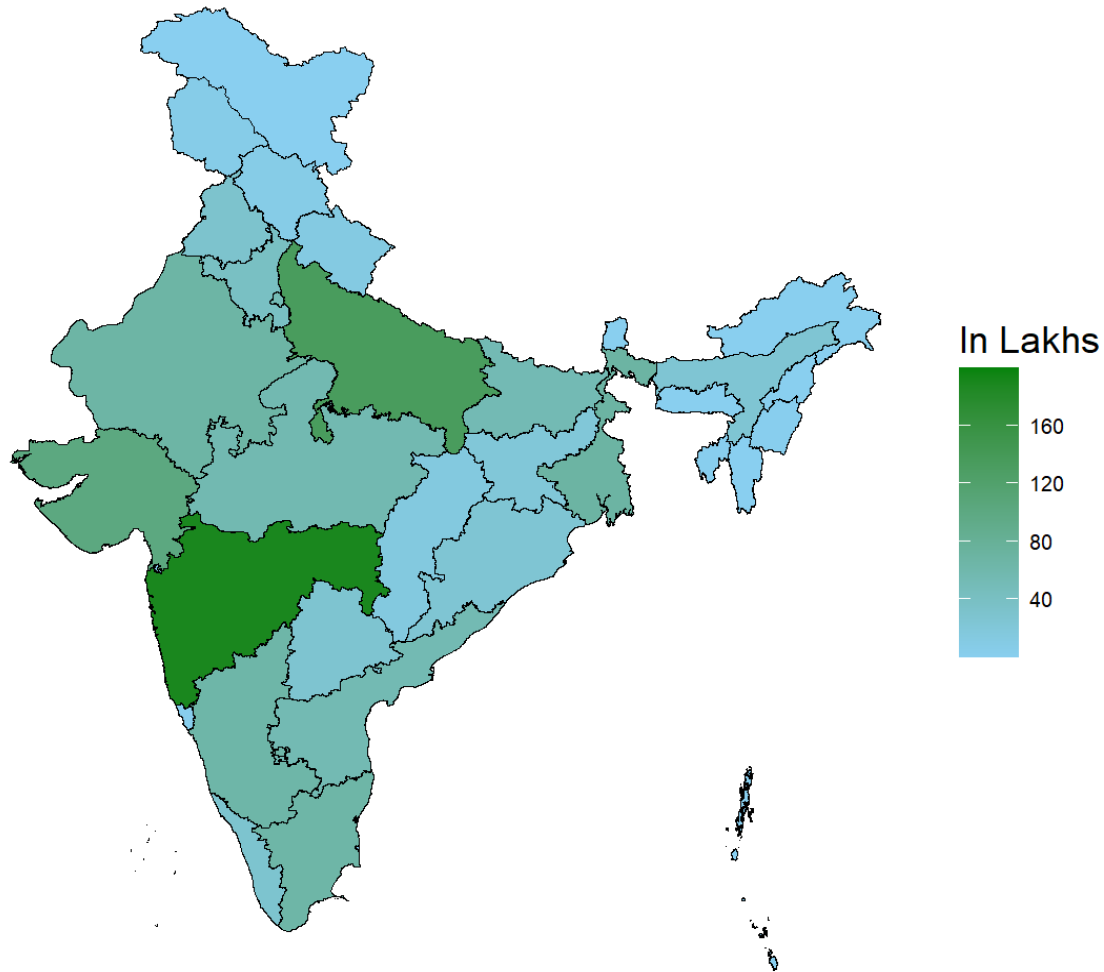
Table 42: State-wise distribution of total unique registered investors at end of each fiscal year

States	FY15		FY20		FY25		FY26TD*	
	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)
Maharashtra	3,575	19.9	5,963	19.2	18,376	16.3	19,245	16.0
Uttar Pradesh	1,248	6.9	2,302	7.4	12,827	11.4	13,879	11.5
Gujarat	2,055	11.4	3,797	12.2	9,939	8.8	10,399	8.6
West Bengal	1,175	6.5	1,990	6.4	6,614	5.9	7,100	5.9
Rajasthan	667	3.7	1,328	4.3	6,454	5.7	6,880	5.7
Tamil Nadu	1,287	7.2	2,182	7.0	6,261	5.6	6,738	5.6
Karnataka	1,165	6.5	1,949	6.3	6,239	5.5	6,664	5.5
Madhya Pradesh	518	2.9	984	3.2	5,460	4.8	5,810	4.8
Andhra Pradesh	1,002	5.6	1,581	5.1	5,137	4.6	5,648	4.7
Bihar	294	1.6	670	2.2	5,085	4.5	5,514	4.6
Delhi	1,197	6.7	1,853	6.0	4,922	4.4	5,165	4.3
Haryana	531	3.0	971	3.1	3,845	3.4	4,063	3.4
Punjab	389	2.2	704	2.3	2,991	2.7	3,218	2.7
Kerala	583	3.2	942	3.0	2,817	2.5	3,054	2.5
Telangana	279	1.6	813	2.6	2,694	2.4	2,812	2.3
Assam	109	0.6	221	0.7	2,527	2.2	2,664	2.2
Orissa	250	1.4	494	1.6	2,446	2.2	2,638	2.2
Jharkhand	258	1.4	444	1.4	1,989	1.8	2,150	1.8
Chhattisgarh	129	0.7	252	0.8	1,422	1.3	1,523	1.3
Uttarakhand	123	0.7	234	0.8	1,194	1.1	1,279	1.1
Himachal Pradesh	60	0.3	123	0.4	759	0.7	812	0.7
Jammu & Kashmir	65	0.4	112	0.4	651	0.6	712	0.6
Goa	48	0.3	82	0.3	250	0.2	265	0.2
Chandigarh	63	0.3	100	0.3	245	0.2	255	0.2
Tripura	13	0.1	24	0.1	184	0.2	200	0.2
Manipur	5	0.0	18	0.1	125	0.1	139	0.1
Pondicherry	22	0.1	41	0.1	115	0.1	122	0.1
Meghalaya	6	0.0	12	0.0	76	0.1	86	0.1
Nagaland	3	0.0	8	0.0	62	0.1	71	0.1
Arunachal Pradesh	2	0.0	6	0.0	58	0.1	66	0.1
Dadra & Nagar Haveli	6	0.0	9	0.0	48	0.0	49	0.0
Sikkim	3	0.0	7	0.0	42	0.0	46	0.0
Andaman & Nicobar Islands	3	0.0	5	0.0	29	0.0	32	0.0
Mizoram	1	0.0	3	0.0	26	0.0	30	0.0
Daman & Diu	4	0.0	6	0.0	24	0.0	25	0.0
Ladakh	0	0.0	0	0.0	2	0.0	4	0.0
Lakshadweep	0	0.0	0	0.0	2	0.0	3	0.0
Others	823	4.6	773	2.5	853	0.8	947	0.8
Total	17,960	100.0	31,004	100.0	1,12,791	100.0	1,20,308	100.0

Source: NSE EPR.

Note: Data for FY26TD is as of September 2025.

Figure 241: State-wise distribution of registered investors as of September 2025



Source: NSE EPR.

Note: The maps above are created using the state-level shapefile from <https://geographicalanalysis.com/gis-blog/download-free-india-shapefile-including-kashmir-and-ladakh/>

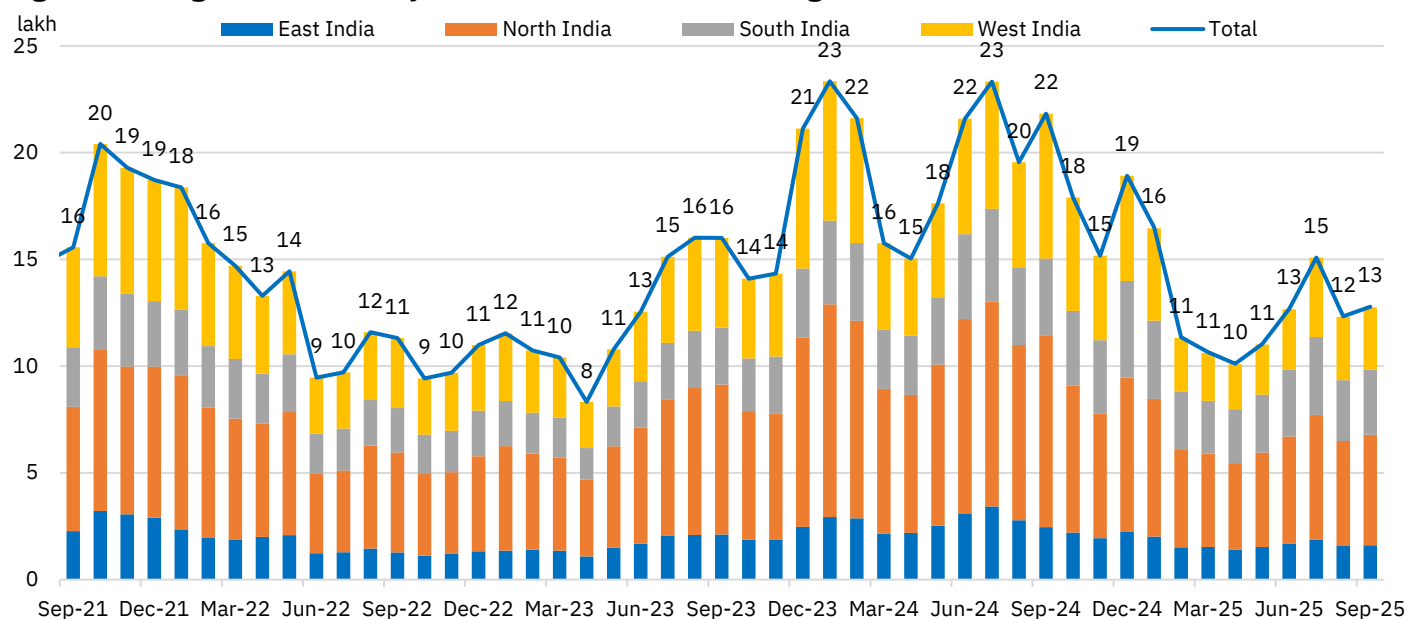
Region-wise distribution of new investor registrations

New investor additions moderated to the slowest pace so far in FY26: In September 2025, 12.8 lakh new investors were added, slightly higher than 12.3 lakhs in August but well below the near-term peak of 15.1 lakhs in July 2025. Regional momentum was mixed — all regions posted sequential gains except West India, where new registrations declined 1.5% MoM, driven predominantly by a sharp 15.6% MoM contraction in Gujarat. Cumulatively, 74 lakh new investors have been added in FY26 to date, a substantial deceleration relative to the 1.2 crore registrations during the corresponding period last year. At the state level, Uttar Pradesh contributed the largest share of September's new registrations (14.7%), followed by Maharashtra (11.3%), Tamil Nadu (6.6%), Gujarat (6.3%), and West Bengal (6.2%) — collectively accounting for 45% of the month's incremental investor additions.

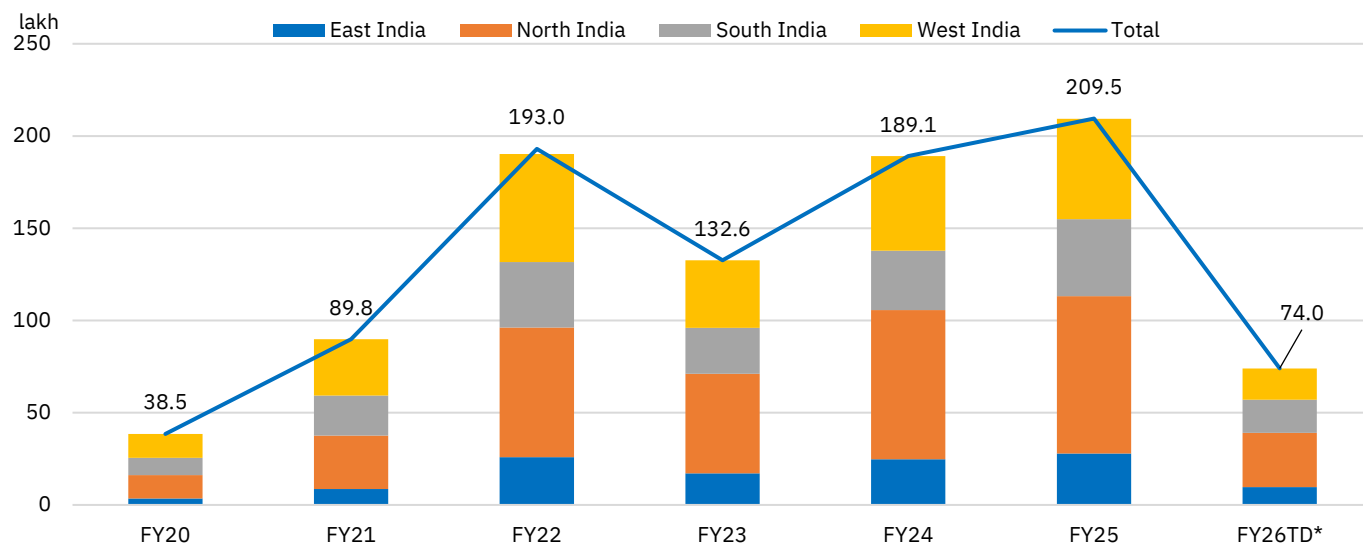
Uttar Pradesh retains leadership; Tamil Nadu advanced to third position, surpassing Gujarat: Uttar Pradesh remained the largest contributor to new investor registrations, adding 1.9 lakh investors in September 2025, a 7.8% MoM increase. Nevertheless, the state's average monthly additions in FY26 to date (April-September 2025) stand at 1.7 lakh, markedly lower than the 2.9 lakh average during the comparable period of FY25 — a contraction of 39.6% YoY.

Maharashtra maintained its position as the second-largest contributor with 1.4 lakh new registrations in September, while Tamil Nadu moved into the third position, displacing Gujarat, after adding 84.5k investors — a 5.2% MoM increase. In contrast, Gujarat experienced its second consecutive monthly decline, leading to a loss of rank amid a sharp slowdown in additions. Collectively, the top five states posted a 3.4% MoM rise in new investor registrations during September, while the rest of the country expanded at a faster 3.9% MoM, underscoring the ongoing geographic diversification of India's retail investor base beyond the traditional strongholds.

Figure 242: Region-wise monthly distribution of new investor registrations



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, Daman & Diu, Goa, Dadra & Nagar Haveli; North India includes Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Haryana, Delhi, Punjab, Jammu & Kashmir, Himachal Pradesh, Chandigarh, Ladakh and Rajasthan; South India includes Telangana, Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Pondicherry, Lakshadweep and Andaman & Nicobar.

Figure 243: Region-wise distribution of new investors registered each financial year


Source: NSE EPR. * Data for FY26TD is for the period April to September 2025.

Table 43: Number of new investors registered (in '000) in the top 25 states

State	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Uttar Pradesh	143.1	156.8	177.3	201.3	174.2	187.8
Maharashtra	116.7	127.5	154.7	178.9	135.8	144.5
Tamil Nadu	74.5	79.6	89.2	97.1	80.3	84.5
Gujarat	49.0	56.2	68.6	116.1	95.3	80.5
Bihar	60.6	64.8	73.8	83.6	71.7	79.0
West Bengal	69.5	75.7	84.4	92.9	75.5	76.4
Karnataka	59.1	64.0	74.5	84.7	66.6	73.7
Rajasthan	49.9	57.5	68.3	89.4	77.8	72.2
Madhya Pradesh	43.2	49.1	57.1	74.0	62.8	64.1
Andhra Pradesh	46.7	50.6	59.0	73.2	54.6	59.7
Telangana	38.4	42.1	47.8	60.6	45.0	47.1
Delhi	35.4	38.8	43.3	50.4	39.5	42.0
Kerala	32.1	34.2	41.0	47.8	36.9	38.9
Haryana	29.9	32.6	37.2	46.6	36.7	38.4
Punjab	38.2	38.0	41.2	42.2	33.4	36.5
Orissa	26.4	29.0	32.1	35.6	31.8	35.0
Jharkhand	21.8	24.3	26.5	30.5	27.9	27.5
Assam	19.3	22.1	23.4	26.7	22.6	21.1
Chattisgarh	14.8	16.4	18.4	21.1	17.1	18.2
Uttarakhand	11.5	12.5	14.6	16.6	13.7	15.0
Himachal Pradesh	6.9	7.2	8.4	10.1	8.2	8.7
Jammu & Kashmir	8.1	7.5	8.4	10.2	7.8	8.4
Tripura	2.6	2.9	3.3	3.3	2.8	2.8
Goa	2.0	2.0	2.4	3.0	2.1	2.5
Manipur	1.9	2.0	1.9	2.6	2.1	2.3
Others	9.9	10.7	11.7	10.3	11.3	11.6
Total	1011	1104	1269	1509	1233	1278

Source: NSE EPR.

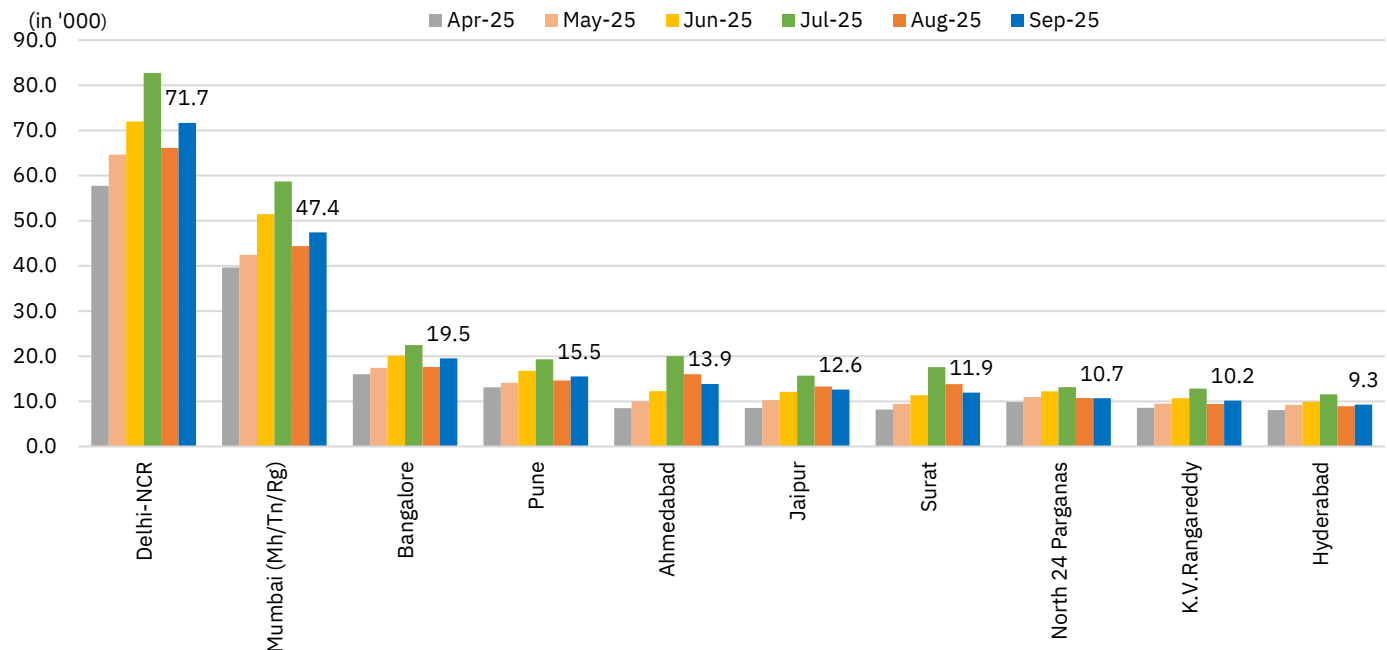
Note: Data for the top 25 states are chosen based on last month's data

Concentration of new investor additions among districts remained stable; Delhi-NCR

leads but growth pace has slowed: In September 2025, the top 10 districts accounted for 17.4% of total new investor registrations, broadly unchanged from August, with Delhi-NCR retaining the highest share at 5.6%, followed by Mumbai at 3.7%. The top 50 districts together contributed 36.2% of total additions, also in line with the previous month. Despite Delhi's continued leadership, its expansion has moderated on a year-to-date basis — average monthly additions in FY26 to date (April–September 2025) were 69,200, significantly lower than the 1.2 lakh monthly average during the same period last year, marking a 42.7% YoY decline.

Collectively, the top 10 districts saw a 3.6% month-on-month (MoM) increase in September. Among them, Bangalore recorded the fastest sequential growth (10.9% MoM), followed by Delhi-NCR (8.4% MoM). In contrast, Ahmedabad and Surat posted sharp declines of 13.5% MoM each, which dragged down Gujarat's overall new investor additions for the month.

Figure 244: Number of new investors registered in top ten districts



Source: NSE EPR.

Note: Date for the top 10 districts are chosen based on latest month.

Investor profile

While new investor registrations slowed, the share of sub-30 aged investors rose in FY26:

While the overall proportion of investors under 30 declined slightly — from 39.5% as of March 2025 to 38% as of September 2025 — the share of new investors in this age group during the first six months of FY26 stood at 55.6%, higher than the figure (53.2%) recorded for the full year FY25. Following a steady increase in the previous four years, the share of young investors (aged 30 and below) has seen a dip over the last three years, falling from 59.1% in FY22 to 53.2% in FY25, before increasing to 55.6% in the first six months of FY26 (Apr-Sep'25). That said, the momentum of new investor registration slowed in FY26, which has led to a slight rise in both the mean and median ages of the overall registered investor base, highlighting a subtle shift in the demographic profile. Meanwhile, the number of registered investors under the age of 40, accounting for more than two-thirds of all registered investors, grew by only 5.5% in the first six months of the current fiscal year, compared to a 14% rise during the corresponding period last year.

Table 44: Distribution of registered individual investor base by age

Age category	Share of registered investor base (%)							
	Mar'19	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Sep'25
Less than 30 years	22.6	23.5	29.4	37.5	38.5	40.0	39.5	38.0
30-39 years	31.1	31.2	30.4	28.9	29.2	29.1	29.6	30.3
40-49 years	20.1	19.7	17.9	15.8	15.6	15.4	15.8	16.3
50- 59 years	13.1	12.6	11	9.1	8.6	8.1	8.0	8.2
60 years and above	13.1	13	11.2	8.7	8.1	7.4	7.1	7.2

Source: NSE EPR.

Note: Only individuals and sole proprietorship firms have been considered in the above table

Table 45: Mean and median age of registered individual investors

Age (years)	Mar'19	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Sep'25
Median	38	38	36	33	33	32	32	33
Mean	41.3	41.1	39.2	36.8	36.4	36.8	35.8	36.2

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table

Table 46: Age distribution of new investors added every year (%)

Age category	Share of registered investor base (%)							
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26TD
Less than 30 years	45.1	52.1	57.8	59.1	58.3	58.8	53.2	55.6
30-39 years	27.0	26.5	25.4	23.9	24.4	23.6	25.7	23.8
40-49 years	12.0	10.7	9.5	10.0	10.4	10.7	12.5	12.3
50- 59 years	8.2	6.0	4.6	4.7	4.5	4.5	5.6	5.5
60 years and above	7.8	4.7	2.7	2.4	2.4	2.4	2.9	2.9

Source: NSE EPR

Note: Only individuals and sole proprietorship firms have been considered in the above table. Data for FY26TD is as of September 2025.

Table 47: Mean and median age of new investors added each year (FY19 – FY26TD)

Age (years)	Mar'19	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Sep'25
Median	31	29	28	27	27	27	29	28
Mean	35.1	32.6	30.7	30.4	30.4	30.3	31.5	30.9

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. Data for FY26TD is as of September 2025.

Female investor comprise nearly one-fourth of the investor base: The share of women in NSE's individual investor base has remained at consistent at 24.6% as of September 2025. Among the top five states by registered investors, Maharashtra leads with women comprising 28.6% of its investor pool as of Sep'25, followed by Tamil Nadu at 28.2%. In contrast, UP, despite being the second-largest state in terms of investor count, falls in the bottom five, with women share at 18.8% of its investor base hovering well below the national average of 24.6%. At the aggregate level, nearly 53% of India's states now have female investor shares above the national average. Smaller states such as Goa (33%), Mizoram (32.4%), Chandigarh (32.2%), and Sikkim (30.7%) rank among the highest in terms of female participation, reiterating the increasing depth of capital market access across the country.

Table 48: State-wise gender share (%) of unique registered investors

States	FY23		FY24		FY25		FY26TD*	
	Female	Male	Female	Male	Female	Male	Female	Male
Andaman and Nicobar Island	19.9%	80.1%	21.0%	79.0%	23.1%	76.9%	23.7%	76.3%
Andhra Pradesh	20.3%	79.7%	21.5%	78.5%	23.2%	76.8%	23.7%	76.3%
Arunachal Pradesh	22.7%	77.3%	23.6%	76.4%	26.3%	73.7%	27.4%	72.6%
Assam	30.9%	69.1%	30.0%	70.0%	29.7%	70.3%	29.6%	70.4%
Bihar	13.8%	86.2%	14.6%	85.4%	15.7%	84.3%	16.0%	84.0%
Chandigarh	30.6%	69.4%	31.0%	69.0%	31.9%	68.1%	32.2%	67.8%
Chhattisgarh	19.1%	80.9%	20.3%	79.7%	22.4%	77.6%	22.9%	77.1%
Dadra and Nagar Haveli	17.8%	82.2%	18.2%	81.8%	19.9%	80.1%	20.2%	79.8%
Daman and Diu	18.7%	81.3%	19.3%	80.7%	20.7%	79.3%	21.0%	79.0%
Delhi	27.6%	72.4%	28.6%	71.4%	30.3%	69.7%	30.7%	69.3%
Goa	30.2%	69.8%	31.0%	69.0%	32.5%	67.5%	33.0%	67.0%
Gujarat	26.6%	73.4%	26.5%	73.5%	27.8%	72.2%	28.0%	72.0%
Haryana	21.6%	78.4%	22.8%	77.2%	24.6%	75.4%	24.9%	75.1%
Himachal Pradesh	16.8%	83.2%	18.2%	81.8%	20.7%	79.3%	21.3%	78.7%
Jammu and Kashmir	13.8%	86.2%	14.3%	85.7%	15.9%	84.1%	16.3%	83.7%
Jharkhand	18.1%	81.9%	18.9%	81.1%	20.6%	79.4%	21.1%	78.9%
Karnataka	24.7%	75.3%	25.8%	74.2%	27.4%	72.6%	27.9%	72.1%
Kerala	25.6%	74.4%	26.2%	73.8%	27.5%	72.5%	27.9%	72.1%
Lakshadweep	10.7%	89.3%	13.3%	86.7%	15.3%	84.7%	15.5%	84.5%
Madhya Pradesh	18.6%	81.4%	20.2%	79.8%	21.8%	78.2%	22.0%	78.0%
Maharashtra	25.6%	74.4%	26.4%	73.6%	28.2%	71.8%	28.6%	71.4%
Manipur	21.9%	78.1%	23.0%	77.0%	24.8%	75.2%	25.5%	74.5%
Meghalaya	25.1%	74.9%	25.1%	74.9%	26.3%	73.7%	26.7%	73.3%
Mizoram	28.2%	71.8%	30.0%	70.0%	31.6%	68.4%	32.4%	67.6%
Nagaland	25.8%	74.2%	26.5%	73.5%	28.5%	71.5%	29.2%	70.8%
Odisha	17.3%	82.7%	18.2%	81.8%	20.0%	80.0%	20.6%	79.4%
Pondicherry	26.5%	73.5%	27.1%	72.9%	28.2%	71.8%	28.6%	71.4%
Punjab	23.2%	76.8%	24.7%	75.3%	26.5%	73.5%	27.1%	72.9%
Rajasthan	18.7%	81.3%	18.9%	81.1%	20.3%	79.7%	20.4%	79.6%
Sikkim	25.8%	74.2%	27.2%	72.8%	29.9%	70.1%	30.7%	69.3%
Tamil Nadu	25.6%	74.4%	26.8%	73.2%	27.8%	72.2%	28.2%	71.8%
Telangana	22.2%	77.8%	23.2%	76.8%	24.8%	75.2%	25.2%	74.8%
Tripura	15.4%	84.6%	16.2%	83.8%	18.1%	81.9%	18.6%	81.4%
Uttar Pradesh	16.9%	83.1%	17.3%	82.7%	18.5%	81.5%	18.8%	81.2%
Uttarakhand	19.3%	80.7%	20.3%	79.7%	22.1%	77.9%	22.6%	77.4%
West Bengal	22.1%	77.9%	22.2%	77.8%	23.2%	76.8%	23.4%	76.6%
India	22.5%	77.5%	23.0%	77.0%	24.3%	75.7%	24.6%	75.4%

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). * Data for FY26TD* is as of September 30th, 2025.

Market activity across segments and investor categories

Turnover across segments: Equity turnover rebounds in September

The overall trading landscape during the first half of FY26 reflected a period of transition, marked by moderation in equities and renewed momentum in select segments. On monthly comparison, equity cash turnover surged 22% MoM to Rs 21.6 lakh crore in September, supported by a higher number of trading days, even as the turnover declined on quarterly and half-yearly terms. The average trade size in equity cash rose 4% MoM to Rs 30,927 per trade, while the number of transactions rose sharply by 17% MoM, as participation rose to 1.18 crore investors who traded during the month. Across the derivatives segment, trading behaviour showed marginal shifts — the average trade size declined by 1% MoM for index futures to Rs 27.9 lakh per trade and 4% MoM for index options premium to Rs 9,049 per trade. Conversely, single stock derivatives saw marginal gains, with average trade sizes rising to Rs 8.6 lakh for stock futures (11-month high) and Rs 12,488 premium per trade for stock options.

Combined, the equity cash and derivatives markets recorded an average of 8.5 crore trades per day, up 4% MoM. During the month, NSE transitioned its index derivatives expiry to Tuesday, effective September 1st — reshaping intraday positioning and expiry-week strategies. This structural shift witnessed a 2.7% MoM increase in Nifty50 daily premium turnover to Rs 37,393 crore in September, that accounted for 88% of total index options daily premium during the month, even as BankNifty, FinNifty, and MidCapNifty contracts witnessed moderation. Futures turnover across all major indices declined, with NiftyNext50 being a notable exception in both futures and options.

Equity cash turnover rises 22% MoM but fell 19% YoY in H1FY26: The monthly turnover in the equity cash segment of the exchange registered a growth of 22% MoM, reaching Rs 21.6 lakh crore in September. This growth partly reflected the higher number of trading days during the month. The average trade size in the equity segment increased by 4% MoM to Rs 30,927 per trade, while the number of transactions surged 17% MoM, indicating rise in investors participation. On an average daily basis, turnover rose by 5% to Rs 98,312 crore in September. However, the quarterly and half-yearly trends painted a relatively subdued picture. During the July–September quarter, overall equity turnover fell by 7% QoQ, while for the first half of FY26, it declined by 19% compared to the same period last year. This moderation in turnover aligns closely with investor participation, which averaged 1.15 crore investors participated monthly during H1FY26, lower than the 1.47 crore recorded in H1FY25.

Top two deciles account for 89% of equity cash turnover: A deeper examination of equity cash turnover based on average market capitalisation reveals a high concentration among top deciles. Notably, the top decile alone accounted for nearly three-fourths of total trading in September, although its share moderated by 100 bps MoM. Remarkably, the top two deciles together represented 89% of total turnover, down 210 bps MoM, indicating a marginal diversification in trading activity beyond the largest stocks. Nonetheless, it highlights the persistent concentration of liquidity in larger-cap scrips while overall trends hinting at a gradual broadening of investor interest across all scrips.

Index and stock futures hit 22-month lows in September; options segment shows resilience: The turnover in equity derivatives mirrored the softening trend, falling 12.1% QoQ in equity futures and 12.2% in equity options premiums during Q2FY26. On a half-year basis, these declines widened to 24.8% and 26% respectively, compared to H1FY25, partly due to the regulatory measures aimed at enhancing investor protection and market stability. On monthly comparison, the average daily turnover for index futures fell sharply by 13% MoM to Rs 22,880 crore, while stock futures declined 5% to Rs 1.14

lakh crore in September—both marking the lowest levels in 22 months. In contrast, index options premiums increased by 2% MoM to Rs 42,424 crore and stock options rising 8% to Rs 6,238 crore during the month. Overall, the combined cash equity and derivatives markets recorded an average of 8.5 crore trades daily in September, up 4% MoM.

Within index derivatives, a key structural development during the month was the change in expiry day for index derivatives contracts, with NSE shifting to Tuesday expiries effective September 1st. This transition coincided with a 2.7% MoM rise in average daily premium turnover for Nifty50 options to Rs 37,393 crore—accounting for nearly 88% of total index options premium turnover—while turnover in BankNifty, FinNifty, and MidCapNifty contracts moderated. Meanwhile, all four major indices recorded a decline in average daily turnover for futures contracts, with NiftyNext50 being the sole exception, registering growth in both futures and options activity.

The average trade size declined marginally by 1% MoM for index futures to Rs 27.9 lakh per trade and by 4% MoM for index options premiums to Rs 9,049 per trade. In contrast, single stock derivatives witnessed marginal growth—average trade size for stock futures rose slightly to Rs 8.6 lakh per trade, marking an 11-month high, while that for stock options increased 3% MoM to Rs 12,488 premium per trade.

Mid-decile stocks gain share as trading broadens in derivatives segment: The decile analysis for single stock futures and stock options indicated a more balanced turnover distribution in September. Notably, the share of the top two deciles declined to 43% in stock futures and 41% in stock options, suggesting a modest diffusion of trading activity. Meanwhile, mid-range deciles showed notable gains. Deciles 3 and 6 each gained 170 basis points share in stock futures, reaching 10.4% and 8.9% of total turnover, respectively. The rise was more pronounced in stock options, where decile 3 gained 310bps to 11.2% and decile 6 surged 370bps to 11.6% during the month. These shifts suggest increasing investor engagement across a broader spectrum of securities, reflecting growing market depth within the derivatives segment.

Currency derivatives decline sharply; interest rate futures show quarterly uptick: The currency derivatives segment recorded a contraction in trading values during the 2nd quarter of FY26, with currency futures and options (premium) declining 21% and 22% QoQ, respectively. On a half-yearly basis, the drop was sharper, with turnover down 44% in futures and 97% in options compared to H1FY25. In contrast, interest rate futures turnover rose 27% QoQ, signaling renewed participation from institutional players, though it fell 41% over the half-yearly comparison.

Electricity futures drive 33x surge in commodity derivatives turnover in Q2FY26: The commodity derivatives market emerged as a key growth driver, with commodity futures turnover surging 33x QoQ in the 2nd quarter of FY26—primarily led by strong traction in the newly introduced electricity futures contracts. This product has quickly gained investor interest, highlighting successful innovation and product diversification. Additionally, the premium turnover in commodity options rose 8% QoQ. On an average daily basis, commodity futures turnover reached Rs 106 crore in September, the highest on record—while options premiums averaged Rs 39 crore, marking a five-month high. The robust performance of commodity derivatives emphasises the market's expanding depth and the growing investor appetite for diversified asset classes.

Table 49: 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
Apr-24	21,20,196	31,58,915	6,93,064	38,51,979	1,55,943	10,84,602	12,40,545	2,17,438	353	1,772	11.7	218.7
May-24	24,67,941	34,64,430	8,06,652	42,71,082	1,86,613	12,84,788	14,71,401	1,05,151	7.9	2,239	12.6	174.2
Jun-24	29,05,226	36,62,528	9,83,344	46,45,873	1,91,370	14,86,308	16,77,678	1,09,312	3.4	2,231	11.0	126.9
Jul-24	30,61,577	38,31,730	8,25,104	46,56,835	1,97,877	13,12,196	15,10,073	45,606	1.5	1,786	11.1	178.1
Aug-24	26,38,157	33,66,229	7,52,883	41,19,112	1,61,998	12,18,678	13,80,676	1,08,395	1.4	1,688	17.5	246.3
Sep-24	25,59,376	34,14,779	7,12,659	41,27,438	1,74,393	11,36,673	13,11,066	64,025	1.1	2,307	28.6	290.2
Oct-24	23,53,098	33,43,153	7,61,218	41,04,371	1,71,991	13,67,433	15,39,425	1,50,597	1.3	2,698	20.1	404.4
Nov-24	19,16,210	26,16,407	6,34,368	32,50,775	1,27,497	10,31,502	11,58,998	1,03,989	1.1	2,238	13.9	262.2
Dec-24	21,85,830	26,64,569	6,33,444	32,98,013	1,41,750	9,60,116	11,01,866	1,52,068	1.2	2,228	16.5	323.6
Jan-25	22,11,851	30,79,845	7,14,628	37,94,473	1,91,949	10,38,533	12,30,482	1,44,809	1.4	2,264	49.2	612.3
Feb-25	18,33,226	25,44,197	6,48,506	31,92,703	1,48,472	8,09,583	9,58,054	98,892	1.1	2,039	28.1	755.1
Mar-25	18,75,160	23,90,587	5,86,218	29,76,805	1,25,339	8,44,112	9,69,451	74,366	1.2	1,817	29.7	1,049.2
Apr-25	19,06,257	26,60,015	7,16,860	33,76,875	1,52,925	9,51,969	11,04,895	74,328	2.0	1,136	45.2	1,129.4
May-25	23,32,568	27,31,553	8,02,210	35,33,763	1,65,481	10,85,911	12,51,392	74,673	2.4	1,038	35.7	561.7
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

Source: NSE EPR.

Premium has been considered for options contracts.

Table 50: 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
Apr-24	1,06,010	1,57,946	34,653	1,92,599	7,797	54,230	62,027	12,080	19.6	98	0.5	9.9
May-24	1,12,179	1,57,474	36,666	1,94,140	8,482	58,399	66,882	5,534	0.39	118	0.5	7.6
Jun-24	1,52,907	1,92,765	51,755	2,44,520	10,072	78,227	88,299	5,753	0.18	117	0.5	6.3
Jul-24	1,39,163	1,74,170	37,505	2,11,674	8,994	59,645	68,640	2,073	0.07	81	0.5	7.7
Aug-24	1,25,627	1,60,297	35,852	1,96,148	7,714	58,032	65,746	5,162	0.07	80	0.8	11.7
Sep-24	1,21,875	1,62,609	33,936	1,96,545	8,304	54,127	62,432	3,201	0.05	115	1.4	13.8
Oct-24	1,06,959	1,51,962	34,601	1,86,562	7,818	62,156	69,974	6,845	0.06	123	0.9	18.4
Nov-24	1,00,853	1,37,706	33,388	1,71,093	6,710	54,290	61,000	5,473	0.06	118	0.7	12.5
Dec-24	1,04,087	1,26,884	30,164	1,57,048	6,750	45,720	52,470	7,241	0.06	106	0.8	15.4
Jan-25	96,167	1,33,906	31,071	1,64,977	8,346	45,154	53,499	6,296	0.06	98	2.1	26.6
Feb-25	91,661	1,27,210	32,425	1,59,635	7,424	40,479	47,903	5,494	0.06	113	1.3	36.0
Mar-25	98,693	1,25,820	30,854	1,56,674	6,597	44,427	51,024	3,914	0.06	96	1.4	50.0
Apr-25	1,00,329	1,40,001	37,729	1,77,730	8,049	50,104	58,152	4,129	0.11	63	2.2	53.8
May-25	1,11,075	1,30,074	38,200	1,68,274	7,880	51,710	59,590	3,734	0.12	52	1.6	25.5
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

Source: NSE EPR.

Premium has been considered for options contracts.

Table 51: Quarterly trend of turnover (Rs crore) across segments

Period	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
Q1FY25	74,93,363	1,02,85,873	24,83,061	1,27,68,934	5,33,926	38,55,698	43,89,624	4,31,896	376	6,242	35	520
Q2FY25	82,59,110	1,06,12,738	22,90,647	1,29,03,385	5,34,269	36,67,547	42,01,816	2,18,026	4	5,781	57	715
Q3FY25	64,55,138	86,24,129	20,29,030	1,06,53,158	4,41,238	33,59,051	38,00,289	4,06,654	4	7,164	50	990
Q4FY25	59,20,237	80,14,629	19,49,352	99,63,981	4,65,760	26,92,228	31,57,988	3,18,068	4	6,119	107	2,417
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	7	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	3,962	5,382	2,409

Source: NSE EPR. # Premium has been considered for options contracts.

Table 52: Quarterly trend of average daily turnover (Rs crore) across segments

Period	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
Q1FY25	1,22,842	1,68,621	40,706	2,09,327	8,753	63,208	71,961	7,577	6.59	110	0.5	8.0
Q2FY25	1,29,049	1,65,824	35,791	2,01,615	8,348	57,305	65,653	3,461	0.06	92	0.9	11.0
Q3FY25	1,04,115	1,39,099	32,726	1,71,825	7,117	54,178	61,295	6,559	0.06	116	0.8	15.5
Q4FY25	95,488	1,29,268	31,441	1,60,709	7,512	43,423	50,935	5,301	0.06	102	1.6	37.2
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

Source: NSE EPR.

Premium has been considered for options contracts.

Table 53: Monthly Trends in decile wise turnover (% share) in equity cash segment

Decile	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
1	78.9	81.6	75.5	78.1	80.8	79.2	80.8	79.5	77.9	74.0	76.4	75.4
2	13.4	11.2	15.5	13.2	12.2	13.7	12.1	14.1	14.6	17.1	15.1	14.0
3	4.0	4.0	5.5	5.3	3.8	3.8	3.3	3.6	4.3	5.2	4.8	5.7
4	1.4	1.1	1.5	1.1	0.9	1.0	0.8	0.7	0.9	1.4	1.5	1.8
5	0.3	0.3	0.5	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3
6	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	0.3	0.3	0.2	0.4	0.4	0.4	0.6	0.4	0.4	0.3	0.4	0.6
10	1.5	1.3	1.1	1.4	1.5	1.5	2.2	1.4	1.5	1.7	1.5	1.9
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: NSE EPR.

Notes: 1..Decile is based on average market capitalization for all scrips.

2. Scrips across all series are considered here for the analysis.

Table 54: Monthly trends in decile wise turnover (% share) in stock future contracts

Decile	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
1	31.2	34.9	31.9	31.6	31.6	30.4	30.5	29.4	28.5	27.8	28.4	27.4
2	13.4	12.9	14.7	14.5	15.2	15.4	13.5	15.6	15.5	14.3	16.3	15.2
3	11.1	13.4	11.0	10.4	10.6	10.4	11.1	9.3	9.2	9.5	8.7	10.4
4	8.9	6.7	8.8	9.5	8.4	8.2	7.9	8.3	9.9	8.5	8.0	7.5
5	8.7	9.2	7.0	7.7	9.0	7.5	8.3	9.4	7.4	9.6	9.4	8.0
6	8.0	5.1	7.7	6.8	6.0	7.4	7.0	7.2	7.4	7.3	7.2	8.9
7	5.5	5.9	4.8	5.9	6.6	6.7	6.1	6.0	6.6	7.5	7.1	6.6
8	5.8	4.9	5.6	4.9	5.1	5.0	6.3	5.4	6.3	6.7	6.1	6.6
9	4.4	3.9	5.0	5.1	4.5	5.4	5.5	4.9	5.3	4.9	4.9	5.4
10	2.9	3.1	3.5	3.6	3.0	3.7	3.9	4.4	3.9	3.9	3.9	4.1
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: NSE EPR.

Note: Decile is based on average market capitalization for scrips.

Table 55: Monthly trends in decile wise (% share) turnover in stock options contracts

Decile	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
1	26.6	30.8	26.3	27.5	26.2	25.6	28.0	26.3	23.8	24.4	23.5	23.7
2	17.0	17.4	17.7	17.6	18.9	19.2	15.2	17.8	17.7	15.6	18.1	17.0
3	12.2	14.8	11.0	10.3	10.4	9.5	10.7	8.6	8.0	7.9	8.1	11.2
4	8.5	6.5	11.0	11.1	8.0	6.6	7.3	7.4	12.3	8.4	8.2	7.1
5	8.6	9.8	6.5	7.3	11.8	8.4	11.1	12.4	7.5	13.0	12.2	7.8
6	9.3	4.2	9.3	8.4	6.3	10.9	7.4	7.9	7.5	6.5	7.9	11.6
7	4.6	4.6	3.8	4.9	5.9	6.8	5.9	5.5	5.6	7.4	6.7	5.4
8	6.1	5.5	5.5	4.5	4.7	3.9	5.4	4.5	7.6	7.2	4.6	5.9
9	4.4	3.6	5.4	5.2	4.8	5.4	5.3	4.9	5.8	4.9	5.8	6.0
10	2.7	2.9	3.5	3.2	2.8	3.7	3.5	4.7	4.2	4.7	4.9	4.1
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: NSE EPR.

Note: Decile is based on average market capitalization for scrips.

Table 56: Monthly trends for trades (in lakh) in equity cash and derivatives segment for NSE

Month	Equity Cash	Equity Futures		Equity Options	
		Index Futures	Stock Futures	Index Options	Stock Options
Apr-24	13,620	84	609	39,302	1,768
May-24	15,361	129	737	45,387	2,120
Jun-24	17,420	147	770	48,356	2,114
Jul-24	19,701	115	801	49,130	2,326
Aug-24	17,768	106	695	47,992	2,198
Sep-24	16,974	98	700	46,155	2,372
Oct-24	16,948	107	700	51,924	2,400
Nov-24	13,732	90	635	37,012	2,061
Dec-24	14,969	86	666	25,691	2,308
Jan-25	17,495	92	816	22,030	2,943
Feb-25	15,481	51	695	15,828	2,364
Mar-25	14,208	47	654	18,088	2,143
Apr-25	13,672	55	697	18,286	2,228
May-25	14,557	61	698	19,666	2,445
Jun-25	14,536	50	670	17,150	2,345
Jul-25	14,614	40	620	19,059	2,155
Aug-25	11,952	35	538	16,748	1,813
Sep-25	13,987	36	587	20,627	2,198

Source: NSE EPR

Note: Data is presented for total trades i.e., no. of buy trades + no. of sale trades.

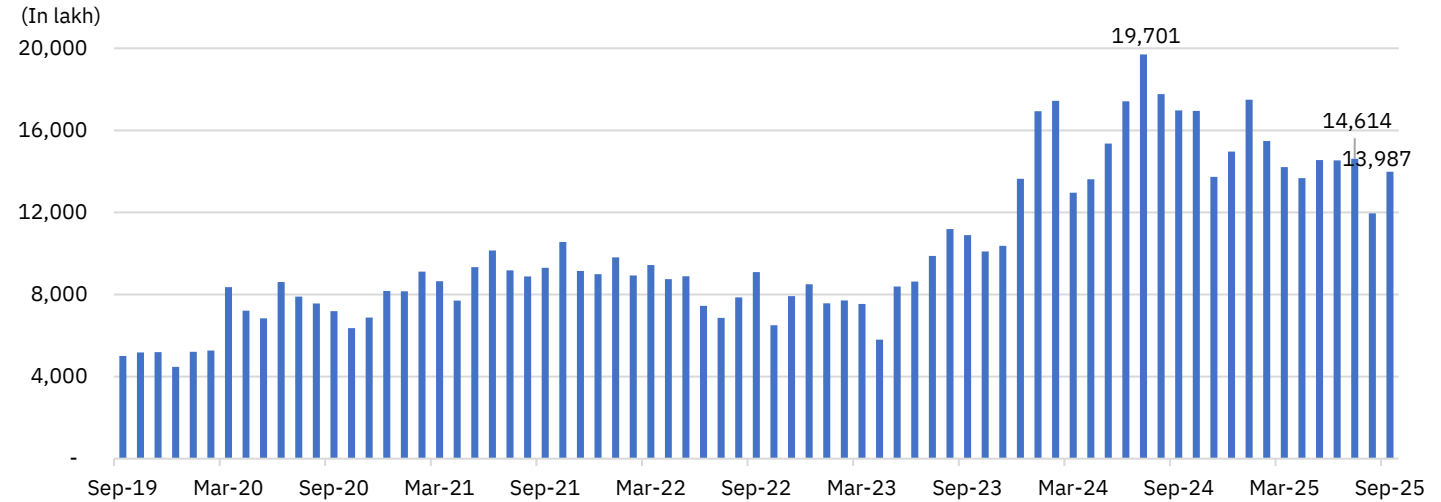
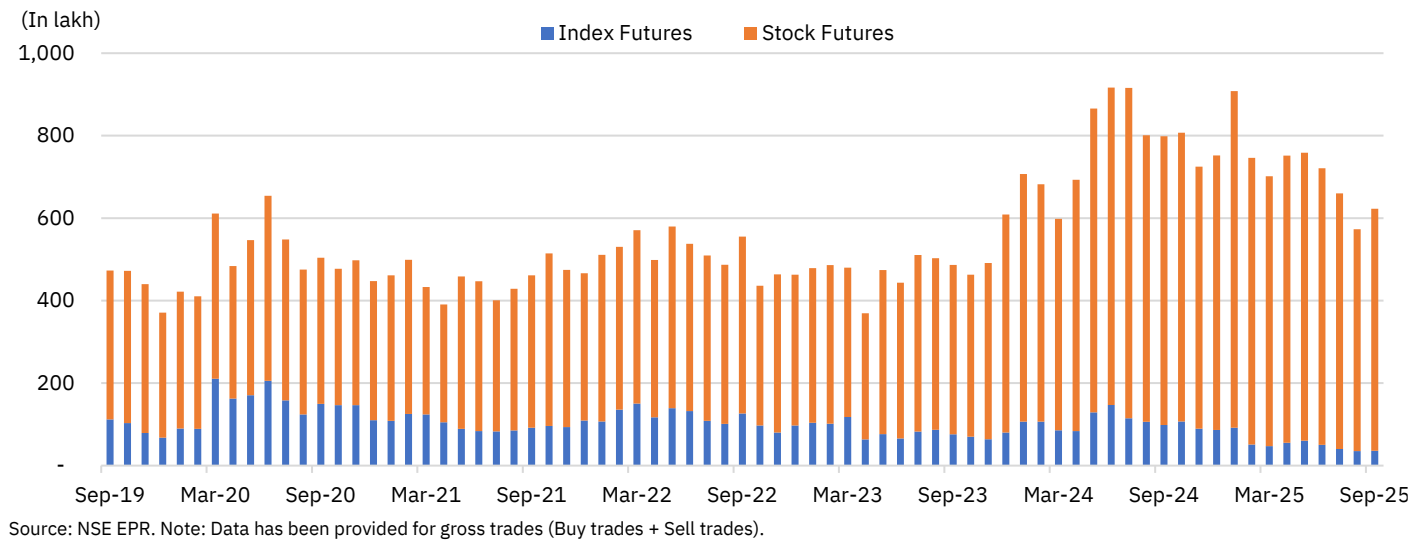
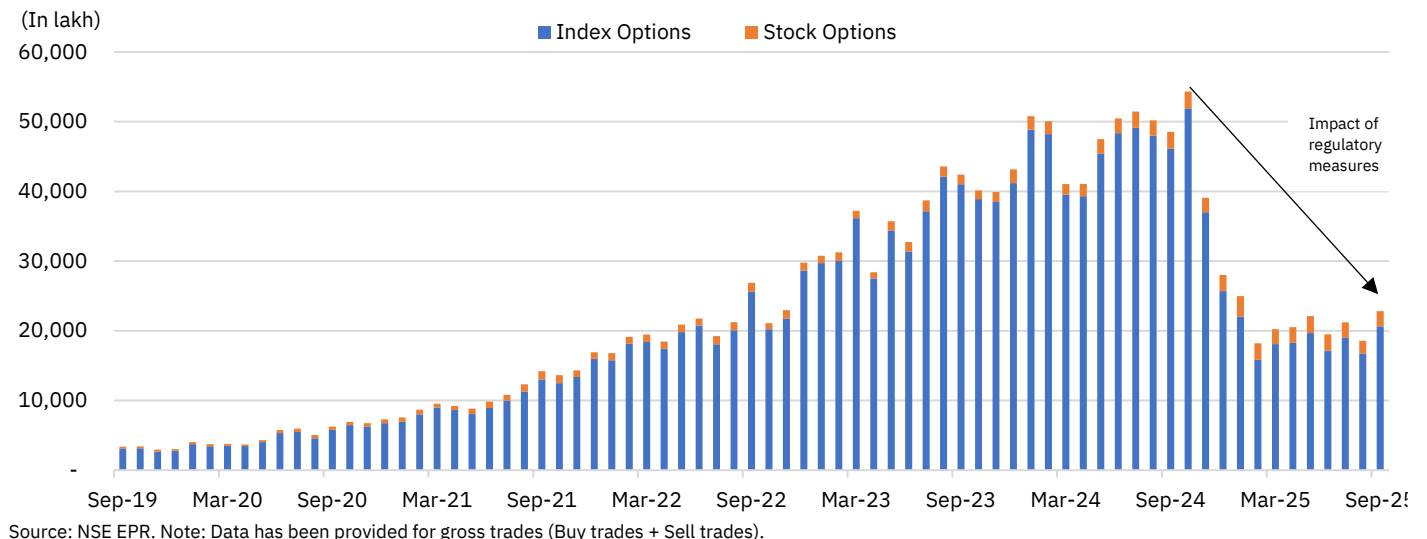
Figure 245: Monthly trend of total trades in NSE cash market segment

Figure 246: Monthly trend of total trades in equity futures

Figure 247: Monthly trend of total trades in equity options


Table 57: Monthly trends for 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) *
Apr-24	53.6	445.3	2.6
May-24	62.4	432.0	2.7
Jun-24	68.0	497.3	3.4
Jul-24	65.9	496.5	2.9
Aug-24	72.1	501.4	2.7
Sep-24	74.2	537.3	2.7
Oct-24	73.4	518.6	2.7
Nov-24	64.6	442.0	2.4
Dec-24	42.3	295.6	2.2
Jan-25	26.3	298.4	2.3
Feb-25	18.2	287.6	2.2
Mar-25	22.4	352.3	2.2
Apr-25	22.7	368.2	2.5
May-25	20.5	348.1	2.4
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

Source: NSE, BSE.

Premium has been considered for options contracts.

Table 58: Monthly trends for average daily activities in equity derivatives for NSE and 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) *
Apr-24	42.5	360.5	2.5	11.1	84.7	0.06
May-24	49.3	332.1	2.6	13.2	99.9	0.07
Jun-24	54.4	388.7	3.3	13.6	108.6	0.09
Jul-24	52.0	380.9	2.8	13.9	115.6	0.08
Aug-24	57.1	377.4	2.6	15.1	124.0	0.08
Sep-24	57.3	393.7	2.6	16.9	143.6	0.10
Oct-24	58.8	398.5	2.6	14.5	120.1	0.09
Nov-24	51.5	335.2	2.3	13.1	106.9	0.08
Dec-24	31.6	209.3	2.1	10.7	86.3	0.09
Jan-25	16.8	192.0	2.2	9.5	106.4	0.12
Feb-25	11.5	184.5	2.1	6.7	103.1	0.12
Mar-25	13.9	223.6	2.1	8.5	128.6	0.13
Apr-25	13.8	229.6	2.4	8.9	138.6	0.16
May-25	12.7	221.0	2.3	7.8	127.1	0.16
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

Source: NSE, BSE.

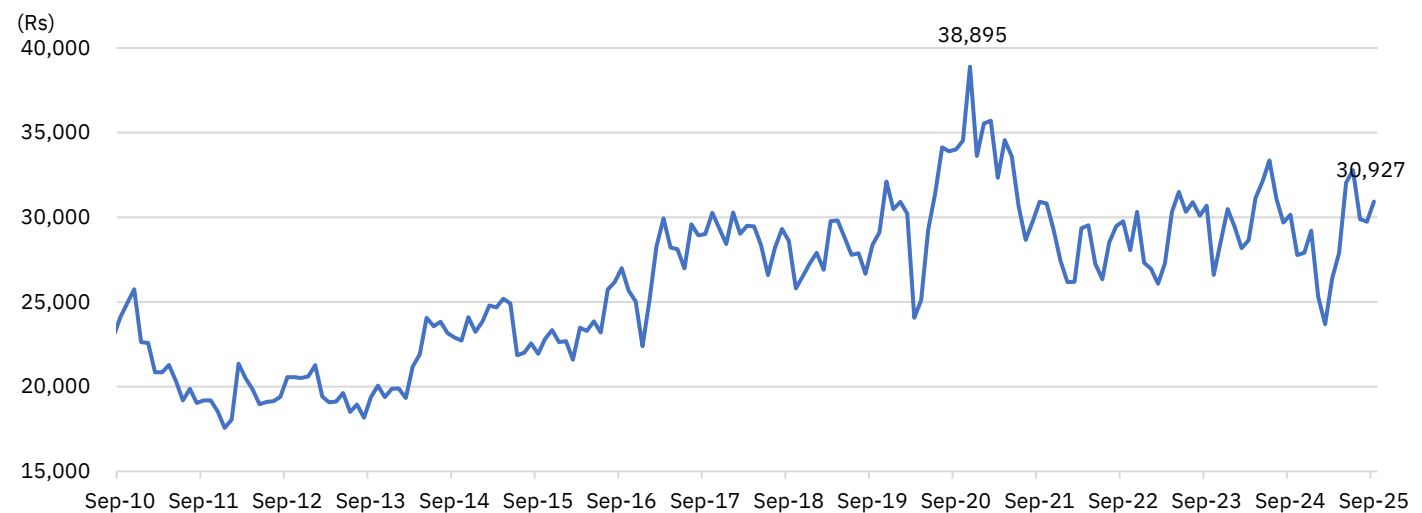
Premium has been considered for options contracts.

Table 59: Monthly trends for average trade size (Rs) in equity cash and derivatives segment for NSE

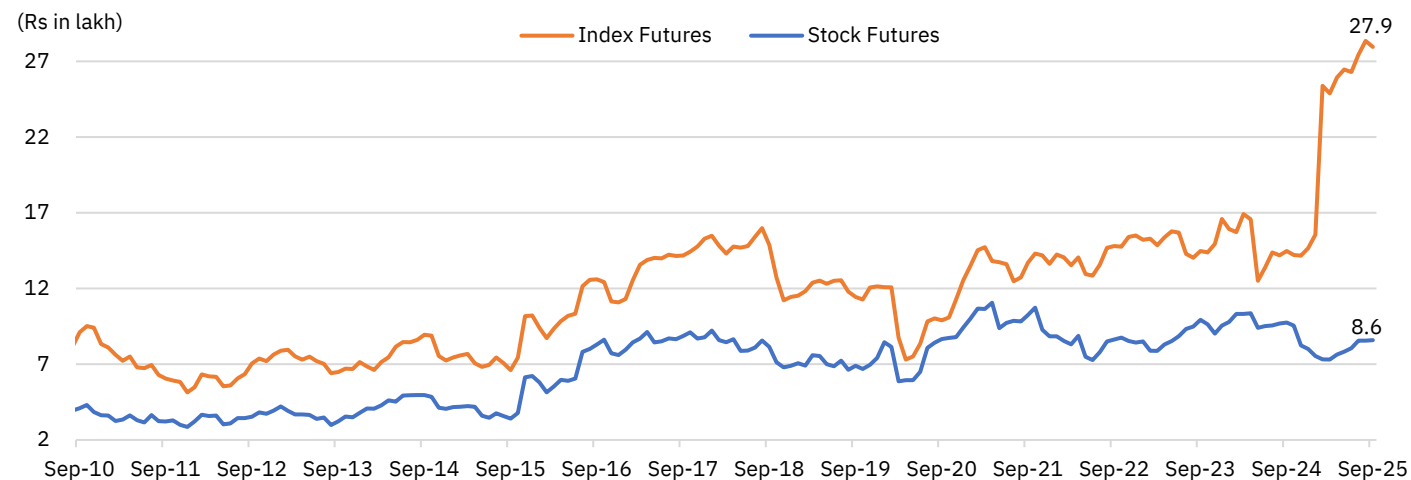
Month	Equity Cash	Equity Futures		Equity Options	
		Index Futures	Stock Futures	Index Options	Stock Options
Apr-24	31,133	16,56,450	10,36,704	5,519	17,642
May-24	32,133	12,50,687	9,40,627	5,662	17,605
Jun-24	33,356	13,39,132	9,51,658	6,147	18,102
Jul-24	31,081	14,37,972	9,56,412	5,342	17,011
Aug-24	29,695	14,19,100	9,69,149	5,079	14,738
Sep-24	30,156	14,47,901	9,75,267	4,925	14,703
Oct-24	27,768	14,21,289	9,55,018	5,267	14,331
Nov-24	27,908	14,16,500	8,23,450	5,574	12,373
Dec-24	29,206	14,66,384	8,00,606	7,474	12,285
Jan-25	25,286	15,55,704	7,54,718	9,428	13,047
Feb-25	23,684	25,38,114	7,32,127	10,230	12,559
Mar-25	26,396	24,88,540	7,30,670	9,333	11,698
Apr-25	27,886	25,93,550	7,63,725	10,412	13,727
May-25	32,047	26,46,025	7,82,715	11,044	13,535
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

Source: NSE EPR.

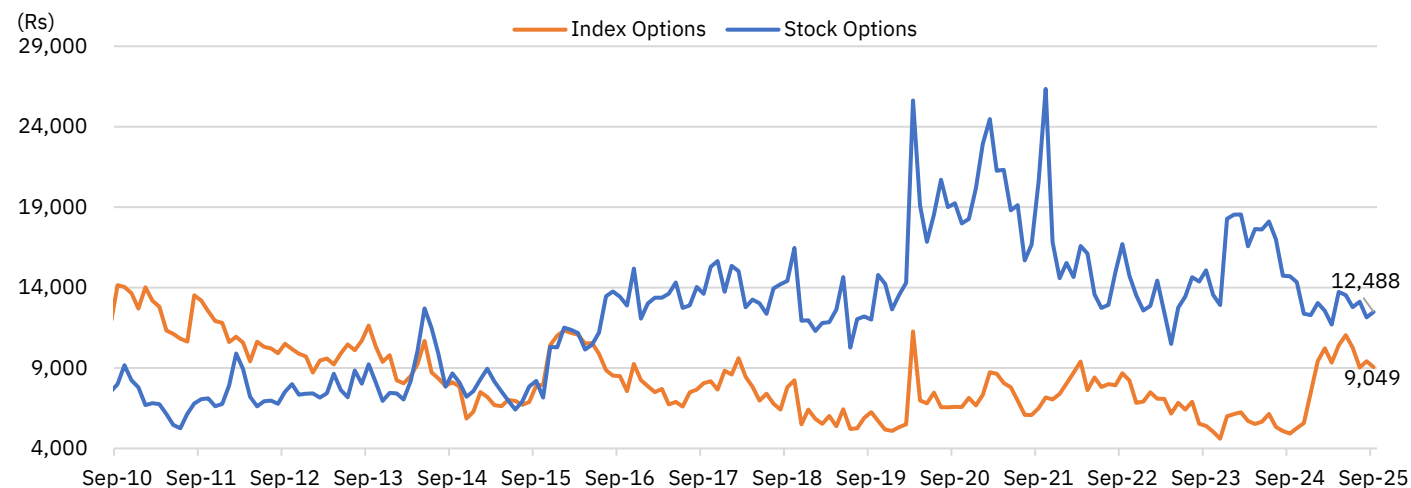
Note: Premium has been considered for options contract.

Figure 248: Monthly trend of average trade size in NSE cash market segment


Source: NSE EPR.

Figure 249: Monthly trend in average trade size in equity futures


Source: NSE EPR.

Figure 250: Monthly trend in average trade size in equity options premium


Source: NSE EPR.

Note: Premium has been considered for calculating average trade size.

Table 60: Average daily turnover (Rs crore) in NSE CM Segment

Products	Sep-25	Aug-25	Sep-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Capital Market	98,312	93,545	121,875	5.1	(19.3)	101,970	112,963	99,821
Equities (Main Board)	95,256	91,370	119,647	4.3	(20.4)	99,388	110,710	97,366
Exchange Traded Funds	2,473	1,647	1,529	50.2	61.7	2,097	1,568	1,971
SME Emerge	319	271	502	17.8	(36.5)	274	379	272
Sovereign Gold Bonds	24	14	9	67.7	155.8	18	13	17
InvITs	88	42	31	107.1	184.1	53	57	52
REITs	78	106	83	(26.4)	(7.0)	64	92	70
Others	75	95	74	(21.6)	1.6	76	144	74

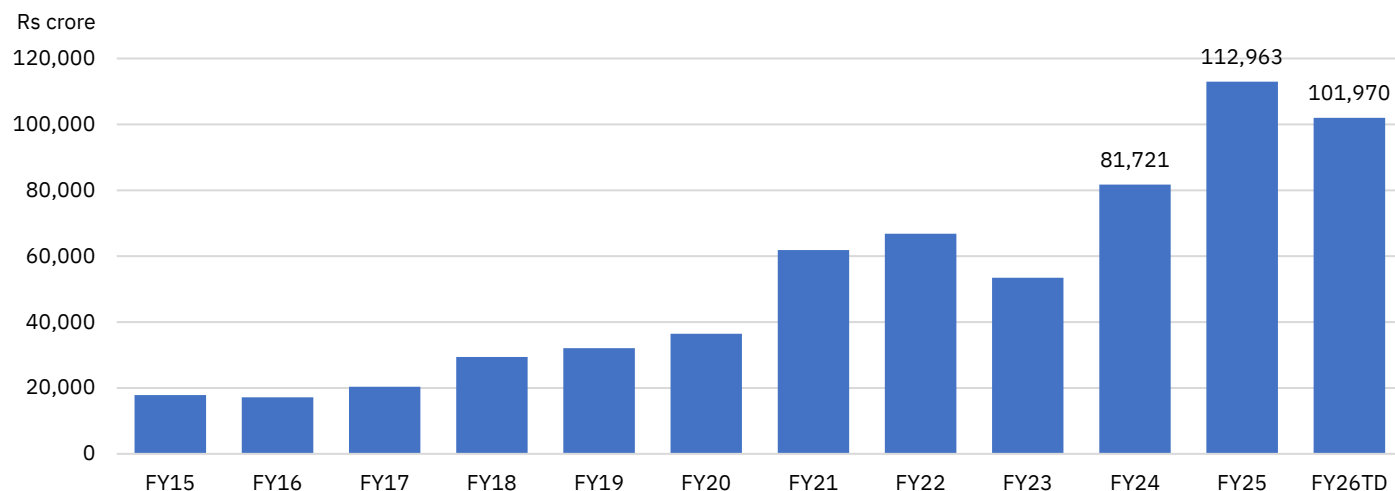
Source: NSE EPR.

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. FY26TD and CY25TD are as of Sep'25

Figure 251: Annual trends in average daily turnover in NSE CM segment


Source: NSE EPR.

Note: Average daily turnover (ADT) excludes auction market turnover. FY26TD data is as of Sep'25.

Table 61: Average daily turnover (Rs crore) in NSE's equity derivatives segment

Product	Sep-25	Aug-25	Sep-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Equity Futures	137,441	147,360	196,545	-6.7	-30.1	1,54,407	1,85,901	1,56,497
Stock futures	114,561	121,046	162,609	-5.4	-29.5	1,24,525	1,50,752	1,26,097
Index futures	22,880	26,314	33,936	-13.1	-32.6	29,883	35,149	30,399
BANKNIFTY	6,155	7,072	11,710	-13.0	-47.4	8,481	13,021	9,068
NIFTY50	15,439	17,742	20,522	-13.0	-24.8	19,901	20,598	19,742
FINNIFTY	63	91	303	-30.1	-79.1	108	236	114
MIDCPNIFTY	1,161	1,355	1,326	-14.3	-12.5	1,316	1,213	1,378
NIFTYNXT50	62	55	75	12.2	-17.7	76	80	97
Equity Options	48,662	47,337	62,432	2.8	-22.1	50,869	62,449	50,891
Stock options	6,238	5,794	8,304	7.7	-24.9	6,856	7,933	7,074
Index options	42,424	41,543	54,127	2.1	-21.6	44,013	54,516	43,817
BANKNIFTY	4,314	4,350	23,675	-0.8	-81.8	5,788	21,553	6,915
NIFTY50	37,393	36,412	20,027	2.7	86.7	37,415	25,434	35,907
FINNIFTY	120	144	6,005	-16.8	-98.0	167	4,489	222
MIDCPNIFTY	595	636	4,413	-6.5	-86.5	642	3,036	772
NIFTYNXT50	0.9	0.6	6	60.7	-85.3	1	3	1

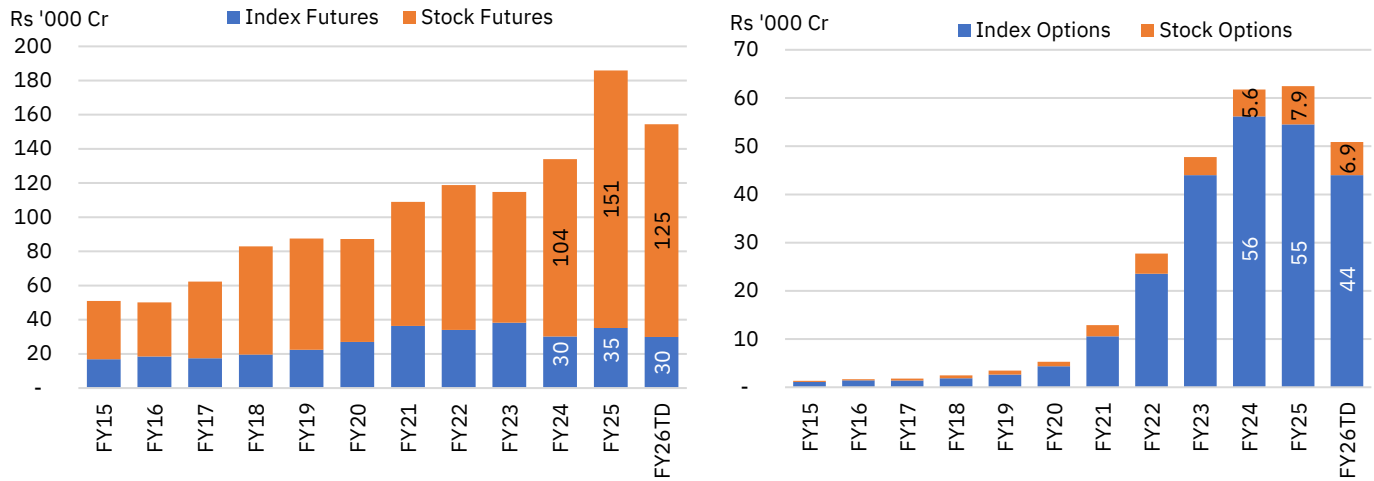
Source: NSE EPR.

Notes:

1. The above table reports premium turnover for Options contracts.

2. FY26TD and CY25TD are as of Sep'25

Figure 252: Annual trends in average daily turnover in NSE's equity derivatives segment

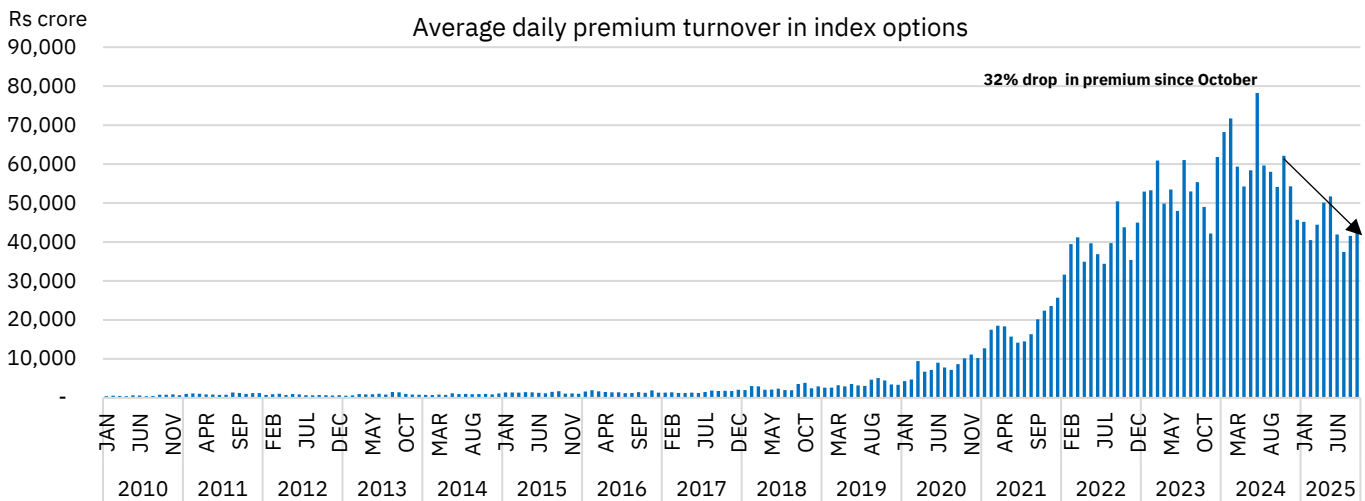


Source: NSE EPR.

Notes: 1. The above figure reports premium turnover for options contracts.

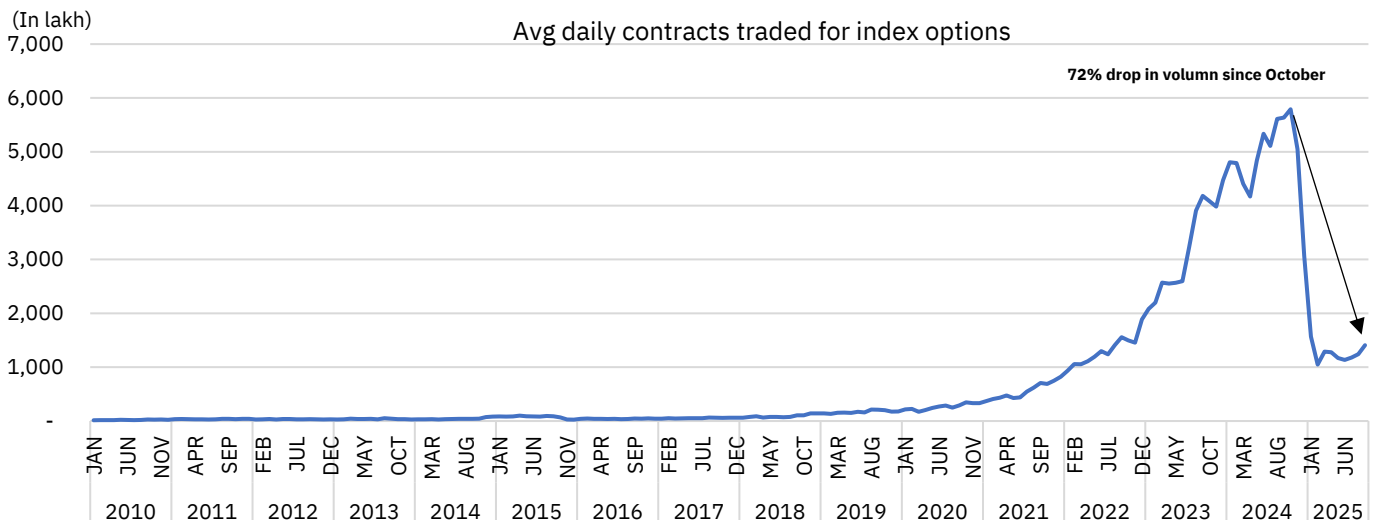
2. FY26TD is as of Sep'25.

Figure 253: Monthly trends for average daily premium turnover in index options contracts



Source: NSE EPR.

Figure 254: Monthly trends for average daily contracts traded in index options contracts



Source: NSE EPR.

Table 62: Average daily open interest in NSE's equity derivatives segment

Product (Rs crore)	Sep-25	Aug-25	Sep-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Equity Futures	5,46,302	5,27,735	4,96,753	3.5	10.0	5,19,184	4,67,162	5,05,916
Stock Futures	4,81,355	4,63,417	4,38,182	3.9	9.9	4,58,050	4,11,790	4,43,723
Index Futures	64,947	64,318	58,570	1.0	10.9	61,134	55,373	62,193
NIFTY	46,031	44,429	42,056	3.6	9.5	43,226	37,046	42,908
BANKNIFTY	14,919	16,267	13,114	-8.3	13.8	14,266	15,276	15,618
FINNIFTY	188	225	241	-16.1	-21.9	228	180	204
MIDCPNIFTY	3,667	3,245	3,032	13.0	20.9	3,259	2,746	3,278
NIFTYNXT50	142	152	127	-7.0	11.3	154	124	184
Equity Options	16,87,327	15,43,531	17,89,944	9.3	-5.7	16,54,330	16,08,744	16,53,883
Stock Options	2,97,958	2,69,849	3,15,472	10.4	-5.6	3,02,474	2,96,012	2,99,345
Index Options	13,89,369	12,73,682	14,74,472	9.1	-5.8	13,51,856	13,12,732	13,54,538
NIFTY	11,52,001	10,52,284	8,73,234	9.5	31.9	10,92,529	8,43,865	10,65,611
BANKNIFTY	2,12,751	1,99,297	4,99,991	6.8	-57.4	2,35,309	4,00,921	2,62,237
FINNIFTY	4,658	5,150	62,954	-9.6	-92.6	6,217	40,037	7,648
MIDCPNIFTY	19,852	16,888	37,840	17.5	-47.5	17,715	27,639	18,917
NIFTYNXT50	107	63	453	71.2	-76.4	87	272	125

Source: NSE EPR.

Notes:

1. The above table reports notional turnover.
2. FY26TD and CY25TD are as of Sep'25.

Table 63: Average daily turnover in currency derivatives segment

Product (Rs lakh)	Sep-25	Aug-25	Sep-24	% MoM change	% YoY change	FY26TD	FY25	CY25TD
Currency futures	3,25,581	2,25,442	3,20,075	44.4%	1.7%	2,99,608	5,68,037	3,75,599
EURINR	6,522	6,235	6,561	4.6%	-0.6%	7,282	7,253	6,820
EURUSD	1,068	365	974	192.9%	9.6%	1,041	636	739
GBPINR	7,218	5,807	10,292	24.3%	-29.9%	6,391	10,489	6,322
GBPUSD	29	45	277	-37.1%	-89.7%	74	490	85
JPYINR	158	78	849	103.1%	-81.4%	297	1,303	293
USDINR	3,10,583	2,12,907	3,01,125	45.9%	3.1%	2,84,512	5,47,819	3,61,326
USDJPY	3	5	47	-49.7%	-94.7%	11	46	12
Currency options	7	13	5	-43.5%	36.8%	10.1	155.3	9
EURINR	-	0.0	-	-	-	0.0	0.0	0.0
EURUSD	-	-	-	-	-	-	-	-
GBPINR	0.0	-	-	-	-	0.0	0.6	0.0
GBPUSD	-	-	-	-	-	-	-	-
JPYINR	-	-	-	-	-	-	-	-
USDINR	7.4	13.1	5.4	-43.5%	36.6%	10.1	154.7	8.8
USDJPY	-	-	-	-	-	-	-	-

Source: NSE EPR.

Note: FY26TD and CY25TD are as of Sep'25.

Table 64: Average daily turnover in Interest rate derivatives

Product (Rs Lakhs)	Sep-25	Aug-25	Sep-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Interest rate futures	7,908	7,567	11,534	4.5	(31.4)	5,811	10,440	7,257

Source: NSE EPR.

Notes: 1. Figures in brackets indicate negative numbers.

2. FY26TD and CY25TD are as of Sep'25.

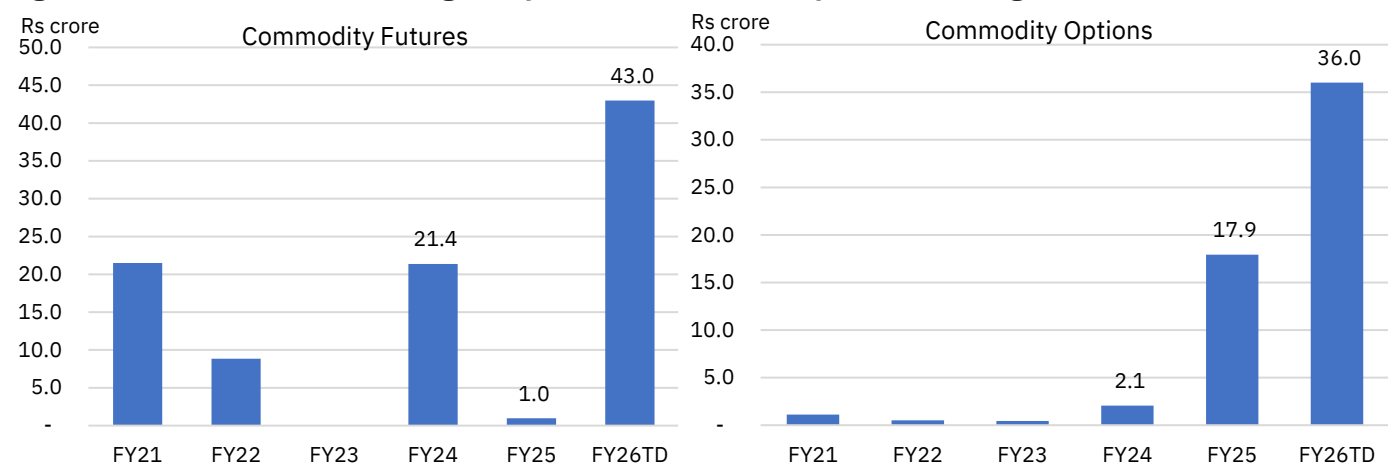
Table 65: Average daily turnover in commodity derivatives products

Product (Rs crore)	Sep-25	Aug-25	Sep-24	%MoM change	%YoY change	FY26TD	FY25	CY25TD
FUT	106.1	99.9	1.4	6%	7701%	43.0	1.0	29.1
SILVER	0.6	0.5	0.2	10%	231%	0.4	0.2	0.3
NATURALGAS	0.0	0.0	0.6	-28%	-97%	0.0	0.1	0.0
CRUDEOIL	4.1	2.3	0.5	80%	651%	2.6	0.6	2.2
ELECMBL	101.4	97.0	-	5%	-	39.9	-	26.5
OPT	39.2	37.2	13.8	5%	184%	36.0	17.9	36.4
SILVER	0.4	0.3	3.5	4%	-90%	0.8	1.4	1.2
NATURALGAS	0.0	0.0	0.0	-68%	-100%	0.0	0.0	0.0
WTICRUDE	-	-	-	-	-	-	1.7	-
CRUDEOIL	38.9	36.9	10.3	5%	278%	35.2	14.7	35.2

Source: NSE EPR

Notes: 1. Above table reports premium turnover for Options contracts.

3. FY26TD and CY25TD are as of Sep'25.

Figure 255: Annual trends in average daily turnover in commodity derivatives segment


Source: NSE EPR.

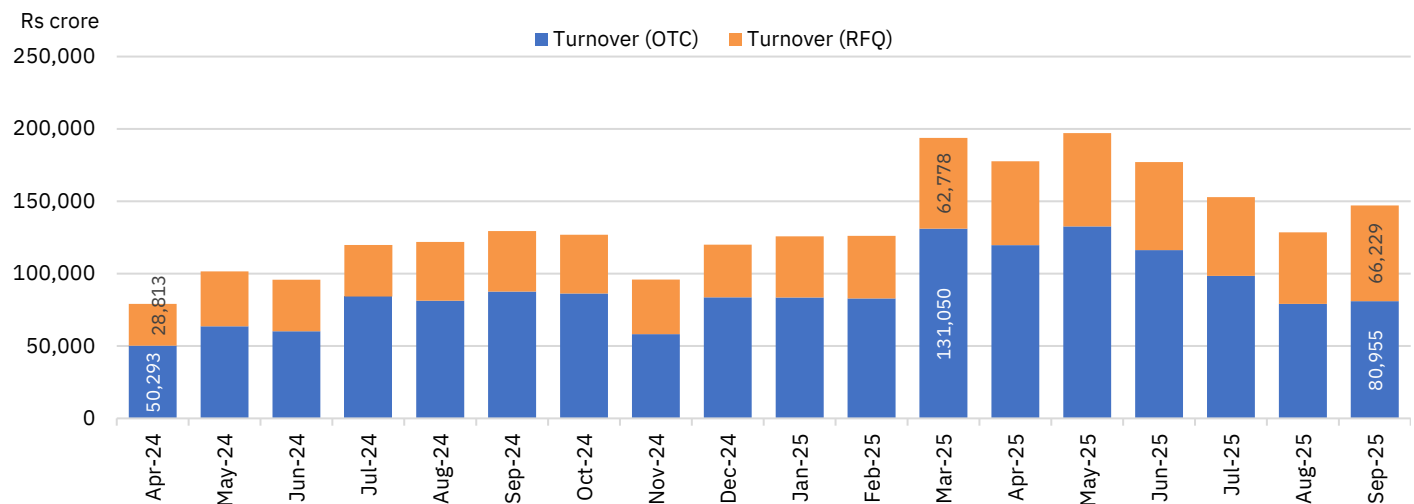
Notes: 1. Above figure reports premium turnover for options contracts.

2. FY26TD is as of Sep'25.

RFQ share expands amid moderate market-wide uptick: The total turnover in the OTC segment increased from Rs 50,293 crore in Apr'24 to Rs 80,955 crore in Sep'25, while turnover in the RFQ segment more than doubled to Rs 66,229 crore over the same period. Combined ADT rose steadily, climbing from Rs 4,395 crore in April 2024 to Rs 7,009 crore in September 2025. ADT in corporate bonds surged in Mar'25 amid record primary issuance which elevated secondary market turnover, year-end portfolio rebalancing and short-term bond demand driven by rate-cut expectations. Turnover eased thereafter as issuance momentum slowed, volumes normalized, and investors turned cautious amid

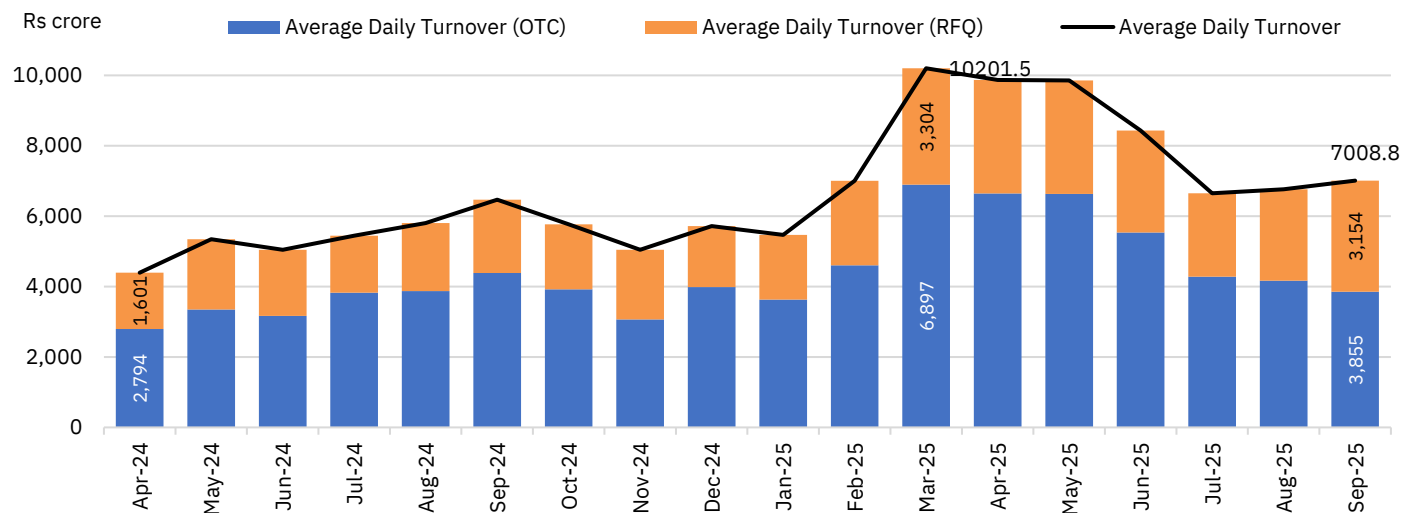
policy and global uncertainty. The RFQ channel emerged as the key growth driver, with its ADT doubling from Rs 1,600 crore to Rs 3,154 crore between April 2024 to September 2025. During the same period, the OTC channel's ADT increased more modestly—from Rs 2,794 crore to Rs 3,855 crore, registering a CAGR of 26%. While OTC transactions continue to dominate in volume terms, the rising RFQ share signals a gradual structural transition toward more electronic, transparent, and standardized execution formats.

Figure 256: Monthly trends of turnover in the corporate debt segment



Source: NSE EPR

Figure 257: Monthly trends of average daily turnover in the corporate debt segment

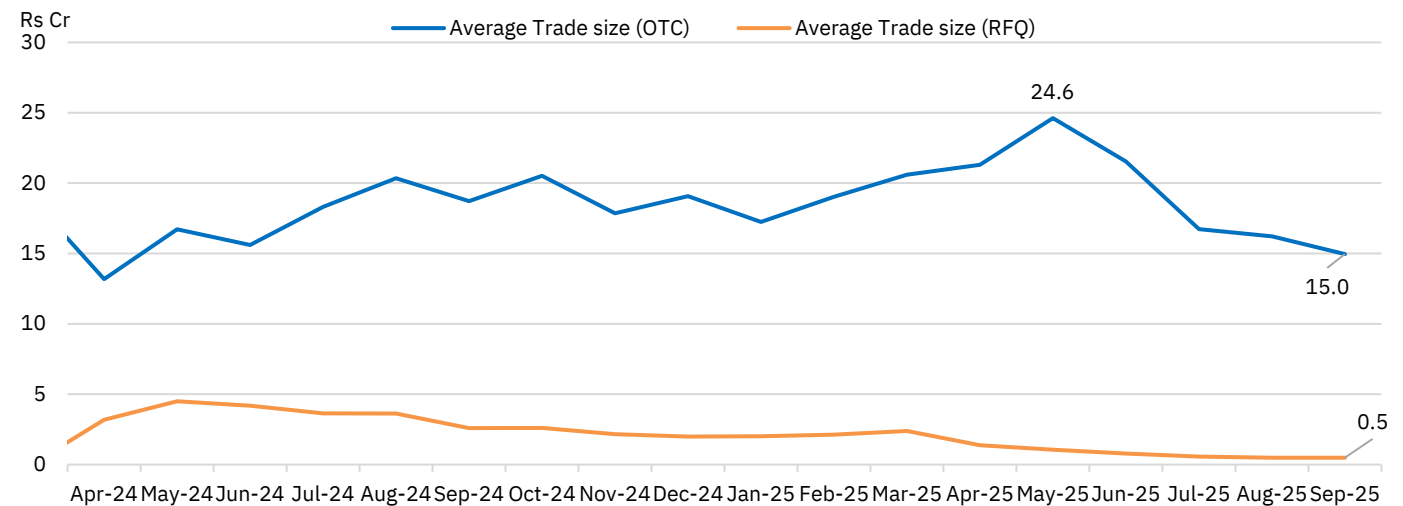


Source: WFE, NSE EPR

Average trade size diverges across platforms: Average trade size - a key gauge of liquidity and market depth - exhibited contrasting trends across platforms. OTC trades remained large ticket in nature, with average trade size rising from Rs 13.2 crore in April 2024 to Rs 15.0 crore in September 2025, reflecting continued preference for bilateral block transactions among institutional participants. The average trade size in OTC corporate bonds peaked in May'25 (Rs 24.6 crore), driven by institutional participation in large bond issuances, including a decade-high foreign inflow into corporate debt that month, led by a major issuance from the Shapoorji Pallonji group. Conversely, average trade size on the RFQ platform contracted sharply from Rs 3.2 crore to Rs 0.5 crore,

suggesting the channel's broadening reach among smaller institutions and mid-tier investors. This divergence underscores RFQ's evolving role in democratizing access while OTC trading retains its institutional block-trade orientation.

Figure 258: Monthly trends in average trade size in the corporate debt segment

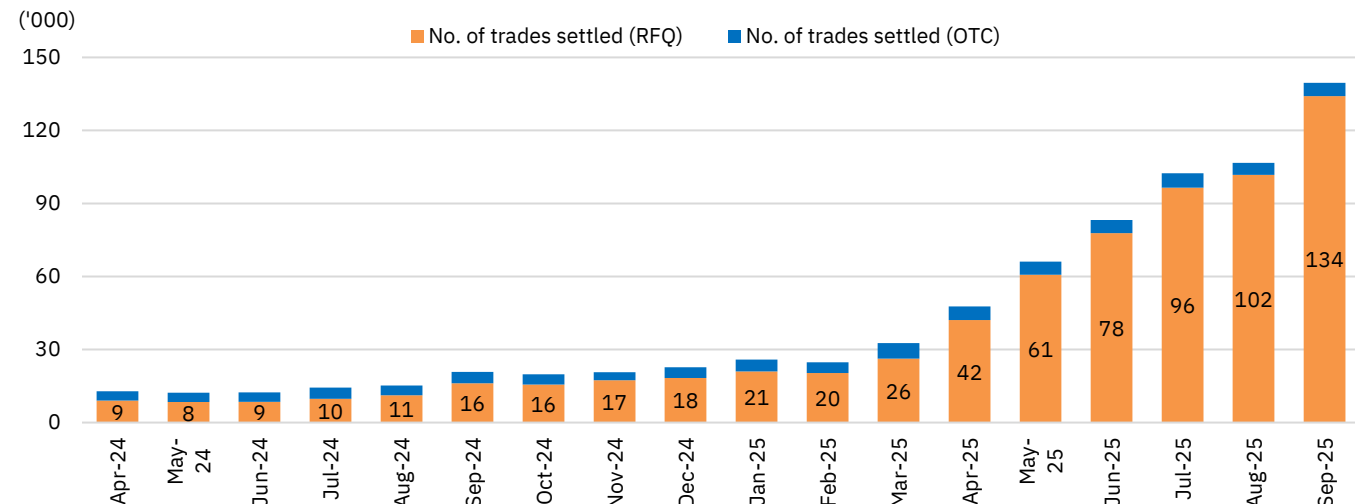


Source: NSE EPR.

Trade counts point to rising market granularity: Liquidity dynamics were also evident in trade count patterns. RFQ trades surged more than 14x, from 9,064 to 134,129 orders between April 2024 and September 2025, reflecting rapid growth in participation and trade fragmentation. In contrast, OTC trades rose modestly from 3,816 to 5,412 orders, accounting for only a small share of total settlements. The sharp rise in RFQ volumes—despite smaller average ticket sizes—has significantly boosted turnover and market liquidity, while OTC activity remains concentrated among a few large participants.

Overall, the past 18 months mark a steady deepening of India's corporate debt market, driven by higher trading frequency, a broader investor base, and the expanding role of the RFQ platform. However, liquidity remains shallow relative to the outstanding stock, underscoring the need for greater participation from mid-sized institutions, wider technology adoption, and continued regulatory support to strengthen market depth.

Figure 259: Monthly trends in number of trades settled in the corporate debt segment



Source: NSE EPR

Category-wise participation across segments: Individual investors' share broadens

In September 2025, individual investors increased their activity across various market segments. In the equity cash segment, they contributed meaningfully to the rise in overall turnover, alongside proprietary traders. Their participation in equity options also grew, reaching a 17-year high, while proprietary traders saw a slight decline in share despite higher turnover. In equity futures, both individual and proprietary traders recorded growth in turnover share, contributing notably to the overall increase, while institutional investors witnessed declines in shares. In interest rate futures, trading value by corporates touched a six-month high, although their market share moderated due to comparatively faster growth among other participants. In commodity derivatives, proprietary traders continued to hold the largest share, though individual and foreign investors showed a gradual increase in participation, particularly in options.

Individual investors expand direct trading activity in cash market in September:

Equity cash market turnover rose sequentially in September 2025, reaching Rs 21.6 lakh crore, up from Rs 17.8 lakh crore in August. Individual investors were the largest contributors to this increase, accounting for 46.3% of the growth, followed by proprietary traders at 32.1%. As a result, their market shares rose MoM by 255 bps and 49 bps, reaching 34.5% and 29.9%, respectively. Notably, the share of proprietary traders climbed to a seven-month high, supported by a 23.7% increase in their turnover. In contrast, the shares of DIIs and foreign investors in overall turnover saw a slight decline, easing from 14.5% to 14.2% and from 17.2% to 14.9%, respectively.

Individual investors' share in equity options touched a 17-year high in September:

In September, individual investors' equity options premium turnover rose 20.3% month-on-month, reaching a four-month high of Rs 4.2 lakh crore, while their share of overall turnover climbed to a 17-year peak of 39.1%. Conversely, proprietary traders' share fell to an eight-month low of 50.5%, despite a 17% increase in their turnover during the same period. Together, these two client categories accounted for 87% of the overall growth in equity options premium turnover. In the equity futures segment, these two client categories contributed 32% and 38% of the total turnover growth, with their respective turnovers increasing by 10.2% and 15.6%.

Corporates' turnover in interest rate futures touched a 6-month high: In September, the total traded value by corporates rose by 14.8% MoM, reaching a six-month high of Rs 1,153 crore. Corporates accounted for nearly 67% of the overall MoM increase in total turnover. However, despite this growth in value, their market share declined by 43 basis points MoM and 607 bps YoY, reflecting a relatively faster growth among other participant segments. In contrast, individual investors saw their market share expand by 287 bps MoM to 7.4%, supported by nearly 2x growth in their turnover during the month to Rs 123 crore.

Proprietary traders remained dominant in Commodity Derivatives: In the commodity futures segment, proprietary traders maintained their lead, holding a 78.8% share — up slightly by 109 basis points MoM. Meanwhile, individual participation climbed to 7.7%, reflecting a notable 169 bps increase MoM and a significant 554 bps rise YoY. In commodity options, proprietary traders continued to dominate with 57.4% of total turnover, although their share declined by 315 bps MoM and sharply by 2,783 bps YoY. At the same time, individual investors strengthened their presence, accounting for 33.2% of turnover — showing a modest MoM increase and an impressive YoY surge of over 3,000 bps. Foreign investors also boosted their involvement, rising to 8.1%, which represents gains of 224 bps MoM and 810 bps YoY.

Table 66: Share of client participation in NSE cash market segment (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26TD	FY25	CY25TD
Corporates	3.7	3.6	4.8	4	(111)	3.7	4.6	3.8
DIIIs	14.2	14.5	12.5	(28)	172	13.8	12.4	14.0
Foreign Investors	14.9	17.2	15.4	(226)	(52)	15.3	14.9	15.3
Individuals	34.5	32.0	34.4	255	15	34.2	34.3	33.5
Prop	29.9	29.4	28.0	49	184	29.0	29.2	29.3
Others	2.8	3.3	4.9	(53)	(208)	3.9	4.7	4.1

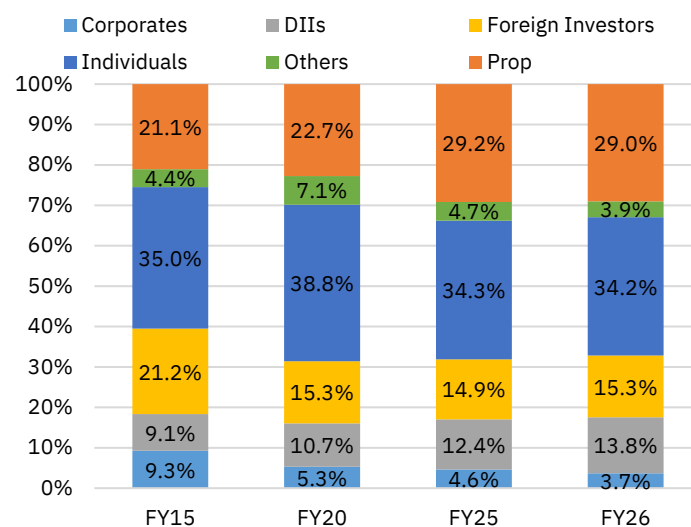
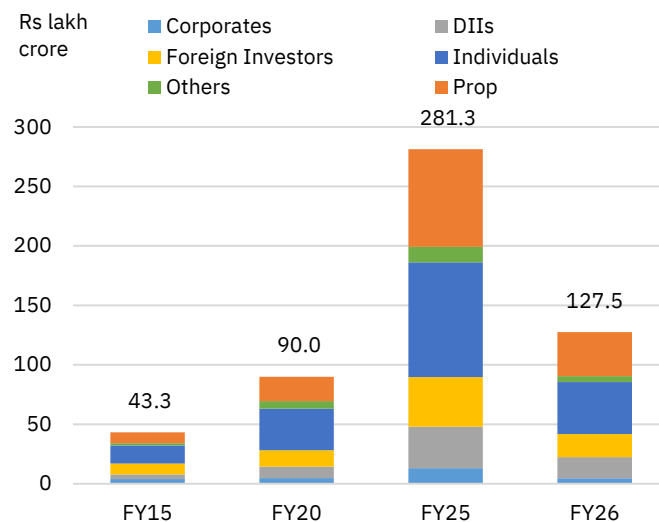
Source: NSE EPR.

Notes: 1. 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.

2. DII –Bank, 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 (FIs) – 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 - Public & Private Companies / Bodies Corporate; Individual – Individual / Proprietorship firms, HUF and NRI; Others – Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop – PRO Trades.

3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. CY25 and FY26 are as of Sep'25.

Figure 260: Annual trends in share of client participation in NSE cash market segment (%)

Figure 261: Annual trends in share of client participation in NSE cash market segment


Source: NSE EPR.

Notes: 1. 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.

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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 FY26 is as of Sep'25.

Table 67: Share of client participation in Equity Derivatives segment (Notional turnover) of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	Change*	Change*	FY26TD	FY25	CY25TD
Corporates	2.2	2.2	4.3	(5)	(212)	2.3	4.2	2.4
DIIs	0.2	0.2	0.1	(4)	6	0.2	0.1	0.2
Foreign Investors	6.2	5.8	7.0	44	(81)	7.0	7.1	7.1
Individuals	30.0	29.9	24.8	7	516	28.2	25.5	27.8
Prop	59.2	59.5	61.1	(29)	(190)	60.0	60.0	60.2
Others	2.2	2.3	2.5	(12)	(38)	2.2	2.9	2.3

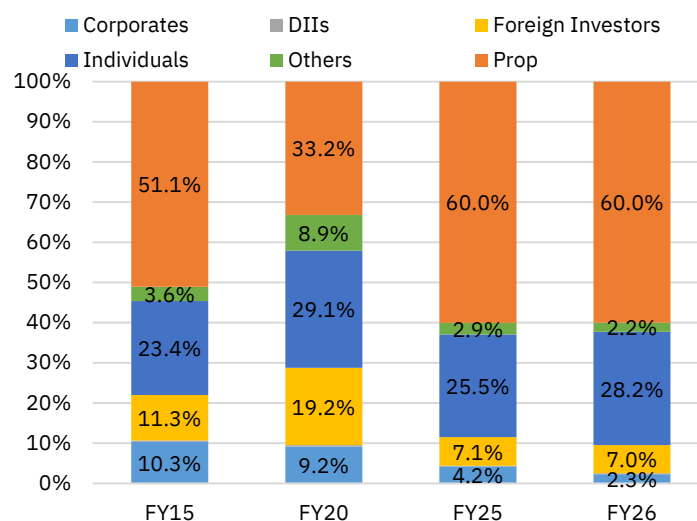
Source: NSE EPR.

Notes: 1. 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.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. CY25 and FY26 are as of Sep'25.

Figure 262: Annual trends in share of client participation in Equity Derivatives (Notional Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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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 FY26 is as of Sep'25.

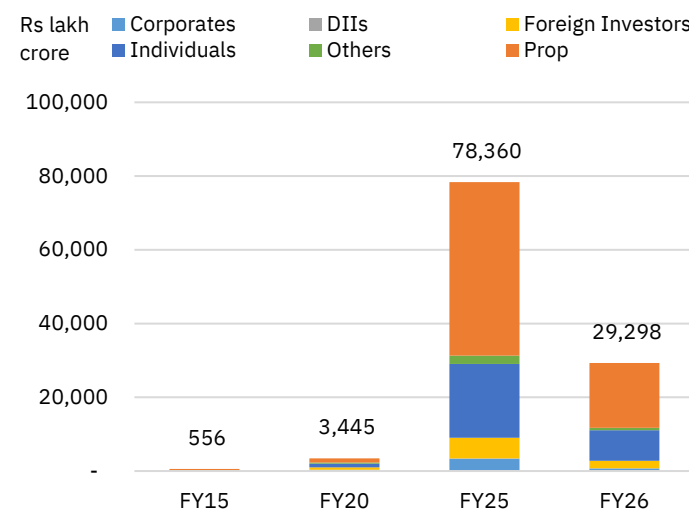
Figure 263: Annual trends in share of client participation in Equity Derivatives (Notional Turnover) at NSE


Table 68: Share of client participation in Equity futures (Notional Turnover) segment of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26TD	FY25	CY25TD
Corporates	6.7	6.6	8.0	11	(130)	6.6	8.0	6.6
DIIs	13.1	13.9	8.5	(79)	453	11.9	8.8	11.4
Foreign Investors	27.7	29.0	26.6	(132)	107	27.2	25.7	27.1
Individuals	17.5	16.3	18.2	115	(70)	17.5	18.2	17.2
Prop	30.7	30.1	33.9	62	(319)	32.3	34.3	33.1
Others	4.4	4.1	4.8	24	(42)	4.6	5.0	4.6

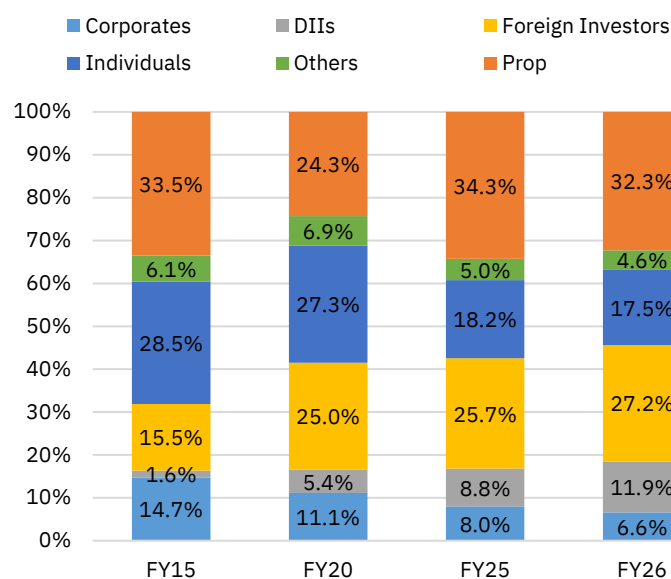
Source: NSE EPR.

Notes: 1. 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.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. CY25 and FY26 are as of Sep'25.

Figure 264: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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3. Above data represents share in gross notional turnover i.e., buy-side notional turnover + sell-side notional turnover.

4. Data for FY26 is as of Sep'25.

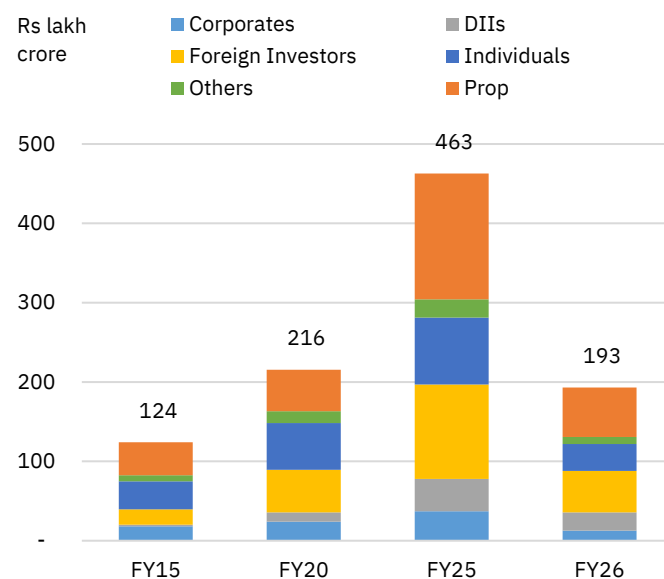
Figure 265: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE


Table 69: Share of client participation in Equity options segment (Premium Turnover) of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26TD	FY25	CY25TD
Corporates	2.0	2.0	5.4	5	(340)	2.1	3.9	2.2
DIIIs	0.1	0.1	0.1	(1)	1	0.1	0.1	0.1
Foreign Investors	6.2	5.7	9.5	49	(334)	7.5	9.6	7.9
Individuals	39.1	38.7	34.1	42	500	36.7	34.6	36.3
Prop	50.5	51.4	48.5	(88)	205	51.4	48.9	51.2
Others	2.0	2.1	2.4	(7)	(32)	2.1	2.8	2.2

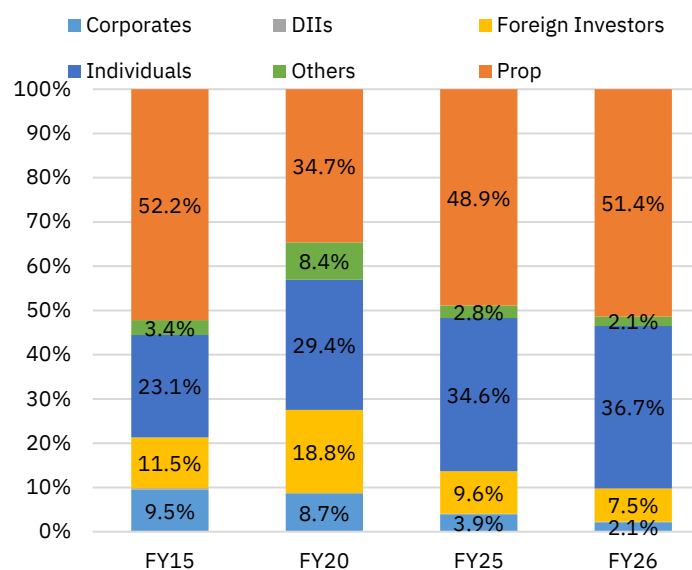
Source: NSE EPR.

Notes: 1. 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.

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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. CY25 and FY26 are as of Sep'25.

Figure 266: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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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 FY26 is as of Sep'25.

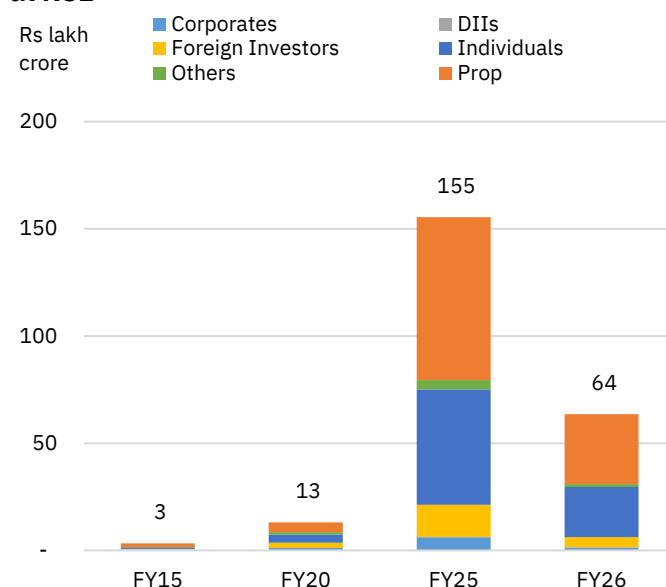
Figure 267: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE


Table 70: Share of client participation in Index Futures of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26TD	FY25	CY25TD
Corporates	8.9	9.6	13.3	(65)	(433)	9.5	12.2	9.5
DII's	7.0	6.9	4.0	2	294	5.9	3.7	5.7
Foreign Investors	16.6	17.5	14.5	(88)	212	16.0	15.0	16.0
Individuals	32.5	30.4	30.5	204	195	31.8	31.2	31.7
Prop	30.3	30.5	32.0	(18)	(168)	31.1	32.1	31.5
Others	4.7	5.0	5.7	(35)	(100)	5.7	5.8	5.5

Source: NSE EPR.

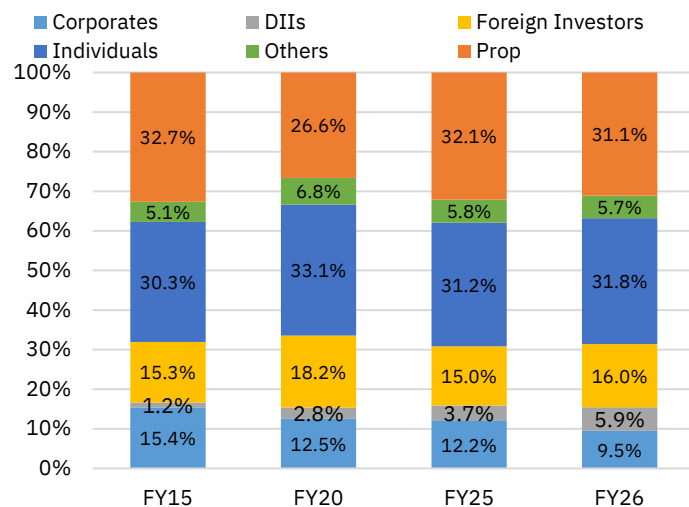
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 268: Annual trends in share of client participation in Index Futures (Premium Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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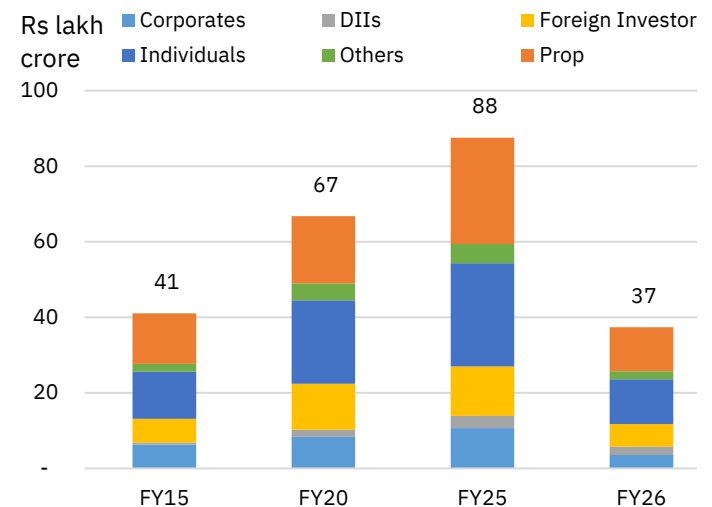
Figure 269: Annual trends in share of client participation in Index Futures (Premium Turnover) at NSE


Table 71: Share of client participation in Stock Futures of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26TD	FY25	CY25TD
Corporates	6.2	5.9	6.9	31	(65)	5.9	7.0	5.9
DIIs	14.3	15.4	9.5	(108)	481	13.3	10.0	12.8
Foreign Investors	29.9	31.5	29.1	(161)	75	29.8	28.2	29.8
Individuals	14.5	13.2	15.6	122	(111)	14.1	15.2	13.7
Prop	30.8	30.1	34.3	78	(351)	32.6	34.8	33.4
Others	4.3	3.9	4.6	38	(29)	4.3	4.8	4.4

Source: NSE EPR.

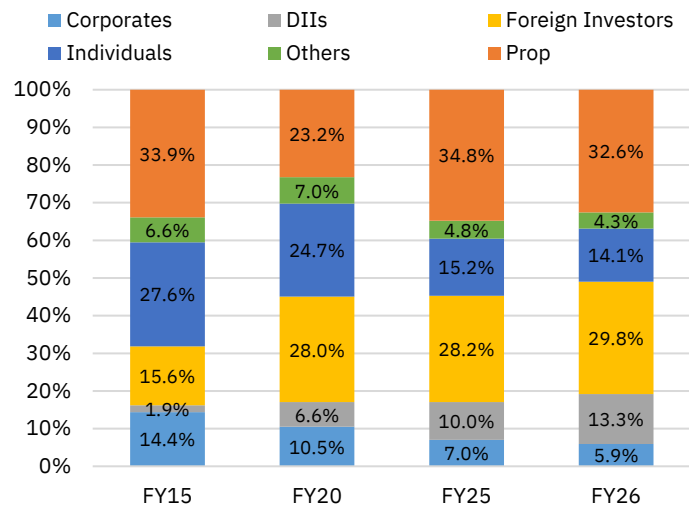
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 270: Annual trends in share of client participation in Stock Futures at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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4. Data for FY26 is as of Sep'25.

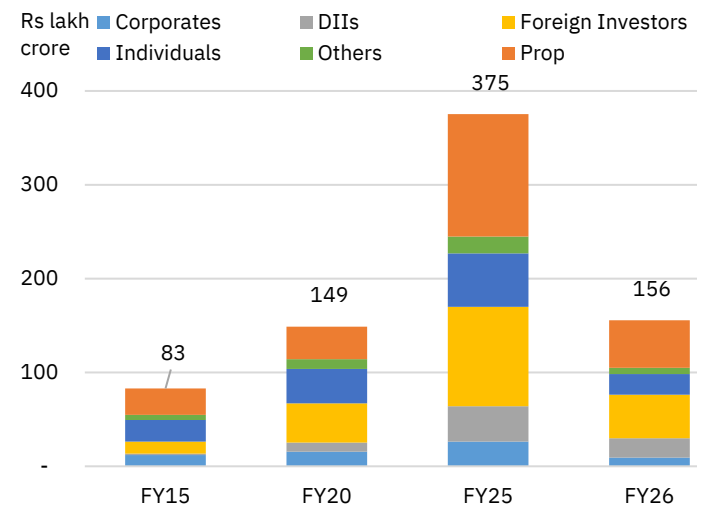
Figure 271: Annual trends in share of client participation in Stock Futures at NSE


Table 72: Share of client participation in Index Options (Premium Turnover) of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26TD	FY25	CY25TD
Corporates	1.9	1.9	5.2	9	(324)	2.1	3.9	2.1
DIIs	0.1	0.1	0.1	(1)	0	0.1	0.1	0.1
Foreign Investors	6.4	5.9	9.9	52	(347)	7.1	9.6	7.4
Individuals	40.4	40.3	35.0	18	539	38.2	35.7	37.9
Prop	49.1	49.8	47.3	(70)	177	50.3	47.8	50.1
Others	2.0	2.1	2.5	(8)	(45)	2.2	3.0	2.3

Source: NSE EPR.

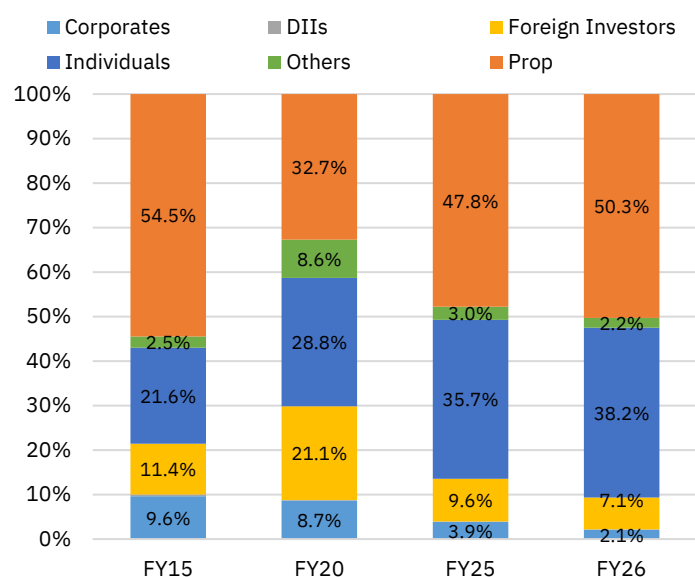
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 272: Annual trends in share of client participation in Index Options (premium turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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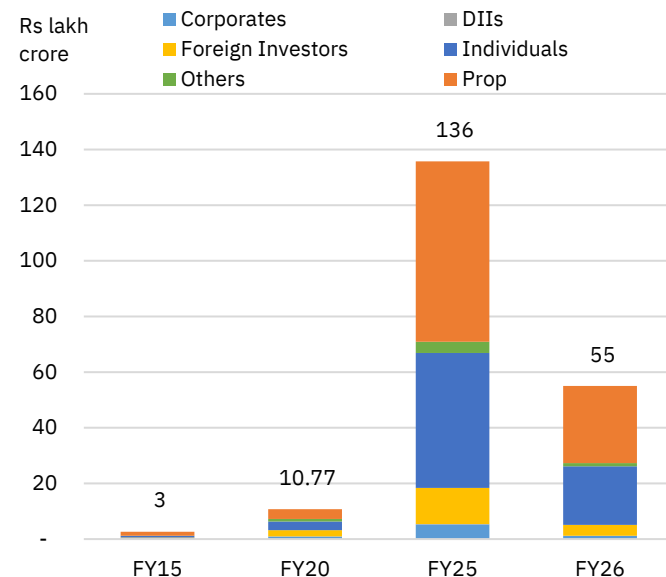
Figure 273: Annual trends in share of client participation in Index Options (premium turnover) at NSE


Table 73: Share of client participation in Stock Options (Premium Turnover) of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	2.5	2.8	7.0	(21)	(441)	2.4	4.4	2.5
DIIIs	0.2	0.3	0.2	(5)	3	0.2	0.2	0.2
Foreign Investors	4.9	4.6	7.4	31	(252)	9.9	9.9	11.2
Individuals	30.0	27.3	27.9	269	206	27.3	27.1	26.5
Prop	60.3	63.0	56.0	(269)	431	58.3	56.7	57.7
Others	2.1	2.1	1.5	(4)	54	1.9	1.8	1.9

Source: NSE EPR.

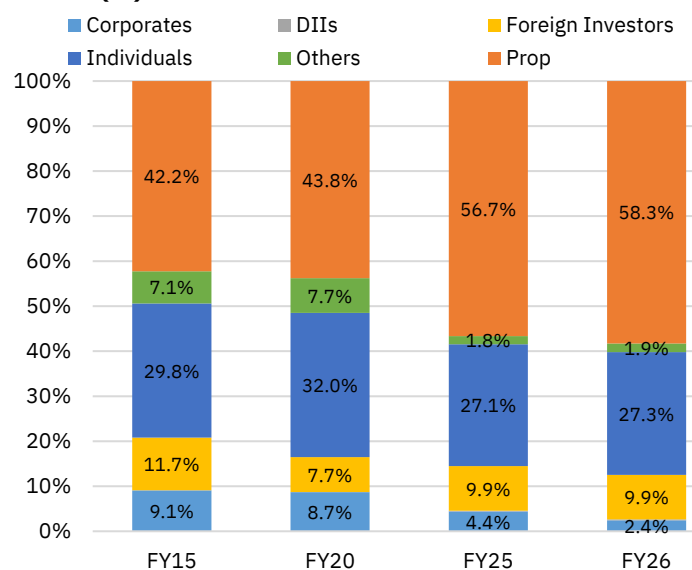
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 274: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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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 FY26 is as of Sep'25.

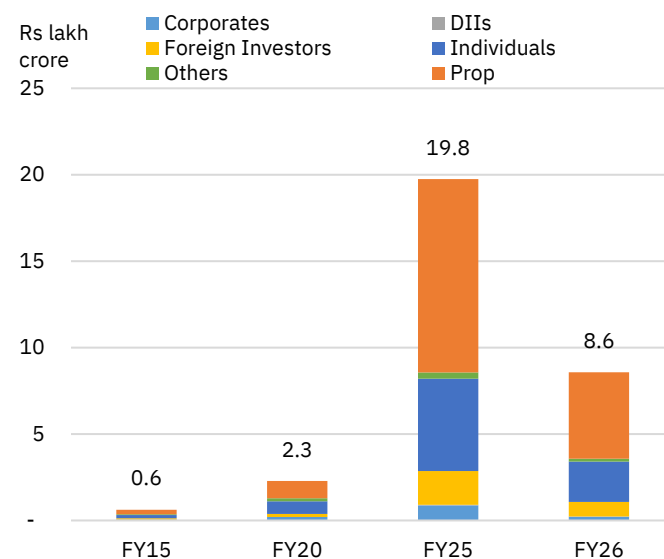
Figure 275: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE


Table 74: Share of client participation in Currency Derivatives segment (Notional Turnover) of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	14.5	22.4	11.8	(788)	266	17.1	8.6	13.7
DII's	2.6	4.2	1.6	(165)	100	3.8	2.0	3.7
Foreign Investors	11.6	16.2	11.7	(458)	(4)	16.8	7.8	14.3
Individuals	8.9	12.0	7.8	(302)	116	9.5	8.4	7.0
Prop	60.9	43.3	65.4	1,758	(449)	50.9	71.7	59.9
Others	1.5	2.0	1.8	(44)	(29)	1.9	1.6	1.4

Source: NSE EPR.

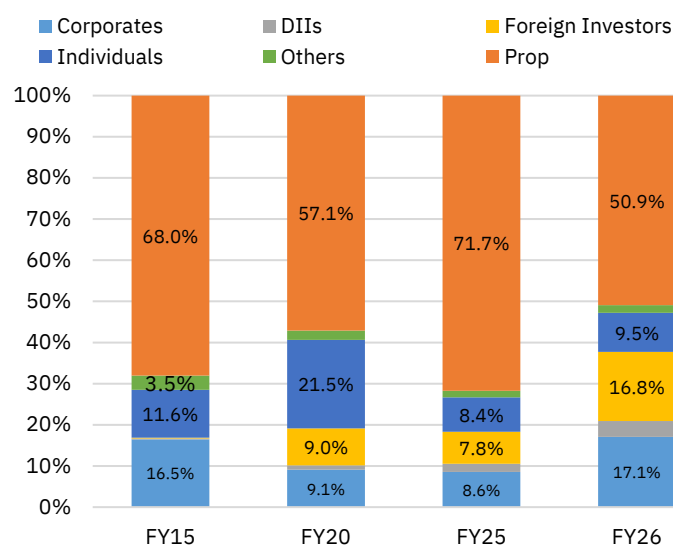
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 276: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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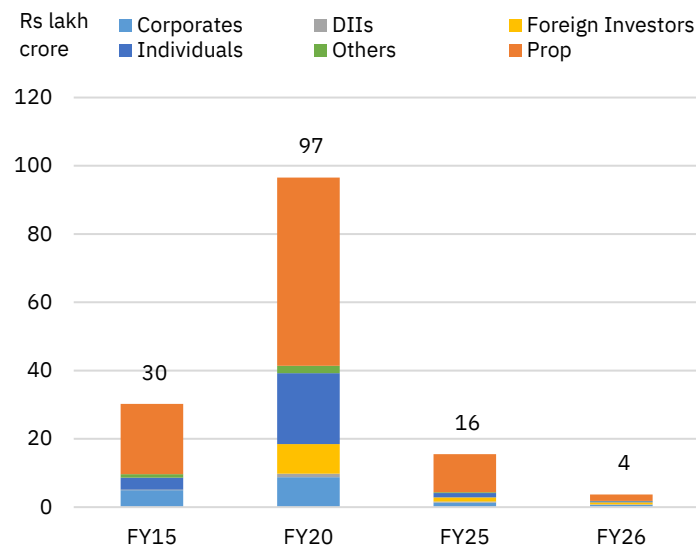
Figure 277: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE


Table 75: Share of client participation in Currency Futures of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	14.0	21.7	10.9	(772)	312	16.7	8.1	13.3
DIIIs	2.6	4.3	1.6	(172)	99	3.9	2.2	3.7
Foreign Investors	11.8	16.6	12.0	(483)	(19)	17.0	8.0	14.5
Individuals	8.6	11.4	7.0	(280)	158	9.0	4.9	6.5
Prop	61.5	44.0	66.7	1,754	(518)	51.4	75.2	60.5
Others	1.6	2.0	1.9	(46)	(32)	1.9	1.5	1.4

Source: NSE EPR.

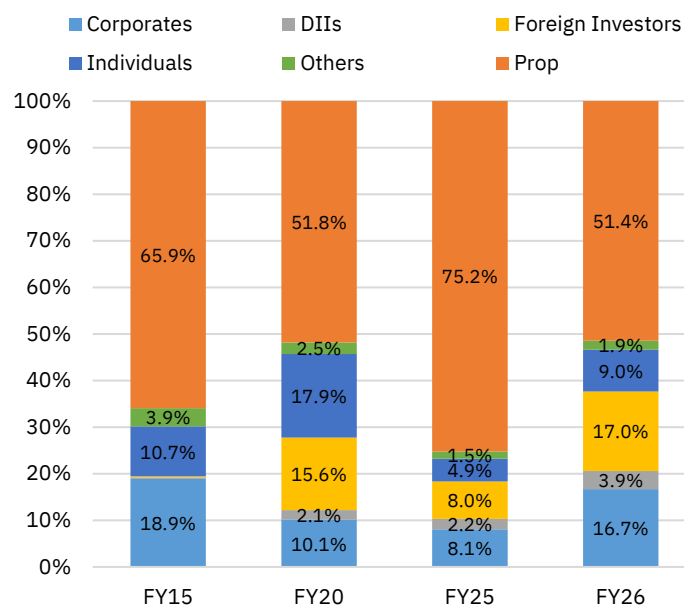
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4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 278: Annual trends in share of client participation in Currency Futures at NSE (%)


Source: NSE EPR.

Notes: 1. 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.

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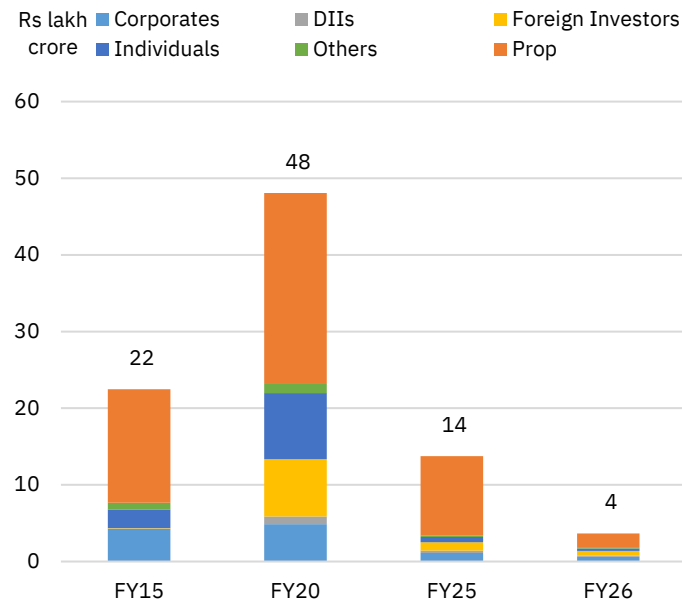
Figure 279: Annual trends in share of client participation in Currency Futures at NSE


Table 76: Share of client participation in Currency Options (Premium Turnover) of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	57.5	51.0	45.2	646	1,229	45.0	11.1	43.6
DIIIs	0.0	0.0	0.0	-	-	0.0	0.2	0.0
Foreign Investors	0.0	0.0	0.0	-	-	0.0	5.7	0.1
Individuals	26.9	27.2	42.0	(27)	(1,510)	37.7	36.9	41.9
Prop	15.6	21.7	12.7	(605)	297	17.2	45.3	14.3
Others	0.0	0.1	0.2	(14)	(17)	0.1	0.8	0.1

Source: NSE EPR.

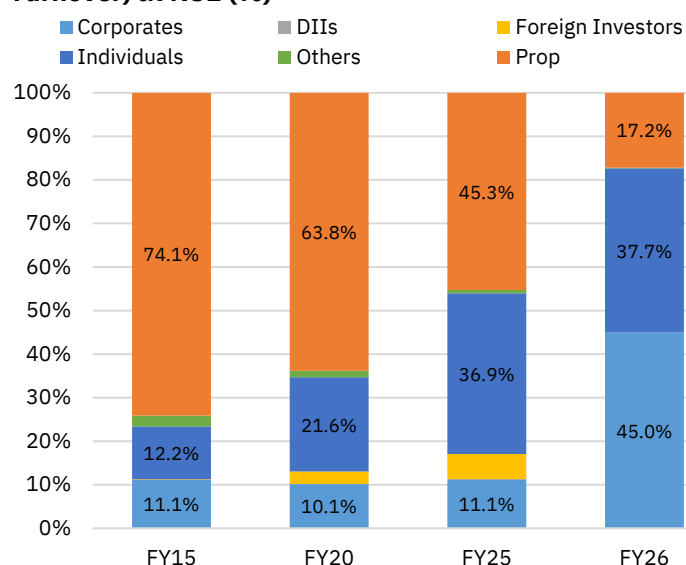
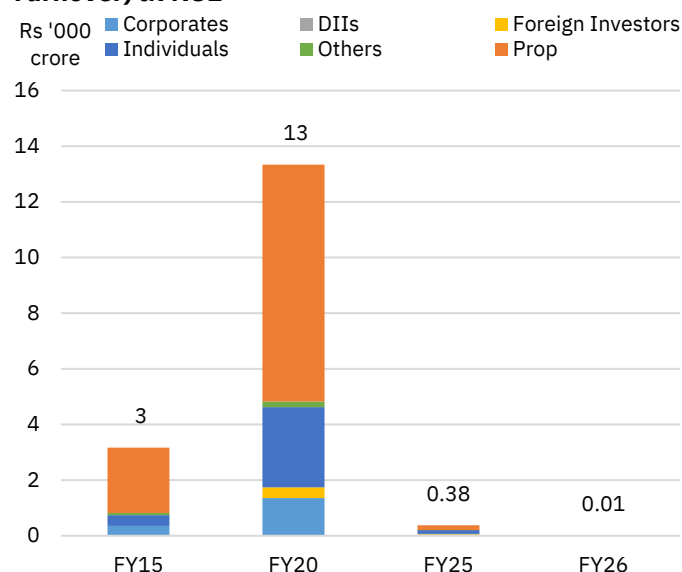
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4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 280: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE (%)

Figure 281: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE


Source: NSE EPR.

Notes: 1. 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.

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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 FY26 is as of Sep'25.

Table 77: Share of client participation in Interest Rate Futures of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	69.4	69.9	75.5	(43)	(607)	73.3	72.7	75.6
DIIIs	0.0	0.0	0.2	-	(22)	0.0	0.0	0.0
Foreign Investors	0.4	1.0	0.1	(51)	35	0.7	0.2	0.7
Individuals	7.4	4.5	16.4	287	(895)	7.2	15.1	11.4
Prop	22.7	24.7	6.9	(193)	1,585	18.7	10.6	12.2
Others	0.0	0.0	1.0	-	(95)	0.0	1.3	0.1

Source: NSE EPR.

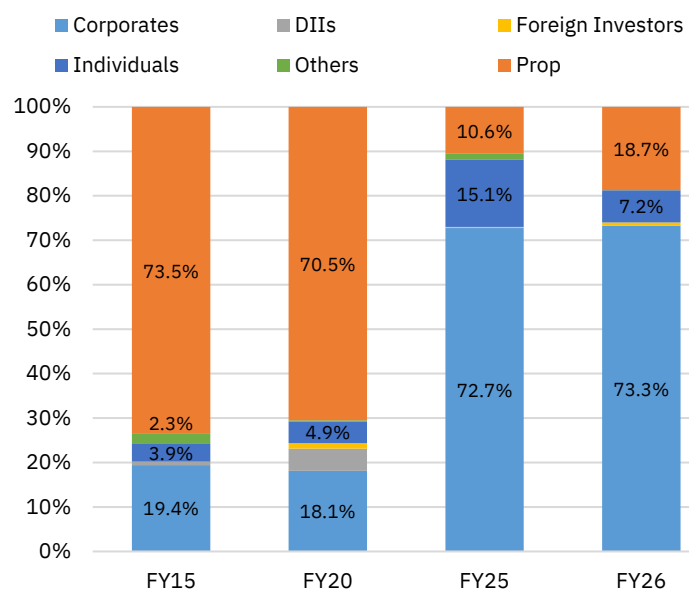
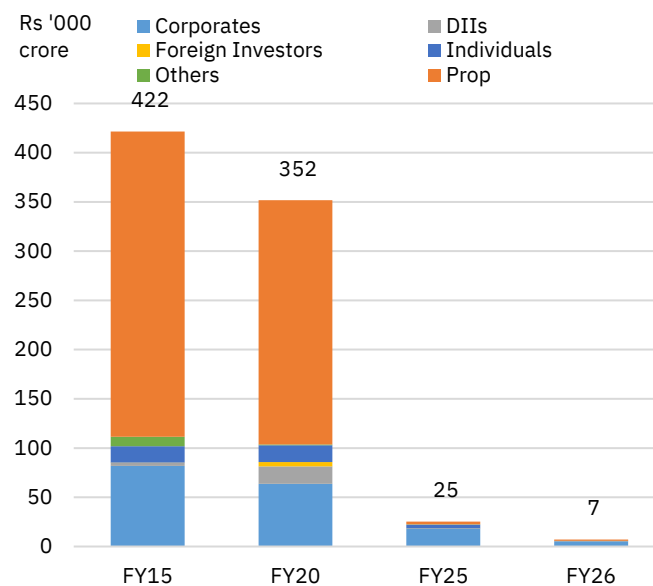
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5. CY25 and FY26 are as of Sep'25.

Figure 282: Annual trends in share of client participation in Interest Rate Futures at NSE (%)

Figure 283: Annual trends in share of client participation in Interest Rate Futures at NSE


Source: NSE EPR.

Notes: 1. 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.

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4. Data for FY26 is as of Sep'25.

Table 78: Share of client participation in Commodity derivatives segment of NSE (%)

Client category	Sep-25	Aug-25	Sep-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Commodity Futures								
Corporates	1.9	2.3	0.0	(39)	188	2.3	0.0	2.3
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	0.2	0.3	0.0	(4)	24	0.3	0.0	0.3
Individuals	7.7	6.0	2.1	169	554	7.6	5.9	7.7
Prop	78.8	77.7	1.8	109	698	78.0	78.2	78.0
Others	11.4	13.7	26.0	(234)	(1,464)	11.7	15.9	11.7
Commodity Options (Premium Turnover)								
Corporates	0.1	0.1	0.0	2	9	0.5	0.0	0.3
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	8.1	5.9	0.0	224	810	3.3	0.0	2.2
Individuals	33.2	33.0	2.5	15	3,069	30.9	14.1	28.3
Prop	57.4	60.6	85.3	(315)	(2,783)	64.0	74.0	63.4
Others	1.2	0.4	12.2	75	(1,105)	1.3	11.8	5.7
Commodity Derivatives (Notional Turnover)								
Corporates	0.6	0.6	0.0	6	59	0.8	0.2	0.7
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	3.1	1.6	0.0	141	305	1.1	0.0	0.7
Individuals	19.2	14.4	1.4	472	1,776	15.3	4.2	12.1
Prop	75.5	81.4	88.3	(590)	(1,273)	80.5	84.7	80.2
Others	1.6	1.9	10.3	(30)	(867)	2.3	10.9	6.3

Source: NSE EPR.

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4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Sep'25.

Figure 284: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover) (%)

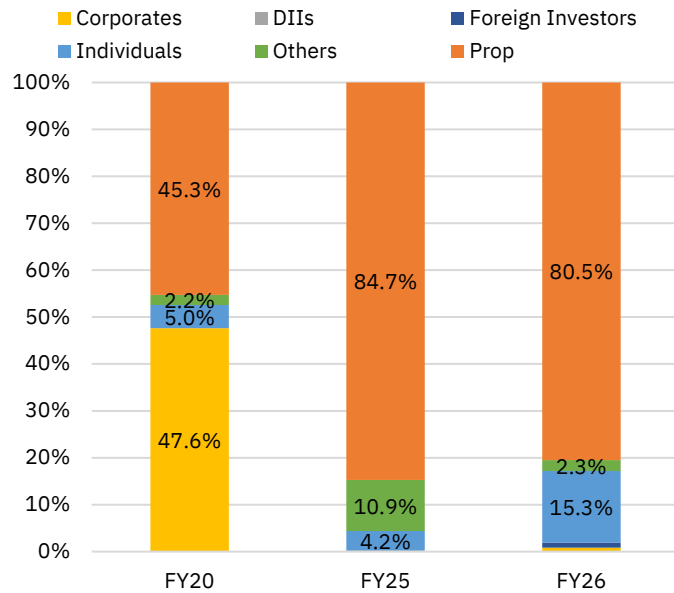


Figure 285: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover)

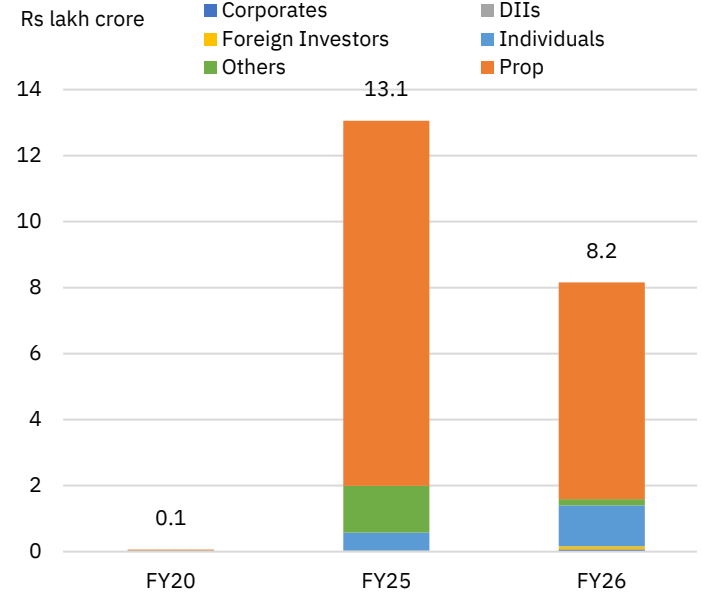


Figure 286: Annual trends in share of client participation in Commodity Futures at NSE (%)

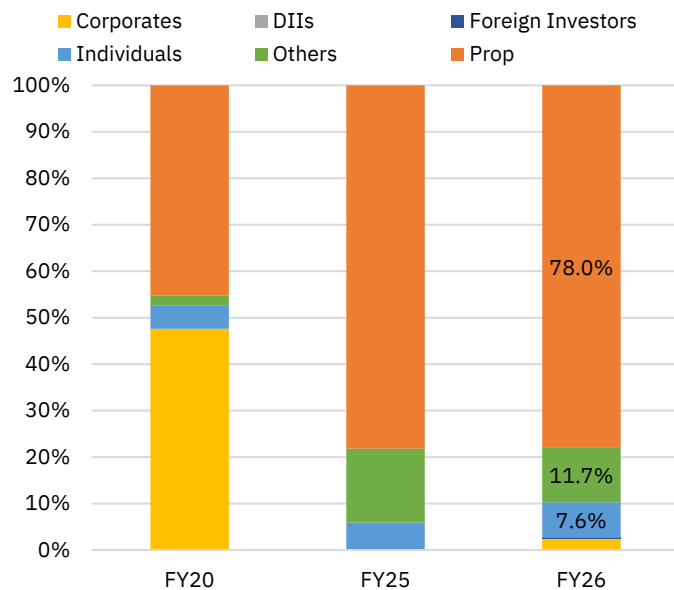
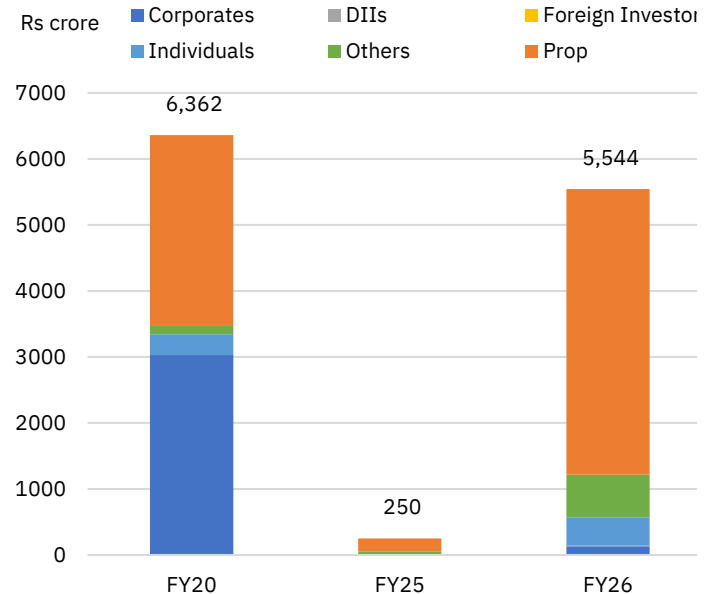


Figure 287: Annual trends in share of client participation in Commodity Futures at NSE



Source: NSE EPR.

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4. Data for FY26 is as of Sep'25.

Figure 288: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE (%)

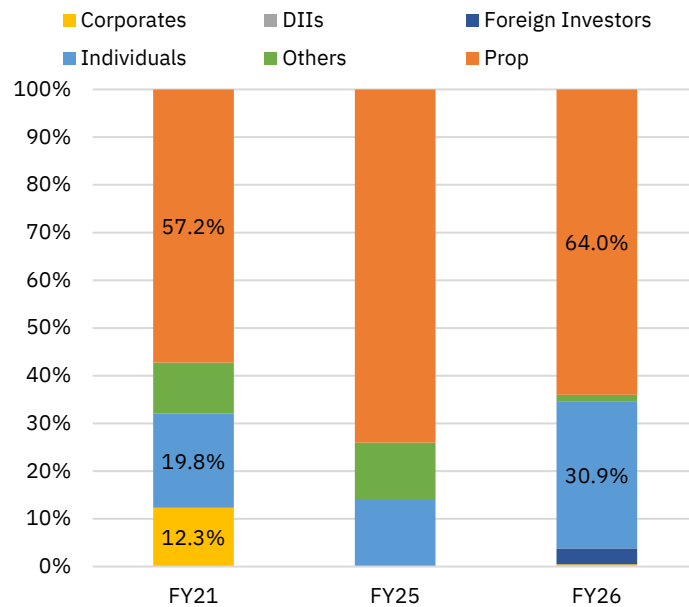
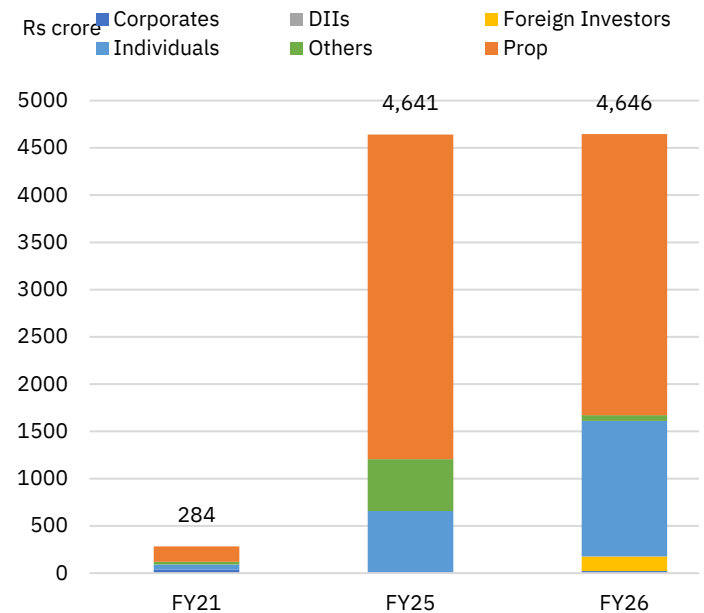


Figure 289: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE



Source: NSE EPR.

- Notes: 1. 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.
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4. Data for FY26 is as of Sep'25.

Channel-wise turnover distribution: Colo sustains dominance, mobile records a rise

In September, trading channel dynamics across equity derivatives emphasise the role of tech driven infrastructure for investing. Colocation sustained its dominant position, with shares of 37.5% in equity cash, 53.1% in equity options (based on premium), and 50.5% in equity futures, reflecting the dominance of principal traders in equity cash and derivatives. Although slightly down on monthly comparison in equity cash, Colocation demonstrated healthy YoY growth, reinforcing its role as the key infrastructure for trading. Conversely, the share of Direct Market Access (DMA) experienced downward trajectory across segments, as institutional participation declined.

The share of mobile and internet-based trading (IBT) increased on a monthly basis, driven by a rise in individual investor participation. Mobile trading advanced significantly, reaching 21.5% in equity cash, 28.2% in equity options—a record high—and 9.2% in equity futures, signalling growing engagement from individual investors. IBT also registered modest improvements, particularly in equity cash and derivatives. Overall, September's data highlights the continued dominance of proprietary firms through Colocation, alongside a growing share of mobile trading driven by increased participation from individual investors.

Colocation continues to dominate in equity cash while the share of mobile recorded a significant rise: In September, Colocation maintained a dominant position in equity cash trading with a 37.5% share, albeit down 104bps MoM but up 219bps YoY. The share of DMA continued to weaken, falling 96bps MoM and 333bps YoY to 4.1%, while IBT improved slightly by 50bps MoM to 8.2%. Mobile trading gained traction, rising 176bps MoM and 98bps YoY to 21.5%, suggesting steady individual investors participation. CTCL/NEAT terminals edged lower by 19bps MoM to 26.8%, and Smart Order Routing remained stable at 1.8%. Overall, September reflected a balanced trend, with continued dominance by proprietary firms through Colocation and a moderate revival in mobile and IBT channels.

Mobile trading surges at record high in equity options; Colocation steady while DMA weakens: In September, Colocation remained the largest channel in equity options with a 53.1% share, slightly down 64bps MoM but up 77bps YoY, reflecting continued dominance by proprietary firms. The share of DMA rose 32bps MoM to 4.9%, yet remained significantly lower 521bps YoY, highlighting the decline in institutional investors participation. IBT was stable at 10.7%, up 45bps YoY, while mobile trading gained strongly, rising 45bps MoM and 460bps YoY to 28.2% (at record high), indicating increase in participation from individual investors.

Share of mobile rose to a three-month high in equity futures, while the share of DMA declined to 19-month low: In September, the share of mobile rose 74bps MoM to 9.2% in equity futures, marking a three-month high and reflecting sustained individual investors participation. Colocation remained dominant with a 50.5% share, though it dipped 28bps MoM, yet gained 93bps YoY, emphasising steady proprietary firms' activity. DMA declined further by 81bps MoM and 162bps YoY to 14.9%, reaching 19-month low. IBT improved slightly by 17bps MoM to 6.2%, while CTCL/NEAT terminals saw a marginal 18bps MoM increase to 19.2%. Smart Order Routing remained negligible. Overall, the data highlights continued principal traders' dominance through Colocation, complemented by a rise in the share of mobile.

The share of IBT share declined on monthly comparison, albeit higher on yearly comparison: In September, IBT's share in commodity futures declined MoM to 10.3% from 14.0% in August but remained significantly higher for yearly comparison (+967 bps YoY), indicating sustained investor interest in the electricity futures contracts.

CTCL/NEAT terminals continued to dominate with 87.2%, up 355 bps MoM, while mobile trading inched up slightly to 2.2%. The sustained momentum in electricity futures is drawing strong investor interest and highlighting the growing need for technology-driven connectivity.

DMA share hits record high; IBT surges to 24-month peak: In commodity options, mobile trading saw a MoM decline of 283 bps to 21.5%, while IBT strengthened by 313 bps MoM to 11.4% (at 24-month high) and DMA rose by 224 bps MoM to 8.1% (at record high). Remarkably, their combined share stood at 41% as CTCL/NEAT terminals' share fell to 59%, showcasing downtrend trajectory. The data highlights a structural shift in options trading, with investors increasingly favouring tech driven solutions as premium turnover continue to rise.

Table 79: Monthly trend in share (%) of different channels of trading in NSE CM segment

Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	37.5	38.6	35.3	-104	219	37.6	36.5	38.1
Direct Market Access (DMA)	4.1	5.0	7.4	-96	-333	5.7	6.8	6.0
Internet Based Trading (IBT)	8.2	7.7	7.9	50	38	7.9	7.8	7.7
Mobile	21.5	19.8	20.6	176	98	21.4	20.7	20.9
Smart order routing	1.8	1.9	0.6	-8	129	1.2	0.7	1.1
CTCL/ Neat terminal	26.8	27.0	28.3	-19	-151	26.2	27.5	26.1

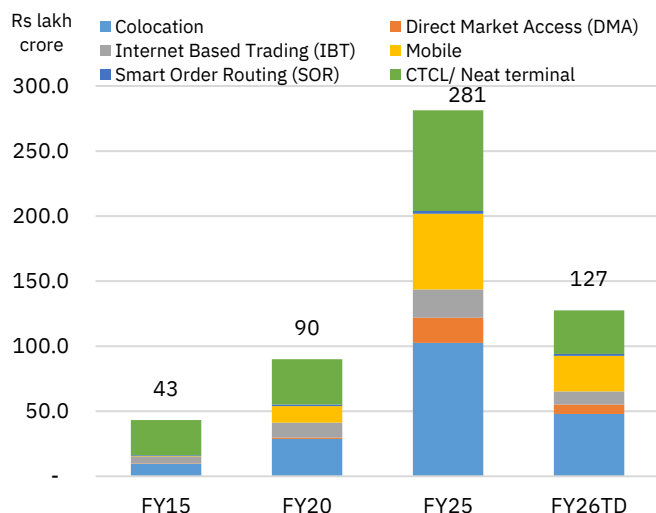
Source: NSE EPR

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 FY26TD and CY25TD are as of Sep'25.

Figure 290: Annual turnover trend for different channels in the NSE CM 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. Data for FY26TD is as of Sep'25.

Figure 291: Annual trend in turnover share for different channels in the NSE CM segment

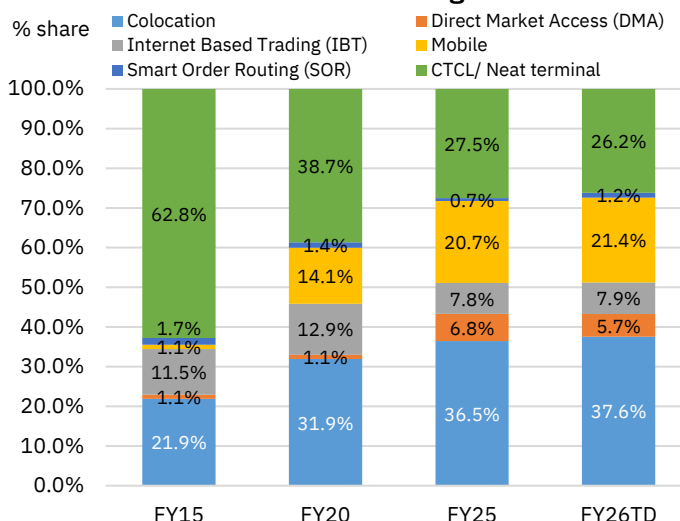
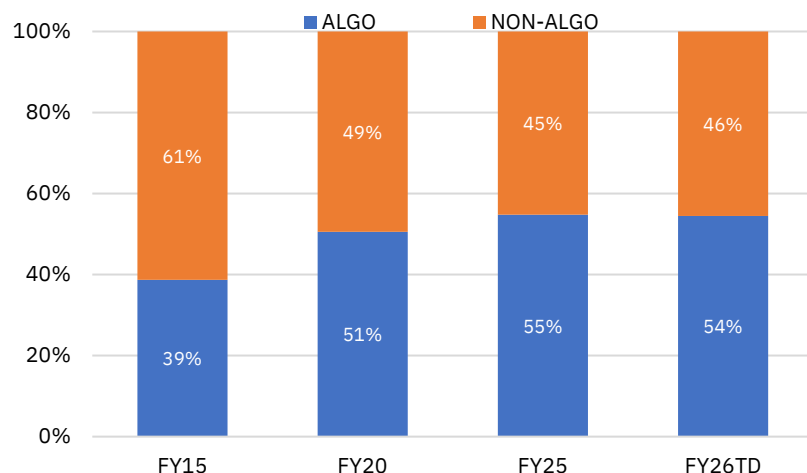


Figure 292: Annual trends in share (%) for modes of trading in NSE CM segment


Source: NSE EPR.

Notes: 1. The above figures have been computed in terms of % share on the basis of net turnover.

2. Data for FY26TD is as of Sep'25.

Table 80: Share (%) of different channels of trading in equity derivatives segment (notional turnover)

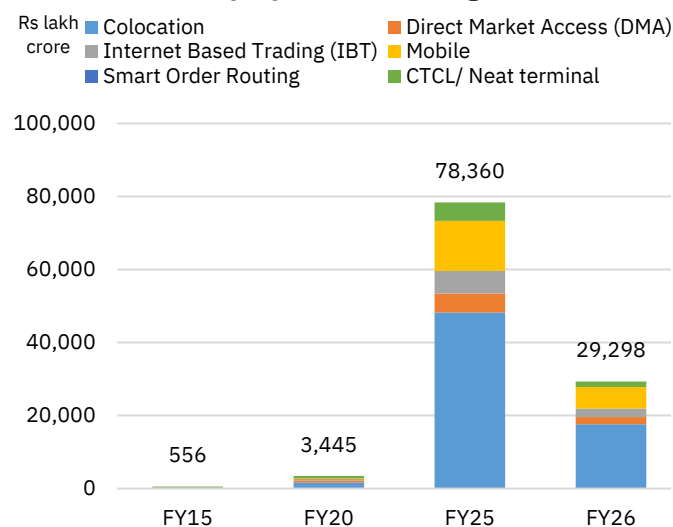
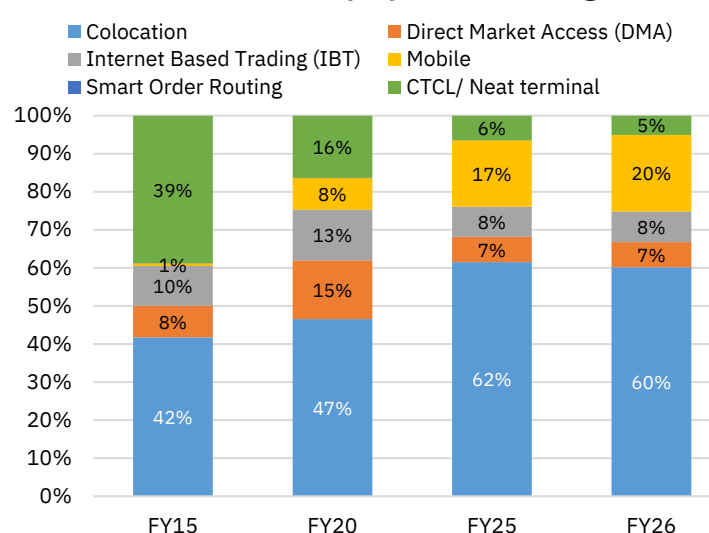
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	59.8	59.9	61.7	-6	-191	60.2	61.5	60.4
Direct Market Access (DMA)	5.5	5.2	7.3	31	-181	6.6	6.7	6.6
Internet Based Trading (IBT)	8.2	8.3	7.8	-15	43	8.0	7.9	8.0
Mobile	21.8	21.6	16.9	28	489	20.1	17.5	19.7
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	4.6	5.0	6.2	-38	-160	5.0	6.4	5.3

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 FY26TD and CY25TD are as of Sep'25.

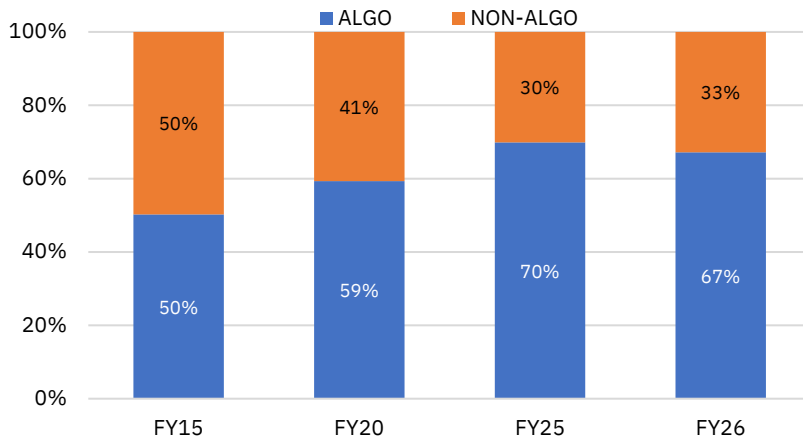
Figure 293: Annual turnover trend for different channels in the equity derivatives segment

Figure 294: Annual trend in turnover share 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. Data for FY26 is as of Sep'25.

Figure 295: 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. Data for FY26 is as of Sep'25.

Table 81: Monthly trend in share (%) of different channels of trading in Equity futures (based on turnover)

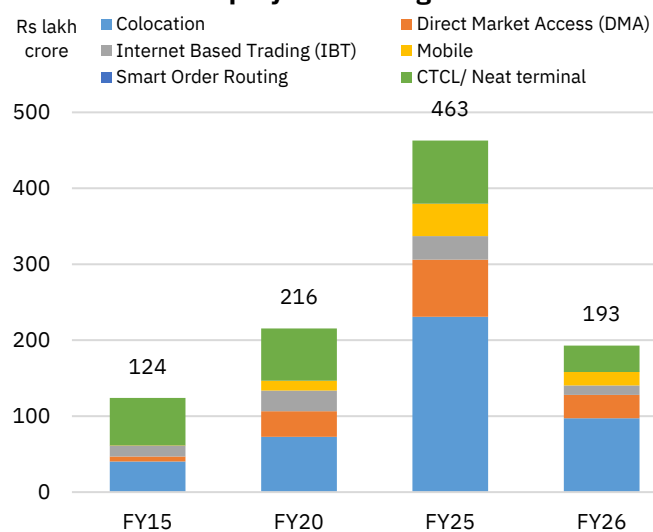
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	50.5	50.8	49.6	-28	93	50.4	49.9	50.4
Direct Market Access (DMA)	14.9	15.7	16.5	-81	-162	15.9	16.3	16.2
Internet Based Trading (IBT)	6.2	6.0	6.4	17	-26	6.4	6.7	6.4
Mobile	9.2	8.5	9.4	74	-17	9.3	9.2	9.0
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	19.2	19.0	18.0	18	112	18.0	17.9	17.9

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 FY26TD and CY25TD are as of Sep'25.

Figure 296: 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. Data for FY26 is as of Sep'25.

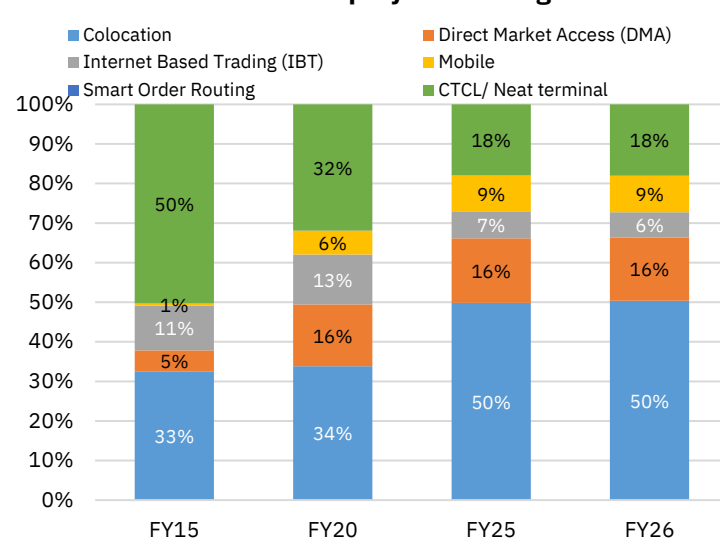
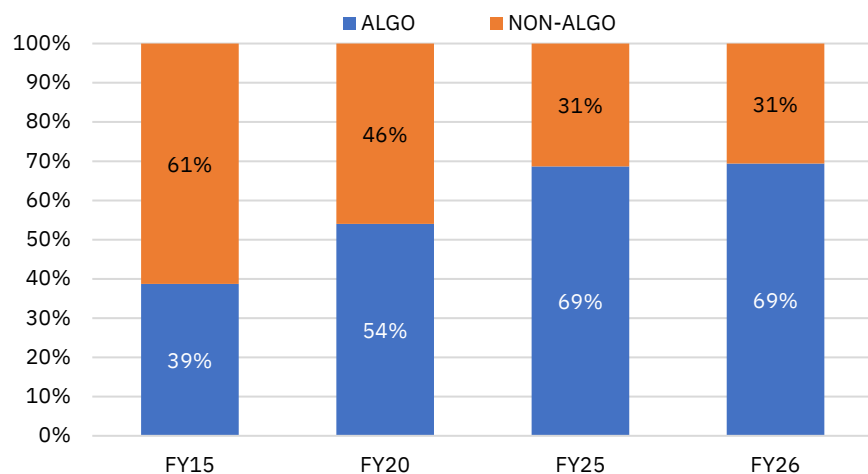
Figure 297: Annual trend in turnover share for different channels in the equity futures segment


Figure 298: 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. Data for FY26 is as of Sep'25.

Table 82: Monthly trend in share (%) of different channels of trading in Equity options (Premium value)

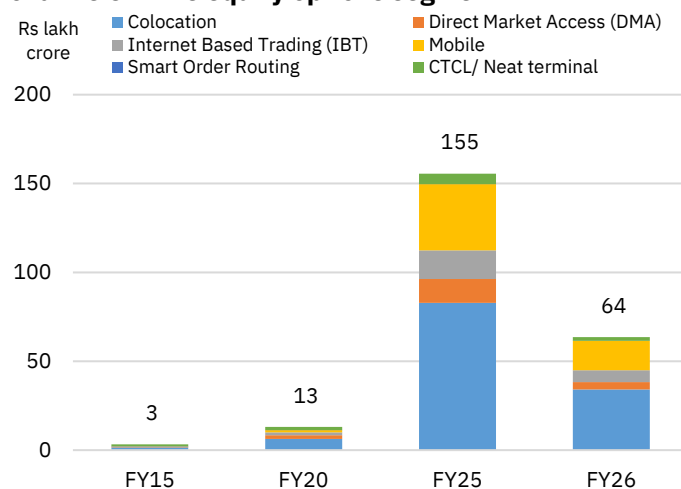
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	53.1	53.8	52.4	-64	77	53.7	53.3	53.7
Direct Market Access (DMA)	4.9	4.6	10.2	32	-521	6.6	8.6	6.8
Internet Based Trading (IBT)	10.7	10.7	10.3	0	45	10.4	10.3	10.5
Mobile	28.2	27.7	23.6	45	460	26.0	24.0	25.6
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	3.0	3.2	3.6	-13	-61	3.3	3.7	3.4

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 FY26TD and CY25TD are as of Sep'25.

Figure 299: 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. Data for FY26 is as of Sep'25.

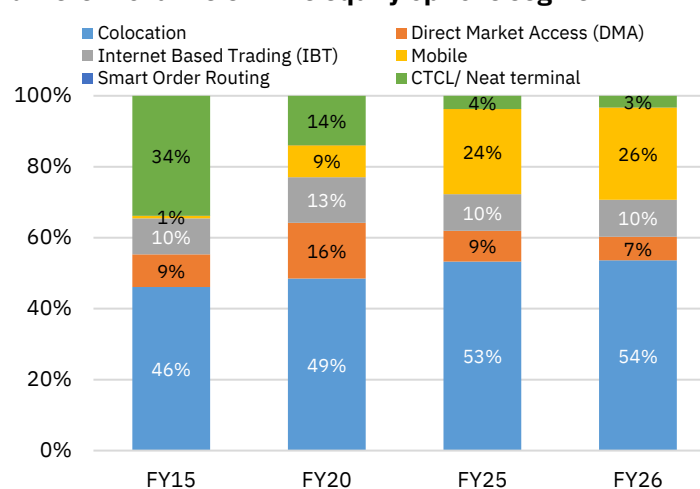
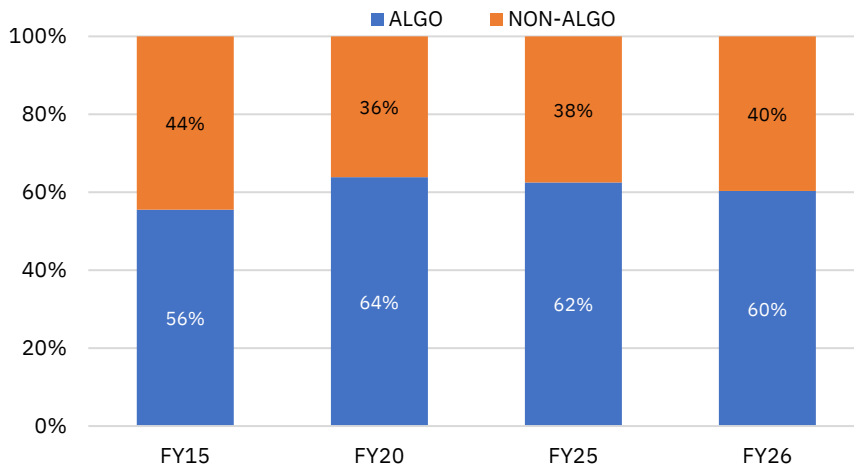
Figure 300: Annual trend in turnover share for different channels in the equity options segment


Figure 301: 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 FY26 is as of Sep'25.

Table 83: Monthly Share (%) of different channels in index futures turnover

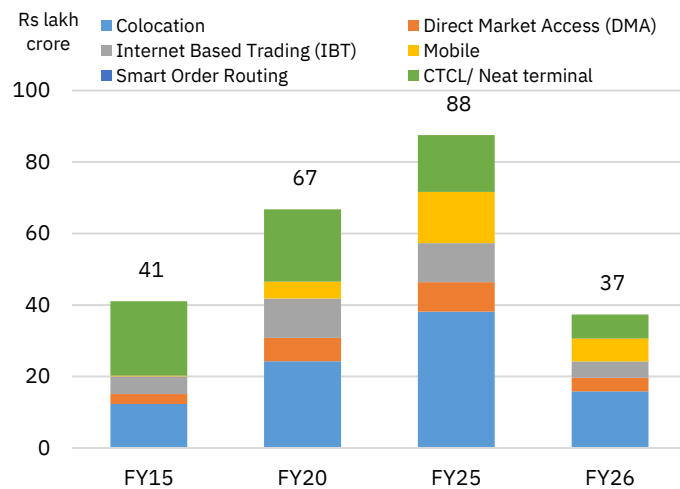
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	2025
Colocation	42.4	44.3	44.5	-186	-209	42.4	43.6	42.7
Direct Market Access (DMA)	9.2	9.9	9.4	-72	-25	10.1	9.4	9.7
Internet Based Trading (IBT)	12.1	12.0	12.1	3	-0	12.3	12.5	12.6
Mobile	17.7	16.4	16.5	130	123	17.3	16.3	17.1
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	18.6	17.3	17.5	125	112	17.9	18.2	17.9

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 2025 is as of Sep'25.

Figure 302: 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 FY26 is as of Sep'25.

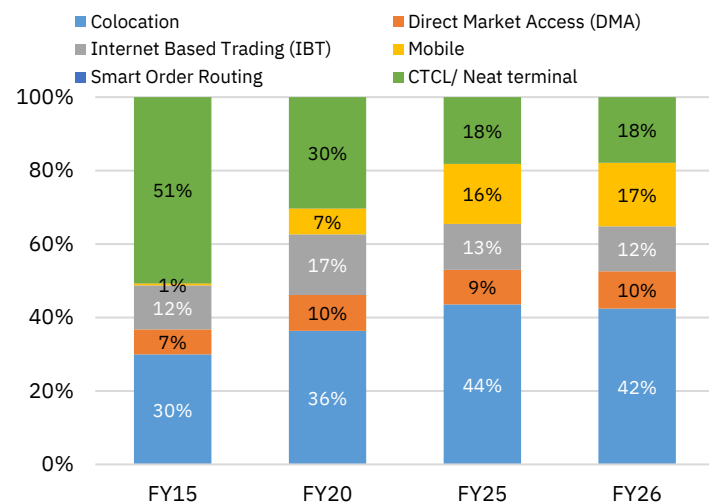
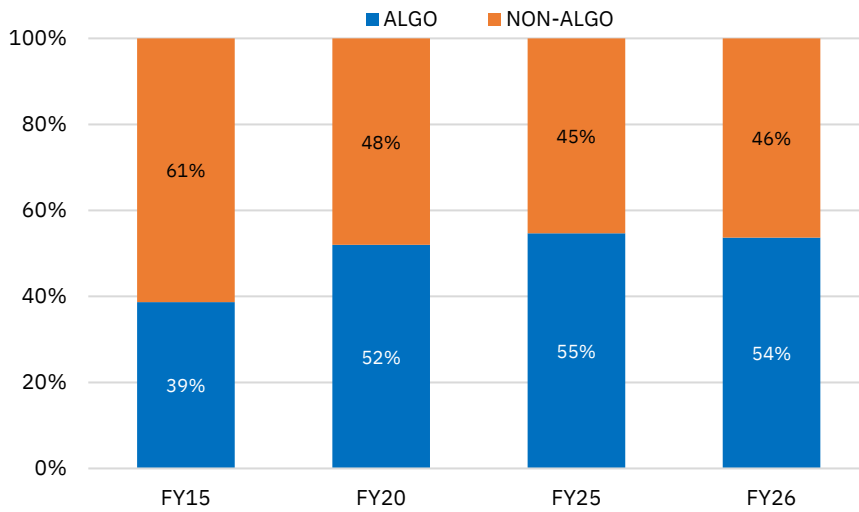
Figure 303: Annual trend in turnover share for different channels in Index futures


Figure 304: 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 FY26 is as of Sep'25.

Table 84: Monthly share (%) of different channels in stock futures turnover

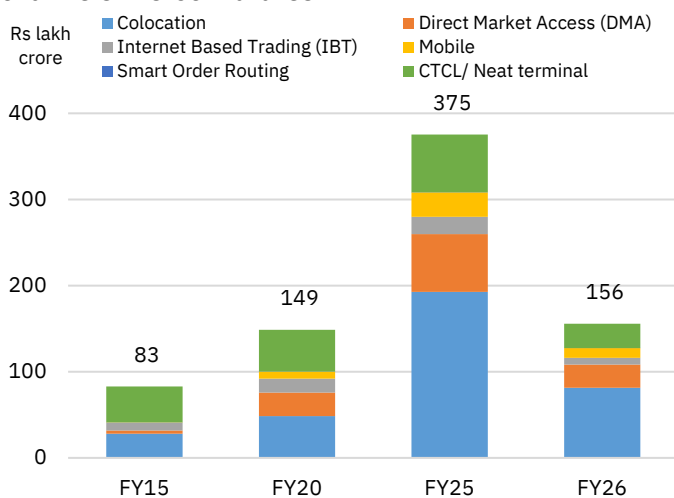
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	2025
Colocation	52.1	52.2	50.7	-8	149	52.3	51.3	52.3
Direct Market Access (DMA)	16.1	17.0	18.0	-93	-196	17.3	17.9	17.8
Internet Based Trading (IBT)	5.0	4.7	5.3	31	-26	5.0	5.3	5.0
Mobile	7.5	6.7	7.9	76	-39	7.3	7.6	7.1
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	19.3	19.3	18.2	-6	112	18.0	17.9	17.9

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 2025 is as of Sep'25.

Figure 305: 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 FY26 is as of Sep'25.

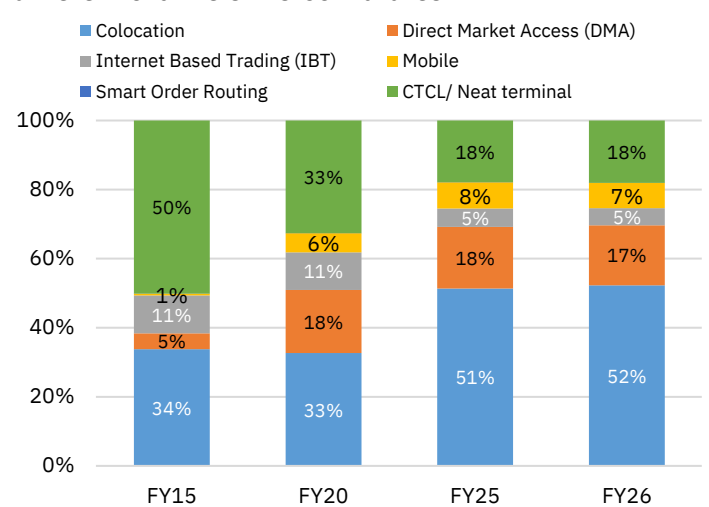
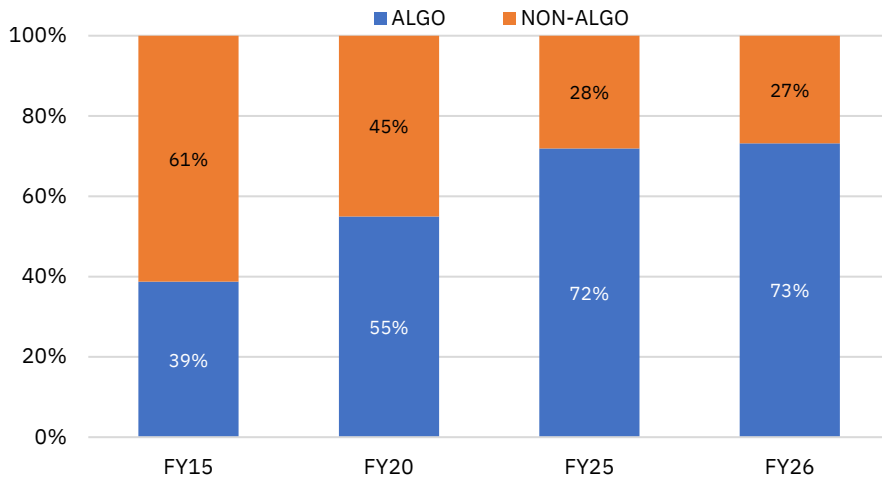
Figure 306: Annual trend in turnover share for different channels in stock futures


Figure 307: Annual trends in share for different modes in stock futures turnover


Source: NSE EPR.

Note: 1. The above figures have been computed in terms of % share based on turnover.

2. Data for FY26 is as of Sep'25.

Table 85: Monthly share (%) of different channels in index options premium turnover

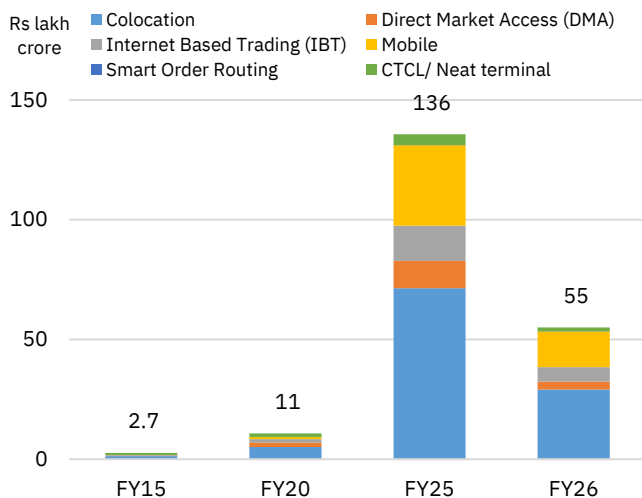
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	2025
Colocation	52.0	52.4	51.6	-39	35	52.9	52.6	53.0
Direct Market Access (DMA)	4.9	4.6	10.1	32	-516	6.1	8.4	6.1
Internet Based Trading (IBT)	11.2	11.3	10.8	-3	46	11.0	10.8	11.1
Mobile	29.1	28.9	24.2	27	495	27.1	24.8	26.7
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	2.7	2.9	3.3	-17	-59	3.0	3.4	3.1

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 presented in % based on premium turnover.

3. Data for FY26TD and CY25TD are as of Sep'25.

Figure 308: Annual turnover trend for different channels in Index 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 FY26 is as of Sep'25.

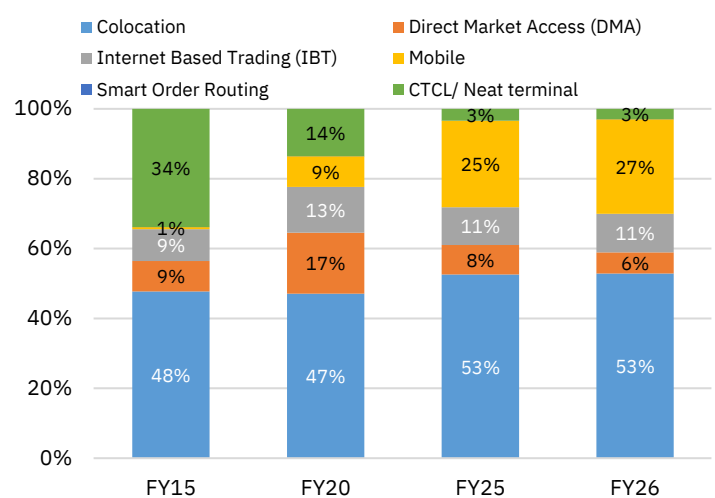
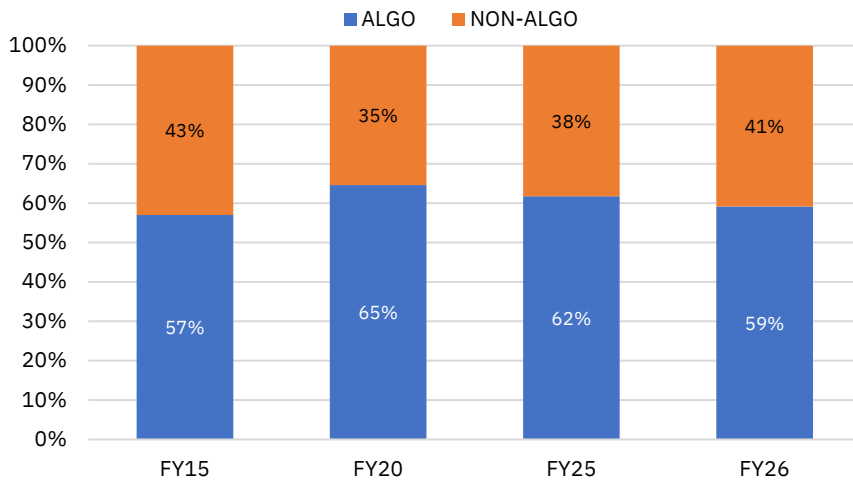
Figure 309: Annual trend in turnover share for different channels in Index options


Figure 310: 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 2025 is as of Sep'25.

Table 86: Monthly share (%) of different channels in stock options premium turnover

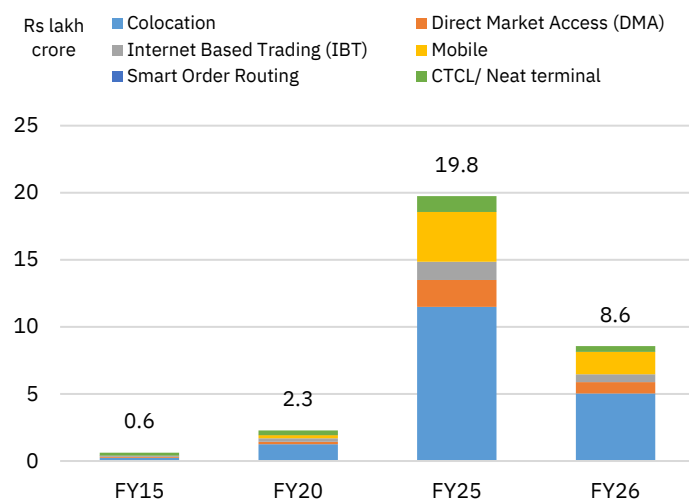
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	2025
Colocation	60.9	63.8	57.1	-283	386	58.7	58.2	58.5
Direct Market Access (DMA)	4.9	4.6	10.4	33	-553	9.9	10.1	11.0
Internet Based Trading (IBT)	7.2	6.8	7.0	41	25	6.8	6.9	6.6
Mobile	21.7	19.6	19.6	210	208	19.5	18.8	18.8
Smart order routing	-	-	0.0	-	-0	0.0	0.0	0.0
CTCL/ Neat terminal	5.3	5.3	5.9	-1	-65	5.1	6.0	5.1

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 on the basis of net turnover.

3. Data for FY26TD and CY25TD are as of Sep'25.

Figure 311: Annual turnover trend for different channels in stock 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 presented in % share based on the premium turnover

3. Data for FY26 is as of Sep'25.

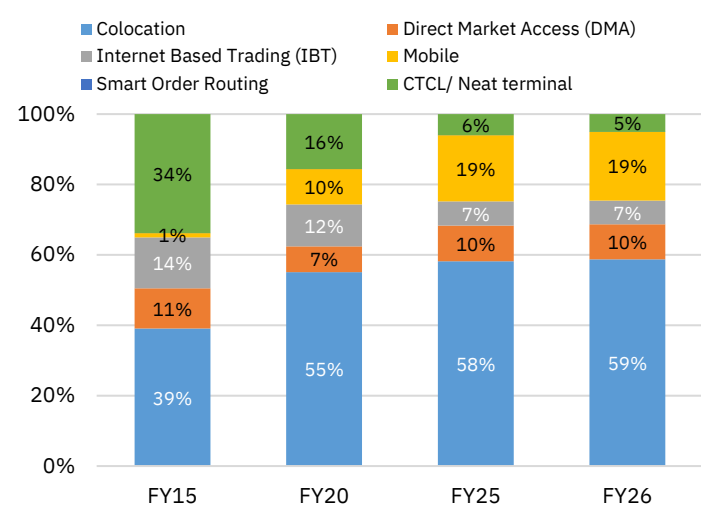
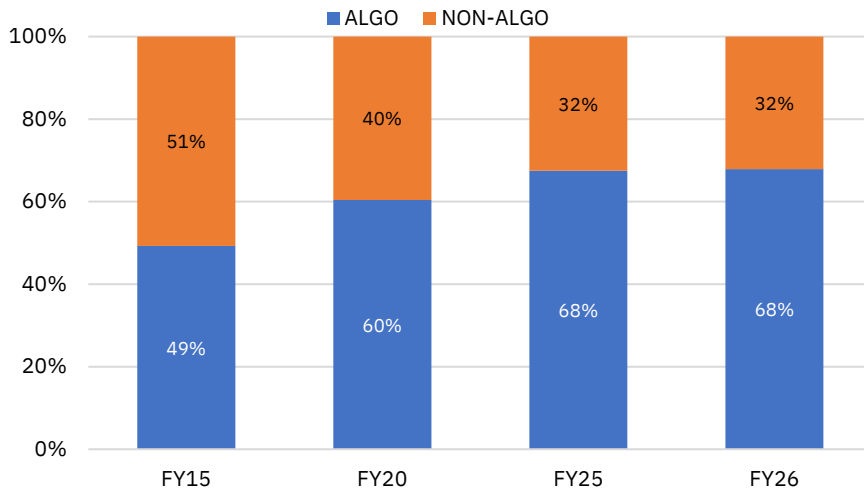
Figure 312: Annual trend in turnover share for different channels in stock options


Figure 313: 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 FY26 is as of Sep'25.

Table 87: Share (%) for different channels of trading in commodity derivatives

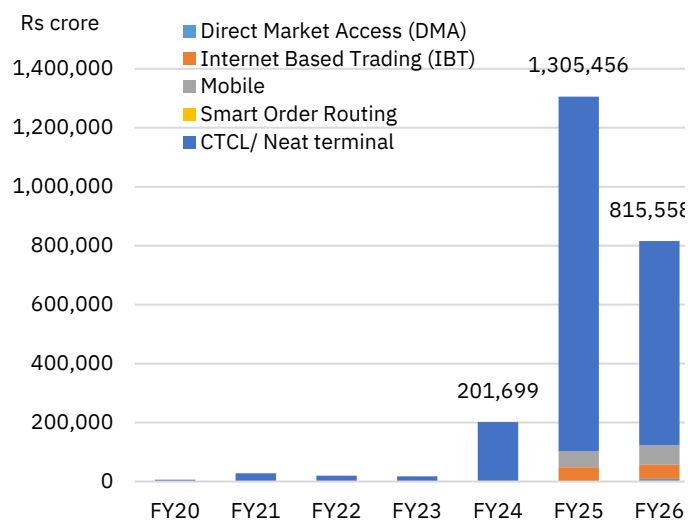
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	2025
Direct Market Access (DMA)	3.1	1.6	-	141	305	1.1	0.0	0.7
Internet Based Trading (IBT)	6.7	4.8	1.0	191	568	5.9	3.7	6.4
Mobile	10.3	8.1	1.3	222	898	8.1	4.2	8.2
CTCL/ Neat terminal	79.9	85.5	97.6	-555	-1,771	84.9	92.1	84.8

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 FY26TD and CY25TD are as of Sep'25.

Figure 314: 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 FY26 is as of Sep'25.

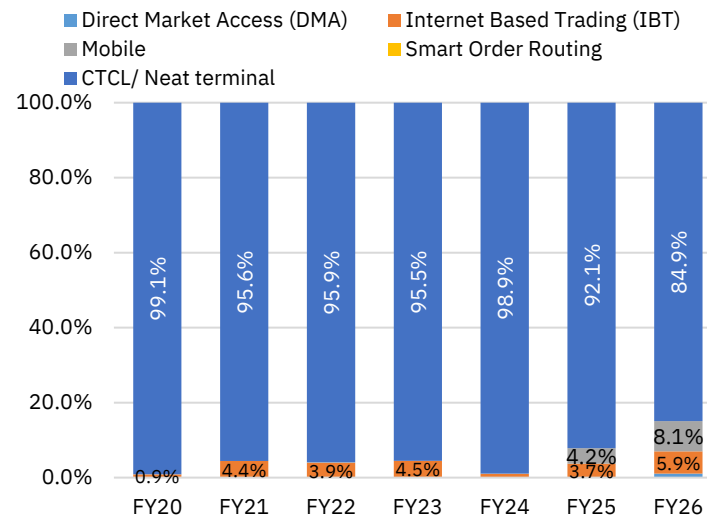
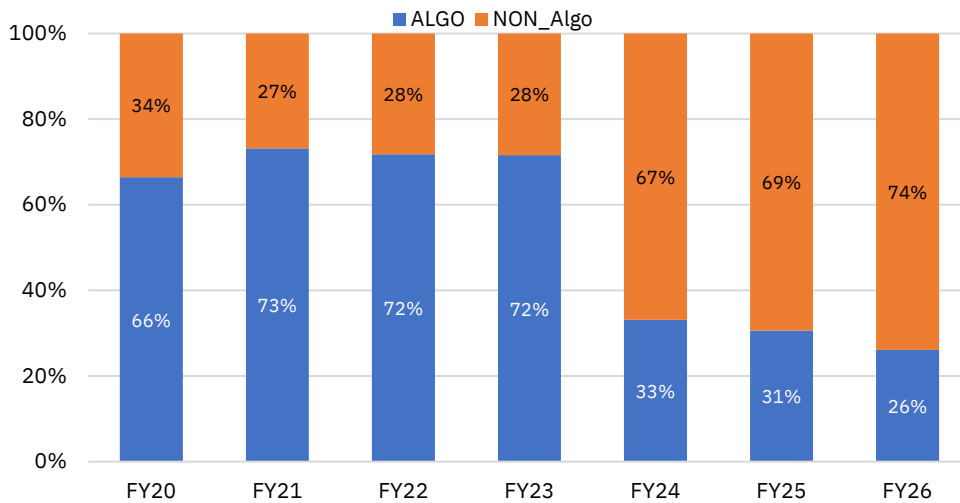
Figure 315: Annual trend in turnover share for different channels in the commodity derivatives segment


Figure 316: Annual trends in share for different modes in commodity derivatives notional turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in % share based on notional turnover.

2. Data for FY26 is as of Sep'25.

Table 88: Share (%) of different channels of trading in commodity futures turnover

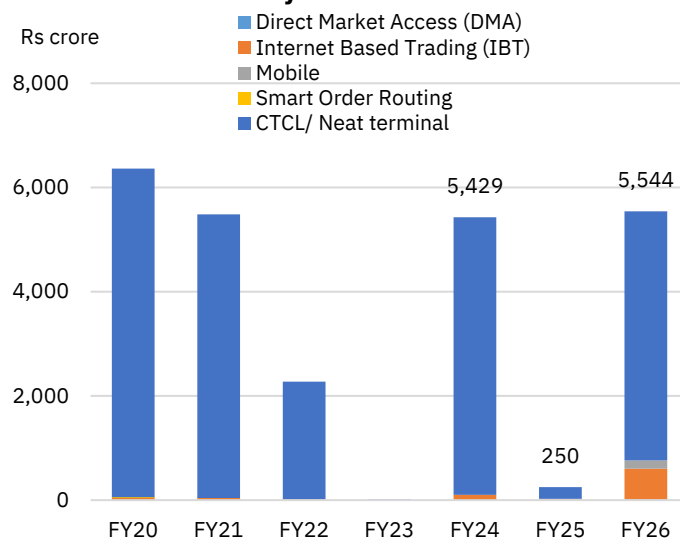
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	2025
Direct Market Access (DMA)	0.2	0.3	-	-5	24	0.3	-	0.2
Internet Based Trading (IBT)	10.3	14.0	0.6	-366	967	10.6	4.8	10.5
Mobile	2.2	2.1	1.8	15	40	2.8	5.4	3.0
CTCL/ Neat terminal	87.2	83.7	97.5	355	-1,031	86.3	89.8	86.2

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 FY26TD and CY25TD are as of Sep'25.

Figure 317: 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 FY26 is as of Sep'25.

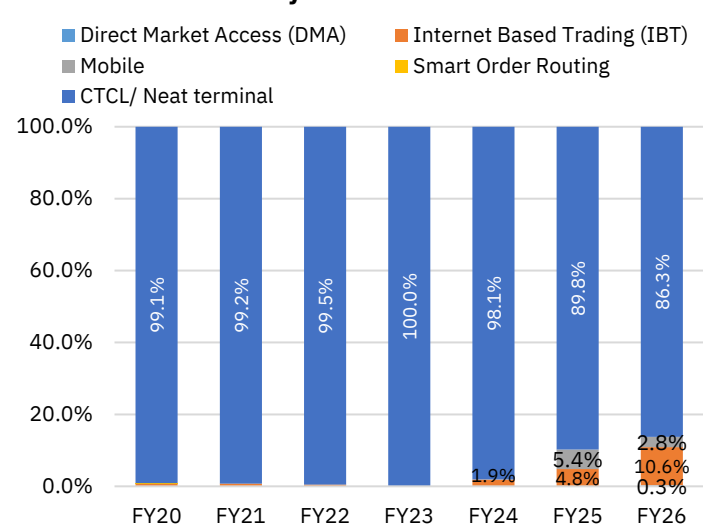
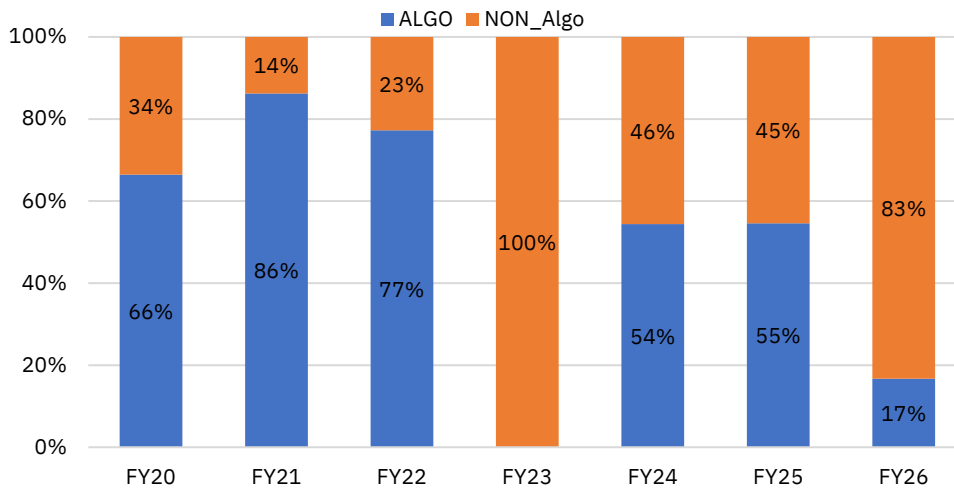
Figure 318: Annual trend in turnover share for different channels in commodity futures


Figure 319: Annual trends in share for different modes in commodity futures turnover


Source: NSE EPR.

Notes: 1. The above figures have been computed in % share based on turnover.

2. Data for FY26 is as of Sep'25.

Table 89: Monthly share (%) of different channels in commodity options premium turnover

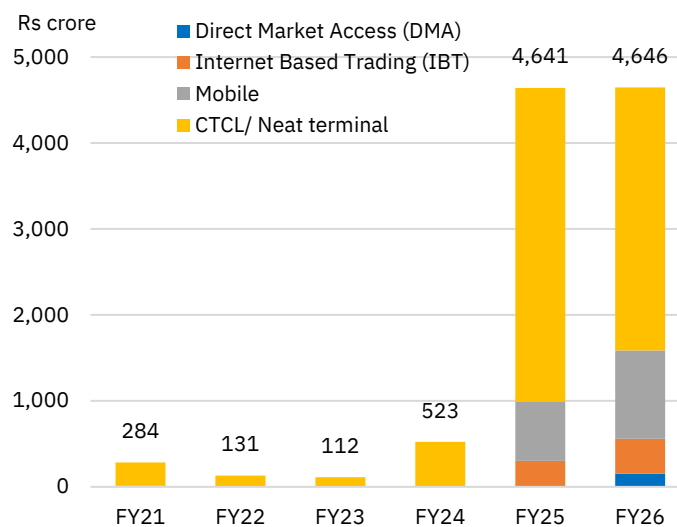
Channel	Sep-25	Aug-25	Sep-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	2025
Direct Market Access (DMA)	8.1	5.9	-	224	810	3.3	0.0	2.2
Internet Based Trading (IBT)	11.4	8.3	2.5	313	888	8.8	6.5	9.1
Mobile	21.5	24.3	2.0	-283	1,954	22.1	14.8	23.4
CTCL/ Neat terminal	59.0	61.5	95.5	-254	-3,651	65.8	78.7	65.4

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 FY26TD and CY25TD are as of Sep'25.

Figure 320: 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 FY26 is as of Sep'25.

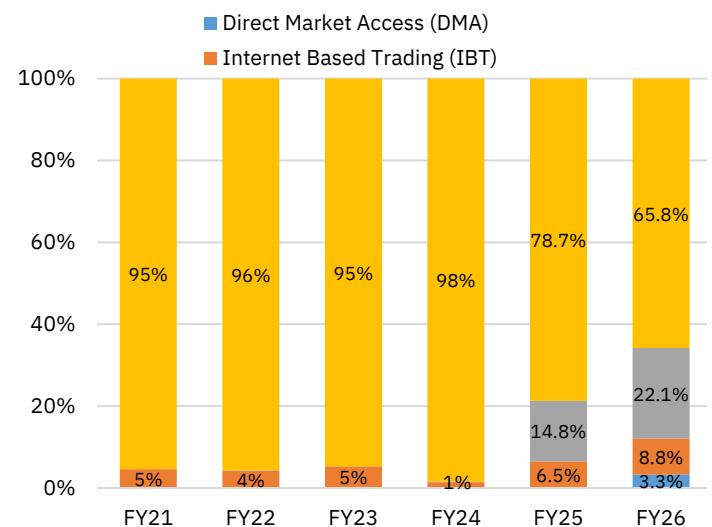
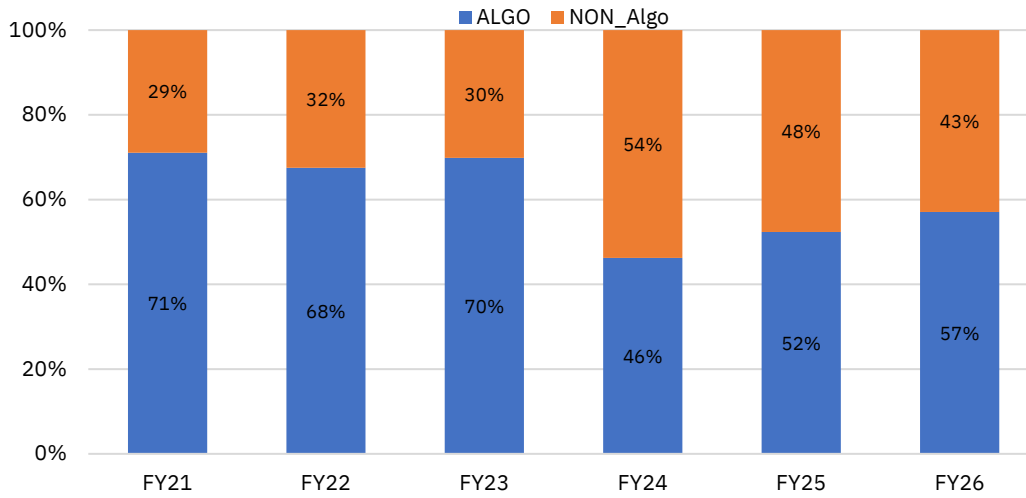
Figure 321: Annual trend in turnover share for different channels in commodity options


Figure 322: 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.

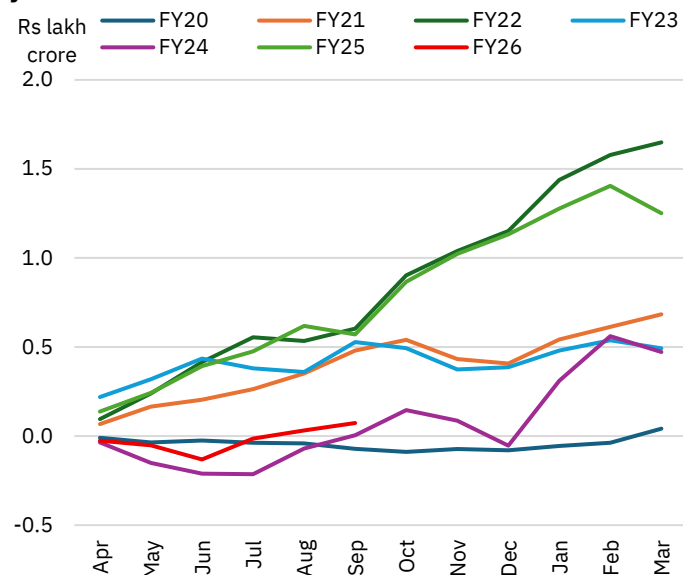
2. Data for FY26 is as of Sep'25.

Individual investors' activity in the equity segment: Positive inflows; lower trading activity

Individual investors remained net buyers for the third month in a row: In the face of rising trade tariffs and escalating geopolitical tensions, individual investors registered net equity outflows for four straight months — from March 2025 with notable weakness in June 2025 — totalling Rs 28,488 crore. However, this trend reversed in Q2, with net investments in secondary markets totalling Rs 20,469 crore during this period. That said, the pace of investment slowed, with net inflows declining from Rs 11,744 crore in July to Rs 4,534 crore in August and Rs 4,191 crore in September. This moderation points to rising profit booking and a more selective participation pattern by individual investors — driven by market valuation, global cues and evolving domestic macroeconomic environment. In FY26, individual investors recorded total net inflows of Rs 7,332 crore, significantly lower than the Rs 57,089 crore seen during the same period in the previous fiscal year, reflecting a more cautious investment stance.

Over the past six years, individual investors have consistently played a significant role in the secondary markets, contributing over 35% of total trading activity and making cumulative net investments of Rs 4.62 lakh crore in equities. This steady involvement mirrors the broader market uptrend, underpinned by robust domestic liquidity, a stable macroeconomic environment, and strong investor confidence in the long-term potential of equities. The continued participation of individual investors underscores deeper financialization of household savings and growing recognition of equities as a reliable avenue for long-term wealth creation in the Indian market.

Figure 323: Cumulative net inflows of individual investors in NSE's CM segment in the last six fiscal years

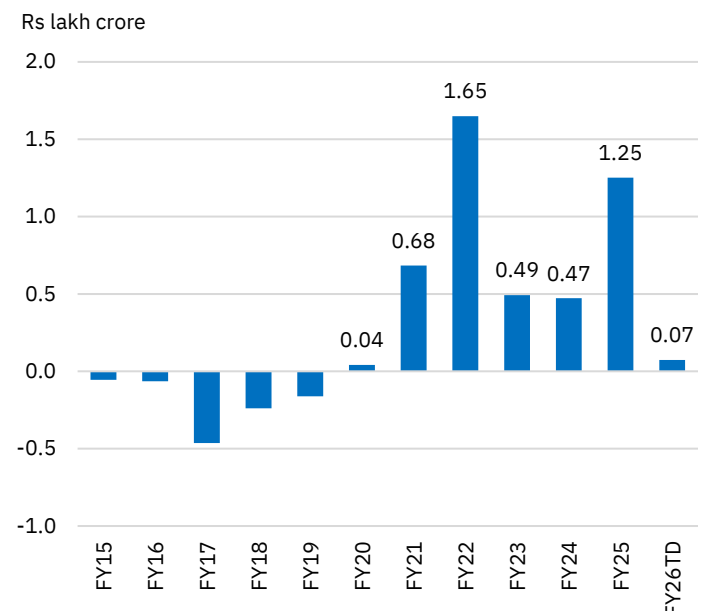


Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. Data for FY26 is as of Sep'25, for NSE's secondary markets only.

Figure 324: Annual trend of net inflows of individual investors in NSE's CM segment



Individual investor participation in CM and equity derivatives rose in September:

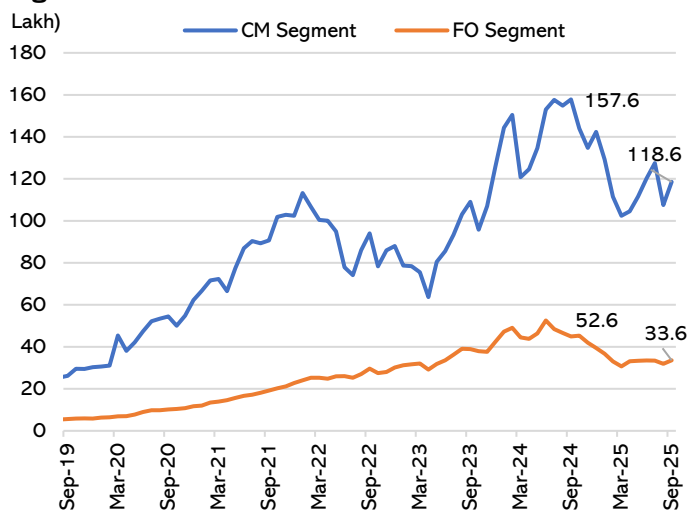
After witnessing a dip in August, the number of individual investors participating in the NSE's equity cash segment increased to 1.19 crore in September, adding up to 2.53 crore investors during the first six months of FY26. Trading activity was unevenly distributed by

frequency, with approximately 40% of investors trading on just one day during the month and contributing only 0.6% to the total cash market turnover. In contrast, around 1.2 lakh investors traded on all trading days of the month, accounting for a significant 8.4% of the total turnover during the month.

In line with CM segment, investor participation in equity derivatives segment increased to 33.6 lakh in September from a five-month low of 31.9 lakh in August, adding up to 62 lakh investors in the first six months of the current fiscal year. Participation in equity derivatives had peaked at over 52.6 lakh in June 2024 but has steadily declined since then. This drop became more pronounced following regulatory measures introduced in November 2024 including higher margin requirements, increased contract sizes, and restrictions on contract expiries, among others, aimed at safeguarding small investors. By Mar'25, the number of participants fell to just over 30 lakh, marking a 23-month low.

Of the 3.72 crore investors who traded over the last 12 months, around 76% or 2.82 crore participated exclusively in the cash segment, while 90 lakh individual investors were active in equity derivatives during this period. Notably, 77% of the derivative traders also traded in the cash segment during this period. Those trading solely in equity derivatives numbered just 21 lakh, representing only 1.8% of the total registered investor base. These figures help dispel the common misconception of disproportionately high retail participation in the equity derivatives segment.

Figure 325: Monthly trend of individual investors' participation in 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.

Figure 326: Yearly trend of individual investors' participation in NSE CM and equity derivative segments

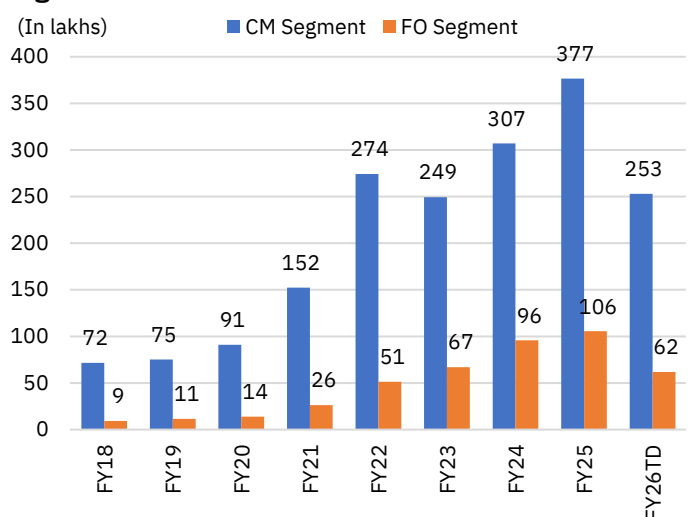
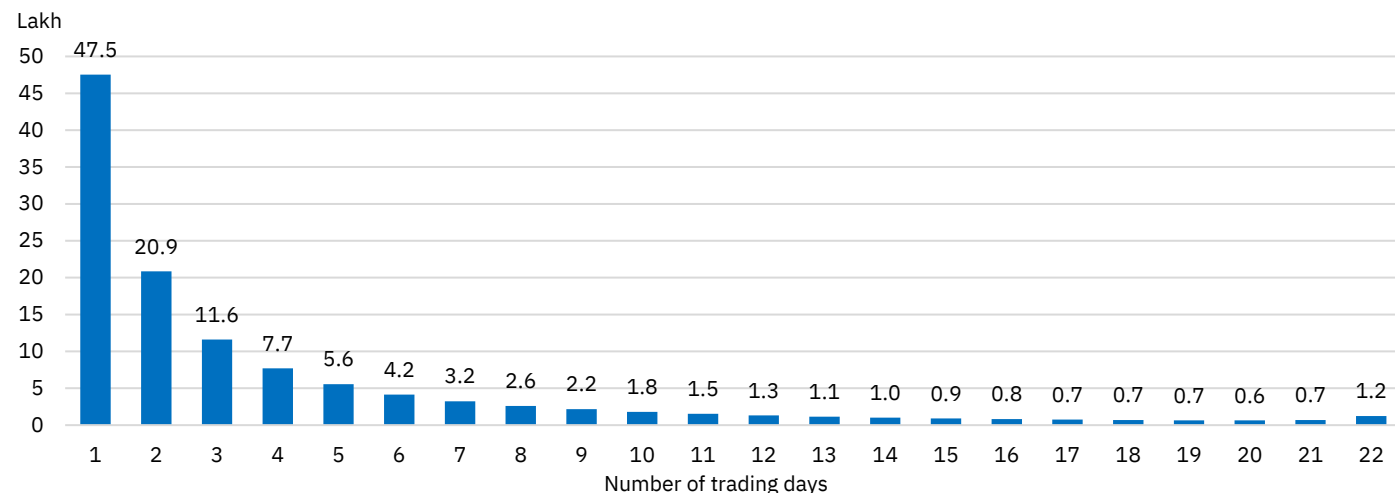


Figure 327: Trading frequency of individual investors participation in CM segment for September 2025



Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Table 90: Trend of individual investors participation (in lakhs) in NSE cash and equity derivatives
(For the last 12-month period ending September of each year)

Period	CM Total	FO Total	CM Alone	FO Alone	CM & FO Both
Oct'17-Sep'18	76	11	67	1	9
Oct'18-Sep'19	76	12	66	2	11
Oct'19-Sep'20	117	19	99	2	18
Oct'20-Sep'21	208	37	175	4	33
Oct'21-Sep'22	282	61	229	8	53
Oct'22-Sep'23	254	78	193	17	61
Oct'23-Sep'24	362	110	272	20	90
Oct'24-Sep'25	352	90	282	21	69

Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Distribution of trading activity by turnover: High value traders dominate turnover

Turnover across equity cash and derivatives segments continued to display a high degree of concentration in September, driven predominantly by large-ticket and institutional investors. In the equity cash market, the top 0.2% of investors—those trading above Rs 10 crore—accounted for 77% of total turnover and 74% of the month's rise, emphasising the dominance of a small but influential cohort of investors. A similar pattern persisted in the options market, where 0.3% of investors (who traded above Rs 10 crore) commanded nearly 69% of the premium turnover, reflecting deepening skewness toward high-value traders. In the equity futures segment, concentration was even more pronounced, with 8% of investors (who traded above Rs 10 crore) generating 93% of turnover. The data highlights that while individual investors' participation remains strong numerically, overall market activity continues to be shaped by large, institutional, and proprietary participants who drive liquidity and turnover across segments.

Large ticket investors accounts for 74% rise in turnover: The surge in equity cash turnover was primarily driven by large-ticket investors, with the top cohort—those trading above Rs 10 crore—accounting for 74% of the overall increase in turnover. The number of investors in this cohort rose 32% during the month. Nonetheless, equity cash turnover remains heavily concentrated, as this cohort represents just 0.2% of total investors but contributes 77.4% of total turnover (marginally lower than 78.1% in August). The next cohort, with trades between Rs 1 crore and Rs 10 crore, comprised 1.8% of investors but accounted for 13.6% of turnover. Together, these top two groups represent only 2% of investors, commanding 91% of total equity cash turnover. Conversely, 90% of investors trading below Rs 10 lakh contributed merely 2.4% of turnover. Individual participation remains concentrated in lower turnover brackets, with only 16% representation in the top cohort. Institutional and proprietary traders continue to dominate the large-value segment, with proprietary firms accounting for 39%, foreign investors for 19%, and domestic institutional investors (DIIs) for 18% of turnover within the top cohort.

Options premium turnover remains highly skewed as 0.3% investors held 68.5% share: In the equity options segment, the increase in premium turnover was similarly led by large-value traders, with the top cohort contributing 71% of the overall rise while their participation grew 30% during the month. Market concentration deepened further, as top cohort (0.3% of investors), those trading above Rs 10 crore in premium—accounted for 68.5% of total premium, up from 67.9% in August. The next cohort, investors trading between Rs 1 crore and Rs 10 crore, represented 4.7% of overall count but held 18.2% of premium. Collectively, these top two groups comprised just 5% of investors but controlled 87% of total premium turnover. In contrast, investors trading below Rs 10 lakh formed 72% of the investor base but contributed only 2.3% of the premium. Notably, participation in these smaller-value cohorts (below Rs 10 lakh) has declined sharply—down 30% since October 2024. Proprietary trading firms continue to play a pivotal role, representing 74% of the premium generated by the top cohort, highlighting the structural concentration of activity within institutional and professional hands.

Turnover in equity futures concentrated among top 8% of investors: In the equity futures segment, market activity remains intensely concentrated among large investors. About 8% of investors in the top cohort accounted for a substantial 93% of total turnover during the month, while the next cohort—comprising 40% of investors—contributed just 6% of the turnover. Meanwhile, over half of the investor base (52%) trading below Rs 1 crore accounted for less than 1% of turnover. This highlights the pronounced dominance of large participants in the futures market.

Table 91: Distribution of turnover by range in NSE CM segment for all investors

Turnover range	Sep-24		Aug-25		Sep-25			
	Turnover (Rs crore)	Investors (In lakh)	Turnover (Rs crore)	Investors (In lakh)	Turnover (Rs cr)	Share in turnover	Investors (In lakh)	Share in investors
<= Rs 10,000	737	48.9	536	36.8	576	0.03%	40.2	34%
Rs 10,000 - Rs 1 lakh	11,523	59.1	7,222	40.3	7,713	0.4%	41.6	35%
Rs 1 lakh - Rs 10 lakh	59,737	35.6	35,861	21.5	43,295	2%	25.6	22%
Rs 10 lakh - Rs 1 crore	1,79,772	11.9	1,14,250	7.4	1,42,880	7%	9.3	8%
Rs 1 crore - Rs 10 crore	3,37,456	2.5	2,31,980	1.7	2,94,515	14%	2.1	1.8%
> Rs 10 crore	19,70,150	0.3	13,87,513	0.2	16,73,895	77%	0.3	0.2%
Total	25,59,376	158.2	17,77,362	107.9	21,62,875	100%	119.0	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 92: Monthly trends for distribution of turnover (Rs crore) by trading range in 2025

Turnover range	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
<= Rs 10,000	685	625	582	561	541	579	573	536	576
Rs 10,000- Rs 1 lakh	8,818	7,443	6,360	6,740	7,003	7,539	9,023	7,222	7,713
Rs 1 lakh – Rs 10 lakh	45,292	36,142	34,809	38,722	43,957	46,886	45,984	35,861	43,295
Rs 10 lakh – Rs 1 crore	1,37,654	1,12,578	1,20,816	1,28,256	1,57,034	1,62,605	1,49,590	1,14,250	1,42,880
Rs 1 crore – Rs 10 crore	2,82,973	2,29,113	2,49,636	2,56,426	3,32,752	3,27,417	3,03,324	2,31,980	2,94,515
> Rs 10 crore	17,36,427	14,47,325	14,62,957	14,75,553	17,91,282	18,37,220	16,76,400	13,87,513	16,73,895
Grand Total	22,11,851	18,33,226	18,75,160	19,06,257	23,32,568	23,82,248	21,84,895	17,77,362	21,62,875

Source: NSE EPR

Notes:

1. Turnover ranges are based on gross traded value i.e. buy traded value + sell traded value.
2. Categorization is based on gross traded value.
3. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2.

Table 93: Category-wise share in turnover across turnover ranges in NSE CM segment in September 2025

Turnover range	Turnover (Rs crore)	Share in turnover (%)	Client category-wise turnover share (%)					
			Corporates	DIIs	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	576	0.03%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Rs 10,000 - Rs 1 lakh	7,713	0.4%	0.0%	0.0%	0.0%	99.9%	0.0%	0.0%
Rs 1 lakh - Rs 10 lakh	43,295	2%	0.2%	0.2%	0.0%	99.4%	0.0%	0.2%
Rs 10 lakh - Rs 1 crore	1,42,880	7%	0.8%	0.3%	0.0%	98.4%	0.0%	0.4%
Rs 1 crore - Rs 10 crore	2,94,515	14%	1.9%	0.4%	0.3%	96.3%	0.1%	1.1%
> Rs 10cr	16,73,895	77%	4.3%	18.3%	19.2%	16.2%	38.6%	3.4%
Total	21,62,875	100%	3.7%	14.2%	14.9%	34.5%	29.9%	2.8%

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. DIIs 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 94: Distribution of turnover by range in equity options (premium turnover) for all investors

Turnover range	Sep-24		Aug-25		Sep-25			
	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	142	8.6	78	4.4	79	0.01%	4.5	14%
Rs 10,000-Rs 1 lakh	2,408	11.4	1,643	7.6	1,680	0.2%	7.8	24%
Rs 1 lakh - Rs 10 lakh	26,778	14.0	21,465	10.9	22,543	2%	11.4	35%
Rs 10 lakh - Rs 1 crore	1,28,256	8.1	1,06,382	6.8	1,18,875	11%	7.5	23%
Rs 1 crore – Rs 10 crore	2,05,972	1.6	1,59,288	1.3	1,94,531	18%	1.6	4.7%
>Rs 10 crore	9,47,509	0.1	6,10,547	0.1	7,32,846	68%	0.1	0.3%
Total	13,11,066	43.9	8,99,404	31.1	10,70,553	100%	32.7	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 95: Monthly trends for distribution of equity options premium turnover (Rs crore) by trading range in 2025

Turnover range	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
<= Rs 10,000	99	89	76	85	78	81	82	78	79
Rs 10,000- Rs 1 lakh	1,848	1,712	1,526	1,686	1,619	1,700	1,712	1,643	1,680
Rs 1 lakh – Rs 10 lakh	23,139	21,263	20,342	21,722	22,018	22,437	22,197	21,465	22,543
Rs 10 lakh – Rs 1 crore	1,22,781	1,05,817	1,04,123	1,12,902	1,27,343	1,15,756	1,14,177	1,06,382	1,18,875
Rs 1 crore – Rs 10 crore	1,99,912	1,55,409	1,59,090	1,69,547	2,08,868	1,71,853	1,75,883	1,59,288	1,94,531
> Rs 10 crore	8,82,705	6,73,764	6,84,294	7,98,953	8,91,467	7,18,216	6,88,267	6,10,547	7,32,846
Grand Total	12,30,482	9,58,054	9,69,451	11,04,895	12,51,392	10,30,043	10,02,317	8,99,404	10,70,553

Source: NSE EPR

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.

Table 96: Distribution of turnover and the share of investors categories in equity options in September 2025

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	79	0.01%	0.0%	0.0%	0.0%	99.9%	0.0%	0.0%
Rs 10,000 - Rs 1 lakh	1,680	0.2%	0.1%	0.0%	0.0%	99.8%	0.0%	0.1%
Rs 1 lakh - Rs 10 lakh	22,543	2%	0.1%	0.0%	0.0%	99.8%	0.0%	0.1%
Rs 10 lakh - Rs 1 crore	1,18,875	11%	0.3%	0.0%	0.0%	99.5%	0.0%	0.2%
Rs 1 crore- Rs 10 crore	1,94,531	18%	0.9%	0.0%	0.1%	98.2%	0.1%	0.6%
> Rs 10cr	7,32,846	68%	2.7%	0.1%	9.0%	11.6%	73.8%	2.8%
Total	10,70,553	100%	2.0%	0.1%	6.2%	39.1%	50.5%	2.0%

Source: NSE EPR

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
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Table 97: Distribution of turnover by range in equity futures market for all investors

Turnover range	Sep-24		Aug-25		Sep-25			
	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	577	0.2	494	0.1	463	0.02%	0.1	5%
Rs 10 lakh - Rs 1 crore	34,277	1.7	26,973	1.3	27,268	0.9%	1.3	47%
Rs 1 crore – Rs 10 crore	2,34,077	1.4	1,62,411	1.0	1,80,295	6%	1.1	40%
>Rs 10 crore	38,58,507	0.3	26,09,970	0.2	28,15,676	93%	0.2	8%
Total	41,27,438	3.6	27,99,848	2.7	30,23,701	100.0%	2.8	100.0%

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 98: Monthly trends for distribution of turnover (Rs crore) by trading range in 2025

Turnover range	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Rs 1 lakh – Rs 10 lakh	863	812	793	703	628	524	424	494	463
Rs 10 lakh – Rs 1 crore	31,985	27,620	26,140	26,660	25,750	26,624	27,823	26,973	27,268
Rs 1 crore – Rs 10 crore	1,95,061	1,75,890	1,67,008	1,86,047	1,97,203	1,99,341	1,86,827	1,62,411	1,80,295
> Rs 10 crore	35,66,565	29,88,380	27,82,864	31,63,465	33,10,182	31,37,082	29,88,082	26,09,970	28,15,676
Grand Total	37,94,473	31,92,703	29,76,805	33,76,875	35,33,763	33,63,570	32,03,155	27,99,848	30,23,701

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.

Table 99: Distribution of turnover and the share of investors categories in equity futures in September 2025

Turnover range	Turnover (Rs crore)	Share in turnover (%)	Client category-wise share in premium turnover (%)					
			Corporates	DII's	Foreign investors	Individuals	Prop	Others
Rs 1 lakh - Rs 10 lakh	463	0.02%	0.6%	0.0%	0.0%	98.9%	0.0%	0.5%
Rs 10 lakh - Rs 1 crore	27,268	0.9%	0.8%	0.0%	0.0%	98.6%	0.0%	0.6%
Rs 1 crore - Rs 10 crore	1,80,295	6%	1.7%	0.0%	0.0%	96.9%	0.1%	1.2%
> Rs 10 crore	28,15,676	93%	7.1%	14.0%	29.7%	11.6%	33.0%	4.6%
Total	30,23,701	100.0%	6.7%	13.1%	27.7%	17.5%	30.7%	4.4%

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. DIIs 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

Spatial distribution of individual investor activity in the cash market

Region-wise individual investor activity

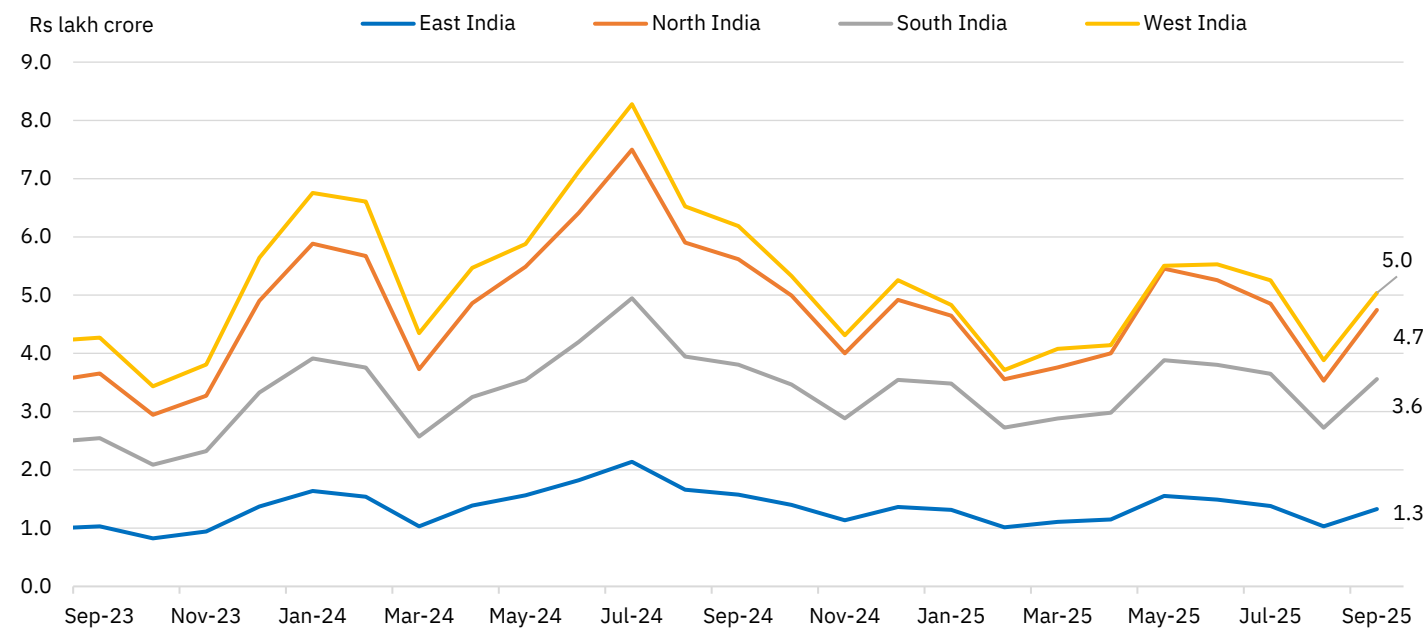
Individual investors' turnover rose in September 2025; yet to recover to CY25TD peak:

The total turnover of individual investors rose by 31.4% MoM to Rs 14.9 lakh crore in Sep'25, but off a steep 26.2% MoM decline in the previous month. Cash market turnover is yet to reach the levels that were attained in July'25 and continues to remain below the peak of May'25 (16.7 lakh crore). The increment was broad-based across regions, with turnover rising most significantly in Northern India, to Rs 4.7 lakh crore (+34.4% MoM), followed by the Southern region (Rs 3.6 lakh crore, +30.7% MoM), the Western region with over Rs 5 lakh crore in turnover (+29.8% MoM) and the Eastern region with cash market turnover of Rs 1.3 lakh crore (+28.9% MoM). Looking at the region-wise share, the Western region holds the largest share of 33.7%, followed by Northern India (31.8%) and Southern region (23.8%). The share of the Eastern region to cash market turnover has consistently remained below 10%.

The distributional pattern in terms of individual investors has also shifted considerably over the past three years. The Northern region's share of investors inched up to 33.5% in Sep' 2025, while the share of investors in the Western region declined to 34.1% in the same month. Notably, the gap between the two regions has fallen in the last three years from 5.2% in Sep'22 to just 0.65% in Sep'25. This share has largely been captured by the Southern region.

The Southern region's investor share rose to 20.8% in Sep'25, its highest level since Apr'25. Its investor share has grown rapidly in the current calendar year, averaging 20.5% in 9MCY25 (vs 18% in 9MCY24). The Eastern region's share remained flat at 9.7% in Aug'25 and Sep'25, after reaching a peak of 10.5% in Jul'24.

Figure 328: Region-wise distribution of monthly individual investors' turnover in equity cash



Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF.

Figure 329: Region-wise share of individual investors' turnover in cash market (%)

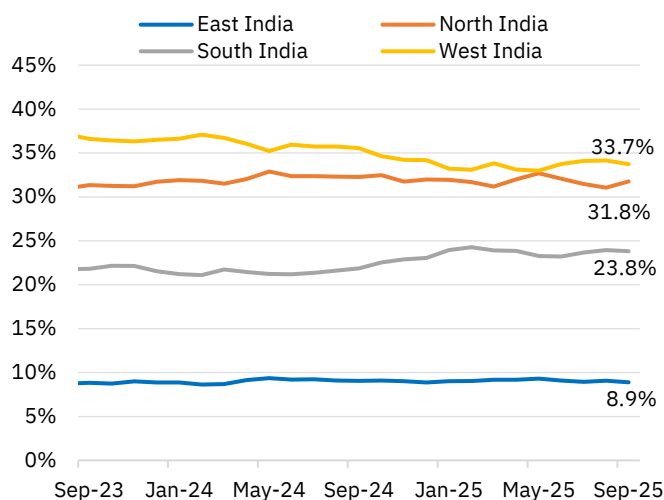
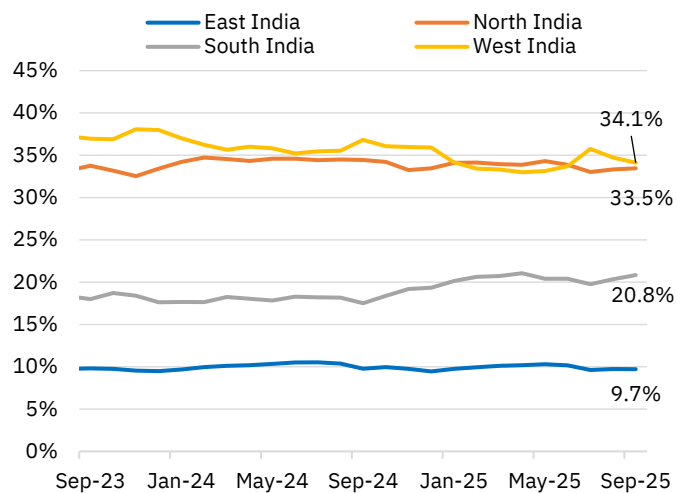


Figure 330: Region-wise share of individual investors in cash market (%)



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 pincodes 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 remain top contributors to individual investor turnover, bolstered by strong sequential increments:

In Sep 2025, Maharashtra and Gujarat continued to lead in equity cash turnover by individual investors, posting Rs 2.8 lakh crore and Rs 1.7 lakh crore, respectively, driven by robust MoM growth in turnover (28% and 31.8% respectively). The composition of the top 10 states by turnover remained unchanged between Aug'25 and Sep'25. Along with Maharashtra and Gujarat, Uttar Pradesh, Karnataka and Delhi formed the top five with a share of 50.6%. Even as Maharashtra and Gujarat lead in turnover, Rajasthan and Uttar Pradesh grew the fastest in Sep 2025 with 35.1% and 34.6% MoM growth in equity cash turnover respectively.

In terms of individual investor participation, Maharashtra continued to comprise the highest share at 17.2% (21.4 lakh investors, an increment of 11.2% MoM). Gujarat occupied the second position in Sep'25, having recorded an uptick of 3.9% MoM (15.8 lakh investors, 12.7% share), followed by Uttar Pradesh (11.7 lakh investors, +12.5% MoM). The composition of the top 10 states by individual investor participation also remained largely unchanged between Aug'25 and Sep'25, apart from West Bengal superseding Rajasthan to occupy the fourth position. Significantly, 6 of the top 10 states recorded an uptick in individual investor participation MoM over 10%, with Karnataka recording the greatest sequential increase at 13.5%. Notably, the top three states accounted for ~40% of the individual investor count that traded in September 2025, while the top 10 states accounted for just over 75%.

Figure 331: Top 10 states based on turnover of individual investors in equity cash

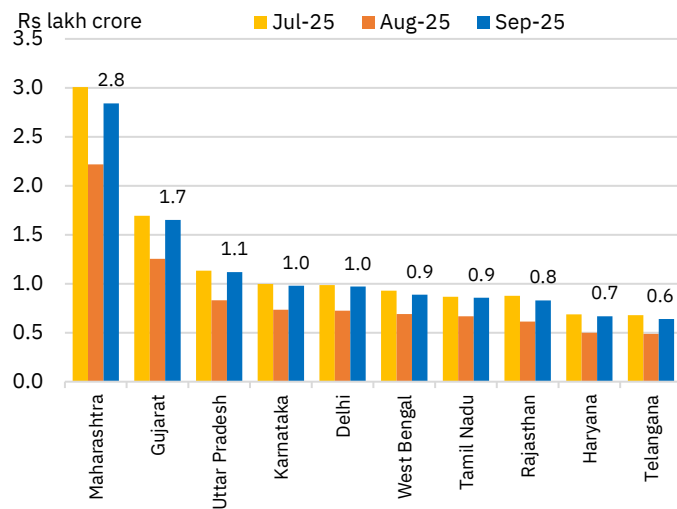
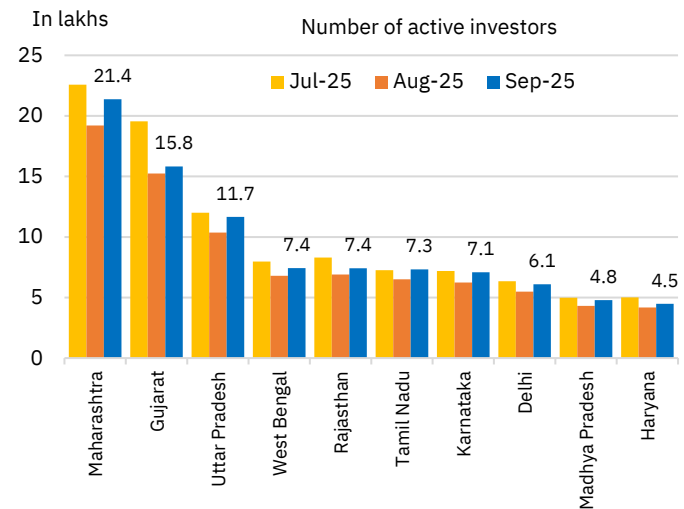


Figure 332: Top 10 states based on individual investors' participation in equity cash



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 333: Share of the top 10 states based on turnover of individual investors in equity cash

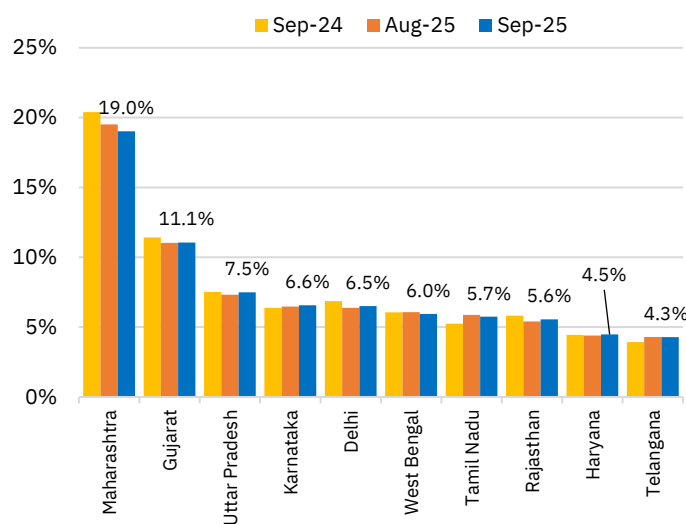
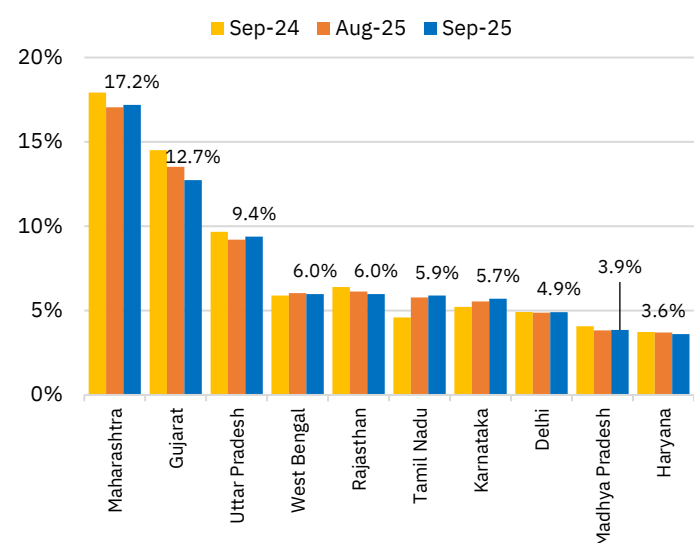


Figure 334: Share of the top 10 states based on individual investors' participation in equity cash



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.

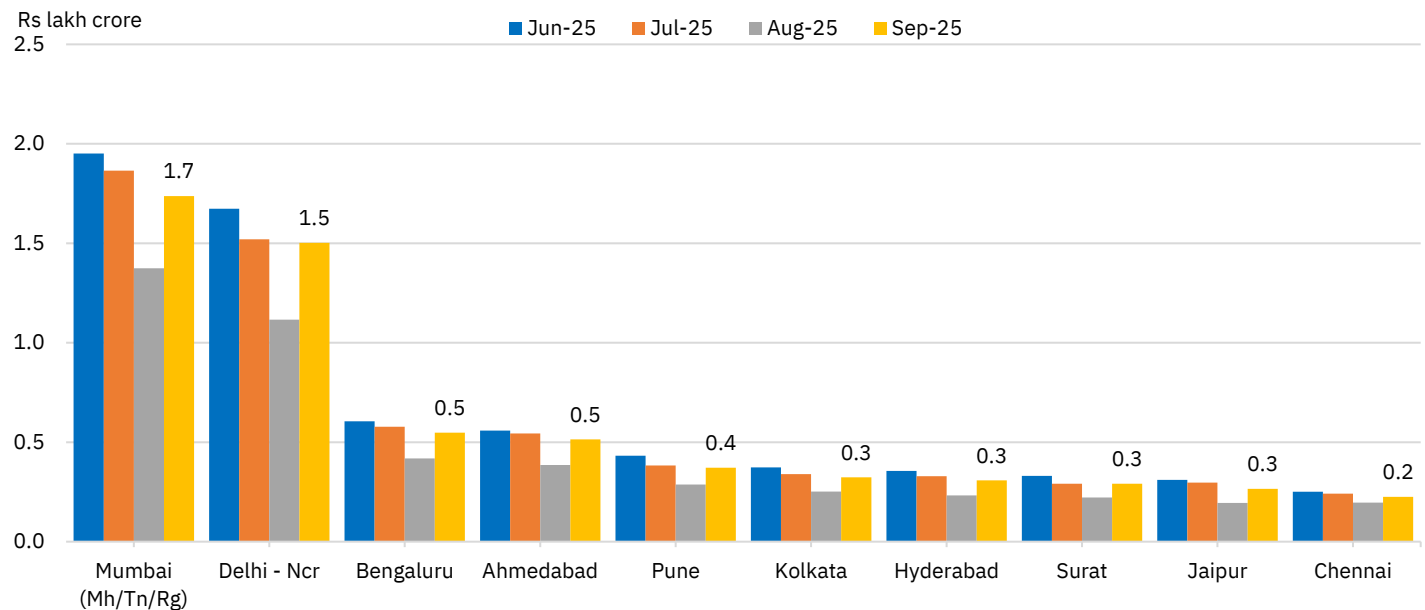
District-wise individual investor activity:

Individuals' turnover in the top 10 districts demonstrates resurgence in September 2025....:

Individual investors' turnover in the top 10 districts (by turnover) grew for the first time in the fiscal since May'25, rising by 30.1% MoM to Rs 6.1 lakh crore (40.7% of the equity market turnover). Mumbai and Delhi held their positions as the top two districts, with a turnover of Rs 1.7 lakh crore (+26.4% MoM, 11.6% share in turnover) and Rs 1.5 lakh crore (+34.6% MoM, 10.1% share in turnover) respectively, contributing 52.6% of the cash market turnover in Sep'25. Among other top five districts, the turnover in Ahmedabad (+33.5% MoM, 3.7% share in turnover), Bengaluru (31% MoM, 3.4% share in turnover) and Pune (29.3% MoM, 2.5% share in turnover) witnessed notable upswings in individual investors' turnover, increasing to Rs 50k crore, Rs 50k crore and Rs 40k crore respectively in September 2025.

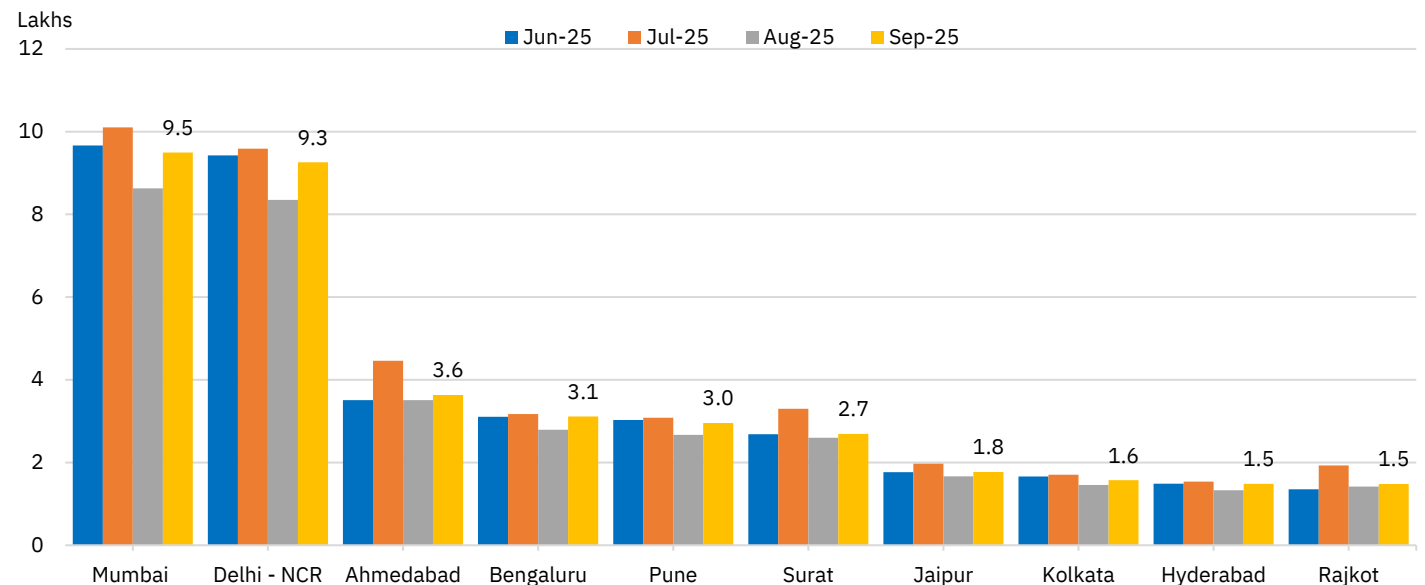
...Accompanied by a higher number of investors who traded during the month: After a drop in Aug'25, the number of individual investors which traded at least once in the last month registered an increment across the top 10 districts, with a total rise of 8.8% MoM to 37.5 lakh in September 2025. Mumbai continued to lead, with a 10% MoM rise to 9.5 lakh investors, while Delhi retained the second spot with 9.3 lakh active investors during the month (+10.9% MoM). The top 2 districts contributed just over 15% of the trading population. Ahmedabad, in third place, recorded a 5% MoM rise to 3.6 lakh investors. Hyderabad experienced the highest growth across the top 10 districts, registering an increase of 11.7% MoM to 1.5 lakh investors who traded last month.

Figure 335: Top 10 districts based on equity cash turnover of individual investors



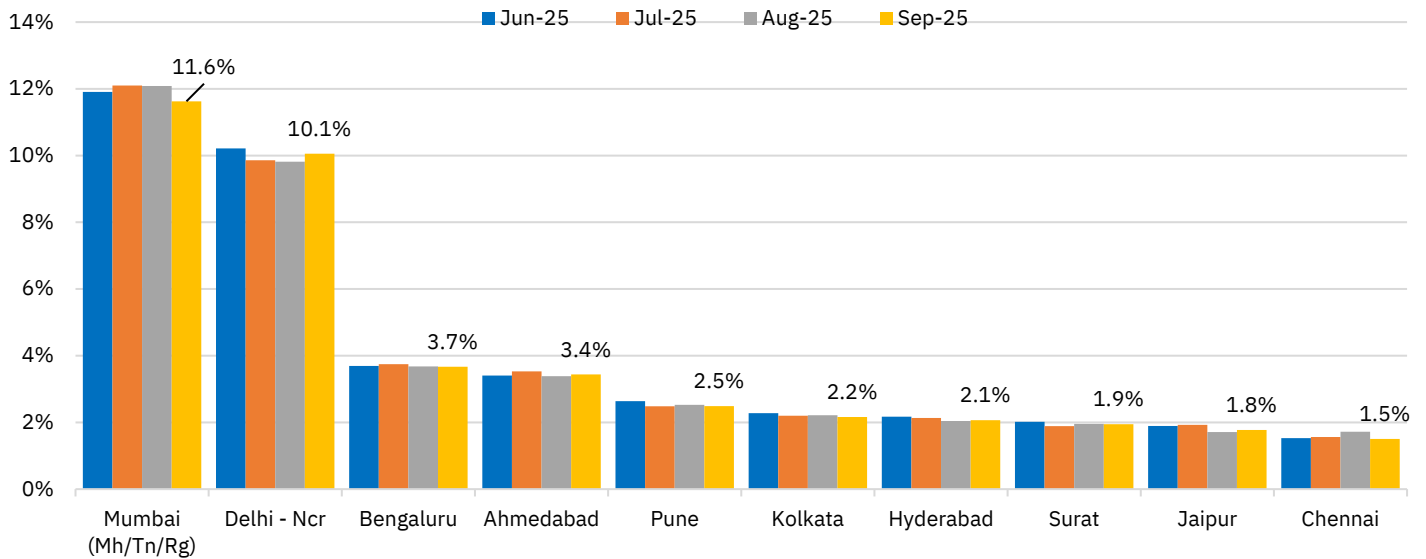
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest month's data.

Figure 336: Top 10 districts based on individual investors participation in the equity cash market



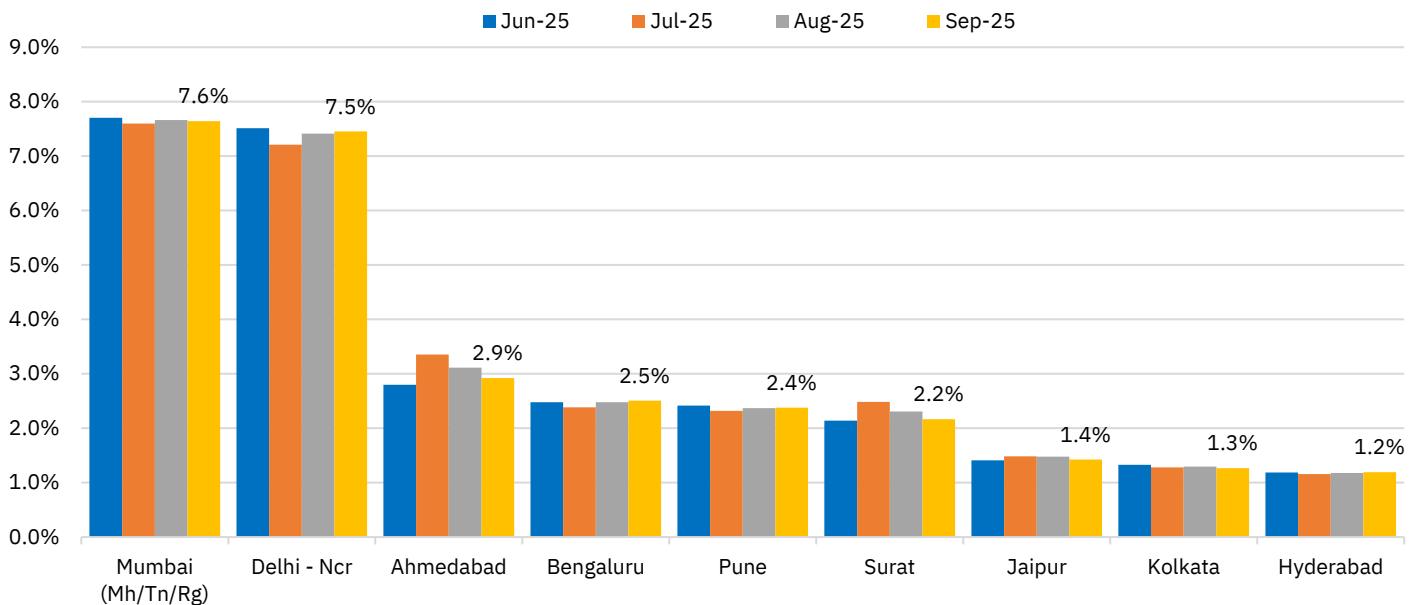
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest month's data.

Figure 337: 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 the latest month's data.

Figure 338: 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 the latest month's data.

Turnover of top 10 traded companies during the month

Turnover of top 10 stocks increased during the month of September in CM segment:

Overall CM segment turnover rose by 21.7% MoM in September to Rs 21.6 lakh crore, reflecting a revival in trading sentiment. Turnover in the top 10 stocks expanded by 31.3% MoM to Rs 2.78 lakh crore from Rs 2.12 lakh crore in August, pushing their combined market share up by 94 bps to 12.9%.

Adani Power Ltd. and Netweb Technologies (I) Ltd. saw the sharpest increases in turnover — up 335.8% and 258.1% MoM, respectively. Kotak Mahindra Bank Ltd. also posted a robust 84.1% MoM rise, while HDFC Bank Ltd. and ICICI Bank Ltd. continued to dominate trading activity with turnover of Rs 38,993 crore and Rs 32,364 crore, respectively. Eternal Ltd., which led in August, witnessed a sharp 49.5% decline in turnover, slipping down the ranks. Notably, Mahindra & Mahindra entered the top 10 list after a seven-month hiatus. The overall increase in activity across most top scrips highlights renewed investor participation and concentrated trading in select large-cap.

Table 100: Top 10 traded companies in NSE CM segment in September 2025

Securities (Rs crore)	Sep-25	Aug-25	% Change
HDFC Bank Ltd.	38,993	28,818	35.3
ICICI Bank Ltd.	32,364	20,945	54.5
Reliance Industries Ltd.	29,664	26,346	12.6
Ola Electric Mobility Ltd.	30,418	25,518	19.2
Infosys Ltd.	27,080	25,202	7.5
Netweb Technologies (I) Ltd.	26,200	7,317	258.1
Adani Power Ltd.	25,996	5,965	335.8
Mahindra & Mahindra Ltd.	23,136	16,531	40.0
Kotak Mahindra Bank Ltd.	22,728	12,346	84.1
Eternal Ltd.	21,655	42,890	(49.5)
Top 10 scrips turnover	278,233	211,877	31.3
Total turnover	21,62,875	17,77,362	21.7
% share of Top 10 scrips	12.9	11.9	0.94pp

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 of top 10 stock futures and options increased during the month of

September: Overall stock futures notional turnover rose by 9.6% MoM in September to Rs 25.2 lakh crore, reflecting a revival in the trading sentiment. Turnover in the top 10 stock futures also increased, albeit at a slower pace of 7.5% MoM, reaching Rs 4.87 lakh crore compared to Rs 4.53 lakh crore in August. Consequently, the share of the top 10 stocks in total stock futures turnover declined slightly by 38 bps to 19.3%, suggesting broader market participation beyond the most active names.

HDFC Bank Ltd. retained its top position for the 31st consecutive month despite a marginal 3.9% decline in turnover to Rs 72,474 crore. Reliance Industries Ltd. and ICICI Bank Ltd. followed, posting steady gains of 3.9% and 9.8% MoM, respectively. Among the major gainers, Maruti Suzuki (I) Ltd. and Mahindra & Mahindra Ltd. recorded sharp MoM rises of 37% and 26%. Axis Bank Ltd. and Bajaj Finance Ltd. also witnessed strong turnover growth of 22.1% and 18.6% MoM, respectively. Eternal Ltd., however, saw its turnover fall 15.3% MoM after leading the chart in earlier months. Overall, trading activity in stock futures during September remained healthy, supported by renewed momentum in financials and auto counters.

In September, total turnover in stock options rose by 24.7% MoM to Rs 1.4 lakh crore, while turnover in the top 10 stocks within this segment saw a stronger increase of 42.2% to Rs 31,563 crore. As a result, the contribution of these stocks to overall turnover grew by 284 basis points over the previous month. BSE continued to be the most traded stock option by premium turnover for the fifth consecutive month, despite a 2.2% decline in its turnover. Maruti remained in the top 10 for the second month in a row, while Adani Green Energy entered the list for the first time. Mahindra & Mahindra also reappeared in the top 10 after a gap of six months.

Table 101: Top 10 traded companies in stock futures segment in September 2025

Securities (Rs Cr)	Sep-25	Aug-25	%Chg
HDFC Bank Ltd.	72,474	75,438	(3.9)
Reliance Industries Ltd.	66,707	64,191	3.9
ICICI Bank Ltd.	60,065	54,689	9.8
Infosys Ltd.	53,351	51,351	3.9
Axis Bank Ltd.	44,092	36,114	22.1
State Bank of India	42,051	40,036	5.0
Maruti Suzuki (I) Ltd.	37,861	27,627	37.0
Bajaj Finance Ltd.	37,584	31,699	18.6
Eternal Ltd.	36,793	43,442	(15.3)
Mahindra & Mahindra Ltd.	36,481	28,953	26.0
Top 10 scrips turnover	487,457	453,541	7.5
Total stock futures notional turnover	2,520,339	2,299,875	9.6
% share of Top 10 scrips	19.3%	19.7%	(0.4pp)

Table 102: Top 10 traded companies (premium turnover) in stock options in September 2025

Securities (Rs Cr)	Sep-25	Aug-25	% Change
BSE Ltd.	4,593	4,696	(2.2)
Maruti Suzuki (I) Ltd.	3,777	2,829	33.5
Reliance Industries Ltd.	3,524	4,090	(13.8)
Adani Enterprises Ltd.	3,482	1,480	135.3
Tata Motors Ltd.	2,991	1,888	58.4
Infosys Ltd.	2,840	1,761	61.3
Adani Green Energy Ltd.	2,806	381	636.7
Mahindra & Mahindra Ltd.	2,674	1,349	98.2
State Bank of India	2,589	1,940	33.5
Multi Commodity Exchange of India	2,285	1,778	28.5
Top 10 scrips premium turnover	31,563	22,192	42.2
Total stock options premium turnover	137,236	110,086	24.7
% share of Top 10 scrips	23.0%	20.2%	2.8pp

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

This section covers trading activity in the recently launched electricity futures at NSE, highlighting price movement, trade volumes, and open interest. The average traded price for the NSE September electricity futures contract stood at Rs 4,120.96/MWh. Despite fluctuations in the spot market, the contract price remained relatively stable around this level.

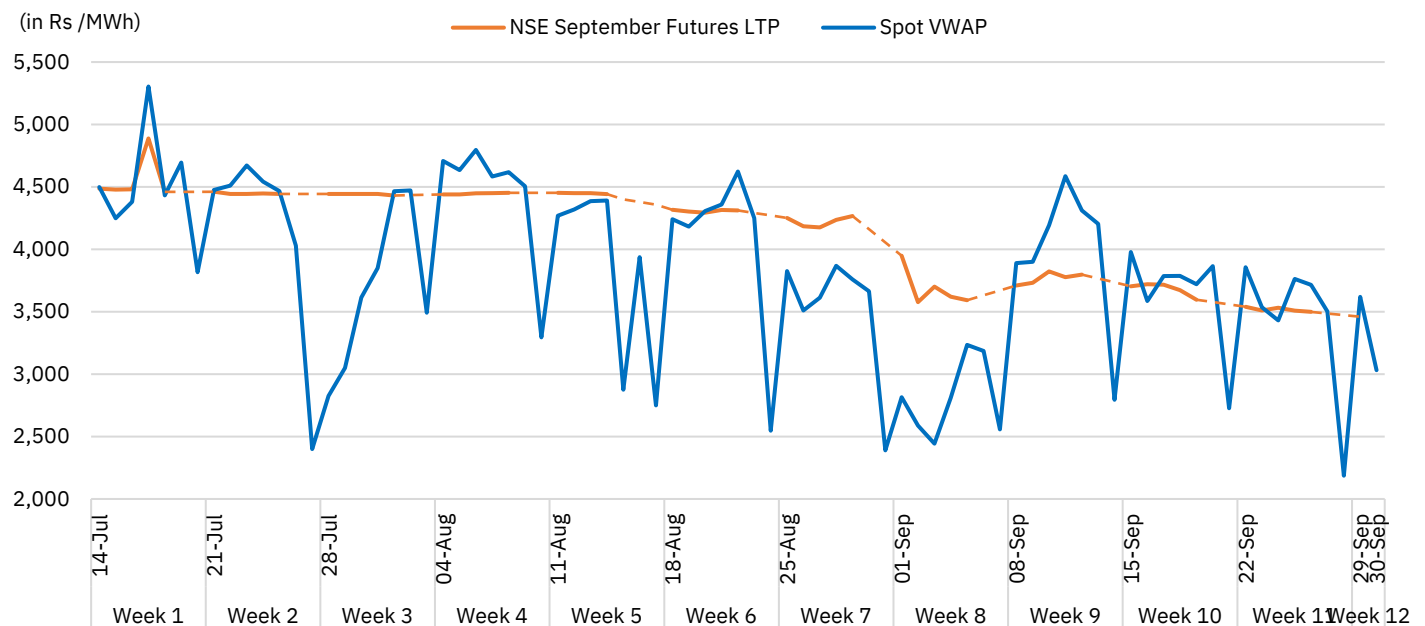
The contract has shown a strong and steady rise in market activity, reflecting growing confidence and deeper engagement from participants. Trading volumes increased week by week, with the highest single-day volume reaching 451 MUs on September 8th. Over the September electricity futures monthly contract, futures volumes stood at 5,980 MUs, compared to 5,227 MUs in the spot market. This results in a futures-to-spot ratio of 1.14, indicating that futures are being actively utilized as a dependable instrument for managing price risk.

Open interest in the contract showed a clear and sustained upward trajectory throughout the September electricity futures monthly contract, averaging 524.7 lots. The highest open interest was recorded on September 22, reaching 1,546 lots. This consistent growth reflects a maturing derivatives market, with participants increasingly relying on electricity futures for effective risk management.

Together, the steady rise in open interest, a favorable futures-to-spot volume ratio, and stable pricing trends underscore the deepening of India's electricity derivatives market. NSE is emerging as a credible and efficient platform for managing price risks in the power sector.

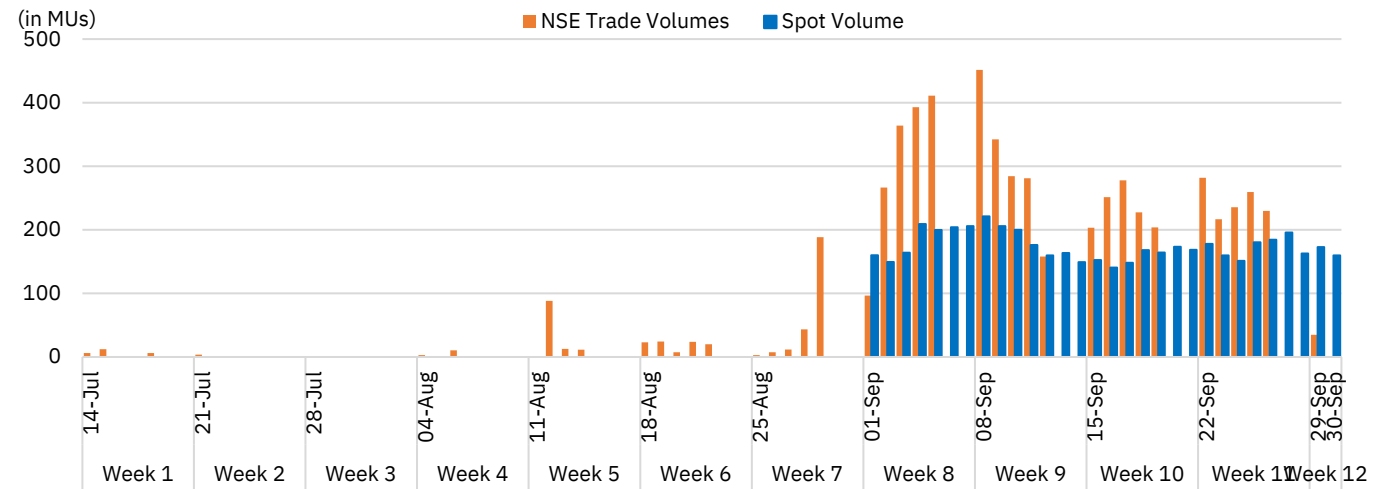
A detailed primer on this newly launched electricity futures product is provided below.

Figure 339: Comparison of Spot VWAP and NSE September Contract Electricity Futures LTP



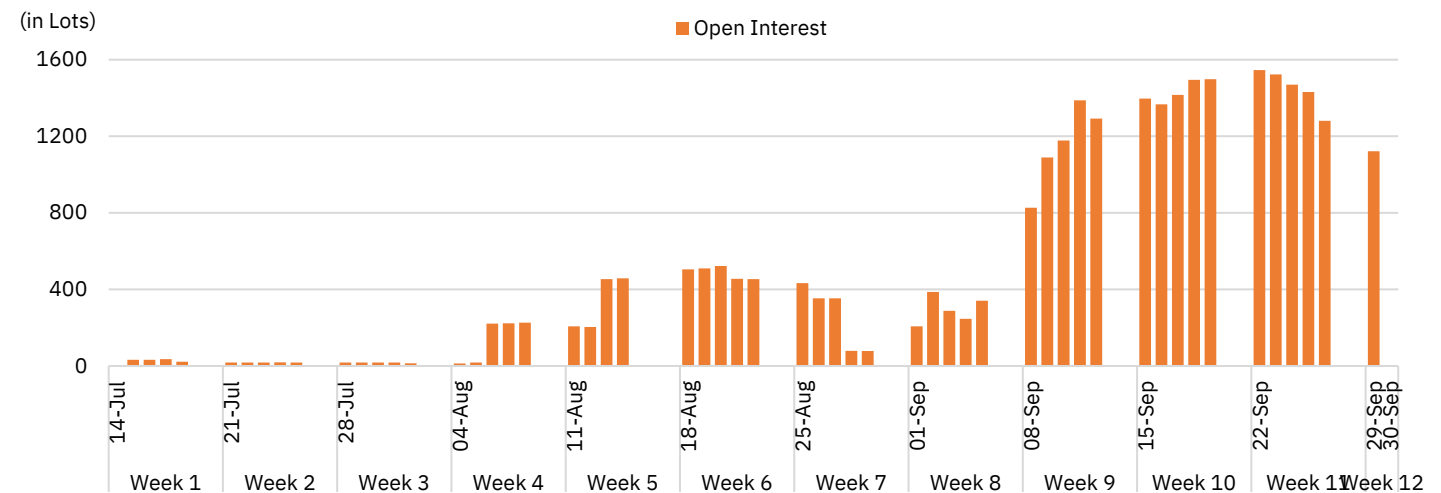
Source: NSE.

Figure 340: Comparison of NSE Electricity Futures Trade Volume and Spot Market Volume for September Contract



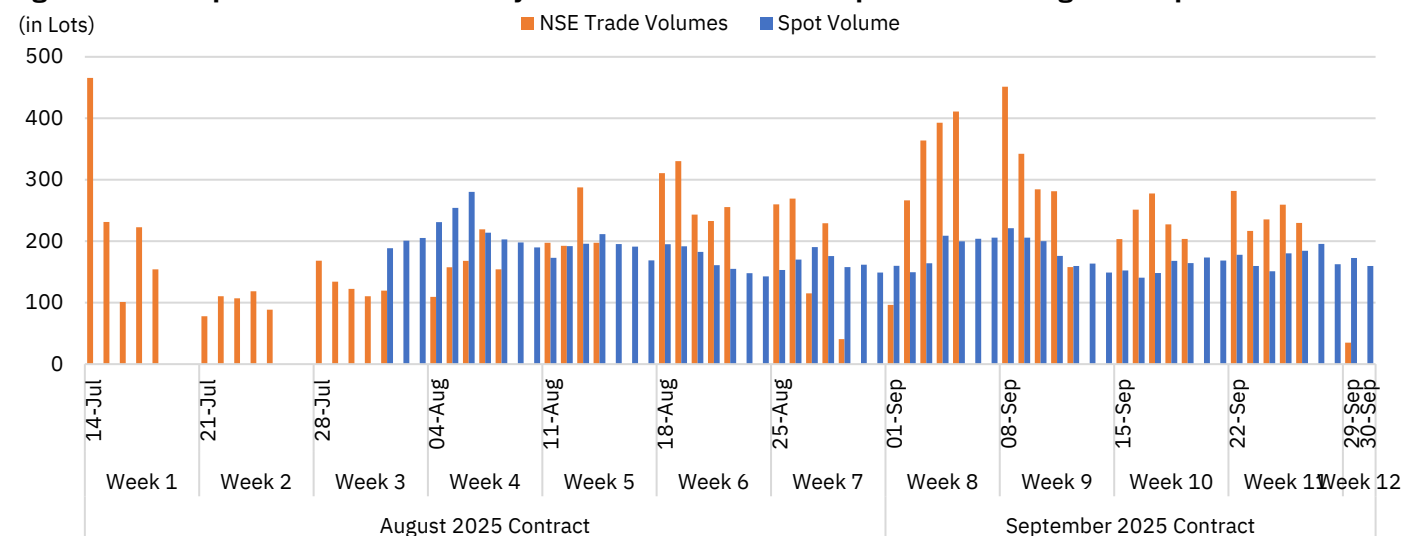
Source: NSE.

Figure 341: Daily Open Interest in NSE September Electricity Futures



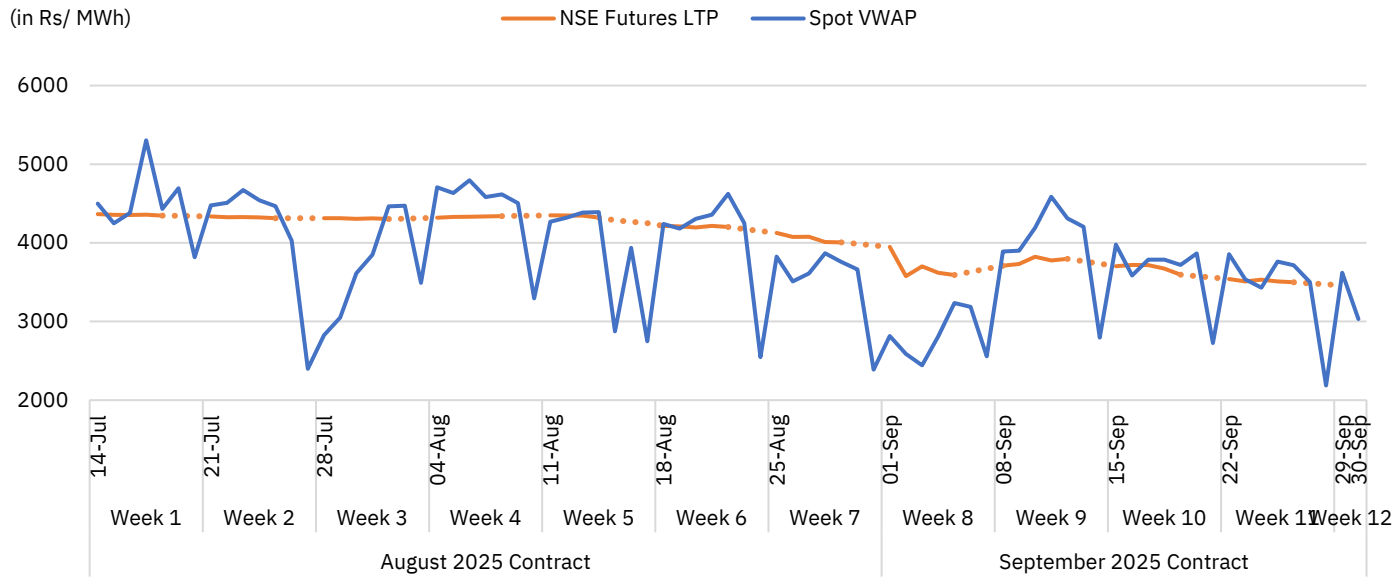
Source: NSE.

Figure 342: Comparison of NSE Electricity Futures Trade Volume & Spot Volume – August & September Contracts



Source: NSE.

Figure 343: Comparison of Spot VWAP and NSE Electricity Futures LTP - August and September Contracts



Market Trade Metrics: September 2025



NSE ELECTRICITY FUTURES (ELECMBL) SEPTEMBER 2025 SNAPSHOT

Price Movement

Start (14 July)

₹4477/MWh

Close (29 Sep) **22% ↓**

₹3460/MWh

September 2025 DDR **vs** last 3 years



NSE Market Share ~ 65%

Volume:

NSE Futures: **1.14 X DAM**

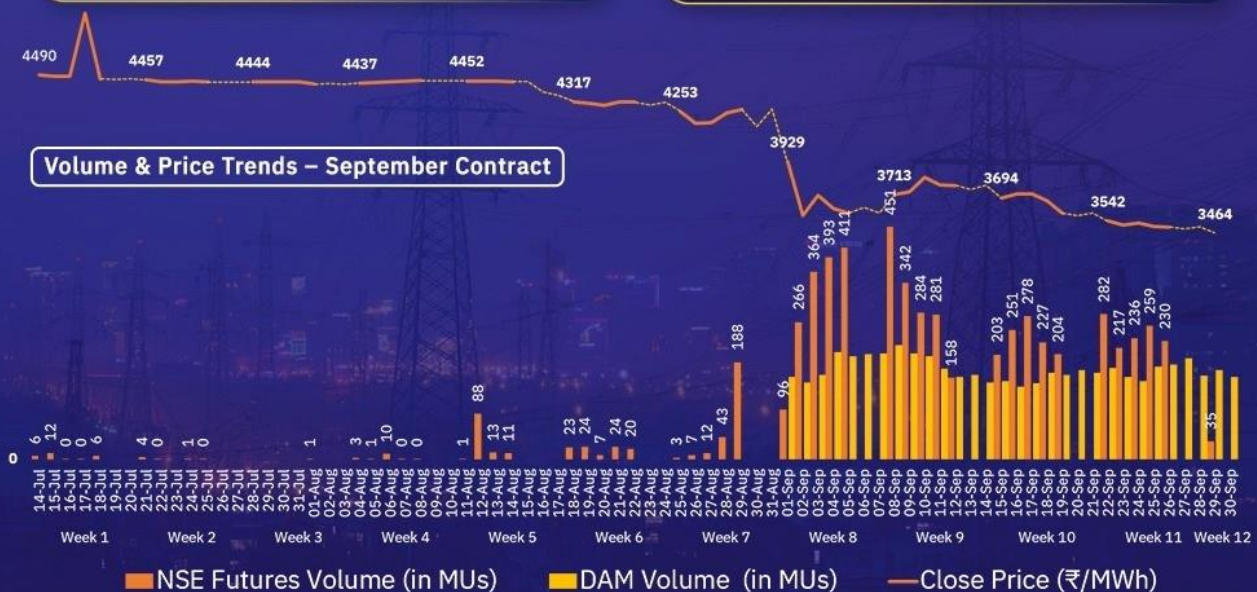


Participation

 **1,19,618 Lots Traded**

₹ 2222 Cr Turnover

Volume & Price Trends – September Contract



Primer: Electricity Futures Market

In FY 2024, India generated over **1,730 billion units (BU)** of electricity, with approximately **1,550 BU** traded through long-term power purchase agreements (PPAs). The remaining **180 BU** was transacted 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. Although spot exchanges like **IEX, PXIL, and HPX** handle only about **10%** of the total volume, they bear the brunt of price volatility and operational risk. This segment lacks **hedging instruments**, leaving generators exposed to **earnings volatility**, DISCOMs to **cost unpredictability**, and financiers to **credit risk**. Introducing electricity derivatives could help mitigate these risks and enhance market resilience.

In advanced electricity markets across the globe, financial derivatives play a critical role in managing risk and facilitating price discovery. Within the European Union, platforms such as the EEX support the trading of over 12,000 BU of electricity futures annually, more than four times the region's actual physical generation, highlighting the extensive financial activity underpinning the sector. In the United States, electricity derivatives markets surpass 3,000 BU, providing market participants with essential tools to hedge against generation fluctuations, transmission bottlenecks, and retail supply commitments.

India achieved 50% of its total installed power capacity from non-fossil fuel sources in July 2025—5 years ahead of target. While a sustainability milestone, it brings generation variability tied to weather and time of day, creating financial uncertainty for long-horizon, capital-intensive projects. Derivatives help stabilize cash flows, secure prices, and support resilient investment decisions. Without instruments like electricity derivatives, these investments remain exposed to market risks.

Regulatory Clarity: A Turning Point 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 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. These instruments are non-deliverable and operate independently of physical transmission logistics or scheduling protocols.

They function as a financial overlay to the physical market, offering forward price visibility without requiring asset ownership or operational coordination. Their core utility lies in enabling price certainty, facilitating budgeting, risk management, and strategic procurement in an otherwise volatile market environment.

Electricity derivatives provide a pathway to influence market prices without owning physical assets—restoring balance between buyers and sellers in a rapidly evolving prosumer-driven grid.

Benefits of Electricity Futures

Electricity derivatives serve as risk management instruments, enabling market participants to hedge against price volatility inherent in short-term power markets. Generators, Discoms, traders, and large C&I consumers face exposure to real-time price fluctuations, grid constraints, and demand uncertainty—none of which can be mitigated without financial tools.

Stakeholder	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 behavior.
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 growing interest among market participants in electricity derivatives, NSE has developed a **free, self-paced online course** to impart 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.
- You may **click the link or scan the below QR code** provided for course registration and access the learning platform: <https://nsefutures.wesence.com/>

Enrol Now for Free in the Fundamentals of Electricity Derivatives Certificate Course**"Electrify your skills, energize your FUTURES"**

Fundamentals of Electricity Derivatives

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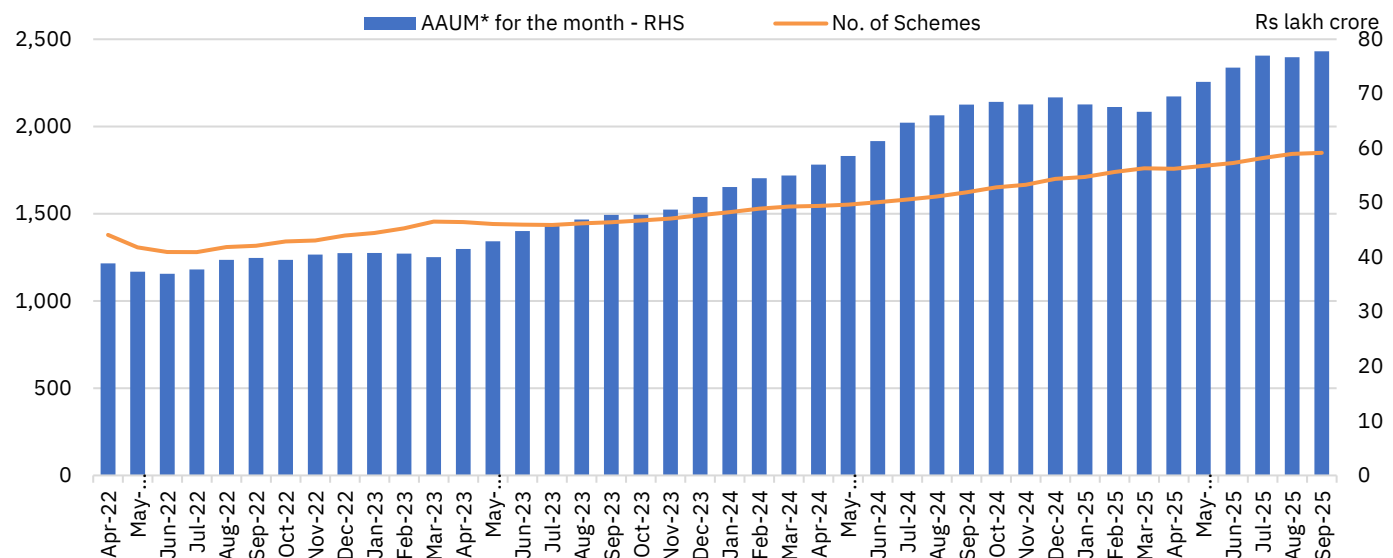


Investment through mutual funds in India

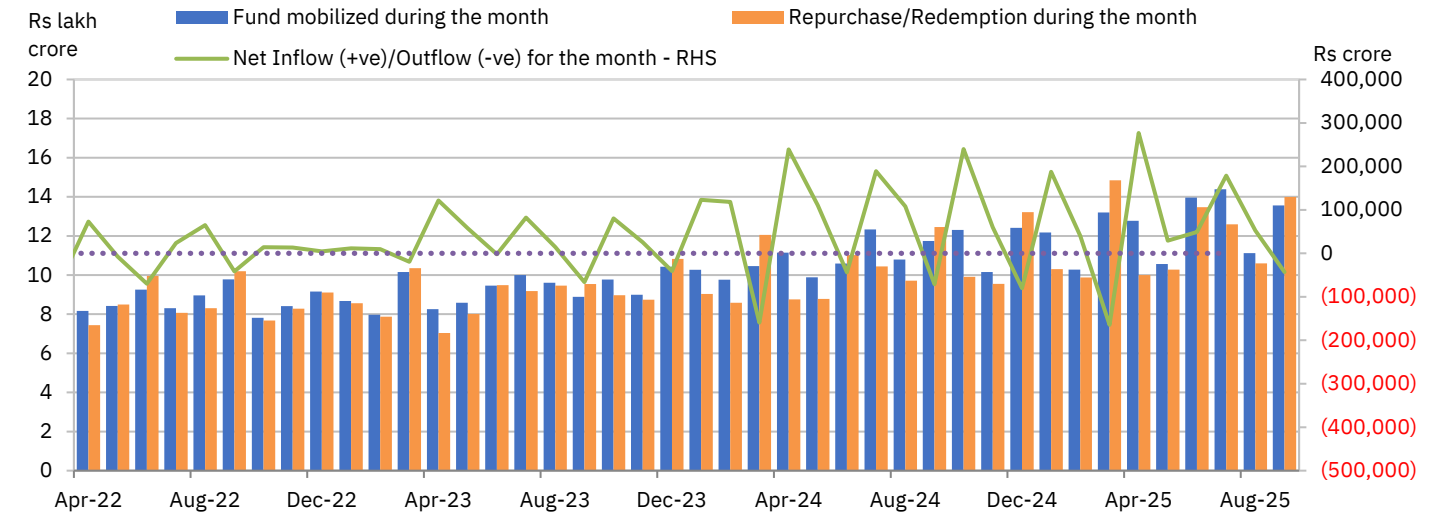
Average Assets Under Management (AAUM) marginally lower in August... After expanding for four consecutive months, the AAUM narrowed marginally by 0.4% MoM to Rs 76.7 lakh crore in August'25, albeit marking a robust 16.2% YoY growth. The sequential moderation in AAUM can be primarily ascribed to Mark-To-Market (MTM) losses, weighed down by lingering concerns around the implementation of the tariffs and the concomitant impact on India's growth outlook, weaker than expected corporate earnings and earnings downgrades, depreciation in the rupee coupled with FPIs turning net sellers in August. Notwithstanding the recent moderation, the AAUM has expanded by 15% since the start of the fiscal (Apr-Aug), aided by robust net inflows of Rs 5.9 lakh crore, consistent SIP inflows and solid macroeconomic fundamentals for the Indian economy. Equity funds registered positive inflows for the 54th consecutive month with inflows of Rs 33,430 crore, largely supported by flexi-cap funds, mid-cap and small-cap funds (54% share). As of August, the total number of schemes rose further to 1843, notably higher than 1760 at the end of the previous fiscal. *AAUM has further expanded 1.4% MoM to Rs 77.8 lakh crore in September'25.*

...with SIP inflows moderating, albeit remaining robust: Monthly SIP contributions in August tapered off to some extent to Rs 28,265 crore but *has increased to record monthly level of Rs 29,361 crore in September*, underscoring sustained investors' confidence and commitment to long-term and disciplined approach to building wealth. Average monthly SIP inflows during April-September stood at Rs 27,780 crore, 24.5% higher than the corresponding period last year and 7.6X the average SIP inflows of Rs 3,660 crore in FY17. SIP AUM stood at Rs 15.2 lakh crore, accounting for nearly one-fifth of the overall AUM of the mutual fund industry. After expanding to a one-year high in July'25, the new SIP registrations were lower by 20.3% MoM at 55 lakh, while the outstanding number of SIP accounts rose to 9.6 crore, reflecting resilient investor confidence and discipline. Notwithstanding the sequential easing, the cumulative SIP registrations so far this year stood at 2.9 crore, marginally lower than 3.1 crore in the same period last year, underscoring the deepening penetration of systematic investing.

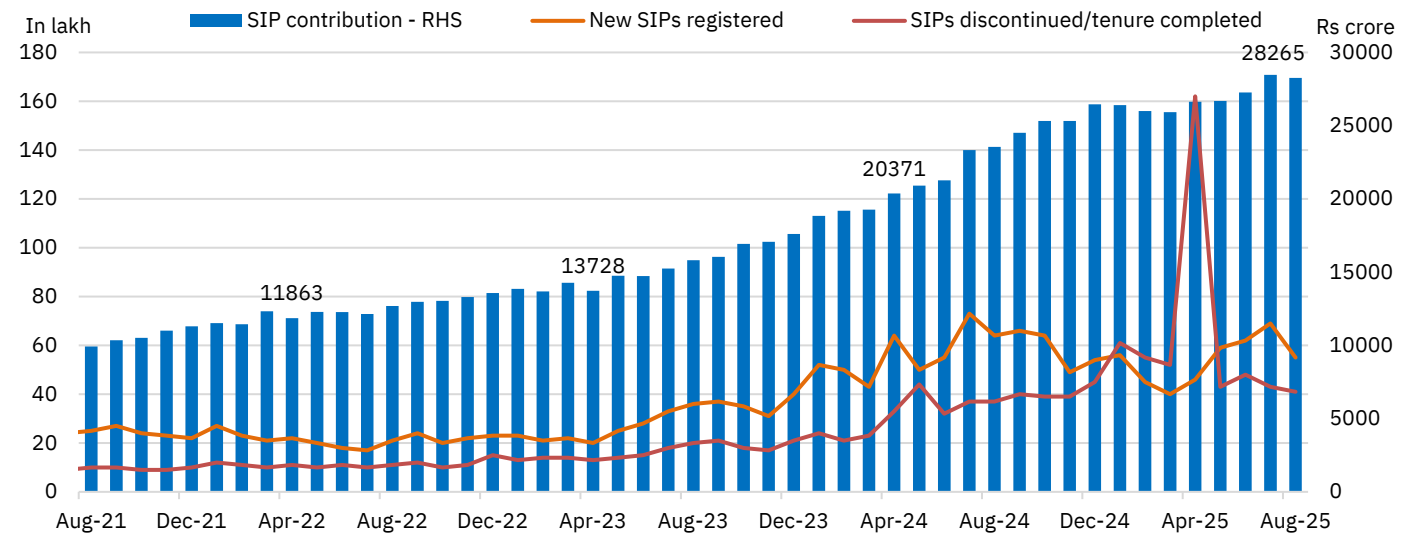
Figure 344: Monthly trend of total MF schemes and average AUM



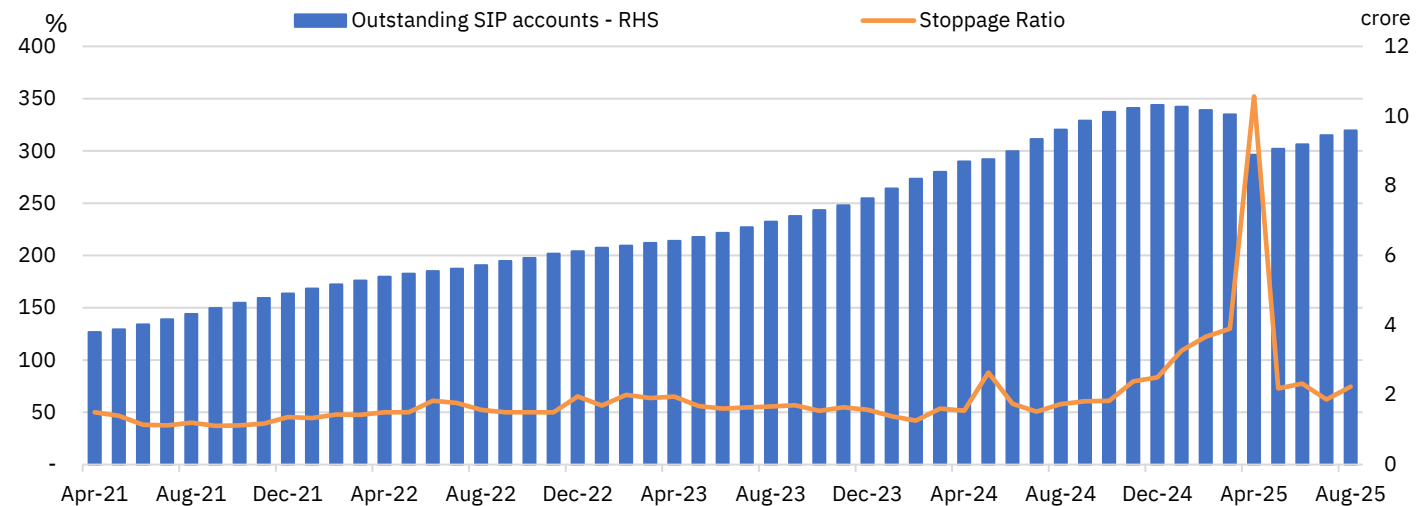
Source: AMFI, NSE EPR. *AAUM-Average Assets under Management. Notes: 1) The data in this chart has been updated till September'2025

Figure 345: Monthly trend of total investment through mutual funds


Source: AMFI, NSE EPR. Notes: 1) The data in this chart has been updated till September'2025

Figure 346: Monthly trend of SIP contributions, new SIPs registered and discontinued SIPs


Source: AMFI, NSE EPR. 1) The data in this chart has been updated till August'25

Figure 347: Monthly trend of SIP stoppage ratio and o/s SIP accounts


Source: AMFI, NSE EPR. 1) The data in this chart has been updated till August'25

Active equity and debt funds AAUM fell in August: Equity mutual fund AAUM fell marginally to 0.7% MoM to Rs 42.5 lakh crore, representing ~55% of the industry's total assets. Despite the sequential decline, the AAUM has expanded by ~14% YoY, primarily led by robust inflows into the equity mutual funds, sustained retail participation and renewed flows in the sectoral/thematic funds. Despite the imposition of US tariffs and its associated impact on economic growth, flows into equity funds continued in August, while the MTM losses during the month dragged the overall equity AAUM lower. Debt fund AAUM fell by 0.6% MoM to Rs 21.7 lakh crore, driven by outflows of ~ Rs 8,000 crore during August, after robust inflows of more than Rs one lakh crore in July. RBI's MPC's decision to maintain status quo in the August policy and downward revision in the inflation forecast for FY26, further contributed to decline in bond prices. Furthermore, the upward trend in the 10-year G-Sec yield, weighed down by global uncertainty and domestic fiscal concerns owing to proposed GST rationalisation, has also impacted bond prices adversely. Hybrid funds – accounting for 14% of the industry's assets at Rs 10.7 lakh crore, grew by 0.9% MoM and 20.2% YoY.

AAUM of active funds (equity and debt) has been marginally lower at Rs 52.9 lakh crore in August, comprising nearly 70% of the AAUM of the MF industry. That said, the AAUM witnessed a solid double-digit growth of 16% on a yearly basis. Both passive equity and debt funds have underperformed than their corresponding active categories with passive equity AAUM declining by 1% sequentially to Rs 9.2 lakh crore while the passive debt segment fell by 1.2% MoM to Rs 2 lakh crore. Total passive fund AAUM stood at Rs 12.5 lakh crore, accounting for over 16% of the total industry assets. On an annual basis, the AAUM of debt funds has grown by 16.8% YoY, faster than the growth in the equity AAUM, which can be partly attributed to relative underperformance in equities and reduction in policy rates.

Table 103: Monthly trend of average AUM of mutual funds across categories

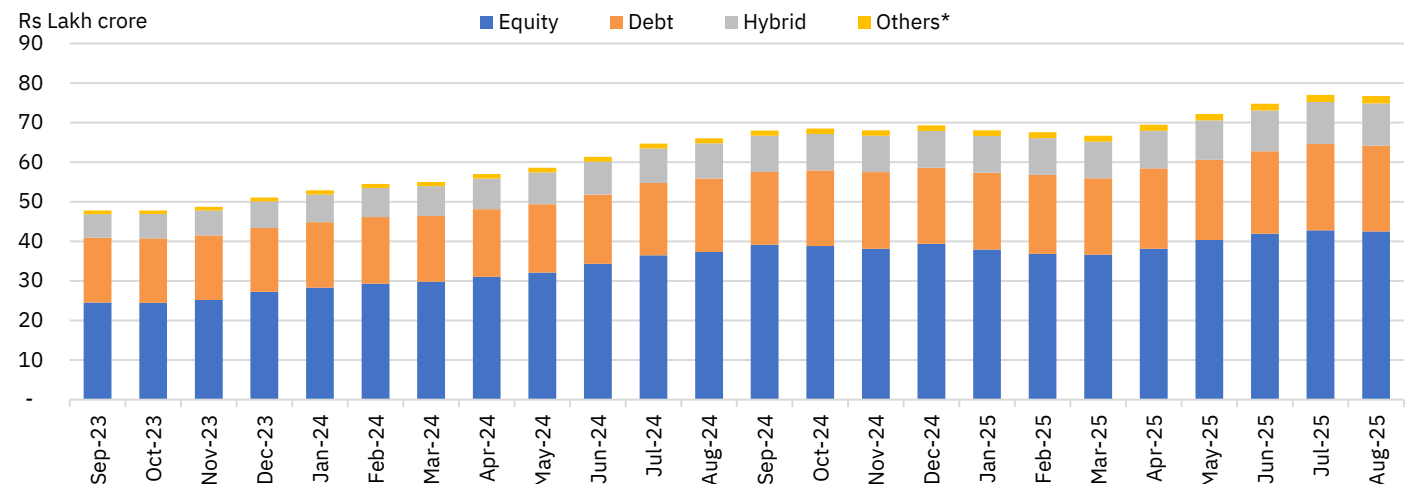
Rs crore	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	% share
Total MF AUM	66,70,186	69,49,894	72,18,274	74,79,156	77,00,420	76,71,482	100.0
Equity	36,65,578	38,15,038	40,33,951	41,91,961	42,80,056	42,48,623	55.4
Active	28,61,058	29,72,197	31,38,920	32,73,430	33,52,241	33,29,918	43.4
Passive	8,04,519	8,42,841	8,95,031	9,18,532	9,27,815	9,18,705	12.0
Index funds	1,62,831	1,71,051	1,83,018	1,91,524	1,95,470	1,94,588	2.5
Domestic	1,57,595	1,66,260	1,77,849	1,86,131	1,89,803	1,88,392	2.5
International	5,236	4,791	5,170	5,393	5,667	6,196	0.1
ETFs	6,41,688	6,71,791	7,12,012	7,27,007	7,32,344	7,24,117	9.4
Domestic	6,28,603	6,59,645	6,98,446	7,12,596	7,17,199	7,08,389	9.2
International	13,086	12,145	13,567	14,411	15,145	15,728	0.2
Debt	19,26,789	20,26,969	20,29,000	20,86,174	21,81,239	21,68,446	28.3
Active	17,19,147	18,17,395	18,20,887	18,79,112	19,74,147	19,63,852	25.6
Passive	2,07,642	2,09,574	2,08,113	2,07,063	2,07,091	2,04,594	2.7
Index funds	1,10,293	1,11,427	1,10,203	1,09,327	1,09,131	1,07,193	1.4
ETFs	97,350	98,147	97,910	97,736	97,960	97,401	1.3
Hybrid	9,26,103	9,52,905	9,93,013	10,30,055	10,61,191	10,70,216	14.0
Others*	1,51,717	1,54,982	1,62,311	1,70,965	1,77,934	1,84,198	2.4

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. Note: 1) The data in this chart has been updated till August'25

Figure 348: Share of overall mutual fund AUM across asset classes

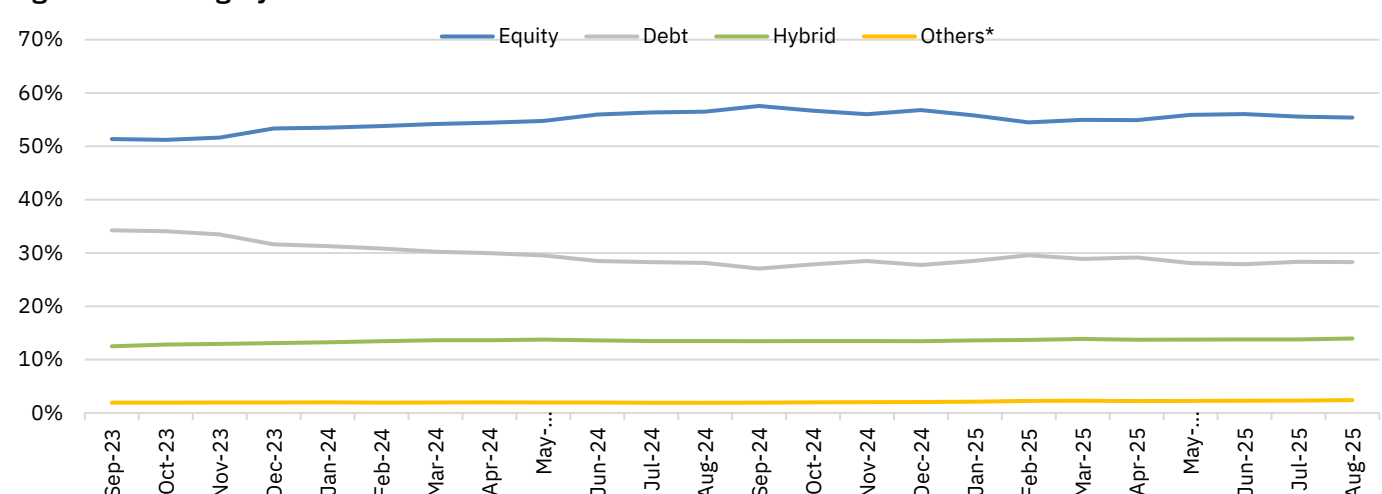

Source: CMIE Economic Outlook, AMFI, NSE EPR

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 349: 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 350: Category-wise share in mutual fund AUM*


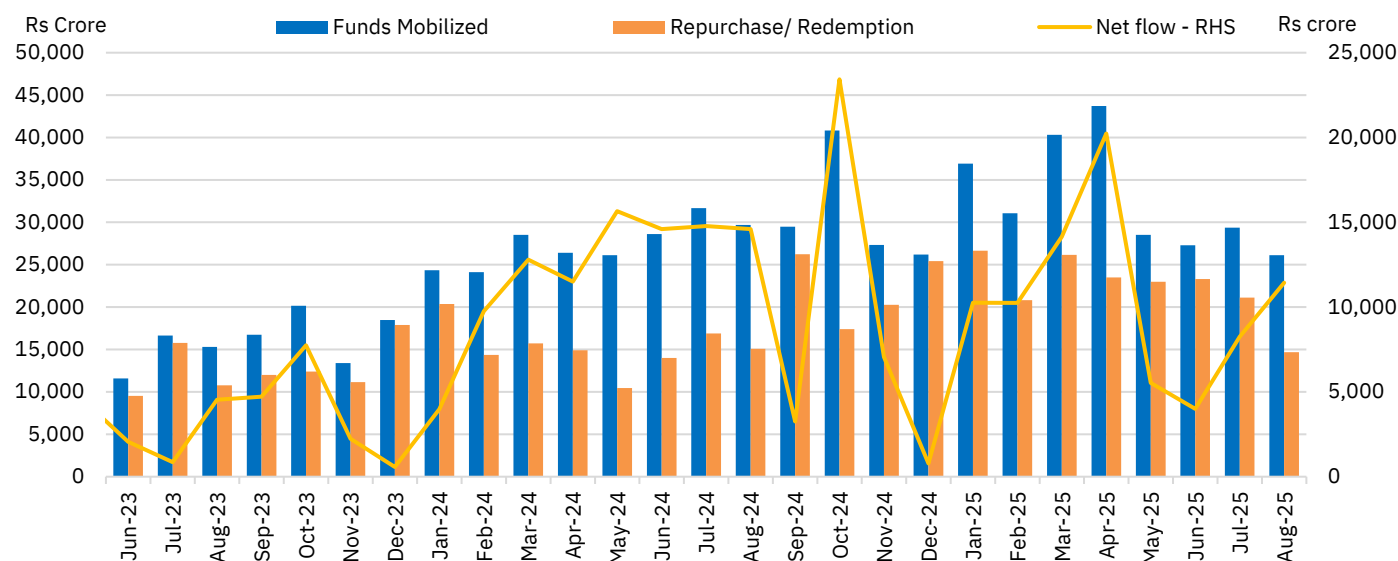
Source: CMIE Economic Outlook, AMFI, NSE EPR.

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.

Passive funds AUM²⁶ continued to expand with strong inflows in equity and commodity segment:

After a cumulative gain of 12.8% in the first four months of FY26, the passive AAUM moderated 0.4% MoM, marking the first contraction in AAUM in the last seven months. Domestic equity and debt index/ETF funds registered sequential decline, while the commodity ETF like gold and silver registered 4.9% MoM and 10.5% MoM gains alongside funds investing in international funds/ ETFS, which also recorded healthy gains on a MoM basis. On an annual basis, gold ETFs have nearly doubled to an AAUM of Rs 70,000 crore, while the silver ETF AAUM expanded by 2.8X to ~Rs 25,000 crore. Net inflows in passive funds rose to a five-month high of Rs 11,437 crore, led by flows towards domestic equity index funds/ETFs and gold ETFs. During April-August, flows to domestic equity index funds/ETFs have nearly halved, in contrast to robust growth of ~42% YoY and ~75% YoY in flows to gold and silver ETFs respectively. Whilst safe-haven demand amidst heightened geopolitical risk, trade-related uncertainty have driven prices and inflows in commodity-specific ETFs, weak returns in the domestic equity markets have adversely affected net flows towards passive equity funds. Domestic equity ETFs with an AAUM of Rs 7.1 lakh crore, accounting for 57% of the passive fund AAUM, has recorded a ~9% YoY growth.

Figure 351: Monthly trend of average AUM of passive mutual funds across categories



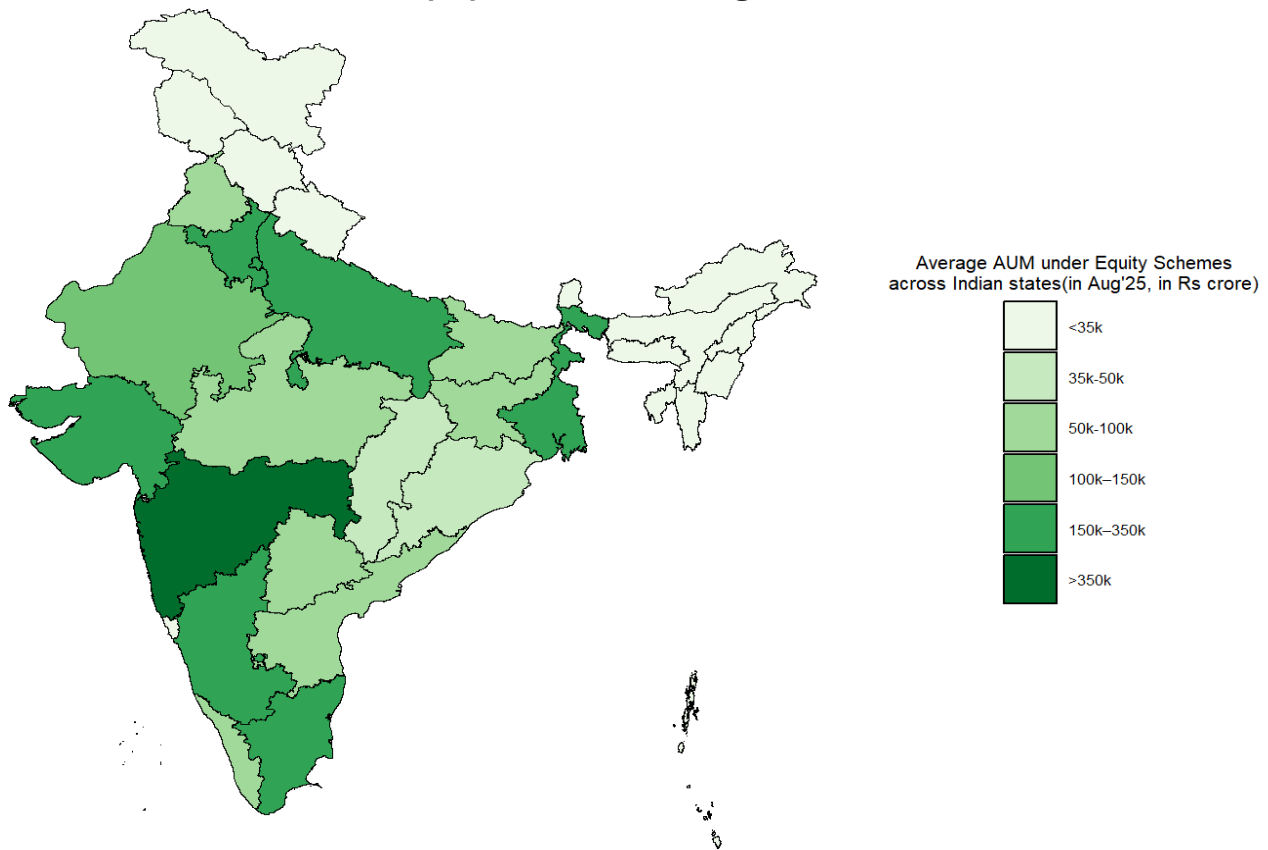
Source: CMIE Economic Outlook, AMFI, NSE EPR.

Top five states account for nearly three-fifth of the equity AAUM:

Equity AAUM in August continued to remain heavily concentrated in a few states, with Maharashtra, Gujarat, Karnataka, Delhi, and Uttar Pradesh together accounting for 59.4% of total equity assets, marginally higher than the same period last year. Maharashtra retained its dominant position with a 28.9% share, followed by Gujarat (8.2%), Karnataka (8%), Delhi (7.8%), and Uttar Pradesh (6.5%). Beyond the top five, only three other states—West Bengal (5.8%), Tamil Nadu (4.9%), and Haryana (3.6%)—had shares exceeding 3% of the national equity AAUM. Contrastingly, there are as many as 19 states (including some UTs), individually contributing less than 1% share in the equity AUM, underscoring a highly skewed distribution of investor assets.

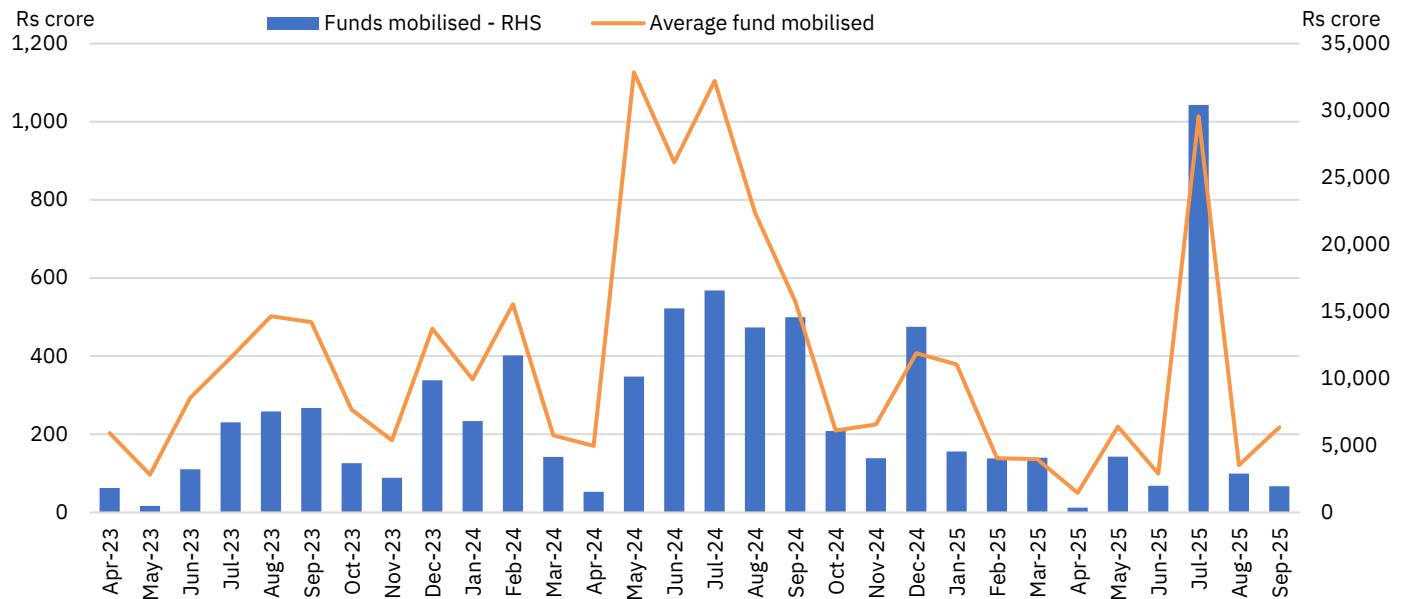
²⁶ Includes domestic and international equity index funds and ETFs, domestic debt index funds and ETFs, gold and silver ETFs, fund of fund investing overseas and other index funds and ETFs.

Figure 352: State-wise distribution of equity schemes AUM in August'25

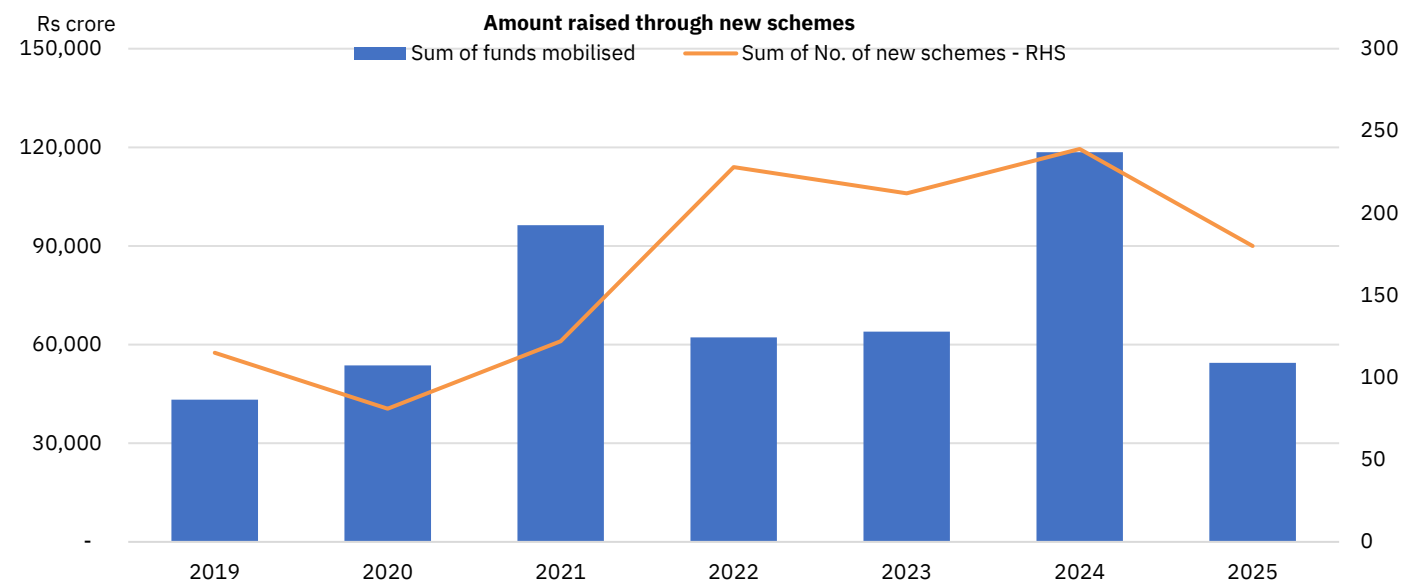


Source: AMFI, NSE EPR. Note: The map is created using the state-level shapefile (<https://github.com/AnujTiwari/India-State-and-Country-Shapefile-Updated-Jan-2020>)

100 NFOs have raised ~Rs 40,000 crore so far this fiscal: The momentum of new NFOs continued in August, with 24 new NFOs launched, taking the aggregate tally to 100 in FY26TD (April-August). However, the funds mobilised have declined by 30% to ~Rs 40,000 crore while the average fund mobilised has more than halved from Rs 842 crore in FY25TD to ~RS 400 crore in FY26TD. After mobilizing more than Rs 30,000 crore in July, only Rs 2,900 crore was raised in August, marking the third lowest funds mobilised in the last 12 months. *This was followed by another month of tepid fund-raising, amounting to Rs 1,959 crore in September; the lowest in the last five months.*

Figure 353: Monthly trend of total investment through new schemes


Source: AMFI, NSE EPR. Note: 1) Data is updated till September'25.

Figure 354: Annual trend of total investment through new schemes


Source: AMFI, NSE EPR. Note: 1) Data is updated till September'25

Contract size matters: Evidence from global exchanges

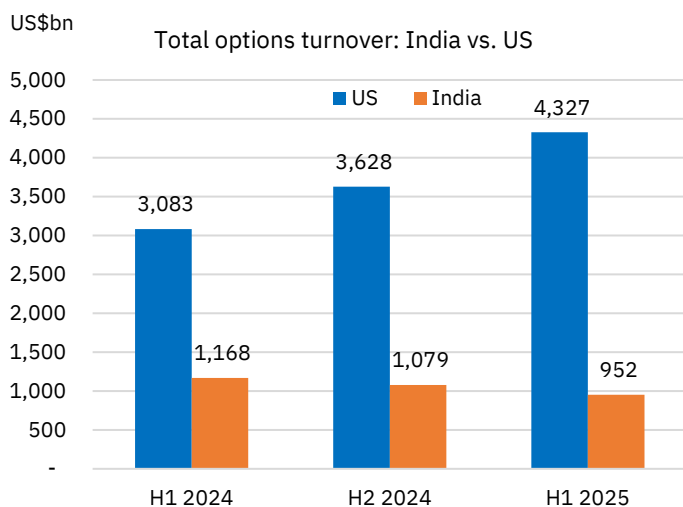
The NSE has remained the top derivatives exchange in the world since 2019 in terms of the number of contracts traded. Last year (2024), there were over 12,397 crore contracts traded across equity and index futures and options, over 81% of the global total. However, this dominance in contract count also 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 over 3.5x the US in terms of contracts traded, but a fifth of the value.

Table 104: 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 , 2025)	6,205	6,205	25,517
Notional value*	US\$620,500	US\$62,050	US\$22,373

Source: CBOE, NSE. * Calculated as Index level * contract size.

Figure 355: Total options turnover: India vs. US



Source: OCC, NSE, BSE.

Figure 356: Total options contracts traded: India vs. US



Lessons from Brazil's B3 exchange

Recent events at the Brazilian exchange B3 illustrate the relationship between contract size and traded contracts better. Earlier this year, B3—the largest Futures exchange in Latin America, slashed its contract size for index options by 99% to improve trading, resulting in a 45x jump in the number of contracts traded in index options in the last five months (February 2025-June 2025) compared to the previous five months (August 2024-January 2025). For good measure, they also introduced contracts on indices with weekly expiries. Since then, the number of index option contracts traded at B3 has exploded.

B3 vs. India

The revised index option contract size by 99% at B3 dropped the contract from a multiple of the Ibovespa index (1) to a fraction (0.01). This reduced the value of a typical contract

from ~US\$22,050 in February this year to ~US\$220. The average traded premium in the exchange dropped from BRL 5000 to BRL 50,²⁷ i.e., US\$871 to US\$8.71 in dollar terms. This became the primary driver of the rise in trading at the exchange. To understand this better, it is instructive to compare the contract size at B3 vs. India and the US.

Before the lot size revisions earlier this year, a Nifty50 contract (lot size 25) was valued at ~Rs 5.9 lakh (~US\$6,900). This has since more than tripled to ~Rs19.1 lakh (~US\$22,300), thanks to an increase in the Nifty50 contract size to 75 in early January. In other words, Brazilian index option contracts changed from being 3.2x Indian index option contracts to 0.01x now.

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 early this year, the Nifty50's option contract value remains puny compared to the contract value of S&P index option contracts. As of June 30th, 2025, a single lot of the S&P 500 (SPX) index option had a notional value of around US\$620,500. Even the mini-SPX contracts—sized at one-tenth—carry a notional value of US\$62,050. That makes one US SPX contract nearly 28 times larger than a Nifty contract in value terms, and even a mini-SPX contract about three 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:

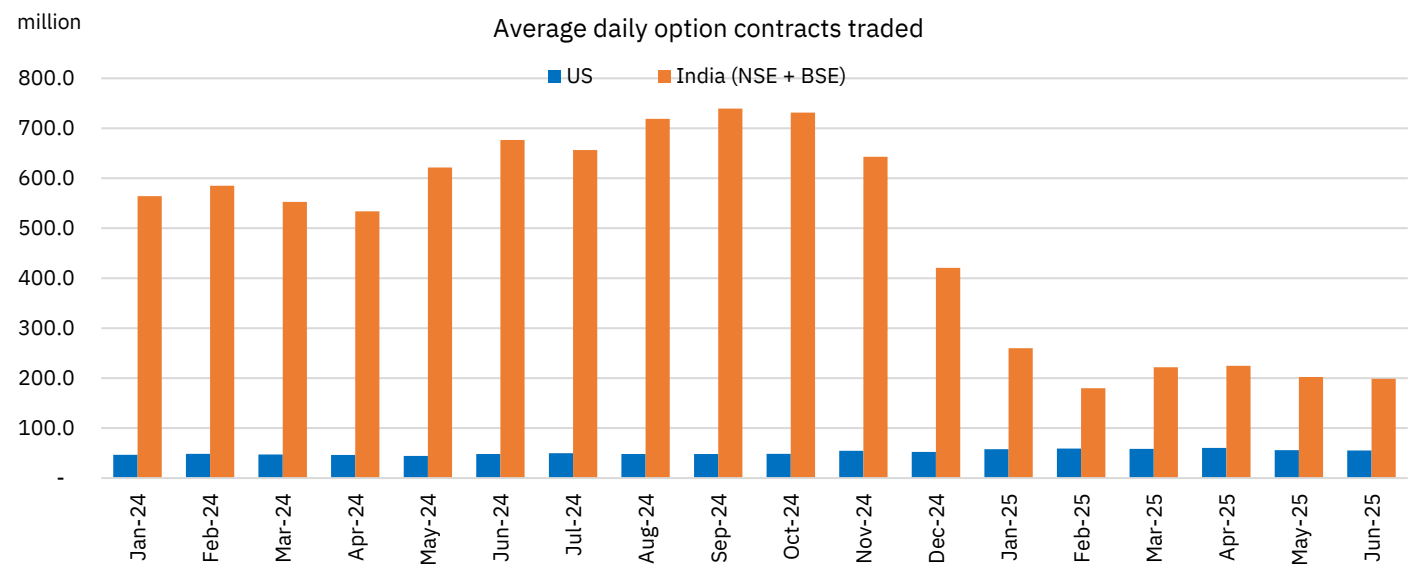
Indian exchanges (NSE, BSE) trade over 3.7x that of the exchange-traded options in the US, i.e., options with underlying as stocks, indexes and ETFs (cleared on Options Clearing Corporation). In terms of premium turnover, however, Indian options market was just a little over 20% of the US options premium turnover in June 2025, falling from nearly 45% a year ago and averaging at 22% in the first six months of 2025. 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.

²⁷²⁷ <https://clientes.b3.com.br/en/w/reduction-in-options-on-ibovespa-contract-size?>

Table 105: Exchange-wise options volume and premium traded in the US in H1 2025

Exchanges	Total Premium turnover in H1 2025 (US\$bn)				Total contracts traded in H1 2025 (m)			
	Stock	Index	ETF	Total	Stock	Index	ETF	Total
AMEX	125	-	55	180	234	-	200	434
ARCA	223	0	79	302	487	0	293	780
BATS	66	1	23	89	174	0	107	281
BOX	237	-	50	287	299	-	187	486
C2	32	4	18	53	102	1	82	186
CBOE	238	1,695	187	2,120	402	575	276	1,253
EDGX	70	-	45	115	231	-	213	444
EMLD	57	-	24	81	146	-	104	250
GEM	38	3	30	70	122	0	137	259
ISE	129	28	44	201	258	4	176	437
MCRY	33	-	15	49	103	-	78	181
MEMX	40	-	18	58	131	-	100	231
MIAX	102	-	48	150	242	-	221	463
MPRL	32	-	14	46	96	-	79	175
NOBO	15	-	7	22	52	-	57	109
NSDQ	74	-	24	98	192	-	111	303
PHLX	249	38	75	361	371	4	235	610
SPHR	31	-	14	45	96	-	75	171
US total	1,791	1,768	769	4,327	3,739	585	2,729	7,053
India	109	844	-	952	936	25,542	-	26,478
India vs. US	6%	48%		22%	25%	4367%		375%

Source: OCC, NSE, BSE.

Figure 357: Monthly trend of average daily options contracts traded in the US and India


Source: OCC, NSE, BSE.

Figure 358: Monthly trend of the ratio of India and US options contracts traded

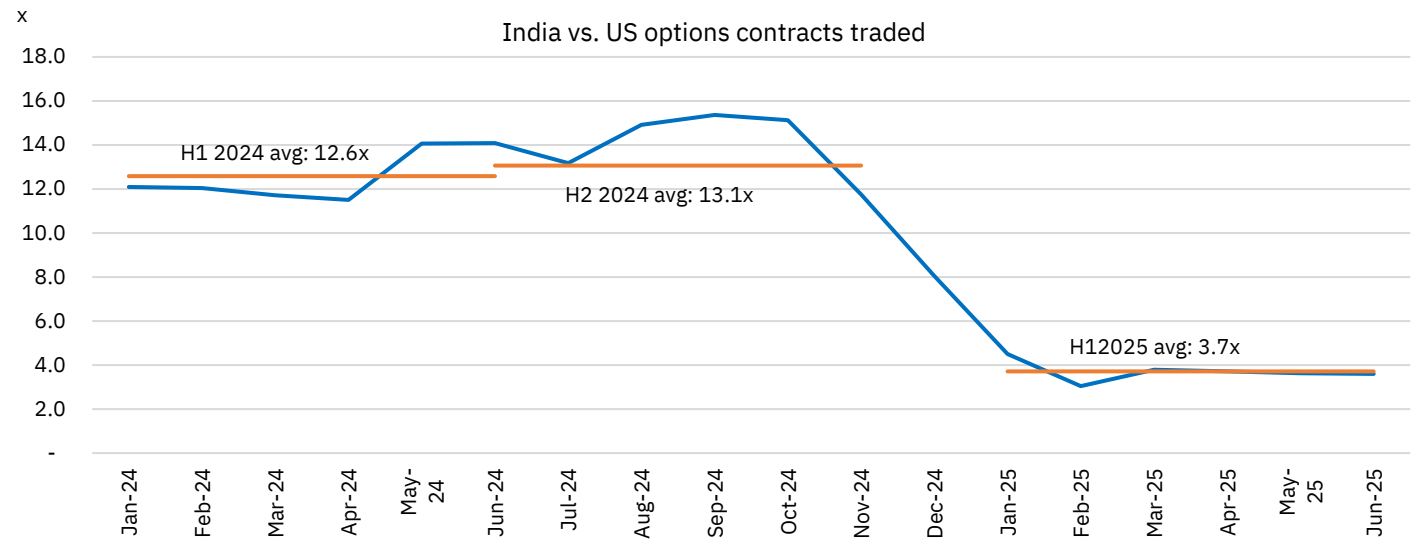


Figure 359: Monthly trend of average daily options premium turnover in the US and India

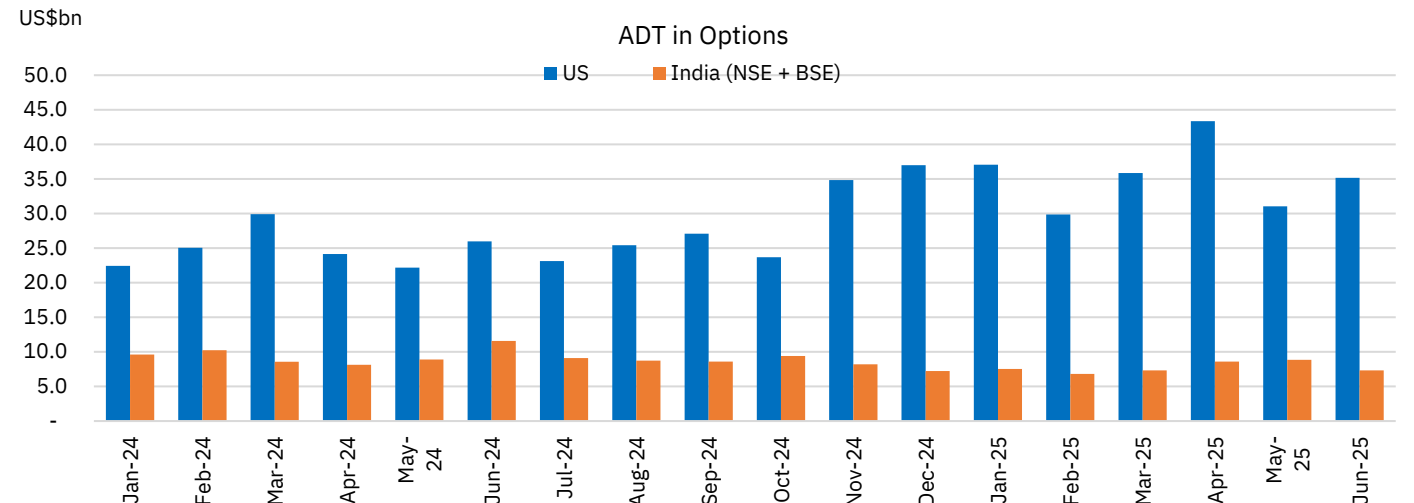
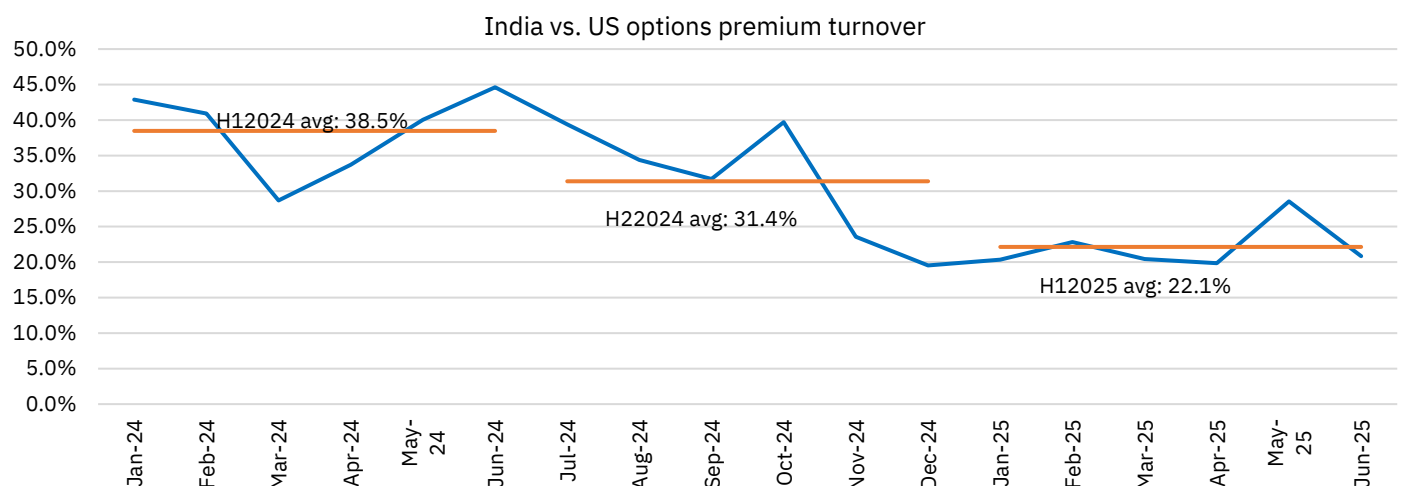


Figure 360: Monthly trend of the ratio of India and US options premium turnover



Annual macro snapshot

	FY18	FY19	FY20	FY21	FY22	FY23	FY24*	FY25#
National income								
GDP (Current) (Rs lakh crore)	170.9	189.0	201.0	198.5	236.0	268.9	301.2	331.0
GDP (Current) Growth (%)	11.0	10.6	6.4	-1.2	18.9	14.0	12.0	9.8
GDP (Constant) Growth (%)	6.8	6.5	3.9	-5.8	9.7	7.6	9.2	6.5
GVA (Constant) Growth (%)	6.2	5.8	3.9	-4.2	9.4	7.2	8.6	6.4
Agriculture growth (%)	6.6	2.1	6.2	4.0	4.6	6.3	2.7	4.6
Industry growth (%)	5.9	5.3	-1.4	-0.4	12.2	2.5	10.8	5.9
Services growth (%)	6.3	7.2	6.4	-8.4	9.2	10.3	9.0	7.2
Per Capita GDP (Curr) (Rs)	1,31,743	1,44,620	1,52,504	1,48,586	1,72,422	1,94,451	2,15,935	2,34,859
Prices								
CPI Inflation (%)	3.6	3.4	4.8	6.2	5.5	6.7	5.4	4.6
Food & beverages (%)	2.2	0.7	6.0	7.3	4.2	6.7	7.0	6.7
Core inflation (%)	4.5	5.8	4.0	5.3	6.1	6.3	4.4	3.6
WPI Inflation (%)	2.9	4.3	1.7	1.3	13.0	9.4	(0.7)	2.3
Primary articles (%)	1.4	2.7	6.8	1.7	10.3	10.0	3.5	5.2
Fuel & power (%)	8.2	11.5	-1.8	-8.0	32.5	28.1	(4.6)	-1.3
Manuf. prods (%)	2.8	3.7	0.3	2.8	11.1	5.6	(1.7)	1.7
Money, banking & interest rates								
Money supply (M3) growth (%)	9.2	10.5	8.9	12.2	8.8	9.0	11.1	9.7
Aggregate deposit growth (%)	6.2	10.0	7.9	11.4	8.9	9.6	13.5	10.3
Bank credit growth (%)	10.0	13.3	6.1	5.6	8.6	15.0	20.2	11.0
Non-food credit growth (%)	10.2	13.4	6.1	5.5	8.7	15.4	20.2	11.0
Cash Reserve Ratio (% eop)	4.0	4.0	4.0	3.0	4.0	4.5	4.5	4.0
Bank Rate (% eop)	6.25	6.50	4.65	4.25	4.25	6.75	6.75	6.50
Public Finance								
GOI rev. receipts growth (%)	4.4	8.2	8.5	-3.0	32.8	9.8	14.5	13.2
Gross tax receipts growth (%)	11.8	8.4	-3.4	0.9	33.7	12.7	13.5	11.2
GOI Expenditure growth (%)	8.4	8.1	16.0	30.7	8.1	10.5	6.0	8.5
Subsidies growth (%)	-4.4	-0.7	17.7	189.0	-33.5	14.7	-24.7	-1.6
Interest expense growth (%)	10.0	10.2	5.1	11.1	18.5	15.3	14.6	7.0
External transactions								
Exports growth (%)	10.1	8.8	-5.2	-7.1	45.1	6.7	-3.0	0.1
POL exports growth (%)	18.8	24.5	-11.6	-37.6	162.8	43.9	-13.5	-24.8
Non-POL exports (%)	9.0	6.6	-4.1	-2.5	33.7	-0.4	-0.1	6.1
Imports growth (%)	21.2	10.5	-7.8	-17.1	56.2	16.3	-5.7	6.2
Non-POL imports growth (%)	20.1	4.6	-7.9	-9.6	45.4	12.1	-1.3	7.0
POL imports growth (%)	25.0	29.9	-7.5	-36.9	96.7	29.1	-14.6	3.9
Net FDI (US\$bn)	30.3	30.7	43.0	44.0	38.6	28.0	10.2	0.1
Net FPI (US\$bn)	22.1	-2.4	1.4	36.1	-16.8	-5.2	44.1	3.6
Trade Balance: RBI – (US\$bn)	-160.0	-180.3	-157.5	-102.2	-189.5	-265.3	-244.9	-287.2
Current Acc. Balance (US\$bn)	-48.7	-57.2	-24.6	24.0	-38.8	-67.1	-26.1	-23.4
Forex Reserves (US\$bn)	424.4	411.9	475.6	579.3	617.6	578.4	645.6	665.4
Exchange rate (USDINR)	64.5	69.9	70.9	74.2	74.5	80.4	82.8	84.5

Source: CMIE Economic Outlook, NSE; For national income, FY23 is the final estimate, FY24 is first revised estimate and FY25 is the provisional estimate; For public finance, date for FY24 is actuals while FY25 is revised estimate.

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 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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1	01-Oct-25	Macro Review: RBI Monetary Policy
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3	29-Aug-25	Macro Review: Q1FY26 India GDP
4	12-Aug-25	Market Pulse August 2025: National priorities, shared prosperity
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6	29-Jul-25	Market Pulse July 2025: National priorities, private consequences
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22	24-Dec-25	Market Pulse December 2024: Sayonara 2024
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