

Market Pulse

Volume 7, Issue 9

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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Market Pulse

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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 (%)	1,318 Trading members
3 Third largest equity exchange by no. of trades (16.8% share in FY25 as per WFE)	EQ Cash 92.6	99.85% Pin codes covered
1 Largest derivatives exchange by contracts traded (FY25 share: 78.2% in eq. F&O as per WFE)	EQ Futures 99.8	11.9 Crore Unique registered PANs
8 Market capitalization*	EQ Options* 76.4	Total passive AUM (domestic + global) tracking Nifty indices
	FX Futures 99.7	US\$99.4 bn*
	FX Options* 100.0	Market capitalisation of NSE listed cos.
		US\$5.0trn
		As of August 31 st , 2025, unless specified otherwise;
		*As of July 31 st , 2025.

* as of July 31st, 2025

* Based on premium turnover

** As of August 31st, 2025

NSE's contribution to the economy

Catalyst for capital formation	Dedicated MSME platform	Market capitalisation
Rs 12.1 lakh cr Total equity capital raised between FY22-FY26# 2,819 Companies listed*	Rs 19,540 cr Total capital raised since FY12 663 Cos listed * 149 Cos. migrated to main board	Rs lakh cr NSE market cap Market cap to GDP (% rhts*)
*Includes companies listed on NSE Emerge #As of August 31 st , 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 August 31 st , 2025

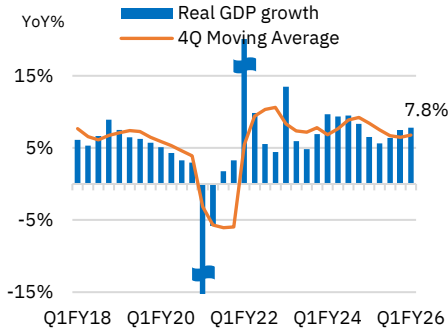
Investor growth

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* 1,190	Lakh CM Segment FO Segment Aug-15 Aug-16 Aug-17 Aug-18 Aug-19 Aug-20 Aug-21 Aug-22 Aug-23 Aug-24 Aug-25	Lakh East India North India South India West India Total FY21 89.8 FY22 193.0 FY23 132.6 FY24 189.1 FY25 209.5 FY26TD* 61.3
* As of Aug 31 st , 2025	* 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 September to August.	The top five states (UP, MH, GJ, TN, RJ) accounted for 45.6% of new investor registrations in Aug'25. (FY26TD* denotes data till Aug'25)

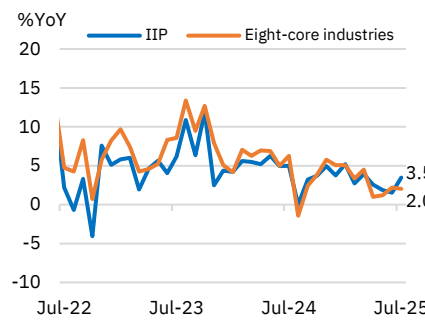
Key macro charts

Growth outlook robust

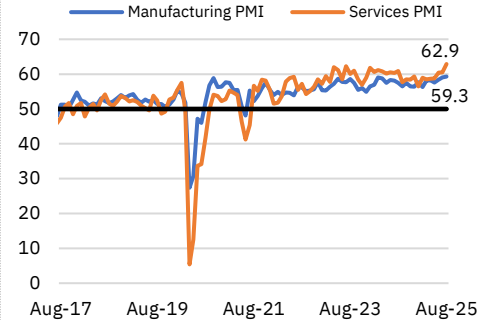
Real GDP growth



Industrial activity muted

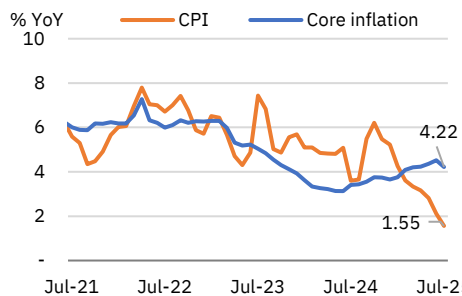


PMI in the expansion zone

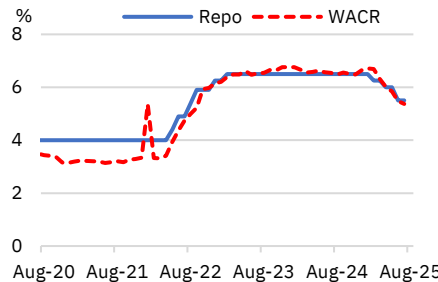


Inflation at over eight-year low; RBI to remain data-dependent on rates

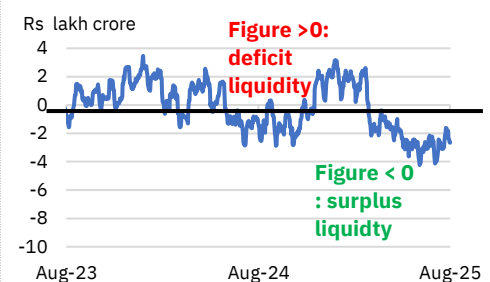
Inflation below RBI's target



WACR closer to repo rate

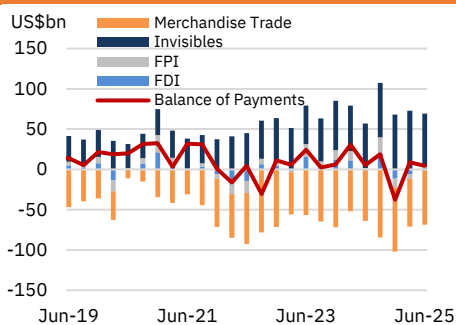


Liquidity remains in surplus

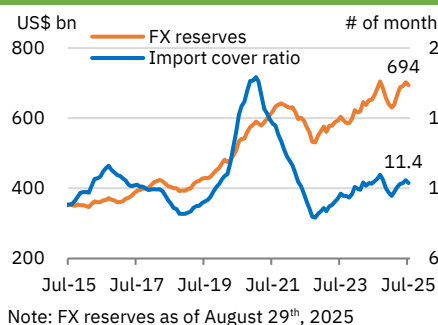


External situation comfortable; forex reserves around the US\$700bn-mark in August

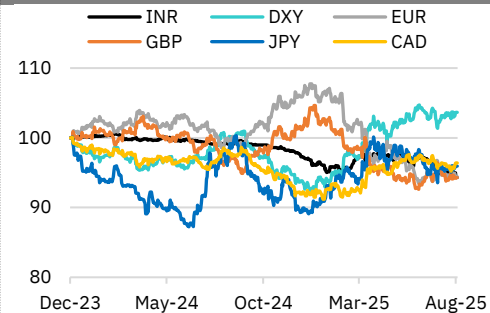
Overall BOP



Forex reserves

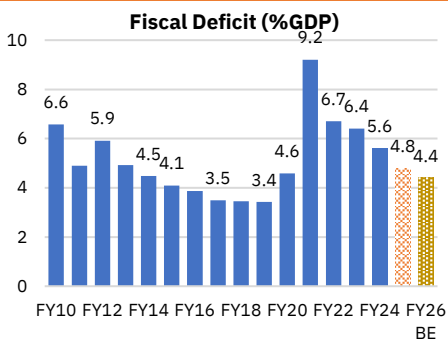


Rupee volatility contained

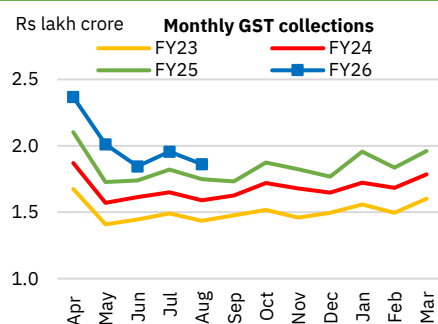


Fiscal prudence but with higher capex

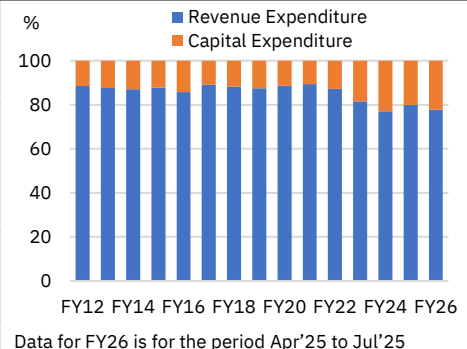
Fiscal consolidation underway



GST collections robust

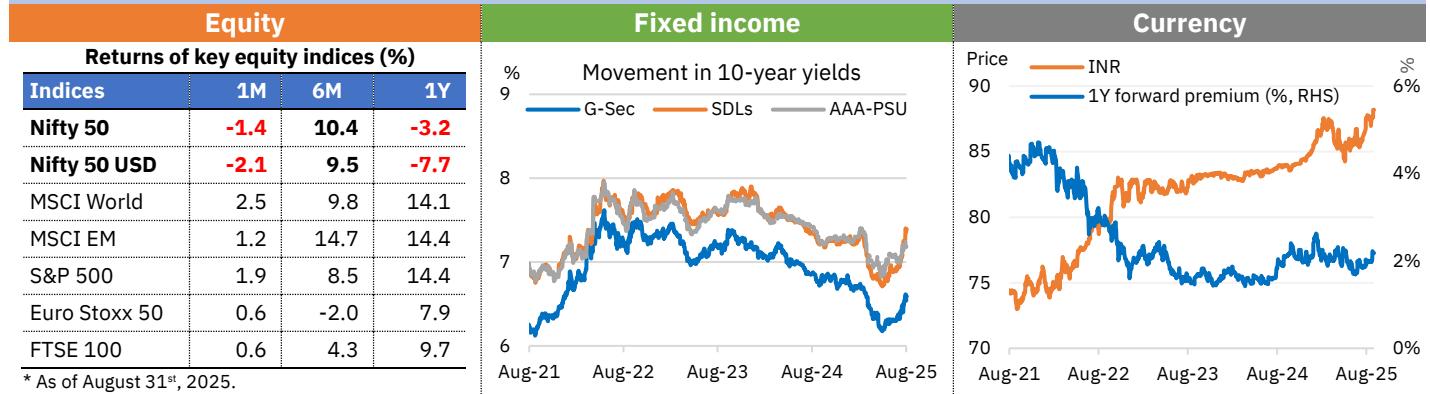


Share of capex rising

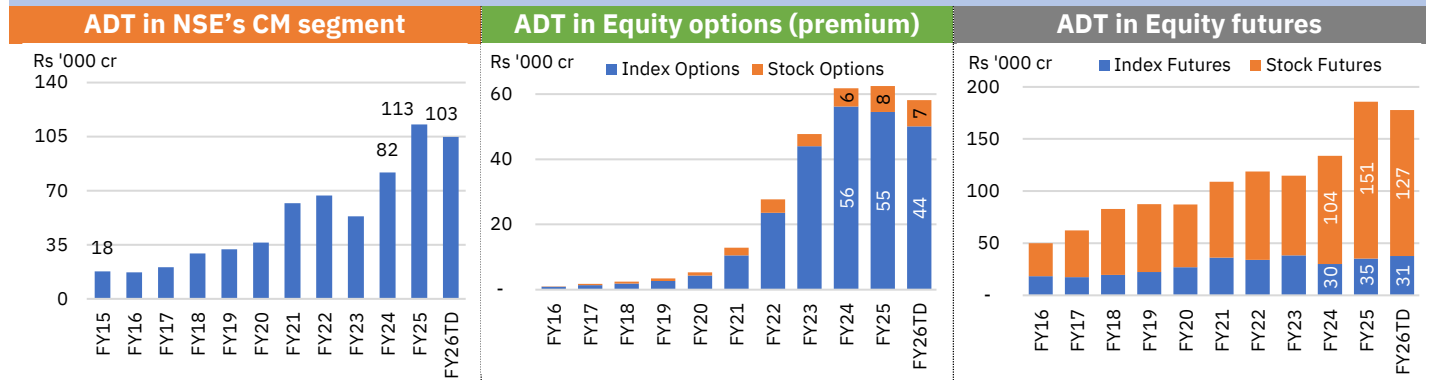


Key market charts

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	Aug-25		Jul-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	783	3.7	227	2.1	2,148	6.6	Index Futures	344	64,318	331	63,087
DIIIs	2,915	13.8	15	0.1	3,785	11.6	Stock Futures	6,863	4,63,417	6,847	4,73,039
FIs	3,253	15.4	821	7.8	8,809	27.1	Index Options	6,837	12,73,682	6,910	13,14,376
Individuals	7,236	34.2	3,831	36.2	5,712	17.5	Stock Options	4,007	2,69,849	4,848	3,35,089
Others	872	4.1	230	2.2	1,500	4.6					
Prop	6,107	28.9	5,452	51.5	10,601	32.6					

Based on premium turnover * FY26 data is as of August 31st, 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	-1,30,634
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	5,13,343
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	15,055
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	-14.9
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	59.4
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	1.7

*As of Aug 31st, 2025. # Data for individuals include net flows on NSE in the secondary market only. Individuals include individual /proprietorship firms, HUF and NRI.

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- Corporate governance and ESG
- Corporate finance
- Behavioural finance
- Banking, and financial services
- Financial economics, broader economy

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Call for Submissions

NSE Best Thesis Award for Financial Economics

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.

The NSE award is given for the best Ph.D. thesis in financial economics with special reference to capital market in India submitted by a recent Indian PhD (2025 graduate at the time of submission) from an Indian University or an Indian Economic Institute.

The NSE prize will carry a merit certificate and cash award of Rs. 50,000/- to be given to the best thesis. The IEA invites scholars across the country for their entries. The result will be declared by a committee constituted by the IEA President. A copy of the thesis is to be submitted latest by 30th October, 2025 to the Joint Secretary, IEA.

Venue:

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

Copy of the thesis is to be submitted to

Dr S. Narayanan

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

Executive Summary

National priorities, corporate signals

"In the short run, the market is a voting machine, but in the long run it is a weighing machine." — Benjamin Graham

Corporate earnings, in other words, are more than quarterly scorecards. They are signals that link micro performance with macroeconomic outcomes, fiscal stability, and investor confidence in the long-term growth trajectory. The September edition of NSE Market Pulse takes this lens to the Q1FY26 results, drawing out what they reveal about India's corporate resilience amid global turbulence, fiscal adjustment, and volatile capital flows.

The global economy continues to surprise on the upside. Weaker-than-expected jobs data have raised the likelihood of a sizeable Fed rate cut in the coming months, sustaining momentum across risk assets. IMF's July upgrades to global growth forecasts underscored this resilience. US GDP growth held firm at an annualised 3.3% in Q2, even as labour markets softened, while China's equities rebounded strongly in August on tariff reprieves and policy support.

India's macro indicators were mixed but broadly stable. GDP growth for Q1FY26 printed at 7.8%, ahead of expectations, confirming the resilience of domestic demand and a low deflator too, with nominal growth at 8.8%. The balance of payments benefitted from a surplus capital account, even as widening of trade deficit shifted current account balance into deficit in Q1 (0.2% of GDP)—with headwinds looming from tariff uncertainty on exports. Simplified GST rates, designed to ease compliance and boost consumption, underlined the government's focus on efficiency gains, with near-term fiscal impact likely to be limited and nullified over time with increasing economic activity. The rupee, however, touched record lows of 88.2 per dollar in late August, down 0.7% for the month and 3.1% over three months. This was despite the 6% drop in DXY index this fiscal, underscoring the strain of portfolio outflows and tariff pressure. A sovereign rating upgrade and easing inflation provided some support to macroeconomic conditions.

Global equities extended gains in August, supported by strong earnings and Fed easing hopes. The MSCI World Index advanced 2.5%, led by the US where the S&P 500, Nasdaq, and Dow all reached new highs. Small caps in the US markets joined the rally, with Russell 2000 up nearly 7%. Japanese equities benefited from supportive monetary policy and a weaker yen, while Chinese equities surged 8% on the back of temporary suspension of tariff hikes and the government's anti-involution campaign aimed at reducing excess capacity and curbing competition. Emerging markets gained 1.2% in August (YTD: +18.7%), buoyed by dollar weakness.

Indian equities underperformed for a second straight month. The Nifty 50 fell 1.4% in August after a 2.9% decline in July, eroding most of the year's gains. Heavy FPI outflows—the sharpest in seven months—reflected the impact of punitive US tariffs. DIIs remained resilient, however, marking the 25th consecutive month of net buying and cushioning losses. Markets staged a partial recovery in early September on GST sentiment, though headwinds remain. Despite the near-term weakness, Indian equities have outperformed EM and DM equities over long horizons (NIFTY50 25-year CAGR 12.1% vs. 4.4% each for MSCI EM and MSCI World).

Our anchor theme in this edition, the **Story of the Month**, is the Q1FY26 earnings review. Results showed a meaningful recovery in corporate profits, supported by margin tailwinds even as topline growth remained modest. Nifty 50 companies posted revenue growth of 6.2% YoY, the fourth consecutive quarter of ~6% growth, while Nifty 500 companies recorded a slightly lower but steady 5.9% YoY. Excluding the Energy sector—which was weighed down by softer crude prices and weaker refining margins—revenue growth improved to a three-quarter high of 7.6% for Nifty 50 and 8.1% for Nifty 500 companies.

Operating performance strengthened notably, aided by lower input costs, cost rationalisation, and a favourable base, leading to significant margin accretion. The EBITDA margin for Nifty 50/Nifty 500 companies (ex-Financials) climbed to nine-year and four-year highs of 23.3% and 19.8%, respectively. Margin gains, together with lower interest expenses following the 100bps policy rate cut earlier this year, boosted profitability. Consequently, aggregate PAT growth for Nifty 50/500 companies returned to double digits at 14.8%/13.2% YoY.

Notwithstanding this improvement in profitability, consensus earnings estimates have continued to face downgrades amid tariff-related pressures, though the pace of revisions has moderated, suggesting the downgrade cycle may be nearing its trough. Importantly, the macroeconomic backdrop—aided by easing inflation, lower rates, fiscal measures, and healthy monsoon-driven rural demand—remains conducive for the earnings trajectory in the quarters ahead.

Our **Chart of the Month** examines the tax contributions of India's listed corporates compared with their unlisted counterparts over the last decade. The data show that listed firms, while smaller in number, contribute disproportionately to corporate tax revenues. Their payments have broadly tracked GDP growth, though with greater cyclicity reflecting earnings volatility. By contrast, unlisted companies, despite their larger role in output and employment, account for a more modest share of direct taxes. These patterns underscore the fiscal importance of listed corporates: strong earnings translate into stronger tax flows, creating space for public investment and supporting growth. As GST rationalisation reshapes fiscal arithmetic, the earnings strength and compliance of listed firms provide critical fiscal stability.

Decades of research confirm that earnings are among the most informative financial events. This month's **Insights** section curates ten seminal papers to contextualise India's Q1 results. Ball and Brown (1968) and Beaver (1968) established that earnings announcements systematically move prices, volumes, and volatility. Bernard and Thomas (1989) documented the Post-Earnings-Announcement Drift, whereby markets underreact initially, with returns drifting in the same direction for weeks. Sloan (1996) showed that accrual-driven profits are less persistent than cash-driven ones, highlighting why not all earnings growth creates lasting value.

Later studies by Barber, De George, Lehavy, and Trueman (2013), and Savor and Wilson (2016) identified an earnings-announcement premium, with higher returns accruing in months when results are declared, especially in periods of high idiosyncratic risk. Aggregate dimensions have been explored by Kothari, Lewellen, and Warner (2006), Konchitchki and Patatoukas (2014), and Shivakumar and Urcan (2017), who demonstrated that broad-based earnings growth predicts GDP, inflation, and discount-rate news.

For India, Q1FY26's muted topline but record margins fit these patterns. Profitability shocks carry systematic implications; revisions influence asset prices; and aggregate earnings growth provides a forward-looking signal on macro stability.

Our September's edition completes the four-month arc. June highlighted national priorities and global consequences; July, national priorities and private consequences; August, national priorities and shared prosperity. This month, the focus is on national priorities and corporate signals.

Amid record highs in global markets and underperformance at home, corporate results offer India's clearest indicators of resilience. Through their earnings and tax contributions, listed companies link firm-level performance to fiscal strength, macro stability, and investor confidence—serving as both signal and stabiliser in an uncertain environment.

As India navigates external shocks and domestic adjustments, corporates will remain central to sustaining growth, anchoring fiscal capacity, and shaping investor confidence. On that note, we present the September 2025 edition of NSE Market Pulse. As always, comments and suggestions are welcome.

Tirthankar Patnaik
Chief Economist

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Story of the month

Q1FY26 Earnings Review: Margin tailwinds boost corporate profitability

Corporate earnings in Q1 FY26 saw a meaningful recovery, driven primarily by margin tailwinds, even as topline growth remained steady. Nifty 50 companies posted revenue growth of 6.2% YoY, marking the fourth straight quarter of growth in the 6% range, while Nifty 500 companies recorded a slightly lower yet stable growth of 5.9% YoY. Excluding the Energy sector — which was weighed down by softer crude prices and weaker refining margins — revenue growth improved to a three-quarter high of 7.6% for Nifty 50 and 8.1% for Nifty 500 companies. Operating performance strengthened sharply, supported by lower input costs, cost rationalisation, and a favourable base. EBITDA for Nifty 50 and Nifty 500 companies (ex-Financials) rose by 12.8% and 12.5% YoY, respectively — the first double-digit growth in five quarters. This translated into a significant margin expansion, with the Nifty 50/Nifty 500 (ex-Financials) EBITDA margin climbing to a nine/four-year high of 23.3/19.8%. Margin gains, coupled with lower interest expenses following the 100bps policy rate cut earlier this year, provided a strong boost to profitability. As a result, aggregate PAT growth for Nifty 50 and Nifty 500 companies returned to a double-digit trajectory at 14.8% and 13.2% YoY, respectively.

Notwithstanding the improvement in profitability in Q1 FY26, consensus profit estimates continued to face downward revisions, though the scale of cuts has moderated, reflecting tariff-related uncertainty around corporate earnings. According to LSEG Workspace, earnings estimates for FY26 and FY27 for the top 200 well-covered companies by market capitalisation were trimmed by 0.5% and 0.9%, respectively, since end-June (As of September 5th, 2025), implying an aggregate earnings CAGR of 13.3% over FY25–27. In line with these trends, the Earnings Revision Indicator (ERI) has remained in negative territory, signalling more downgrades than upgrades, though recent readings suggest the downgrade cycle may be nearing its trough. Macroeconomic conditions, meanwhile, remain broadly supportive. The RBI's cumulative 100 bps rate cut this year, combined with fiscal measures such as income tax relief in the Union Budget and GST rationalisation, alongside easing inflation and a healthy monsoon, are expected to lift consumption. On the investment side, sustained public capex and lower funding costs should help crowd in private investment. However, persistent geopolitical tensions and tariff-related headwinds could weigh on external demand and commodity markets, leaving risks to the earnings outlook skewed to the downside.

- Topline growth remained steady in Q1FY26:** Net sales growth of Nifty 50 companies remained in the 6% range for the fourth consecutive quarter, registering a 6.2% YoY in Q1FY26, possible reflecting the bottoming out of demand conditions. For the broader Nifty 500 universe, topline growth remained steady at 5.9% YoY, marking the ninth single-digit growth in a row. Performance of mid-cap companies, while still behind large-caps, seem to have improved in Q1, with their contribution to overall Nifty 500 top line growth improving by ~600bps QoQ to 37% in Q1. Sector-wise, Financials, Consumer Discretionary, and Materials accounted for over 68% of the YoY expansion, with Financials leading at 39%.
- EBITDA growth accelerated in Q1FY26 amid margin tailwinds:** EBITDA for Nifty 50 (ex-Financials) rose 12.8% YoY in Q1FY26 – the highest in six quarters – despite a modest 5.4% YoY revenue growth. Operating margin expanded 153 bps YoY to a 36-quarter high of 23.3%, supported by cost optimisation, softer input prices and operational efficiency in addition to lower base effect. Similar trends were seen in the Nifty 500 universe, where EBITDA grew at a six-quarter high pace of 12.5% YoY and margins rose to a 16-quarter high of 19.8%. Energy, Materials, and Communication Services drove over 79% of the Nifty 500 YoY EBITDA gains, despite contributing only 15% to the YoY revenue growth in Q1FY26. Input cost pressures eased, with raw material cost to net sales ratio dropping over 100 bps

Nifty 50 and Nifty 500 companies reported a stable topline growth of 6.2% and 5.9%, respectively in Q1.

EBITDA growth outpaced revenue growth for both Nifty 50 (12.8% YoY) and Nifty 500 (12.5% YoY) in Q1, with margins expanding to multi-quarter highs.

YoY and 400 bps QoQ. Wage bills rose 6.4% YoY but remained stable as a share of net sales.

- PAT growth hits five-quarter high; large caps continue to outperform:** Margin tailwinds and lower interest expenses, thanks to 100bps cut in the policy repo rate early this year, boosted corporate profitability in Q1FY26. Nifty50 companies reported a 14.8% YoY growth in aggregate PAT in Q1FY26 — the strongest in five quarters. PAT margins improved to a decadal high of 12.7%, up 95 bps YoY and 64 bps QoQ. For the Nifty 500 universe, PAT grew at a tad higher 13.2% YoY, with margins up 67 bps YoY to 10.5%. Excluding the top 100 companies — the so-called large-caps—PAT growth came in at lower 10.2% with weaker margins at 7.5%. Sector-wise, PAT growth of the Nifty 500 companies was led by Energy, contributing 43.5%, followed by Financials (21.1%), Materials (14.9%), and Communication Services (10.3%).
- Downward revisions continued, albeit at a slower scale:** Our analysis of earnings revisions for the top 200 well-covered companies by market capitalisation shows that aggregate FY26 profit estimates have been trimmed by 0.5% since end-June, with projected earnings growth now at 11.6% (As of September 5th) compared with 12.1% as of June-end. Sector-wise, only Energy recorded upward revisions, while all other sectors saw downgrades, led by Consumer Discretionary, Materials, Financials, and Consumer Staples. Notably, Consumer Discretionary alone accounted for over 40% of the reduction in aggregate earnings since June, despite contributing just 7.3% to total profits. For FY27, earnings estimates were cut by 0.9% over the same period, with expected growth now at 15.0%, bringing the implied FY25–27 CAGR to 13.3%, down from 15.6% at end-March. Looking ahead, Financials, Energy, and Materials are projected to drive more than 63% of incremental earnings growth over the next two years.
- ...With the ERI hovering in the negative territory:** The Earnings Revision Indicator (ERI) for the Nifty 50 has remained in negative territory since October 2024, reflecting more downgrades than upgrades. A brief improvement in July 2025, when the ERI edged up to –0.3, proved short-lived as the indicator weakened again in August. While downgrades continue to outweigh upgrades, their magnitude has eased, suggesting the revision cycle may be close to bottoming out. Sector-wise, Energy, Financials, IT, and Materials have seen ERI readings stabilise near neutral, pointing to a more balanced outlook. By contrast, consumption-linked sectors—Consumer Staples, Consumer Discretionary, Utilities, and Healthcare—have slipped deeper into negative territory, highlighting ongoing headwinds for earnings in these segments.

PAT growth for Nifty 50/500 came in much stronger at 14.8%/13.2% YoY, aided by lower input costs and operating efficiency.

Aggregate earnings growth of top 200 companies is pegged at 11.6% and 15.0% in FY26 and FY27 respectively, implying an earnings CAGR of 13.3% during this period.

Nifty 50 Q1FY26 results

Nifty50 topline growth remained broadly steady in Q1FY26: Net sales of Nifty 50 companies grew by 6.2% YoY in Q1 FY26 to Rs 18.4 lakh crore, slightly below the 6.5% growth in Q4 FY25, marking the fourth straight quarter of ~6% growth. Of the 50 companies, 41 reported higher revenues compared with the same quarter last year. Sector-wise, all but Utilities posted topline growth during the quarter.

In terms of contribution, Financials, Consumer Discretionary, and Materials were the key drivers, together accounting for 63% of the YoY revenue expansion. Financials alone, contributed 34%, marking their third straight quarter of accelerating growth (+8.6% YOY), led by robust treasury gains, steady gross interest income, and strong premium collections, partly offset by muted credit demand. Consumer Discretionary—accounting for 14.9% of YoY topline expansion—has seen its growth rate slow for three consecutive quarters, reflecting weakness in discretionary demand. By contrast, Materials contributed 14.3% and delivered their strongest performance in 11 quarters, supported by a low base, higher metal prices, and strong results from cement producers. Energy, comprising nearly a quarter of Nifty 50 revenues, posted its weakest growth in three quarters, weighed down by softer crude prices, weak refining margins, and subdued power demand in Utilities. Excluding Energy, revenue growth for the Nifty 50 was stronger at 7.6% YoY.

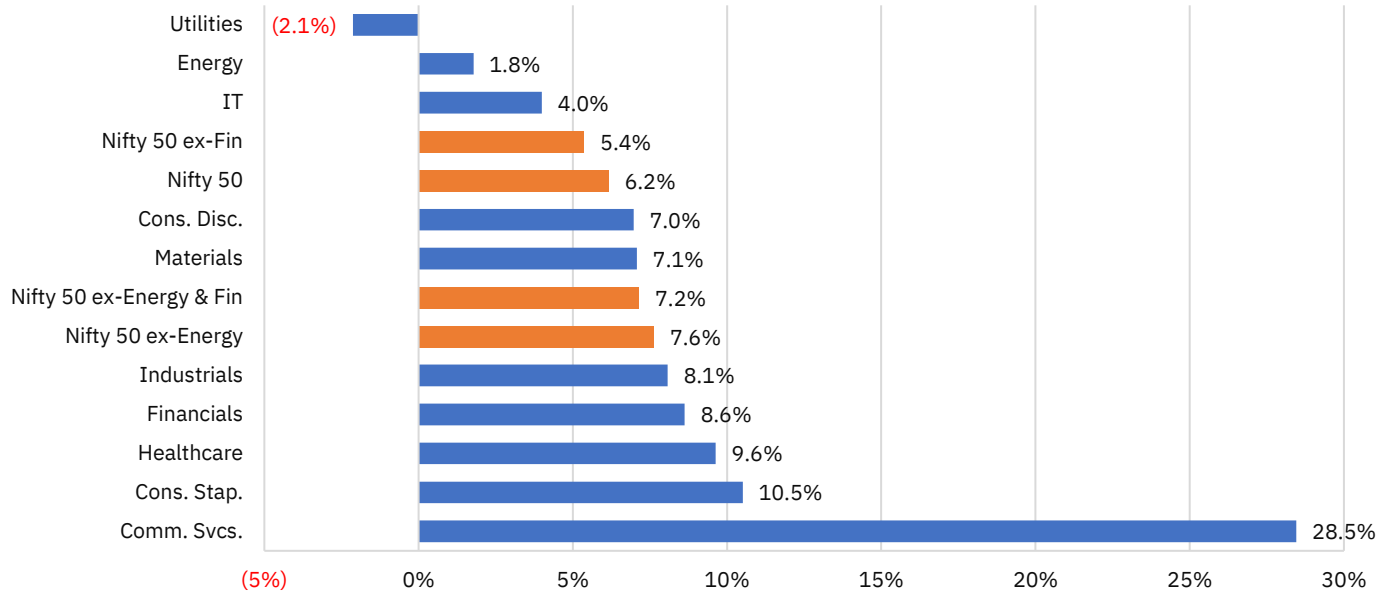
Demand trends in Q1 FY26 showed incremental improvement, albeit at a slower pace. Looking ahead, a healthy monsoon is expected to bolster rural consumption, while policy measures—both direct (income tax relief in the Union Budget) and indirect (GST rationalisation)—combined with falling interest rates and easing inflation, should further support household spending. Input costs also remain subdued, enhancing margin resilience. On the investment side, continued public capex and lower funding costs are likely to spur private activity, though rising US tariffs cloud the outlook for export-oriented sectors. Overall, corporate earnings are positioned to benefit from controlled costs, rural recovery, and public investment, even as global trade tensions pose a key near-term risk.

Table 1: Sector-wise net sales growth (%) of Nifty 50 companies

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	2.4	6.1	3.3	2.8	27.3	28.5
Consumer Discretionary	(4.0)	2.3	(4.3)	10.0	7.2	7.0
Consumer Staples	2.4	1.6	7.5	5.5	5.2	10.5
Energy	(1.3)	6.4	(5.8)	6.7	6.7	1.8
Financials	1.0	5.4	4.6	26.2	4.9	8.6
Health Care	6.4	(2.4)	4.2	9.1	11.9	9.6
Industrials	(17.8)	17.5	(16.6)	10.5	6.5	8.1
Information Technology	1.4	0.2	0.0	3.4	5.4	4.0
Materials	(5.4)	12.9	(4.4)	1.4	6.1	7.1
Utilities	(0.1)	10.3	(6.2)	10.0	4.2	(2.1)
Nifty 50	(2.1)	6.2	(2.4)	10.5	6.5	6.2
Nifty 50 ex-Energy	(2.4)	6.2	(1.3)	11.8	6.5	7.6
Nifty 50 ex-Financials	(3.1)	6.5	(4.6)	6.2	7.0	5.4
Nifty 50 ex-energy ex-fin	(3.9)	6.5	(4.0)	6.0	7.2	7.2

Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

Figure 1: Sector-wise net sales YoY growth of Nifty 50 companies in Q1FY26


Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above charts provide data for companies in the Nifty 50 index as on June 30th, 2025.

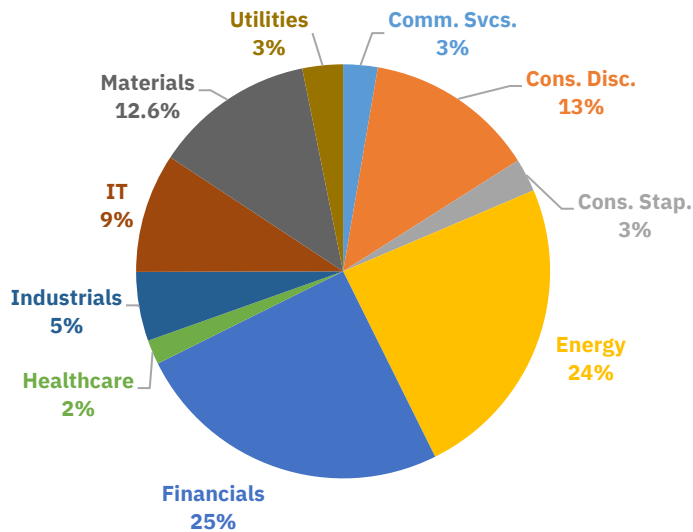
Table 2: Sector-wise contribution of Nifty 50 companies to net sales growth rate in Q1FY26

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	49,463	0.1	0.6
Consumer Discretionary	2,44,925	(0.6)	0.9
Consumer Staples	47,884	0.2	0.3
Energy	4,42,582	(1.5)	0.4
Financials	4,59,700	1.1	2.1
Health Care	35,223	0.1	0.2
Industrials	99,206	(1.0)	0.4
Information Technology	1,71,551	0.0	0.4
Materials	2,30,889	(0.6)	0.9
Utilities	58,262	(0.2)	(0.1)
Nifty 50	18,39,684	(2.4)	6.2
Nifty 50 ex-Energy	13,97,101	2.5	5.7
Nifty 50 ex-Financials	13,79,984	8.9	4.1
Nifty 50 ex-energy ex-fin	9,37,402	5.2	3.6

Source: CMIE Prowess, LSEG workspace, NSE

Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

Figure 2: Sector-wise share in net sales of Nifty 50 companies in Q1FY26

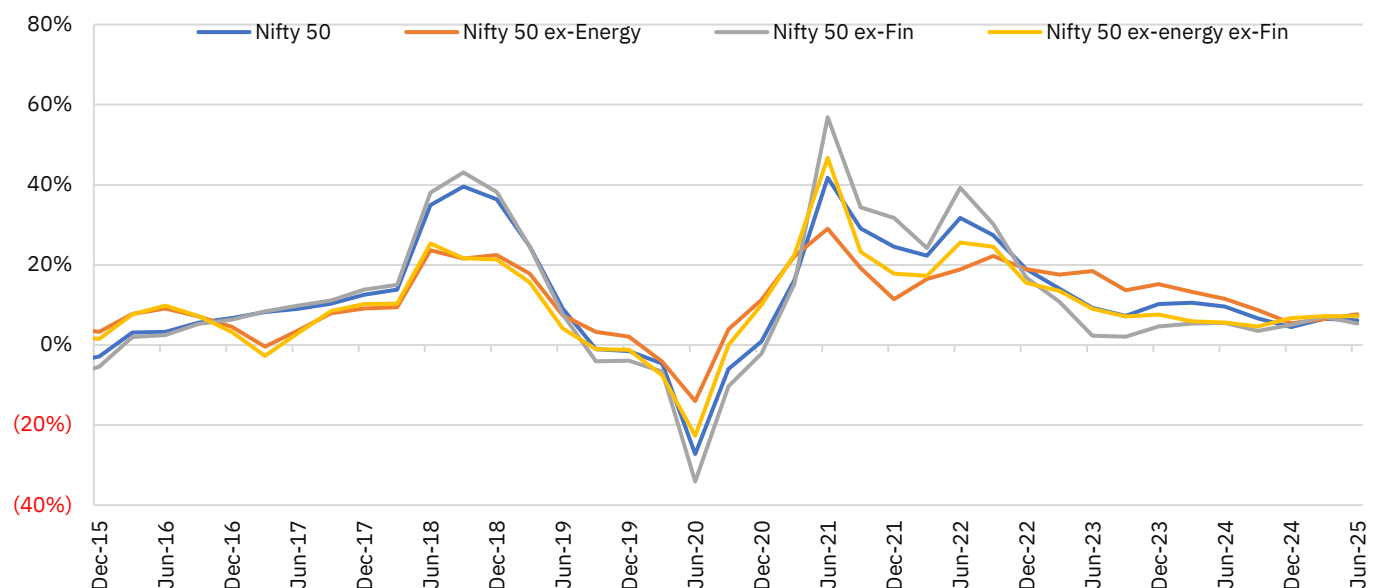


Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above charts provide sector-wise share of net sales for companies in the Nifty 50 index as on June 30th, 2025.

Figure 3: Quarterly trend of Nifty 50 revenue growth (YoY)

Net sales growth trend for Nifty 50 companies across quarters



Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 50 index as at the end of respective quarters.

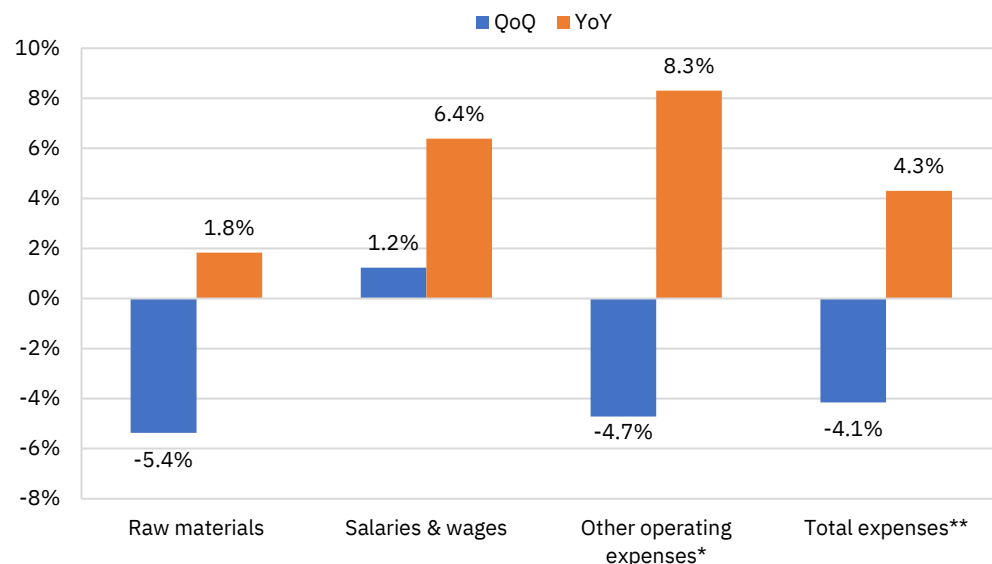
Nifty50 companies' EBITDA growth/margin registered a six/36-quarter high in Q1:

EBITDA for non-financial Nifty 50 companies rose by 12.8% YoY to Rs 3.2 lakh crore in Q1FY26 – the highest growth rate in past six quarters – significantly outpacing the 5.4% YoY revenue growth for the same group. This strong operating performance led to a 153 bps YoY and 115 bps QoQ expansion in operating margins, which reached a 36-quarter high of 23.3%. On a sequential basis, while revenue declined by 2.4% QoQ, EBITDA remained largely flat, inching up by 0.4%. Of the 38 non-financial Nifty 50 companies, 29 reported YoY EBITDA growth. Despite the muted topline performance, margin expansion was supported by cost optimisation measures, softer input costs, and improved operational efficiency.

Across sectors, the Energy sector led the YoY growth in operating profit in Q1FY26, contributing a significant 45.7% to the total increase in EBITDA. It was followed by Communication Services and Materials, which accounted for 20.5% and 19.3%, respectively. Operating profit growth in the Energy sector was primarily driven by Reliance Industries' non-traditional businesses. Meanwhile, the Communication Services sector benefited from higher ARPU and an expanding user base, and the Materials sector saw gains from improved price realisations. Collectively, these three sectors were responsible for over 85.5% of the total operating profit expansion during the quarter, despite contributing just 31.8% to overall revenue growth, highlighting a significant improvement in operational efficiency. In contrast, sectors such as Consumer Discretionary, Consumer Staples, and Utilities made only modest contributions to the operating profit growth, held back by subdued demand.

For the Nifty 50 (ex-Financials), raw material costs rose 1.8% YoY but declined 5.4% QoQ, bringing down the raw material cost-to-net sales ratio by 131 bps YoY and 453 bps QoQ—indicating improved operational efficiency despite subdued revenue growth. The YoY increase in raw material costs was driven primarily by the Consumer Discretionary sector, followed by Materials, though partially offset by lower costs in the Energy sector. The wage bill increased 6.4% YoY, with its share of net sales rising slightly by 16 bps YoY. IT sector was the largest contributor to the wage bill growth, followed by Consumer Discretionary. Overall operating expenses rose 4.3% YoY, remaining below the net sales growth rate for the non-financial Nifty 50 universe.

Figure 4: Change in expenses for Nifty 50 companies (ex-Financials) in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE

Note: 1. *Other operating expenses include selling, general & administrative expenses, rental expenses, and other operating costs.

2. ** Total expenses exclude interest expenses and depreciation.

3. The above chart provides data for companies in the Nifty 50 index as on June 30th, 2025.

Table 3: Sector-wise EBITDA growth (%) of Nifty 50 companies

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	2.3	3.1	3.2	2.2	34.3	35.5
Consumer Discretionary	(1.4)	8.3	(9.3)	21.2	5.2	(3.2)
Consumer Staples	1.5	5.2	(0.2)	2.8	1.2	(0.5)
Energy	(4.8)	1.3	11.2	(3.6)	2.5	19.8
Financials	0.3	1.4	6.0	27.2	6.9	13.0
Health Care	14.6	(5.2)	6.0	15.3	20.7	11.6
Industrials	(10.8)	19.8	(12.5)	19.9	17.1	14.8
Information Technology	(3.7)	0.0	(0.9)	9.0	1.7	4.6
Materials	(5.6)	26.8	2.8	3.4	11.4	21.4
Utilities	(4.8)	20.8	(13.9)	6.6	14.8	3.7
Nifty 50	(1.5)	4.4	3.2	15.7	7.7	12.9
Nifty 50 ex-Energy	(1.0)	5.0	1.9	19.7	8.6	11.7
Nifty 50 ex-Financials	(3.4)	7.6	0.4	5.6	8.5	12.8
Nifty 50 ex-energy ex-fin	(2.8)	10.3	(3.9)	9.9	11.1	9.8

Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

Table 4: Sector-wise EBITDA margin (%) of Nifty 50 companies in Q1FY26

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	57.5	(7)	299
Consumer Discretionary	15.9	(88)	(166)
Consumer Staples	27.6	(213)	(304)
Energy	22.7	349	341
Financials	74.2	98	286
Health Care	28.9	49	52
Industrials	21.2	99	124
Information Technology	25.4	(23)	16
Materials	17.3	122	204
Utilities	43.6	(392)	246
Nifty 50	36.0	197	214
Nifty 50 ex-Energy	40.2	126	147
Nifty 50 ex-Financials	23.3	115	153
Nifty 50 ex-energy ex-fin	23.5	2	58

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

Figure 5: Sector-wise EBITDA growth (YoY) of Nifty 50 companies in Q1FY26

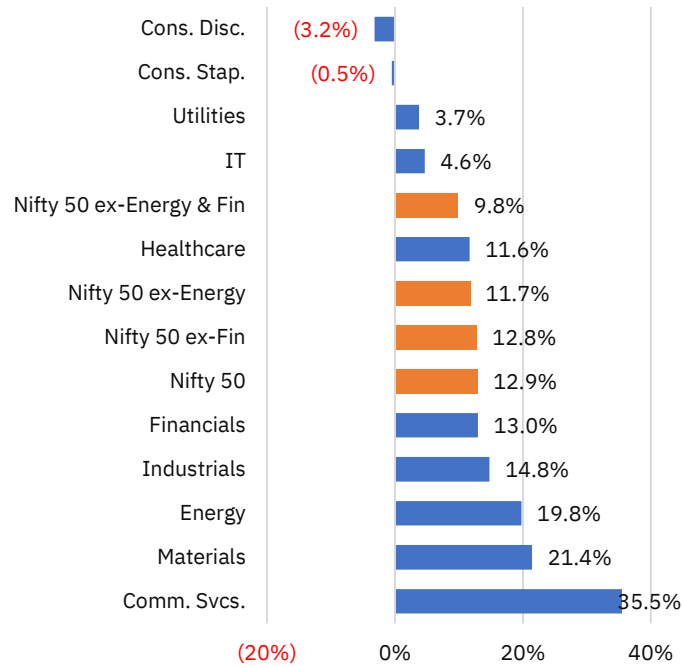
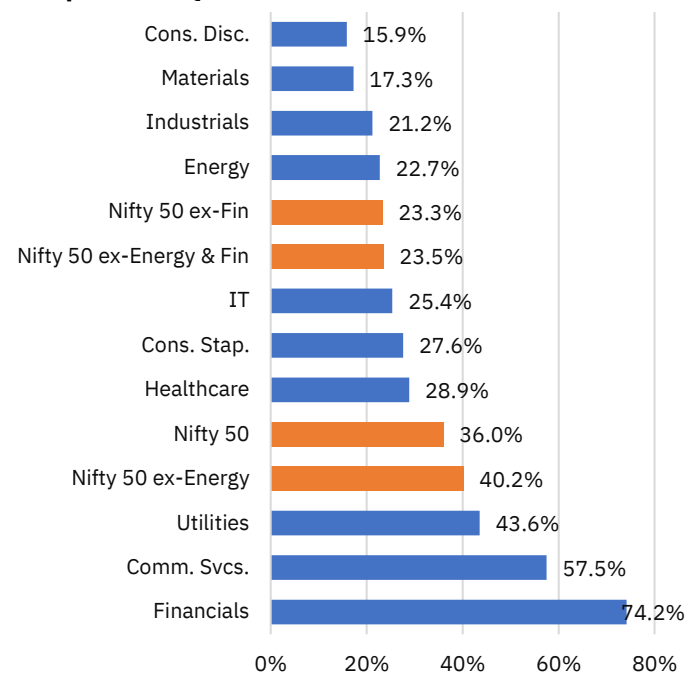


Figure 6: Sector-wise EBITDA margin of Nifty 50 companies in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above charts provide data for companies in the Nifty 50 index as on June 30th, 2025.

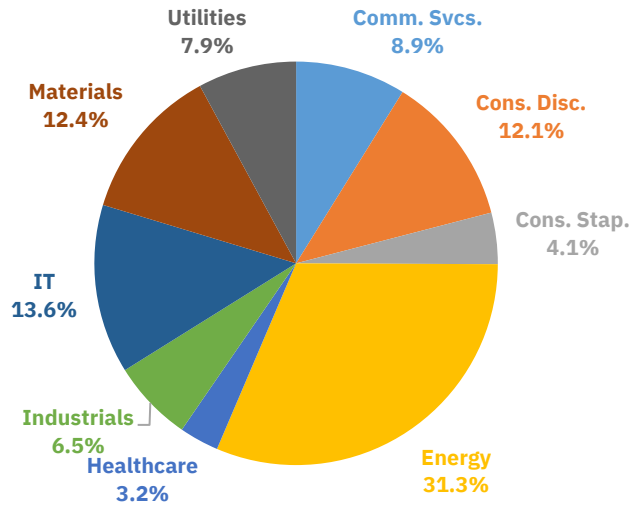
Table 5: Sector-wise contribution of Nifty 50 companies (ex-Financials) to EBITDA growth rate in Q1FY26

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	28,430	0.3	2.6
Consumer Discretionary	38,856	(1.2)	(0.4)
Consumer Staples	13,211	(0.0)	(0.0)
Energy	1,00,660	3.2	5.8
Health Care	10,162	0.2	0.4
Industrials	21,011	(0.9)	0.9
Information Technology	43,520	(0.1)	0.7
Materials	39,881	0.3	2.5
Utilities	25,383	(1.3)	0.3
Nifty 50 ex-Financials	3,21,114	0.4	12.8
Nifty 50 ex-energy ex-fin	2,20,454	(1.4)	3.4

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

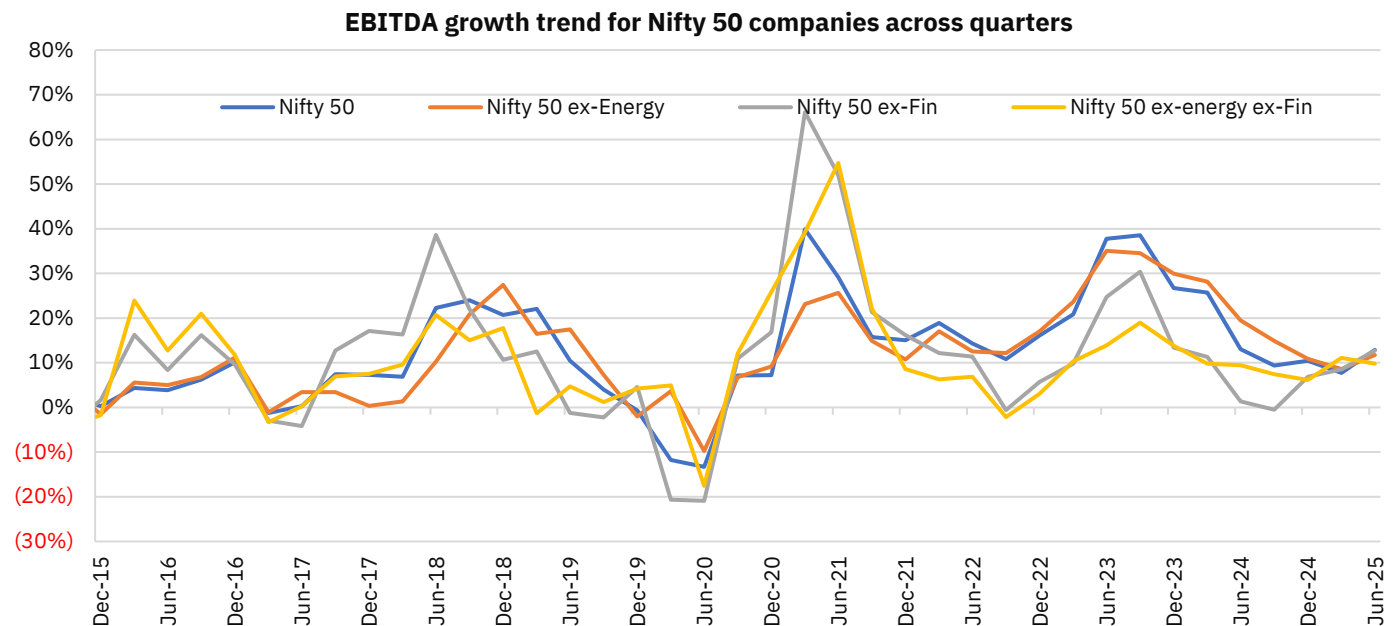
Figure 7: Sector-wise share in EBITDA of Nifty 50 companies (ex-Financials) in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE.

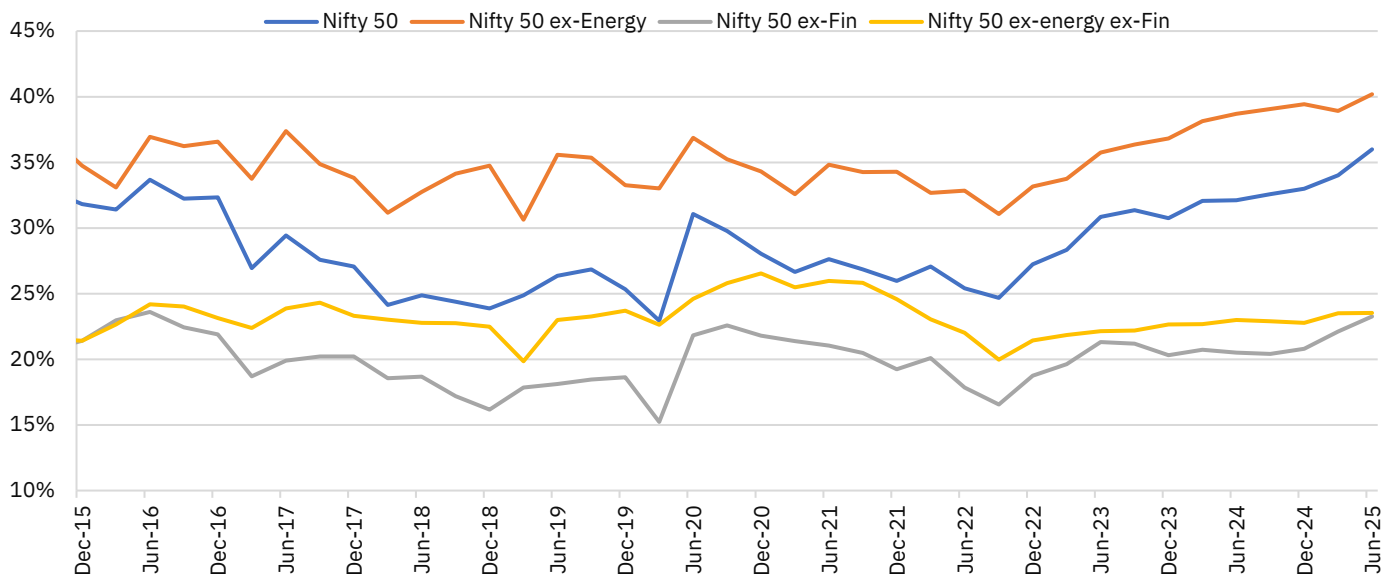
Note: 1. The above charts provide sector-wise share of net sales for companies in the Nifty 50 index as on June 30th, 2025.

Figure 8: Quarterly trend of Nifty 50 EBITDA growth (YoY)



Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 50 index as at the end of respective quarters.

Figure 9: Quarterly EBITDA margin trend of Nifty 50 companies
EBITDA margin trend for Nifty 50 companies across quarters


Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 50 index as at the end of respective quarters.

PAT growth for the Nifty 50 universe reached a five-quarter high in Q1: In Q1FY26, the Nifty 50 universe reported a 14.8% YoY increase in aggregate profit after tax (PAT) to Rs 2.3 lakh crore – the strongest growth rate in last five quarters, aided by margin tailwinds and lower interest expenses. PAT margins improved by 95 bps YoY and 64 bps QoQ to 12.7%, marking the highest level recorded between 2014 and 2025. Of the 50 constituents, 38 reported an expansion in PAT on a YoY basis.

All sectors registered YoY PAT growth, but the Energy sector was the largest contributor, accounting for 40.9% of the overall YoY increase, primarily driven by low base effect and strong growth reported by Reliance Industries. Excluding Reliance Industries, the Energy sector's aggregate PAT declined 5% YoY in Q1FY26, while the overall Nifty 50 universe reported a modest 9% YoY rise in PAT. Financials, Communication Services, and Materials also made notable contributions to overall PAT growth, accounting for 17.4%, 14.6%, and 13.2%, respectively.

Despite the overall margin expansion at the index level, several key sectors – namely Consumer Discretionary, Consumer Staples, Financials, and Healthcare – experienced PAT margin compression during the quarter, highlighting uneven profitability trends across segments.

Table 6: Sector-wise PAT growth (%) of Nifty 50 companies

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	53.8	(22.0)	10.7	100.2	238.6	143.8
Consumer Discretionary	(38.2)	14.6	(13.1)	33.7	(26.7)	3.2
Consumer Staples	(1.7)	8.5	2.5	0.6	(0.5)	3.8
Energy	(9.7)	2.3	23.9	(11.5)	(3.9)	31.8
Financials	(2.2)	(0.1)	3.5	13.2	1.2	7.1
Health Care	9.6	(11.8)	5.8	18.4	10.9	7.1
Industrials	(14.8)	35.5	(12.4)	32.4	9.3	12.4
Information Technology	(5.8)	0.9	(1.2)	10.1	0.4	5.3
Materials	(13.9)	91.5	(4.5)	(6.7)	24.7	38.3
Utilities	(12.0)	33.3	(19.1)	10.2	13.0	3.9
Nifty 50	(9.7)	7.1	2.8	8.1	0.8	14.8
Nifty 50 ex-Energy	(9.7)	8.2	(1.9)	14.1	2.0	10.8
Nifty 50 ex-Financials	(13.5)	11.1	2.4	5.5	0.7	19.1
Nifty 50 ex-energy ex-fin	(15.0)	14.8	(5.7)	14.8	2.5	13.8

Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

Table 7: Sector-wise PAT margin (%) of Nifty 50 companies in Q1FY26

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	15.0	101	710
Consumer Discretionary	7.7	(78)	(28)
Consumer Staples	19.2	(94)	(125)
Energy	11.5	276	262
Financials	17.1	(19)	(24)
Health Care	17.5	27	(41)
Industrials	9.7	47	37
Information Technology	16.4	(20)	20
Materials	6.2	(1)	140
Utilities	16.7	(267)	97
Nifty 50	12.7	64	95
Nifty 50 ex-Energy	13.0	(8)	37
Nifty 50 ex-Financials	11.2	76	129
Nifty 50 ex-energy ex-fin	11.0	(20)	64

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

Figure 10: Sector-wise PAT growth (YoY) of Nifty 50 companies in Q1FY26

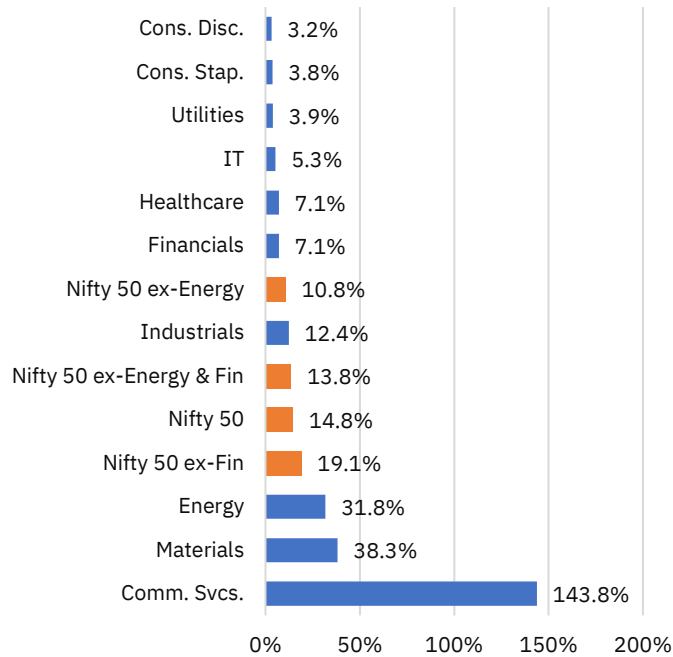
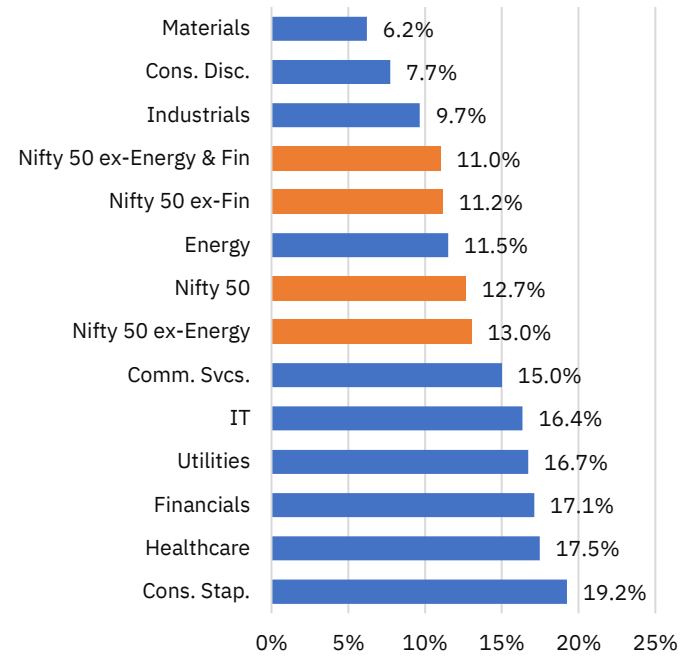


Figure 11: Sector-wise PAT margin of Nifty 50 companies in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above charts provide data for companies in the Nifty 50 index as on June 30th, 2025.

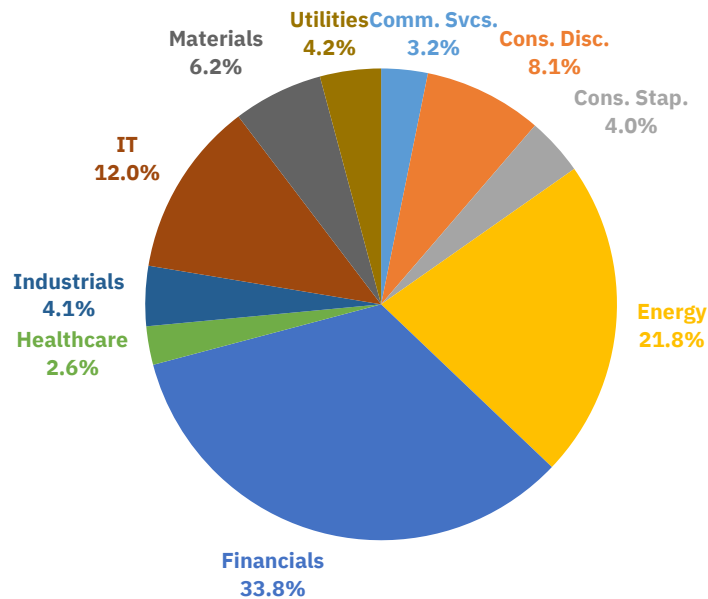
Table 8: Sector-wise contribution of Nifty 50 companies to PAT growth rate in Q1FY26

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	7,422	0.3	2.2
Consumer Discretionary	18,933	(1.3)	0.3
Consumer Staples	9,217	0.1	0.2
Energy	50,914	4.3	6.1
Financials	78,669	1.2	2.6
Health Care	6,153	0.1	0.2
Industrials	9,574	(0.6)	0.5
Information Technology	28,052	(0.2)	0.7
Materials	14,353	(0.3)	2.0
Utilities	9,739	(1.0)	0.2
Nifty 50	2,33,026	2.8	14.8
Nifty 50 ex-Energy	1,82,112	(1.6)	8.7
Nifty 50 ex-Financials	1,54,357	1.6	12.2
Nifty 50 ex-energy ex-fin	1,03,443	(2.8)	6.2

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

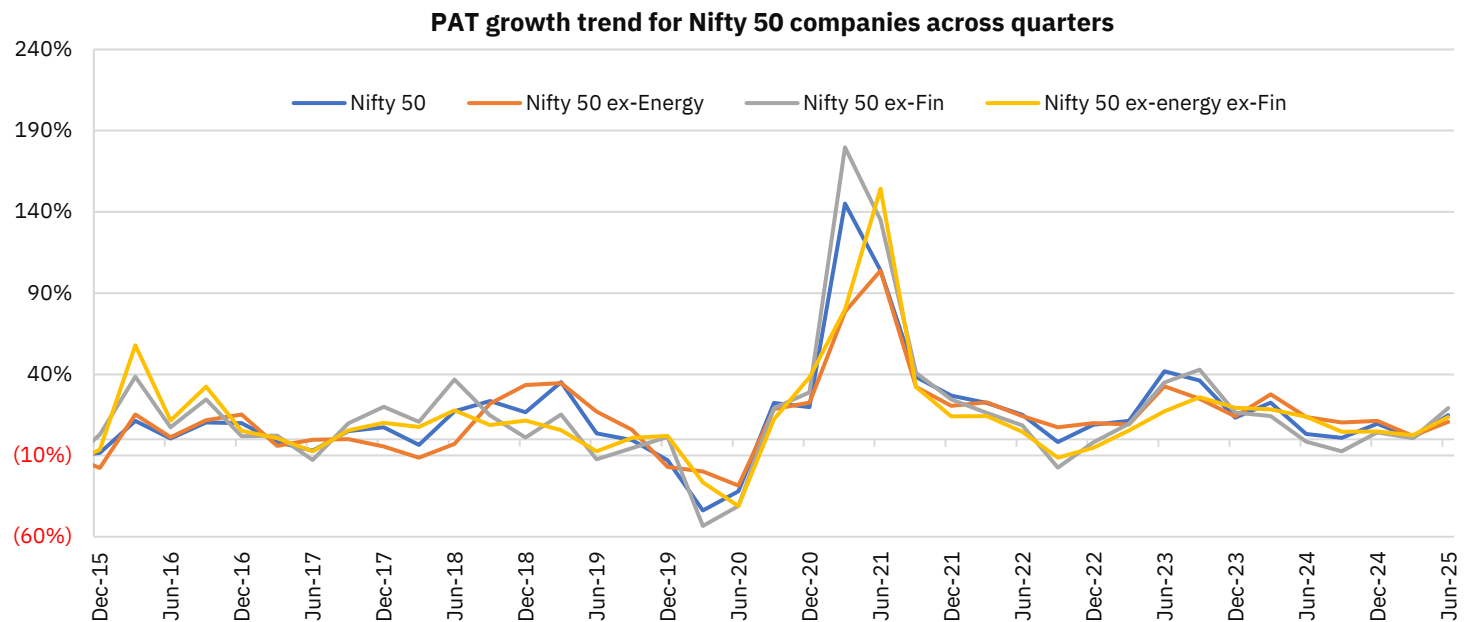
Figure 12: Sector-wise share in PAT of Nifty 50 companies in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above charts provide sector-wise share of net sales for companies in the Nifty 50 index as on June 30th, 2025.

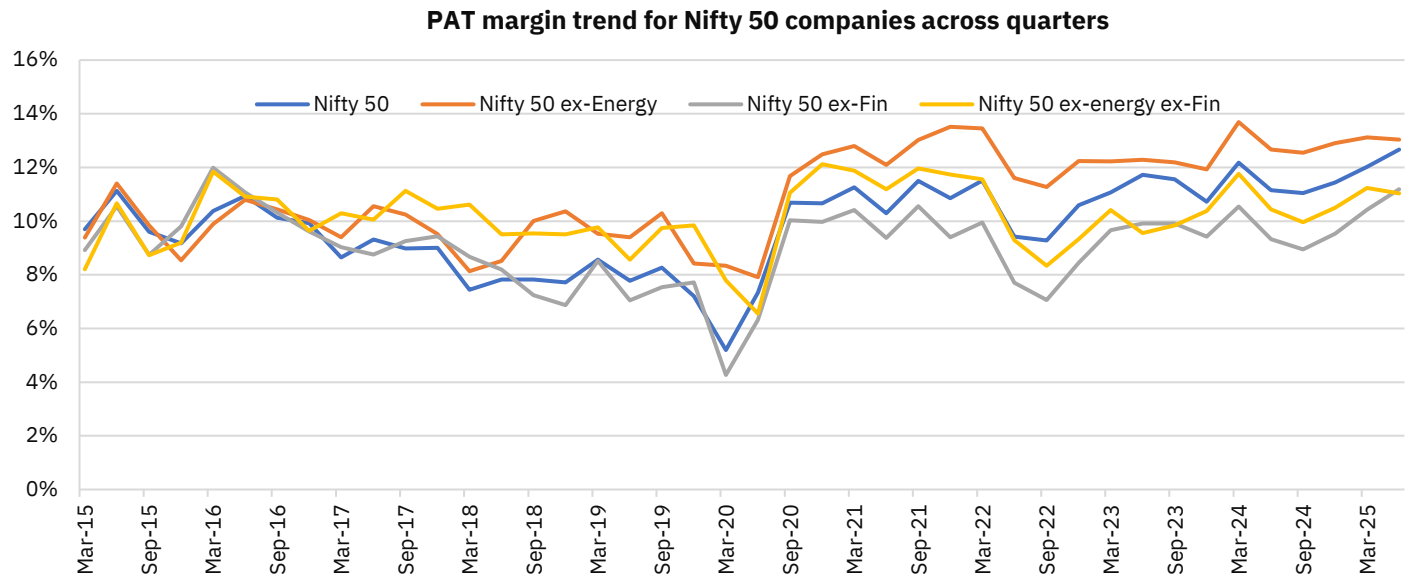
Figure 13: Quarterly trend of Nifty 50 PAT growth (YoY)



Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 50 index as at the end of respective quarters.

Figure 14: Quarterly trend of Nifty 50 PAT margin



Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 50 index as at the end of respective quarters.

Nifty 500 Q4FY25 results

Topline growth for Nifty 500 reached a three-quarter high in Q1FY26: Topline growth for the Nifty 500 universe remained steady at 5.9% YoY in Q1FY26, up from 4.6% YoY growth reported in the December quarter. That said, topline growth for this universe has remained in single digits for nine straight quarters, reflecting underlying demand challenges. Nifty 50 companies, which accounted for 45% of the Nifty 500's total revenue in Q1FY26, contributed nearly 47% to the YoY revenue increase – slightly lower than their 51% share in the previous quarter.

Excluding the large-cap companies of the Nifty 50 cohort, the remaining Nifty 500 companies posted a marginally lower YoY revenue growth of 5.8% during the quarter. Among other key segments, Nifty Next 50, Nifty Midcap 150, and Nifty Smallcap 250 companies contributed 6% (-100 bps), 37% (+600 bps), and 10% (-200 bps), respectively, to the overall YoY revenue growth of the Nifty 500 universe.

In terms of breadth, 383 of the Nifty 500 companies recorded YoY revenue growth in the June quarter. The overall Nifty 500 median net sales growth stood at 9.2% YoY, with Nifty Midcap 150 companies leading at a median growth rate of 10.7% YoY.

Sector-wise: Barring Energy—that registered a YoY contraction in topline on decline in crude oil prices and lower refining margins—all sectors within the Nifty 500 universe registered YoY topline expansion in Q1FY26. Excluding Energy, Nifty 500 revenue growth was slightly higher at 8.1% YoY—higher than Nifty 50 (ex-Energy) growth rate of 7.6% YoY. Financials, Consumer Discretionary, and Materials were the key drivers to YoY topline expansion, contributing 39%, 14.7%, and 14.2%, respectively. Overall, these sectors together accounted for over 68% of the total YoY increase in net sales, while representing 51% of overall Nifty 500 net sales. Notably, when excluding Nifty 50 companies, the combined contribution of these three sectors rose to 72%, with Financials alone accounting for 43% of the YoY topline growth in Q1.

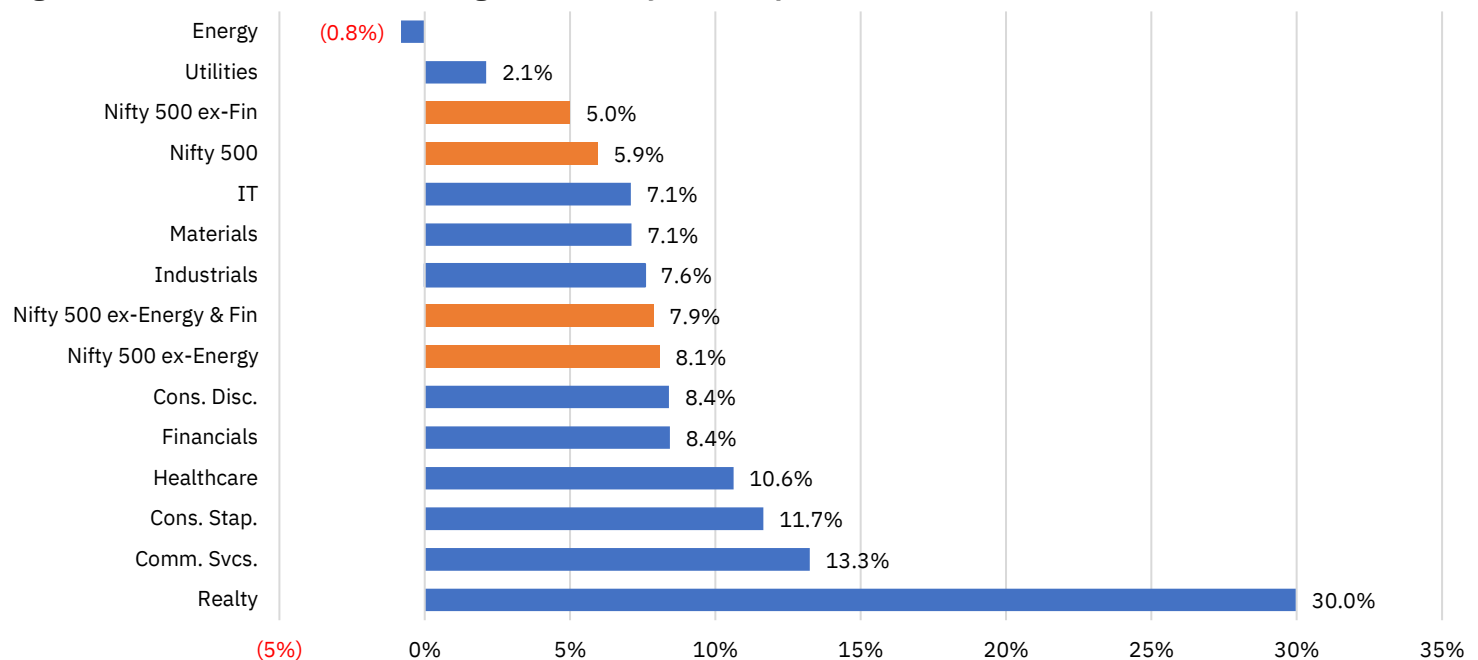
Although Financials remained the largest contributors to YoY topline growth within the Nifty 500 (ex-Nifty 50 universe), the sector's overall growth rate remained in single digits for three successive quarters. Following two consecutive quarters of decline, the Consumer Discretionary sector saw a slight recovery in its topline growth rate in Q1FY26, supported by a low base effect. Materials sector, in contrast, recorded its second-highest top line growth in the past ten quarters, supported by a low base and favourable pricing. Industrials sector posted its weakest performance in seven quarters, with growth slowing for the third straight quarter, as private capex continues to remain subdued due to sustained uncertainty around demand recovery.

Table 9: Sector-wise net sales growth (%) of Nifty 500 companies

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	2.1	2.7	1.6	3.9	13.8	13.3
Consumer Discretionary	(1.1)	1.8	(1.0)	12.3	8.2	8.4
Consumer Staples	5.7	2.0	5.0	8.3	12.3	11.7
Energy	(2.0)	3.7	(4.1)	3.7	1.3	(0.8)
Financials	(2.3)	8.7	1.4	19.4	4.5	8.4
Health Care	2.5	3.8	1.5	6.9	11.7	10.6
Industrials	(16.6)	18.7	(18.0)	11.1	9.4	7.6
Information Technology	1.1	0.9	(0.9)	5.8	9.3	7.1
Materials	(3.8)	8.6	(3.8)	1.5	7.2	7.1
Real Estate	(22.8)	17.2	(12.8)	25.1	15.1	30.0
Utilities	7.7	5.7	2.1	13.2	7.8	2.1
Nifty 500	(2.4)	6.4	(2.4)	9.6	5.9	5.9
Nifty 500 ex-Energy	(2.6)	7.3	(1.9)	11.7	7.4	8.1
Nifty 500 ex-Financials	(2.5)	5.6	(3.9)	6.3	6.5	5.0
Nifty 500 ex-energy ex-fin	(2.8)	6.5	(3.7)	7.7	9.0	7.9

Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above table provides data for companies in the Nifty 500 index as on June 30th, 2025.

Figure 15: Sector-wise net sales YoY growth of Nifty 500 companies in Q1FY26


Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above charts provide data for companies in the Nifty 500 index as on June 30th, 2025.

Table 10: Sector-wise contribution of Nifty 500 companies to net sales growth in Q1FY26

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	86,684	0.0	0.3
Consumer Discretionary	4,31,643	-0.1	0.9
Consumer Staples	1,42,084	0.2	0.4
Energy	9,13,930	-0.9	-0.2
Financials	11,46,435	0.4	2.3
Health Care	1,18,197	0.0	0.3
Industrials	2,90,225	-1.5	0.5
Information Technology	2,52,470	-0.1	0.4
Materials	4,87,913	-0.5	0.8
Real Estate	15,322	-0.1	0.1
Utilities	1,84,871	0.1	0.1
Nifty 500	40,69,773	-2.4	5.9
Nifty 500 ex-Energy	31,55,843	-1.5	6.1
Nifty 500 ex-Financials	29,23,338	-2.8	3.6
Nifty 500 ex-energy ex-fin	20,09,408	-1.9	3.8

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

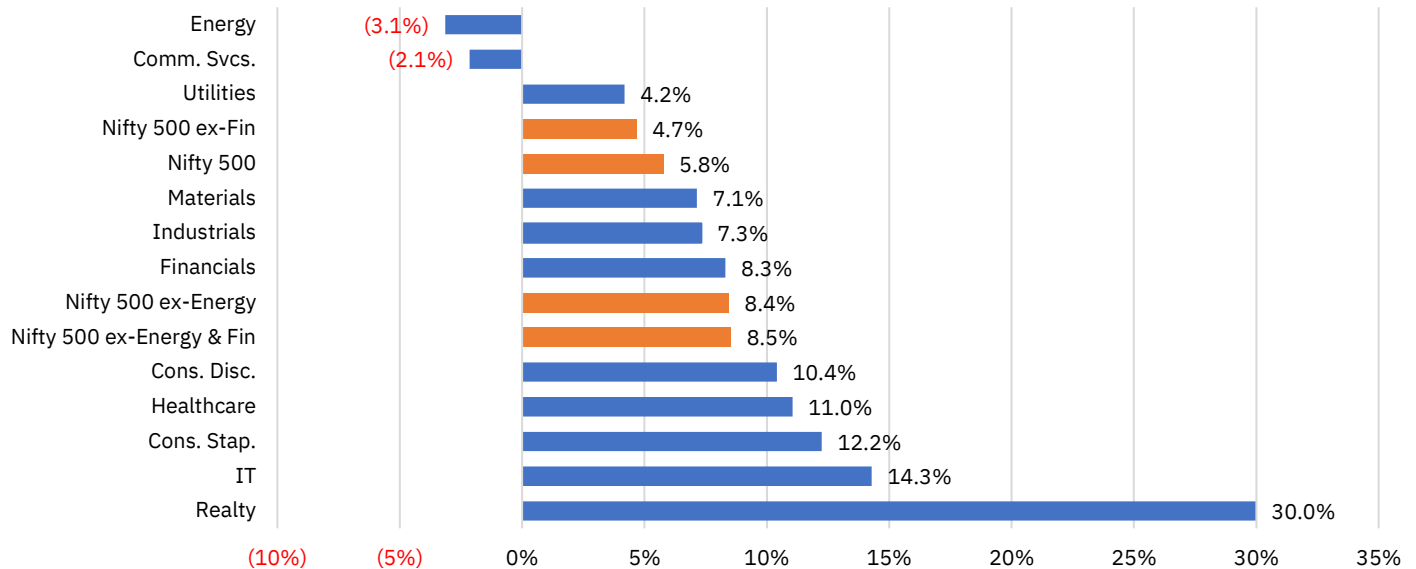
Table 11: Sector-wise net sales growth of Nifty 500 companies (ex-Nifty 50)

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	1.8	(1.4)	(0.6)	5.0	0.2	(2.1)
Consumer Discretionary	3.2	0.8	3.6	15.5	9.8	10.4
Consumer Staples	7.4	2.2	3.8	9.7	16.2	12.2
Energy	(2.6)	1.3	(2.4)	1.1	(3.4)	(3.1)
Financials	(4.3)	11.0	(0.6)	15.3	4.3	8.3
Health Care	0.9	6.6	0.4	6.0	11.6	11.0
Industrials	(15.9)	19.2	(18.7)	11.4	11.0	7.3
Information Technology	0.5	2.4	(2.8)	12.0	18.2	14.3
Materials	(2.3)	4.9	(3.2)	1.7	8.2	7.1
Real Estate	(22.8)	17.2	(12.8)	25.1	15.1	30.0
Utilities	12.1	3.4	6.4	14.9	9.8	4.2
Nifty 500	(2.7)	6.6	(2.4)	8.9	5.4	5.8
Nifty 500 ex-Energy	(2.8)	8.1	(2.4)	11.6	8.1	8.4
Nifty 500 ex-Financials	(2.0)	4.8	(3.2)	6.4	5.9	4.7
Nifty 500 ex-energy ex-fin	(1.7)	6.4	(3.5)	9.3	10.6	8.5

Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above table provides data for companies in the Nifty 500 index as on June 30th, 2025.

Figure 16: Sector-wise net sales YoY growth of Nifty 500 companies (ex-Nifty 50) in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above charts provide data for companies in the Nifty 500 index as on June 30th, 2025.

Table 12: Sector-wise contribution of Nifty 500 companies (ex-Nifty 50) to net sales growth in Q1FY26

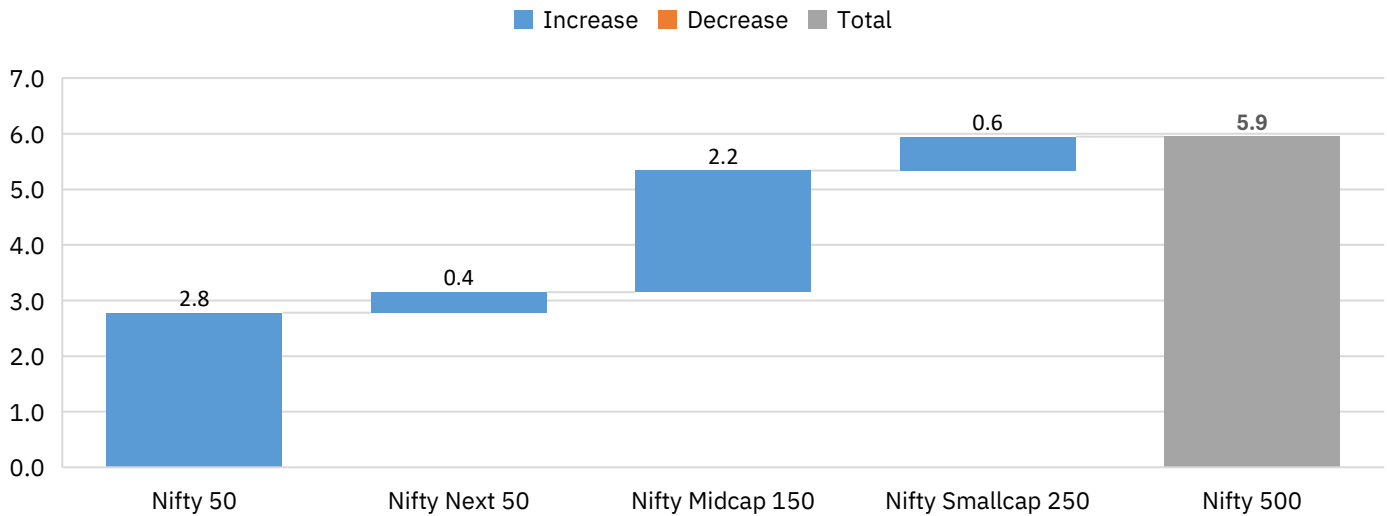
Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	37,221	-0.0	-0.0
Consumer Discretionary	1,86,718	0.3	0.8
Consumer Staples	94,200	0.2	0.5
Energy	4,71,348	-0.5	-0.7
Financials	6,86,735	-0.2	2.5
Health Care	82,974	0.0	0.4
Industrials	1,91,019	-1.9	0.6
Information Technology	80,919	-0.1	0.5
Materials	2,57,024	-0.4	0.8
Real Estate	15,322	-0.1	0.2
Utilities	1,26,609	0.3	0.2
Nifty 500	22,30,089	-2.4	5.8
Nifty 500 ex-Energy	17,58,741	-1.9	6.5
Nifty 500 ex-Financials	15,43,354	-2.2	3.3
Nifty 500 ex-energy ex-fin	10,72,007	-1.7	4.0

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Figure 17: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in Q1FY26

Contribution of Nifty index constituents to the overall net sales growth (%YoY) in Q1FY26



Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart provides data for companies in the Nifty 500 index as of June 30th, 2025.

Table 13: Segment-wise distribution of companies based on YoY aggregate and median topline growth in Q1FY26

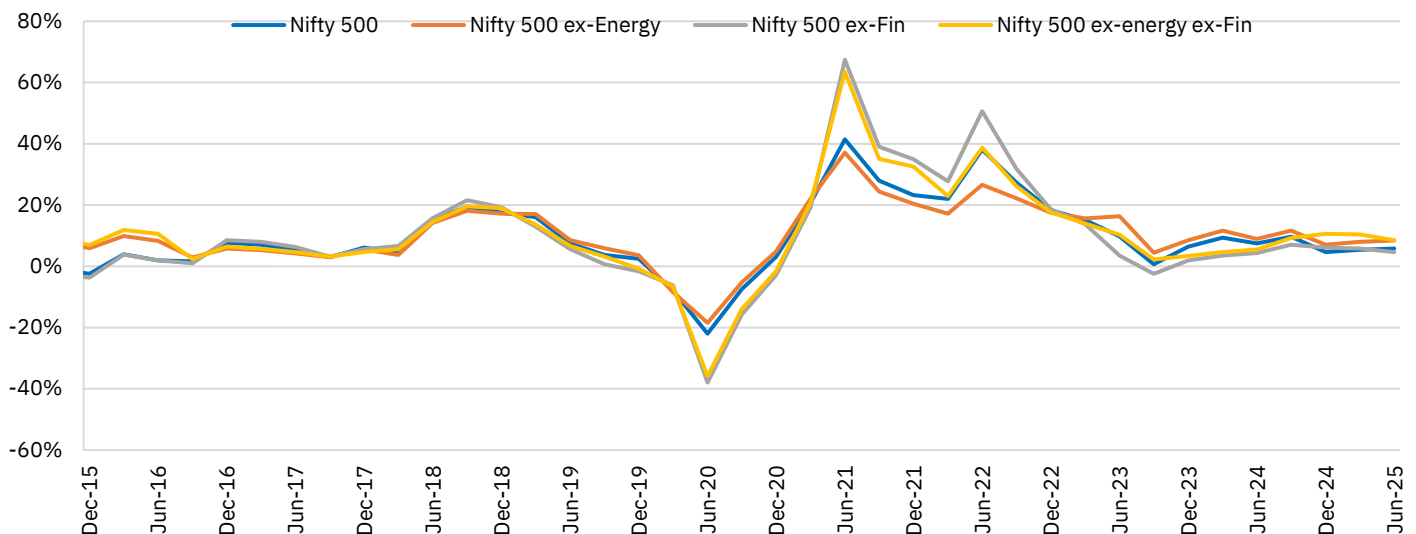
Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median (%)
Nifty 50	9	20	13	5	1	1	1	8.5%
Nifty Next 50	15	11	9	12	2	0	2	9.9%
Nifty Midcap 150	23	50	41	19	8	3	6	10.7%
Nifty Smallcap 250	66	69	56	20	16	3	15	8.2%
Nifty 500	113	150	119	56	27	7	24	9.2%

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart provides data for companies in the Nifty 500 index as of June 30th, 2025.

Figure 18: Quarterly trend of Nifty 500 revenue growth (YoY)

Sales growth trend for Nifty 500 companies



Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 500 index as at the end of respective quarters.

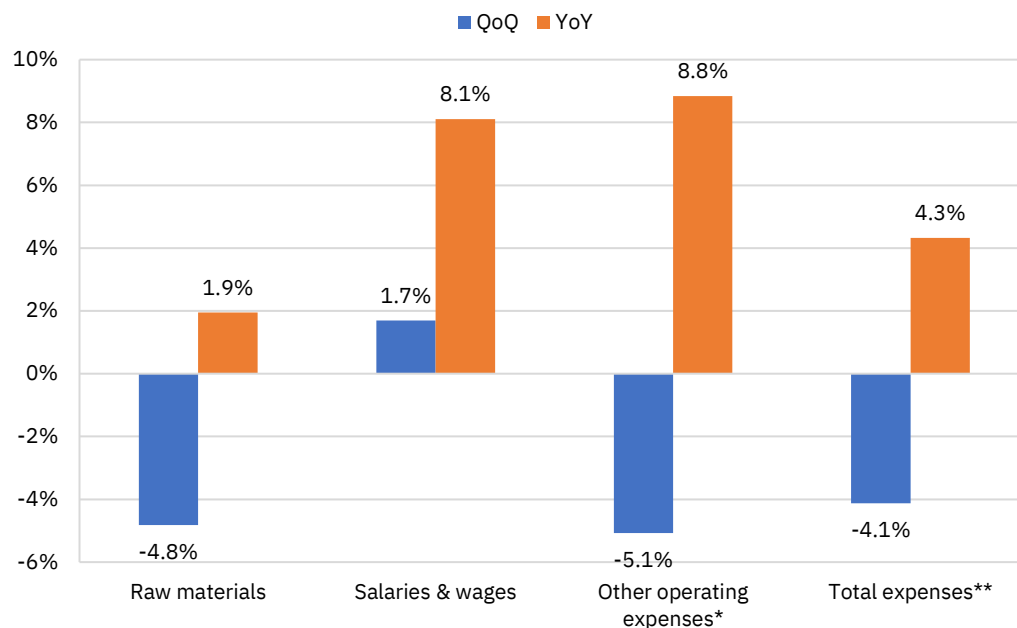
Operating performance for Nifty 500 strongest in the last six quarters: EBITDA for Nifty 500 companies (excluding Financials) rose 12.5% YoY in Q1FY26 — its strongest increase in six quarters and marking the third straight quarter of acceleration in growth rate. Meanwhile, operating margins expanded to a 16-quarter high of 19.8%, up 132 bps YoY and 67 bps QoQ.

EBITDA performance of companies within the Nifty 500 universe, excluding the Nifty 50 cohort, was slightly lower at 12.2% YoY against a revenue increase of just 4.7% YoY, resulting in margin expansion of 112 bps YoY and 27 bps QoQ to a seven-quarter high of 16.8%. Among non-financial Nifty 500 companies, 278 reported YoY growth in EBITDA down from 291 in the previous quarter.

For the Nifty 500 (excluding Financials), raw material costs rose 1.9% YoY but declined sharply by 4.8% QoQ, resulting in a significant 102bps YoY and 405bps QoQ drop in the raw material cost-to-net sales ratio. The sequential decline in input costs can be partly attributed to easing commodity prices, especially crude oil, helping support EBITDA margins, even in the face of relatively lower top-line expansion. Overall operating expenses rose 4.3% YoY, staying below the net sales growth rate, which points to improved cost management efforts and operating leverage across sectors, thereby supporting margin resilience in a subdued revenue environment.

In Q1FY26, Energy, Materials, and Communication Services were the primary drivers of YoY EBITDA growth within the Nifty 500 universe. Energy and Materials saw a boost from easing input costs, while Communication Services, with a strong EBITDA growth of 13.6% — benefited from rising ARPU and new subscriber additions. All three sectors also reported notable improvements in EBITDA margins, reflecting improved cost efficiencies.

Figure 19: Change in expenses for Nifty 500 companies (ex-Financials) in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE.

Note: 1. The above table provides data for companies in the Nifty 500 index as on June 30th, 2025

Table 14: Sector-wise EBITDA growth (%) of Nifty 500 companies

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	1.4	1.6	1.7	2.8	25.4	25.7
Consumer Discretionary	(1.5)	3.8	(6.5)	17.3	3.2	(2.0)
Consumer Staples	8.4	4.3	3.0	11.7	5.2	(0.1)
Energy	(11.3)	9.9	8.5	(23.7)	2.7	25.6
Financials	1.0	3.9	2.3	22.5	11.0	12.4
Health Care	14.5	2.4	6.0	27.2	16.6	7.9
Industrials	(17.5)	12.4	(18.2)	23.2	11.9	10.9
Information Technology	(3.7)	2.0	(1.3)	9.7	6.1	8.7
Materials	0.1	13.1	(0.5)	7.9	17.2	16.4
Real Estate	(9.2)	11.5	(7.2)	53.0	7.7	9.9
Utilities	9.6	11.6	3.1	6.5	9.1	2.7
Nifty 500	(1.0)	5.8	1.0	12.3	10.2	12.5
Nifty 500 ex-Energy	0.3	5.3	0.1	18.4	11.2	11.0
Nifty 500 ex-Financials	(3.3)	8.1	(0.5)	2.0	9.4	12.5
Nifty 500 ex-energy ex-fin	(0.8)	7.6	(3.1)	12.7	11.4	8.8

Source: CMIE Prowess, LSEG workspace, NSE.

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Table 15: EBITDA margin (%) of Nifty 500 companies in Q1FY26

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	49.5	6	491
Consumer Discretionary	14.1	(83)	(150)
Consumer Staples	17.8	(35)	(209)
Energy	15.5	180	326
Financials	60.4	53	215
Health Care	27.6	117	(68)
Industrials	20.6	(5)	61
Information Technology	21.9	(8)	33
Materials	19.3	63	154
Real Estate	39.1	236	(713)
Utilities	33.2	34	19
Nifty 500	31.3	106	181
Nifty 500 ex-Energy	35.8	74	95
Nifty 500 ex-Financials	19.8	67	132
Nifty 500 ex-energy ex-fin	21.8	14	19

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of Jun 30th, 2025.

Figure 20: Sector-wise EBITDA growth (YoY) of Nifty 500 companies in Q1FY26

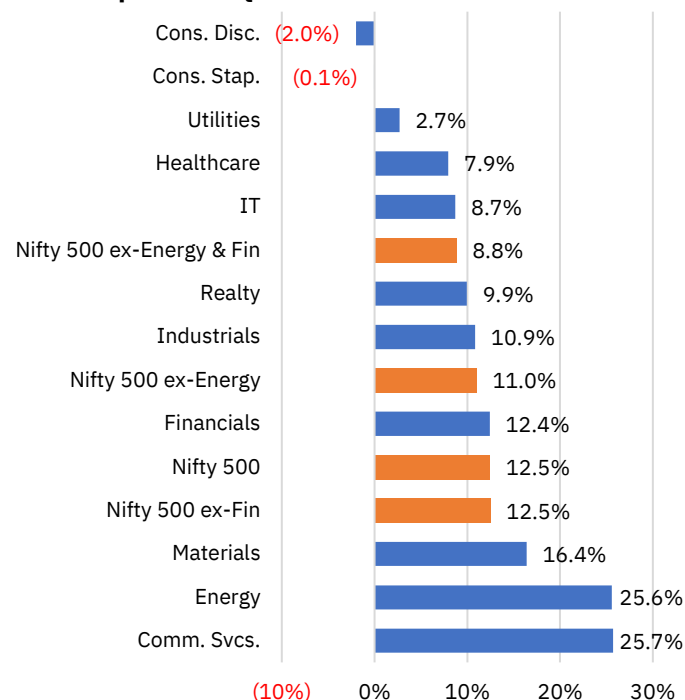
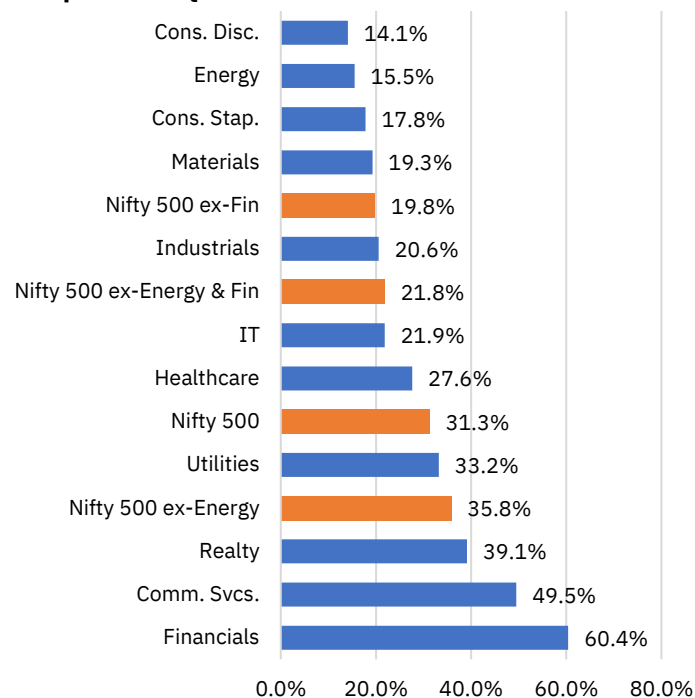


Figure 21: Sector-wise EBITDA margin of Nifty 500 companies in Q1FY26



Source: CMIE Prowess, LSEG Workspace, NSE

Note: 1. The above charts provide data for companies in the Nifty 500 index as of June 30th, 2025.

Table 16: Sector-wise contribution of Nifty 500 companies (ex-Financials) to EBITDA growth rate in Q1FY26

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	42,905	0.1	1.7
Consumer Discretionary	61,035	(0.7)	(0.2)
Consumer Staples	25,334	0.1	(0.0)
Energy	1,41,820	1.9	5.6
Health Care	32,641	0.3	0.5
Industrials	59,763	(2.3)	1.1
Information Technology	55,169	(0.1)	0.9
Materials	93,999	(0.1)	2.6
Real Estate	5,997	(0.1)	0.1
Utilities	61,397	0.3	0.3
Nifty 500 ex-Financials	5,80,061	(0.5)	12.5
Nifty 500 ex-energy ex-fin	4,38,241	(2.4)	22.7

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Table 17: Sector-wise EBITDA growth (%) of Nifty 500 companies (ex-Nifty 50)

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	0.1	(1.0)	(1.0)	3.9	11.3	10.1
Consumer Discretionary	(1.7)	(3.8)	(1.1)	10.7	(0.4)	0.3
Consumer Staples	17.2	3.2	6.7	23.4	10.3	0.4
Energy	(25.8)	36.0	2.3	(52.5)	3.3	42.5
Financials	1.8	6.2	(1.0)	18.3	15.0	11.9
Health Care	14.4	6.2	6.0	33.1	14.8	6.4
Industrials	(20.5)	9.1	(21.0)	24.9	9.5	8.8
Information Technology	(3.4)	10.2	(2.7)	12.8	26.1	27.1
Materials	4.5	5.1	(2.9)	11.2	21.6	13.0
Real Estate	(9.2)	11.5	(7.2)	53.0	7.7	9.9
Utilities	22.3	3.8	19.9	6.5	4.1	2.0
Nifty 500	(0.4)	7.2	(1.3)	8.8	13.0	12.0
Nifty 500 ex-Energy	1.6	5.7	(1.5)	17.2	13.8	10.3
Nifty 500 ex-Financials	(3.2)	8.6	(1.6)	(2.1)	10.4	12.2
Nifty 500 ex-energy ex-fin	1.3	4.8	(2.3)	15.6	11.8	7.9

Source: CMIE Prowess, LSEG Workspace, NSE.

Note: 1. The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Table 18: EBITDA margin (%) of Nifty 500 companies (ex-Nifty 50) in Q1FY26

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	38.9	(17)	432
Consumer Discretionary	11.9	(59)	(122)
Consumer Staples	12.9	35	(152)
Energy	8.7	40	280
Financials	51.2	(21)	164
Health Care	27.1	143	(120)
Industrials	20.3	(59)	28
Information Technology	14.4	2	145
Materials	21.1	7	109
Real Estate	39.1	236	(713)
Utilities	28.4	320	(62)
Nifty 500	27.4	32	153
Nifty 500 ex-Energy	32.4	30	55
Nifty 500 ex-Financials	16.8	27	112
Nifty 500 ex-energy ex-fin	20.3	26	(13)

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index excluding the Nifty 50 companies as of June 30th, 2025.

Figure 22: Sector-wise EBITDA growth (YoY) of Nifty 500 companies (ex-Nifty 50) in Q1FY26

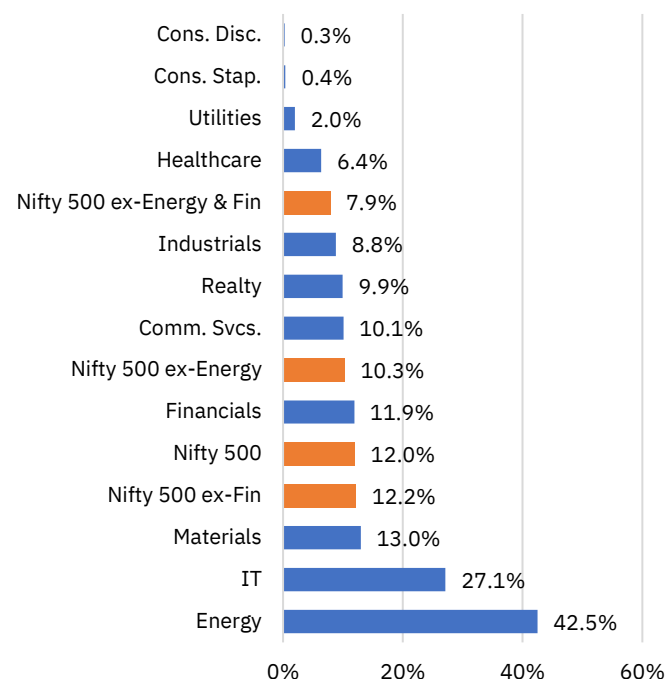
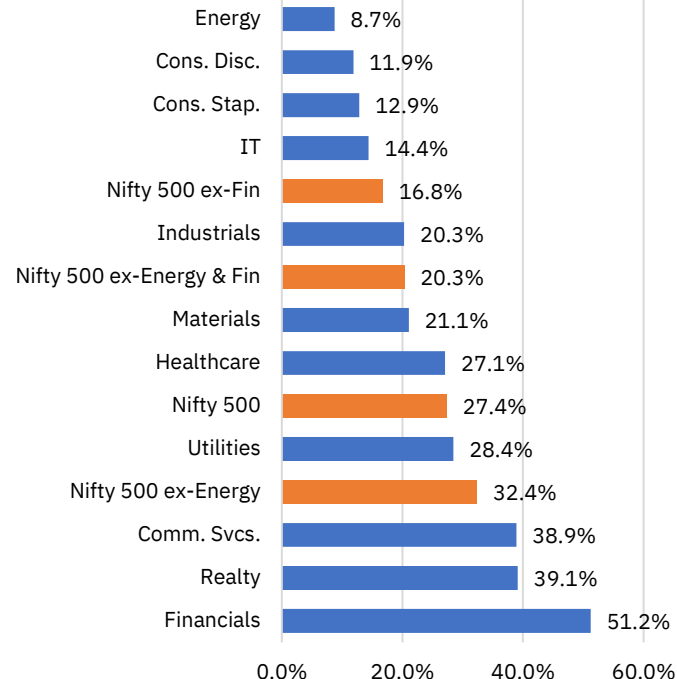


Figure 23: Sector-wise EBITDA margin of Nifty 500 companies (ex-Nifty 50) in Q1FY26



Source: CMIE Prowess, LSEG workspace, NSE.

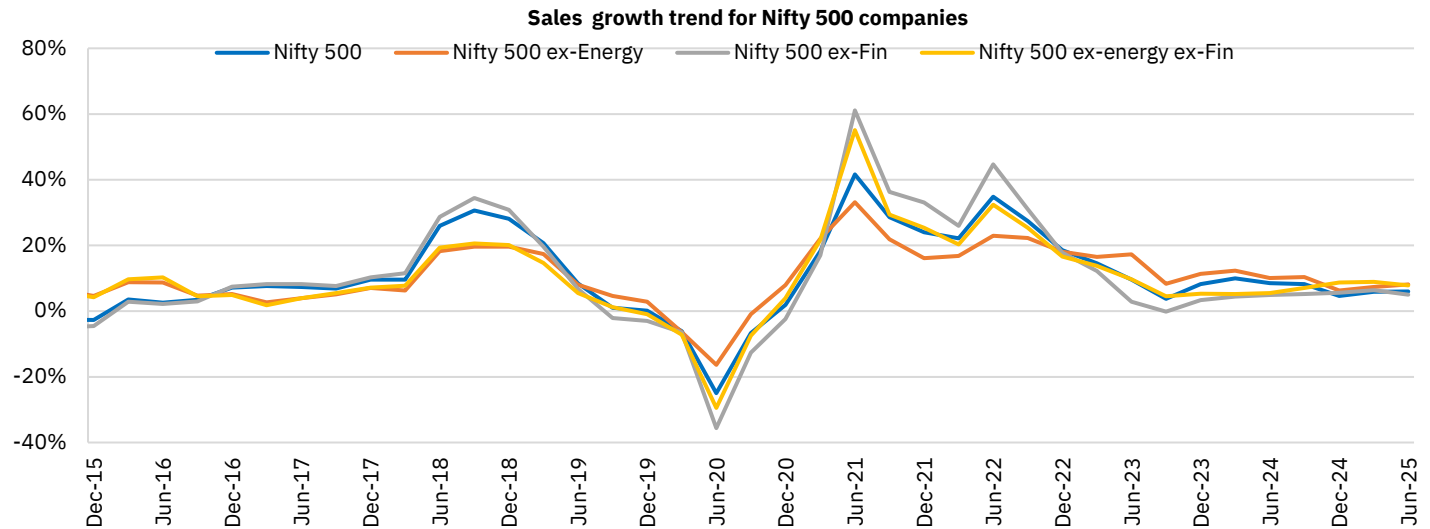
Note: 1. The above charts provide data for companies in the Nifty 500 index as on June 30th, 2025.

Table 19: Sector-wise contribution of Nifty 500 companies (ex-Fin/Nifty 50) to EBITDA growth in Q1FY26

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	14,475	(0.1)	0.6
Consumer Discretionary	22,179	(0.1)	0.0
Consumer Staples	12,123	0.3	0.0
Energy	41,160	0.4	5.3
Health Care	22,478	0.5	0.6
Industrials	38,752	(3.9)	1.4
Information Technology	11,649	(0.1)	1.1
Materials	54,118	(0.6)	2.7
Real Estate	5,997	(0.2)	0.2
Utilities	36,014	2.3	0.3
Nifty 500 ex-Financials	2,58,947	(1.6)	12.2
Nifty 500 ex-energy ex-fin	2,17,786	(3.3)	23.1

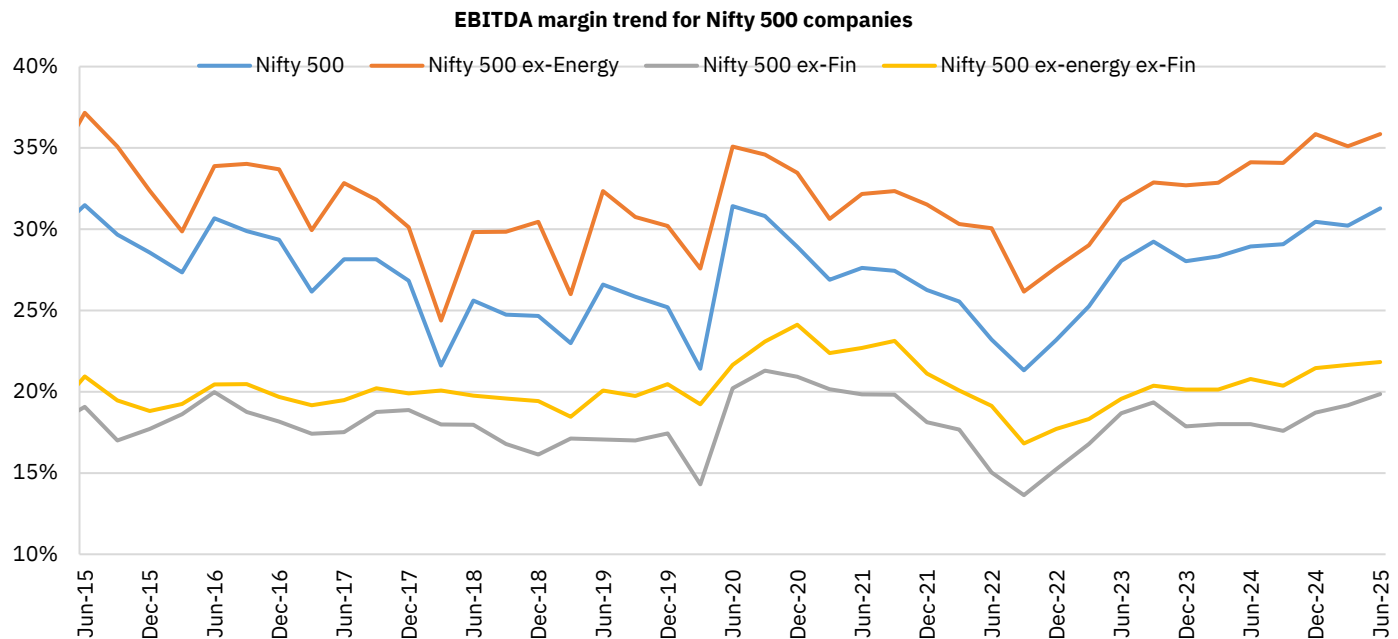
Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Figure 24: Quarterly trend in Nifty 500 EBITDA growth (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 500 index as at the end of respective quarters.

Figure 25: Quarterly trend in EBITDA margin of Nifty 500 companies


Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 500 index as at the end of respective quarters.

PAT growth for Nifty 500 universe touched a five-quarter high in Q1: In Q1FY26, aggregate adjusted PAT for Nifty 500 companies rose 13.2% YoY to Rs 4.25 lakh crore. This was accompanied by a 67 bps YoY expansion in PAT margins, which climbed to a multi-quarter high of 10.5%. However, excluding the Nifty 50 constituents, the remaining Nifty 500 companies posted a slightly lower PAT growth of 11.4% – their weakest in last three quarters. Profitability in this broader segment also lagged, with PAT margins at 8.6%, underscoring the continued outperformance of large-cap companies.

Within the Nifty 500 universe, 311 companies reported YoY growth in PAT, down from 314 in the previous quarter. In terms of profit share, the Nifty 50 accounted for 54.8% of the total Nifty 500 PAT in Q1FY26, followed by the Nifty Midcap 150 at 32.6%. The Nifty

Next 50 and Nifty Smallcap 250 had relatively smaller shares at 4.1% and 8.5%, respectively. Notably, the Nifty 50 also contributed a higher 60% to the overall YoY PAT growth, highlighting its dominant role in driving earnings momentum. The median PAT growth for Nifty 500 companies came in at 9.2% YoY.

Despite the dominance of large caps, midcap companies also showed improvement in underlying growth trends. The median YoY PAT growth for the Nifty Midcap 150 stood at a robust 11.9% YoY, outpacing the Nifty 50 (9.9% YoY) and the overall Nifty 500 (9.2% YoY). In comparison, the Nifty Next 50 and Nifty Smallcap 250 posted more modest median PAT growth rates of 5.9% YoY and 5.3% YoY, respectively — highlighting relatively muted earnings performance in the broader market. Sector-wise, Energy (43.5%), Financials (21.1%), Materials (14.9%) and Communication Services (10.3%) continued to be major contributors to PAT growth in Nifty 500 universe.

Table 20: Sector-wise PAT growth (%) of Nifty 500 companies

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	NA	(38.8)	44.0	NA	NA	NA
Consumer Discretionary	(29.8)	8.2	(10.4)	22.7	(22.3)	(0.8)
Consumer Staples	9.1	6.3	5.4	13.0	5.4	1.8
Energy	(17.8)	20.2	17.6	(37.3)	(0.4)	42.6
Financials	(3.9)	8.7	(6.3)	18.3	9.9	7.1
Health Care	46.5	(0.4)	9.3	39.1	42.5	6.3
Industrials	(18.0)	14.9	(25.7)	28.4	13.9	3.1
Information Technology	(6.0)	2.8	(1.3)	9.5	5.0	10.2
Materials	5.7	27.1	(3.1)	3.6	34.0	22.8
Real Estate	(15.7)	12.7	(12.6)	65.7	9.3	13.4
Utilities	19.1	26.3	2.8	0.1	13.8	(1.8)
Nifty 500	(5.6)	11.5	(2.4)	4.9	9.5	13.2
Nifty 500 ex-Energy	(3.3)	10.2	(5.6)	17.2	11.3	8.7
Nifty 500 ex-Financials	(6.6)	13.4	0.2	(2.3)	9.3	17.2
Nifty 500 ex-energy ex-fin	(2.8)	11.5	(5.1)	16.3	12.6	9.9

Source: CMIE Prowess, LSEG workspace, NSE.

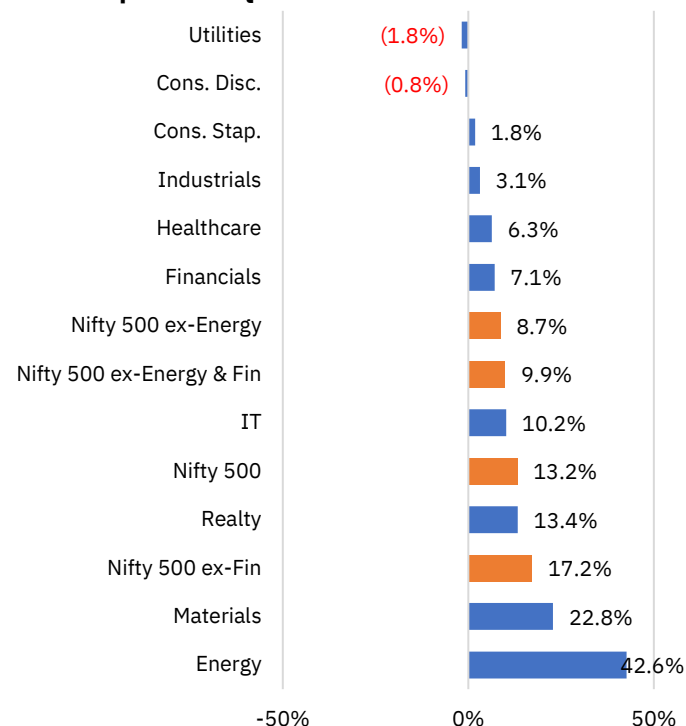
Note: 1. The above table provides data for companies in the Nifty 50 index as on June 30th, 2025.

Table 21: Sector-wise PAT margin (%) of Nifty 500 companies in Q1FY26

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	4.8	140	605
Consumer Discretionary	6.2	(65)	(58)
Consumer Staples	11.5	4	(111)
Energy	7.9	146	241
Financials	13.8	(114)	(17)
Health Care	15.0	107	(61)
Industrials	9.3	(97)	(40)
Information Technology	13.8	(5)	39
Materials	8.1	6	104
Real Estate	22.3	6	(327)
Utilities	13.5	9	(53)
Nifty 500	10.5	1	67
Nifty 500 ex-Energy	11.2	(44)	6
Nifty 500 ex-Financials	9.1	37	95
Nifty 500 ex-energy ex-fin	9.7	(13)	18

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Figure 26: Sector-wise PAT growth (YoY) of Nifty 500 companies in Q1FY26


Source: CMIE Prowess, LSEG Workspace, NSE

Note: 1. The above charts provide data for companies in the Nifty 500 index as of June 30th, 2025.

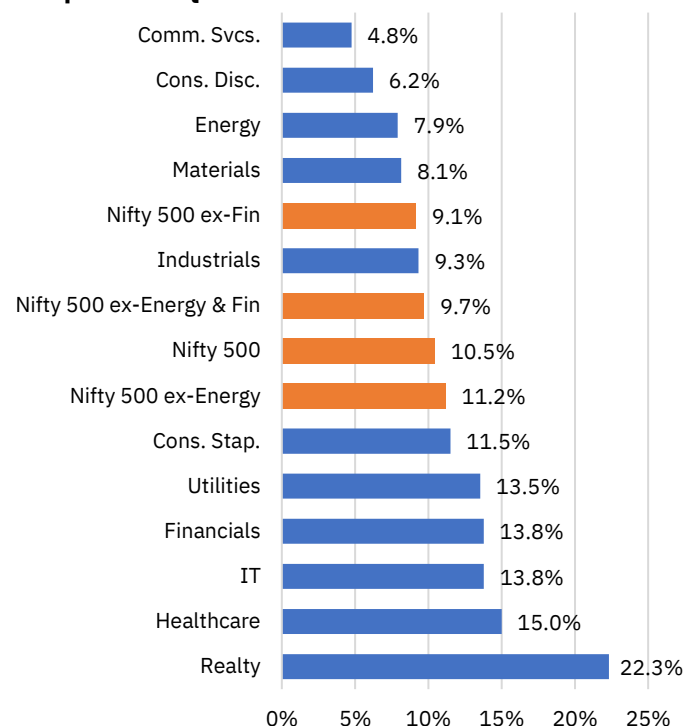
Figure 27: Sector-wise PAT margin of Nifty 500 companies in Q1FY26


Table 22: Sector-wise contribution of Nifty 500 companies to PAT growth in Q1FY26

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	4,123	0.3	1.4
Consumer Discretionary	26,725	(0.7)	(0.1)
Consumer Staples	16,360	0.2	0.1
Energy	72,299	2.5	5.8
Financials	1,58,051	(2.5)	2.8
Health Care	17,724	0.3	0.3
Industrials	27,055	(2.1)	0.2
Information Technology	34,825	(0.1)	0.9
Materials	39,742	(0.3)	2.0
Real Estate	3,421	(0.1)	0.1
Utilities	25,024	0.2	(0.1)
Nifty 500	4,25,349	(2.4)	13.2
Nifty 500 ex-Energy	3,53,050	(4.8)	7.5
Nifty 500 ex-Financials	2,67,298	0.1	10.4
Nifty 500 ex-energy ex-fin	1,94,998	(2.4)	4.7

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Table 23: Sector-wise PAT growth (%) of Nifty 500 companies (ex-Nifty 50)

Sector	QoQ growth			YoY growth		
	Jun-24	Mar-25	Jun-25	Jun-24	Mar-25	Jun-25
Communication Services	NA	NA	NA	NA	NA	NA
Consumer Discretionary	(1.1)	(5.9)	(3.1)	4.3	(7.4)	(9.4)
Consumer Staples	26.3	3.3	9.4	33.1	14.8	(0.6)
Energy	(36.2)	85.7	4.9	(67.5)	7.8	77.1
Financials	(5.5)	17.2	(14.4)	23.7	18.2	7.1
Health Care	78.0	7.3	11.2	53.2	69.5	5.9
Industrials	(19.4)	7.8	(31.4)	26.6	16.0	(1.3)
Information Technology	(6.8)	11.5	(1.7)	6.1	29.7	36.8
Materials	18.5	6.4	(2.2)	9.2	40.1	15.5
Real Estate	(15.7)	12.7	(12.6)	65.7	9.3	13.4
Utilities	50.0	20.1	24.2	(5.0)	14.6	(5.1)
Nifty 500	(0.2)	16.8	(7.9)	1.3	20.8	11.4
Nifty 500 ex-Energy	4.3	12.3	(9.3)	20.5	22.4	6.5
Nifty 500 ex-Financials	4.3	16.6	(2.7)	(10.9)	22.9	14.6
Nifty 500 ex-energy ex-fin	14.5	8.0	(4.3)	17.9	26.7	5.9

Source: CMIE Prowess, LSEG Workspace, NSE

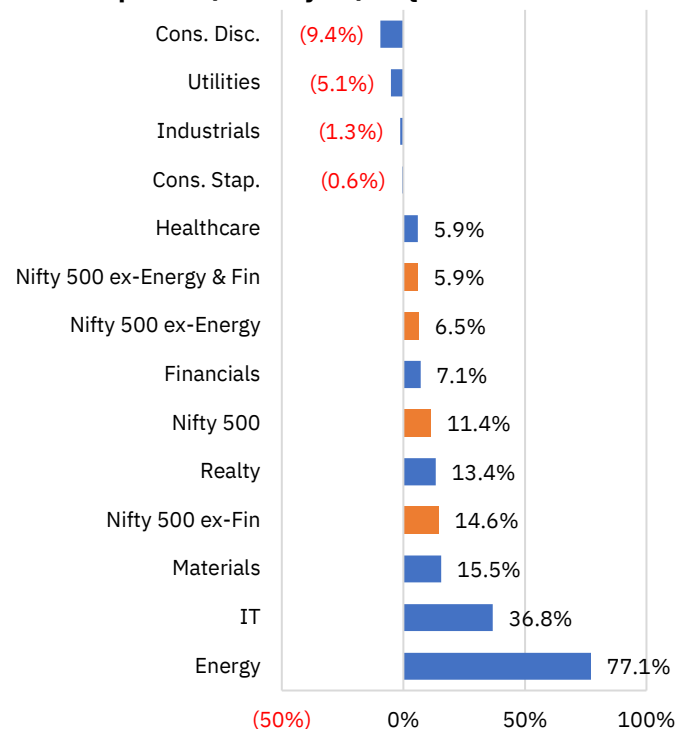
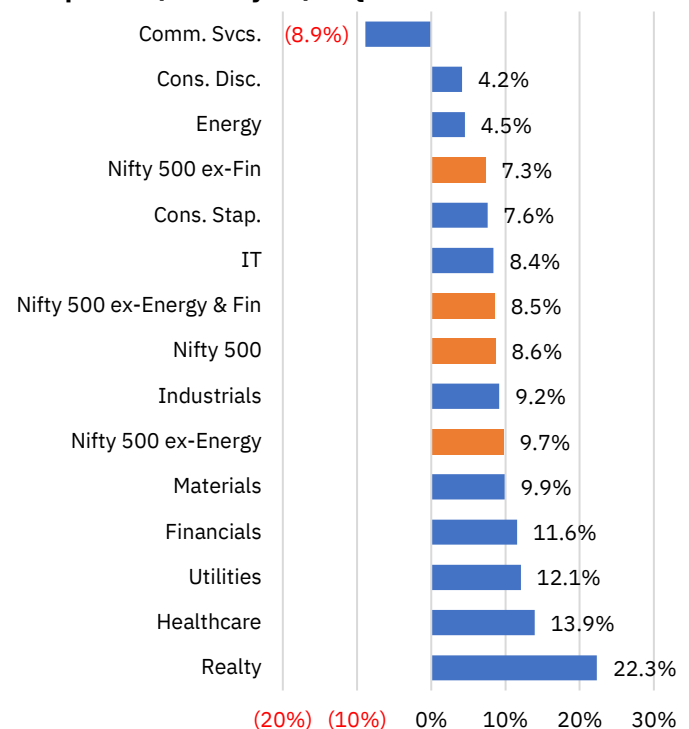
Note: 1. The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Table 24: Sector-wise PAT margin (%) of Nifty 500 companies (ex-Nifty 50) in Q1FY26

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	(8.9)	140	174
Consumer Discretionary	4.2	(29)	(91)
Consumer Staples	7.6	39	(98)
Energy	4.5	31	206
Financials	11.6	(186)	(13)
Health Care	13.9	136	(68)
Industrials	9.2	(170)	(80)
Information Technology	8.4	10	138
Materials	9.9	10	72
Real Estate	22.3	6	(327)
Utilities	12.1	173	(118)
Nifty 500	8.6	(51)	44
Nifty 500 ex-Energy	9.7	(74)	(18)
Nifty 500 ex-Financials	7.3	4	64
Nifty 500 ex-energy ex-fin	8.5	(7)	(21)

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Figure 28: Sector-wise PAT growth (YoY) of Nifty 500 companies (ex-Nifty 50) in Q1FY26

Figure 29: Sector-wise PAT margin of Nifty 500 companies (ex-Nifty 50) in Q1FY26


Source: CMIE Prowess, LSEG Workspace, NSE

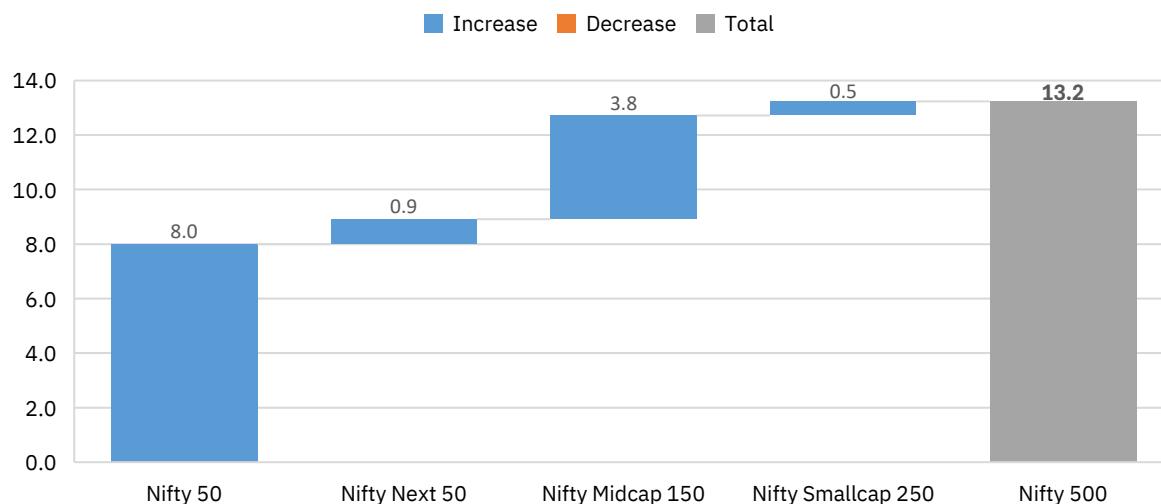
Note: 1. The above charts provide data for companies in the Nifty 500 index as of June 30th, 2025.

Table 25: Sector-wise contribution of Nifty 500 companies (ex-Nifty 50) to PAT growth in Q1FY26

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	-3,299	0.3	0.4
Consumer Discretionary	7,792	(0.1)	(0.5)
Consumer Staples	7,144	0.3	(0.0)
Energy	21,385	0.5	5.4
Financials	79,382	(6.4)	3.0
Health Care	11,571	0.6	0.4
Industrials	17,480	(3.8)	(0.1)
Information Technology	6,772	(0.1)	1.1
Materials	25,389	(0.3)	2.0
Real Estate	3,421	(0.2)	0.2
Utilities	15,285	1.4	(0.5)
Nifty 500	1,92,323	(7.9)	11.4
Nifty 500 ex-Energy	1,70,937	(8.4)	6.0
Nifty 500 ex-Financials	1,12,940	(1.5)	8.4
Nifty 500 ex-energy ex-fin	91,555	(2.0)	3.0

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above table provides data for companies in the Nifty 500 index as of June 30th, 2025.

Figure 30: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in Q1FY26
Contribution of Nifty index constituents to the overall PAT growth (%YoY) in Q1FY26


Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart provides data for companies in the Nifty 500 index as of June 30th, 2025.

Table 26: Segment-wise distribution of companies based on YoY aggregate and median PAT growth across Nifty 500 constituents

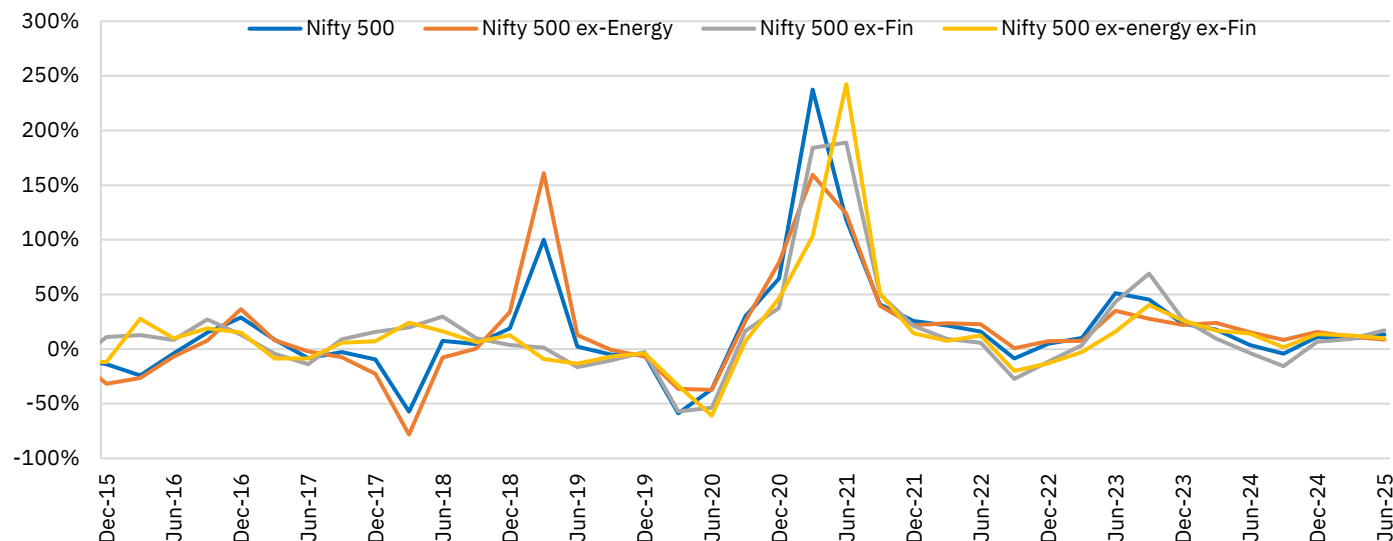
Index	<=0%	0% - 10%	10% -20%	20% - 30%	30% - 40%	40% - 50%	> 50%	Median (%)
Nifty 50	12	14	6	7	5	1	5	9.9%
Nifty Next 50	19	8	5	2	4	3	10	5.9%
Nifty Midcap 150	44	24	26	17	8	6	25	11.9%
Nifty Smallcap 250	101	32	28	26	12	12	34	5.3%
Nifty 500	176	78	65	52	29	22	74	9.2%

Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart provides data for companies in the Nifty 500 index as of June 30th, 2025.

Figure 31: Quarterly trend in Nifty 500 PAT growth (YoY)

PAT growth trend for Nifty 500 companies

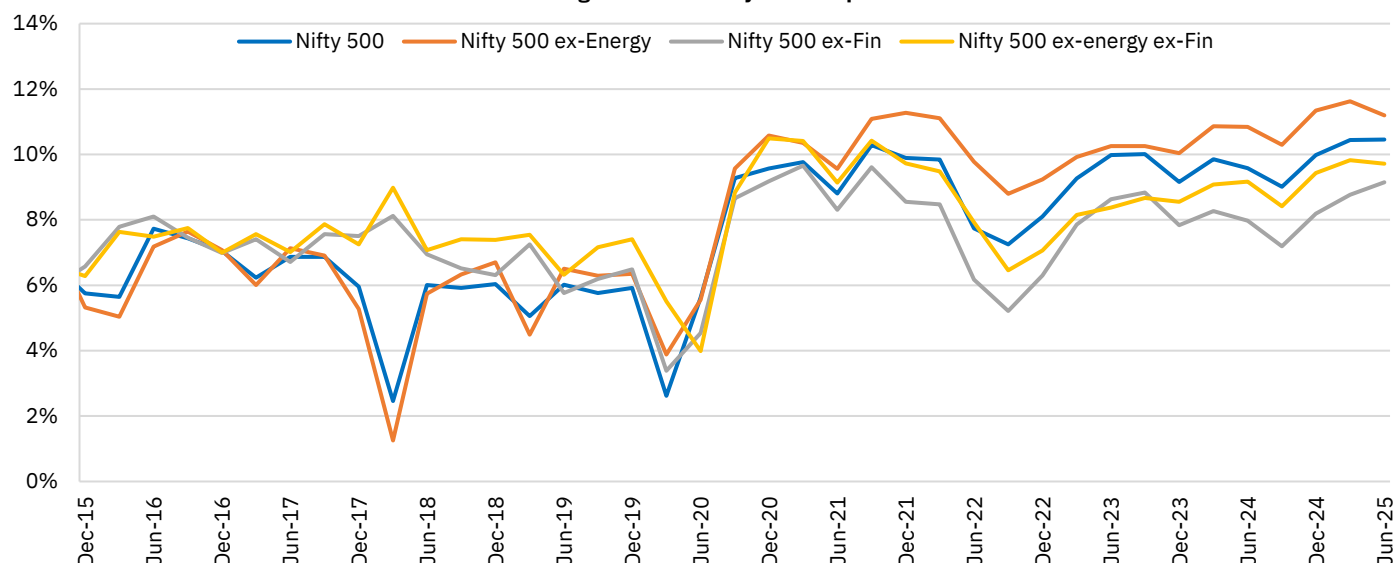


Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 500 index as at the end of respective quarters.

Figure 32: Quarterly trend in PAT margin of Nifty 500 companies

PAT margin trend for Nifty 500 companies



Source: CMIE Prowess, LSEG Workspace, NSE

Note: The above chart includes companies in the Nifty 500 index as at the end of respective quarters.

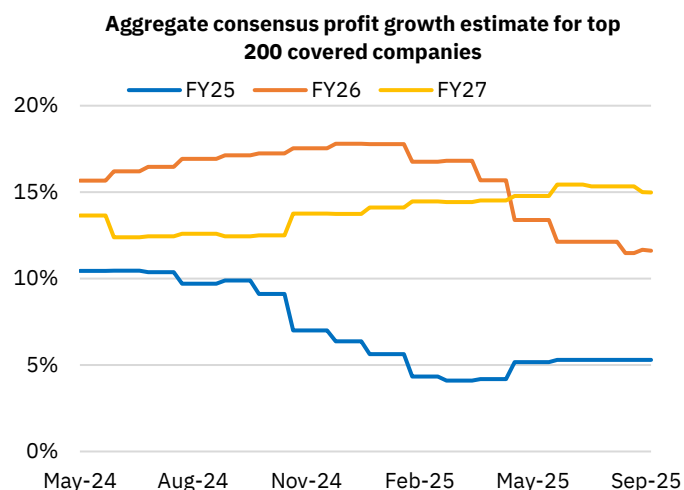
Earnings revision analysis

Consensus FY26/27 aggregate PAT estimates witnessed modest downgrades:

Aggregate PAT growth witnessed continued recovery in the first quarter, despite steady topline growth, reflecting the impact of easing input prices and cost optimization by companies. The relatively slower top-line performance, coupled with tariff-induced threat to corporate profitability, triggering further downgrades in earnings estimates, even as the pace has reduced. Our analysis of earnings revisions of the top 200 well-covered companies by market capitalisation¹ show that the aggregate earnings estimate for FY26 fell by a modest 0.5% since June-end, translating into earnings growth of 11.6% (As on September 5th) vs. 12.1% as of June-end, outpacing expected nominal GDP growth for this year. Notably, all sectors, barring Energy, have seen downgrades in earnings estimates, led by Consumer Discretionary, Materials and Financials, together contributing to ~94% of the earnings downgrades, higher than their combined share of ~53% to total aggregate earnings of this universe for FY26. Consumer Staples and Healthcare also saw similar cuts in earnings estimates in absolute terms. The Energy sector, on the other hand, saw steep upgrades in the current quarter, almost entirely offsetting the impact of combined downward revisions in Consumer Discretionary, Materials, Financials and Consumer Staples.

Earnings estimate for FY27 was also cut by a slightly higher 0.9% since Jun-end, leading to an expected profit growth of 15.0%. This translates into an annualized growth of 13.3% for FY25-27 as of September 5th, falling from 13.8% as of June-end and 15.6% as of March-end. The downward revision in FY27 earnings was also broad-based, with all sectors seeing a decline in earnings estimates, led by Consumer Discretionary, Energy, Information Technology, and Materials.

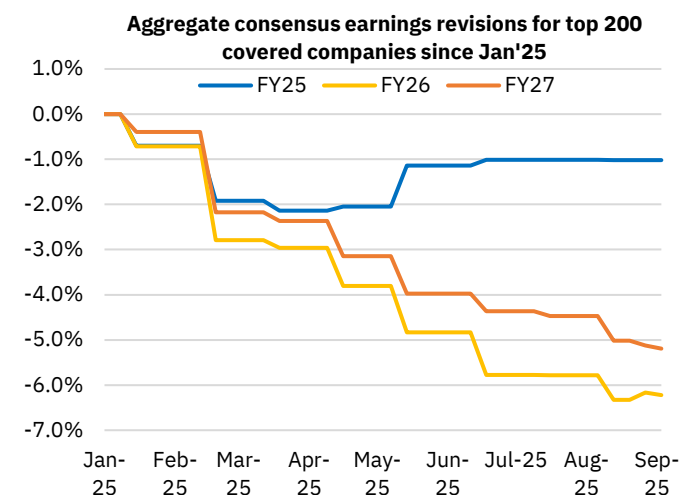
Figure 33: Aggregate consensus profit growth estimate for top 200 covered companies (% YoY)



Source: CMIE Prowess, LSEG Workspace, NSE

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. Data is as of September 5th, 2025.

Figure 34: Aggregate consensus earnings revisions since Jan'25 for top 200 covered companies



¹ The sample set consists of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five or more analysts during the previous 12 months using IBES estimates from LSEG Workspace.

Table 27: Monthly trend of sector-wise FY26 consensus earnings growth estimate (% YoY)

Sectors	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Comm. Svcs.	252.5	357.1	713.7	576.7	412.7	343.2	225	47.7	25.7	29.5	13.7	15.8
Consumer Disc.	20.2	20.5	20.5	20.2	20.0	19.6	17.8	8.4	6.1	5.7	3.6	3.3
Consumer Staples	14.7	14.6	14.6	14.5	13.7	13.8	13.5	12.8	11.6	11.1	8.6	8.4
Energy	14.1	16.2	16.8	17.2	19.2	19.7	17.4	15.6	19.0	19.5	23.2	23.0
Financials	14.0	12.6	12.4	12.1	9.9	9.9	9.8	9.5	7.5	7.8	7.2	7.2
Health Care	18.0	18.2	18.1	18.3	16.8	16.8	16.5	12.8	10.7	10.2	7.8	7.8
Industrials	21.8	23.1	23.6	24.0	23.1	23.6	23.1	19.9	18.2	17.9	17.3	17.3
IT	13.9	13.6	13.2	12.8	12.7	12.6	9.0	7.0	6.9	5.7	5.8	5.8
Materials	28.6	34.9	35.2	36.9	36.2	36.5	36.5	34.6	31.8	31.6	29.9	29.9
Real Estate	26.6	21.5	22.0	21.7	17.9	19.0	18.1	18.7	13.3	12.2	11.4	11.4
Utilities	9.9	9.9	9.6	9.7	9.2	8.8	8.8	5	7.2	7.1	4.8	4.8
Total	17.2	17.5	17.8	17.8	16.8	16.8	15.7	13.4	12.1	12.1	11.7	11.6

Source: LSEG Workspace, NSE.

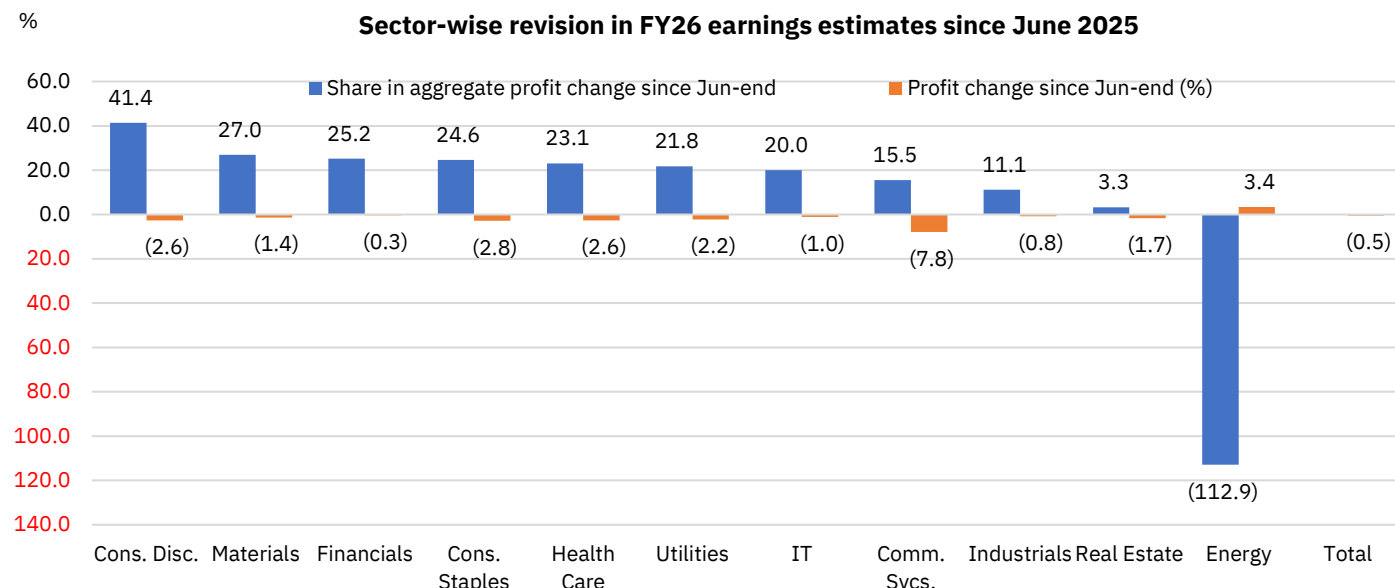
Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. * Data is as of September 5th, 2025.

Table 28: Monthly trend of sector-wise FY27 consensus earnings growth estimate (% YoY)

Sectors	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Comm. Svcs.	73.2	96.8	104.0	102.8	103.5	93.6	105.3	136.0	129.4	128.2	151.9	148.7
Consumer Disc.	13.5	15.3	15.6	15.7	16.6	16.4	16.9	17.1	17.8	17.6	17.9	18.1
Consumer Staples	11.9	13.1	13.0	12.8	12.5	12.4	12.7	13.0	13.2	13.3	13.9	14.0
Energy	7.5	8.9	8.7	10.5	10.4	10.6	10.5	10.6	10.8	10.1	6.4	6.1
Financials	14.0	14.3	14.3	14.1	14.0	13.9	14.1	13.7	14.9	14.8	15.2	15.2
Health Care	8.2	9.5	9.3	9.2	10.3	10.4	10.3	10.8	11.1	11.3	12.2	12.3
Industrials	16.6	17.3	16.7	17.2	17.1	18.2	17.5	17.8	19.3	19.4	19.8	19.8
IT	11.8	12.1	12.1	11.9	12.0	11.9	11.0	10.4	10.6	10.6	10.1	10.1
Materials	9.0	13.5	13.6	14.8	16.6	16.7	17.0	18.5	19.0	18.9	19.4	19.3
Real Estate	30.8	25.4	25.7	25.8	25.5	25.8	25.8	26.3	27.1	27.9	26.6	26.7
Utilities	6.6	7.6	7.7	7.2	8.6	8.6	8.6	9.0	9.6	9.6	10.3	10.2
Total	12.5	13.8	13.7	14.1	14.5	14.4	14.5	14.8	15.4	15.3	15.0	15.0

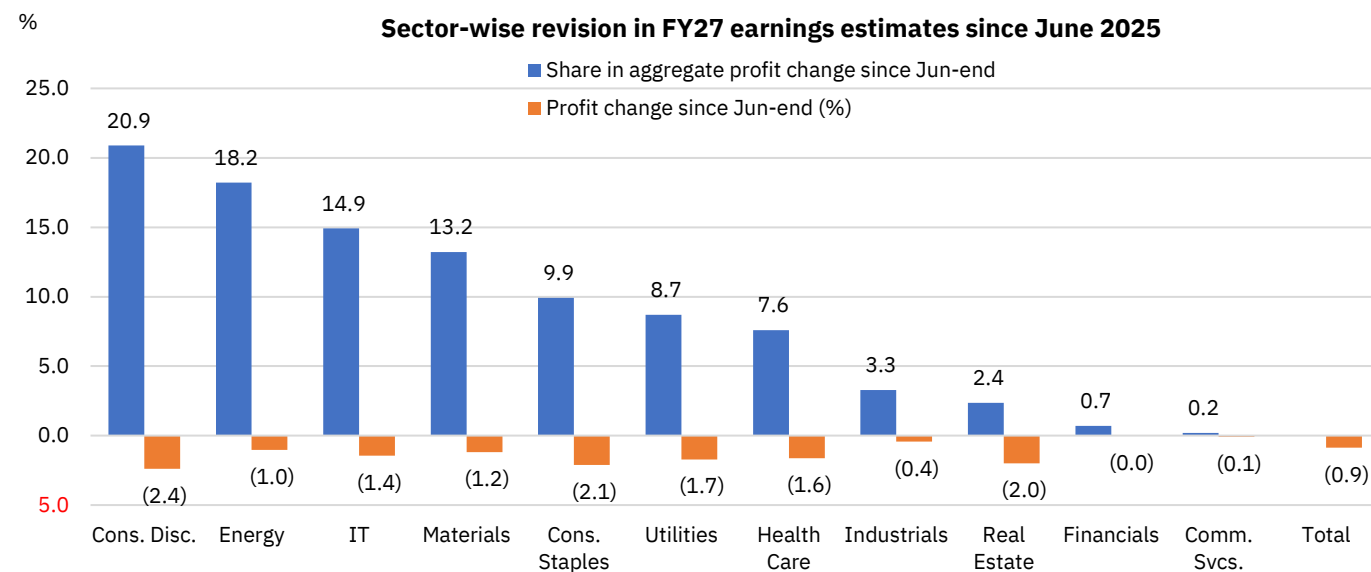
Source: LSEG Workspace, NSE.

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. * Data is as of September 5th, 2025.

Figure 35: Sector-wise revision in FY26 earnings estimates for top 200 companies since June 2025


Source: LSEG Workspace, NSE

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. Data is as on September 5th, 2025.

Figure 36: Sector-wise revision in FY27 earnings estimates for top 200 companies since June 2025


Source: LSEG Workspace, NSE.

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. Data is as on September 5th, 2025.

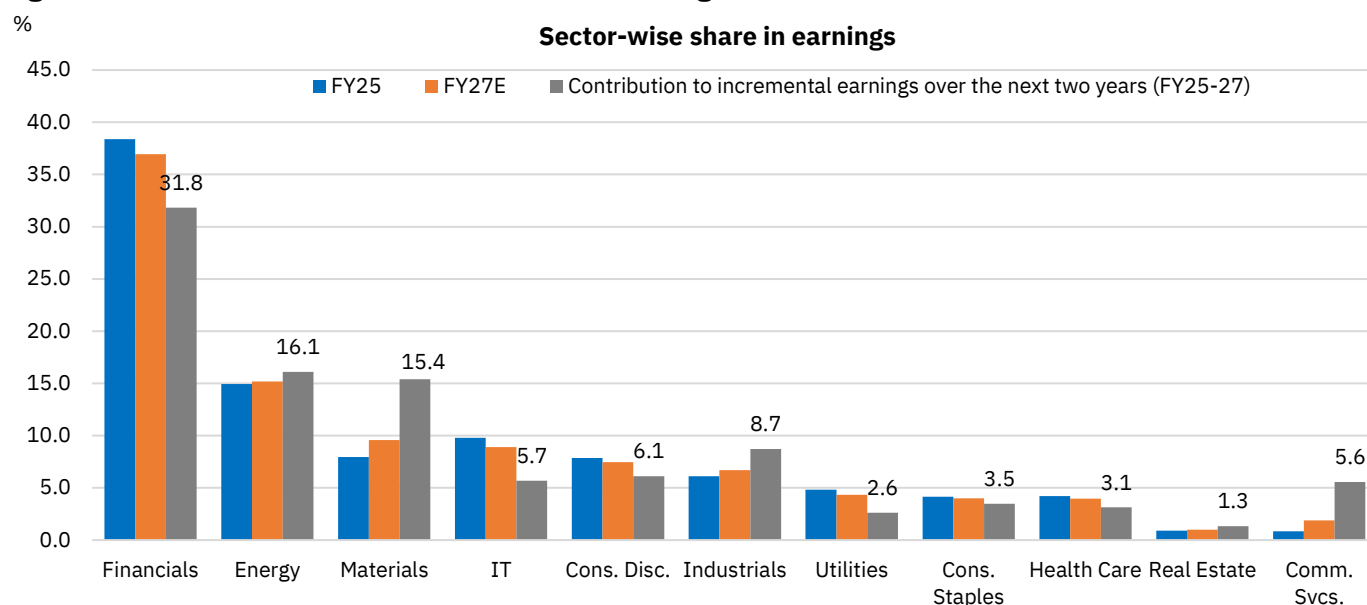
Financials, Energy and Materials to account for over 63% of the incremental earnings

over the next two years: Financials, which accounted for 38.4% of the aggregate earnings of the top 200 companies in FY25, are projected to see their share decline to 36.9% by FY27. Despite this, the sector is expected to contribute nearly 32% to incremental earnings between FY25 and FY27. The Materials sector follows, contributing 15.4% to the absolute earnings increase over the same period. This comes despite notable earnings downgrades during the year, with the sector's share in total earnings rising from 7.9% in FY25 to 9.6% by FY27.

The Energy sector, with a projected earnings share of 15.2% in FY27, is expected to contribute nearly 16% to incremental earnings over FY25–27. Communication Services, which moved from a large loss in FY24 to significant profitability in FY25, is expected to deliver an annualized earnings growth of 70% over the next two years. As a result, it is expected to contribute 5.6% to incremental earnings during this period despite holding a modest 2% share of overall earnings.

Consumption-driven sectors—Consumer Staples and Consumer Discretionary—are expected to post relatively weaker earnings, contributing 9.6% to incremental gains, though they command a higher aggregate share of 11.5%. In contrast, Industrials are projected to contribute 8.7% to incremental earnings, despite a lower earnings share of 6.7%.

Figure 37: Sector-wise share and contribution to earnings



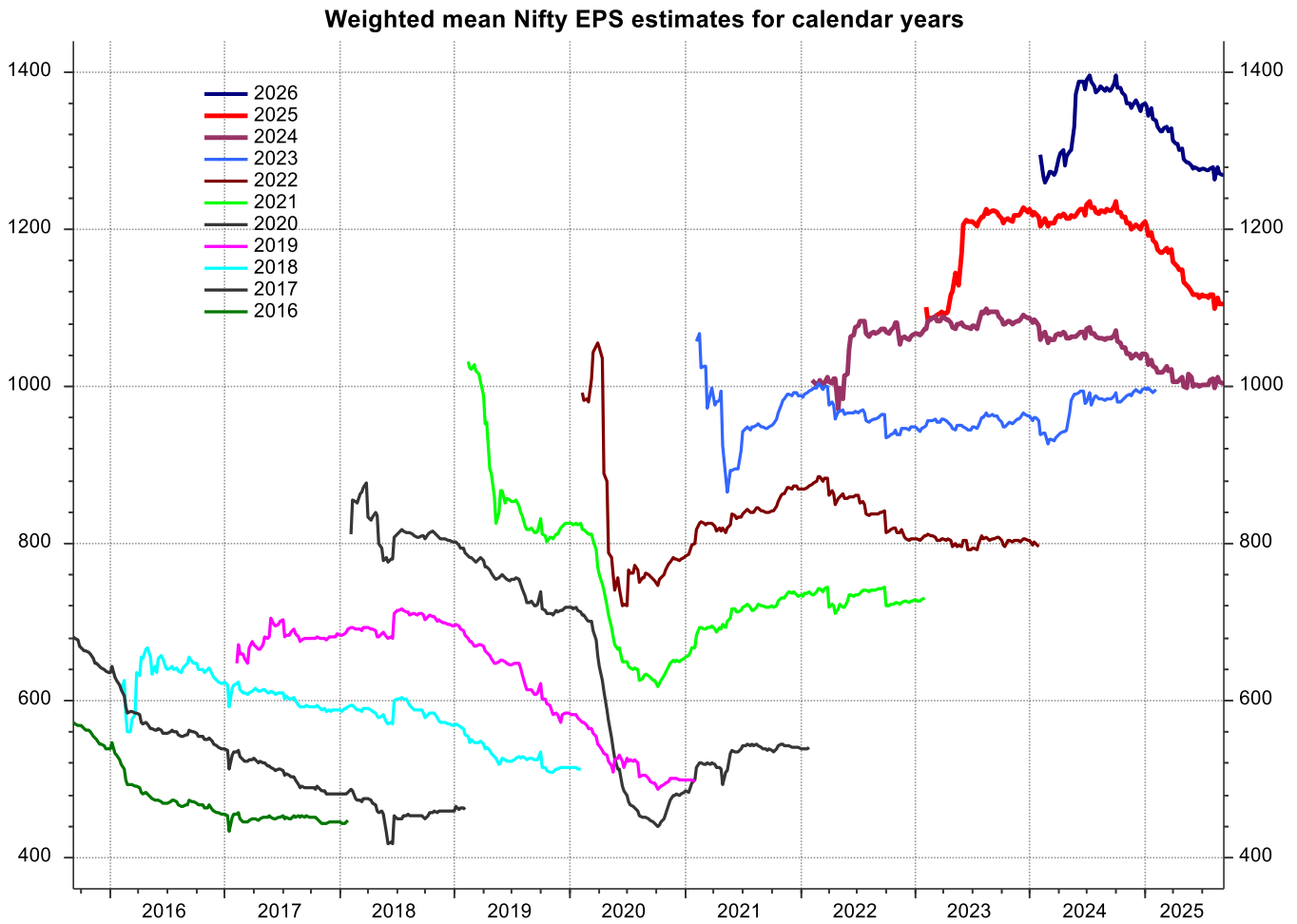
Source: CMIE Prowess, LSEG Workspace, NSE.

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. Data is as of September 5th, 2024.

The chart below shows how Consensus estimates usually begin the year (calendar) with a bullish view on earnings, but are then brought back to *terra firma* with downgrades, year after year, as the macro environment overhang prevails over optimism.

Barring an exception in 2023, a similar story has been playing out again, with earnings for the Nifty 50 companies for both 2025 and 2026 seeing a steady downward trend over the last several months. The EPS estimates for Nifty 50 for 2025 and 2026 have been curtailed by 1% and 0.7% since June-end, translating into total drop of 4.6% and 3.3% in this fiscal thus far (beginning April 2025). This reflects the impact of weakening domestic and global demand, elevated tariff-induced uncertainty and consequent volatility in global commodity prices.

Figure 38: Yearly trend of NIFTY 50 Consensus EPS estimates



Source: LSEG Workspace, NSE

Nifty 50 Earnings Revision Indicator improved but remained in the negative territory:

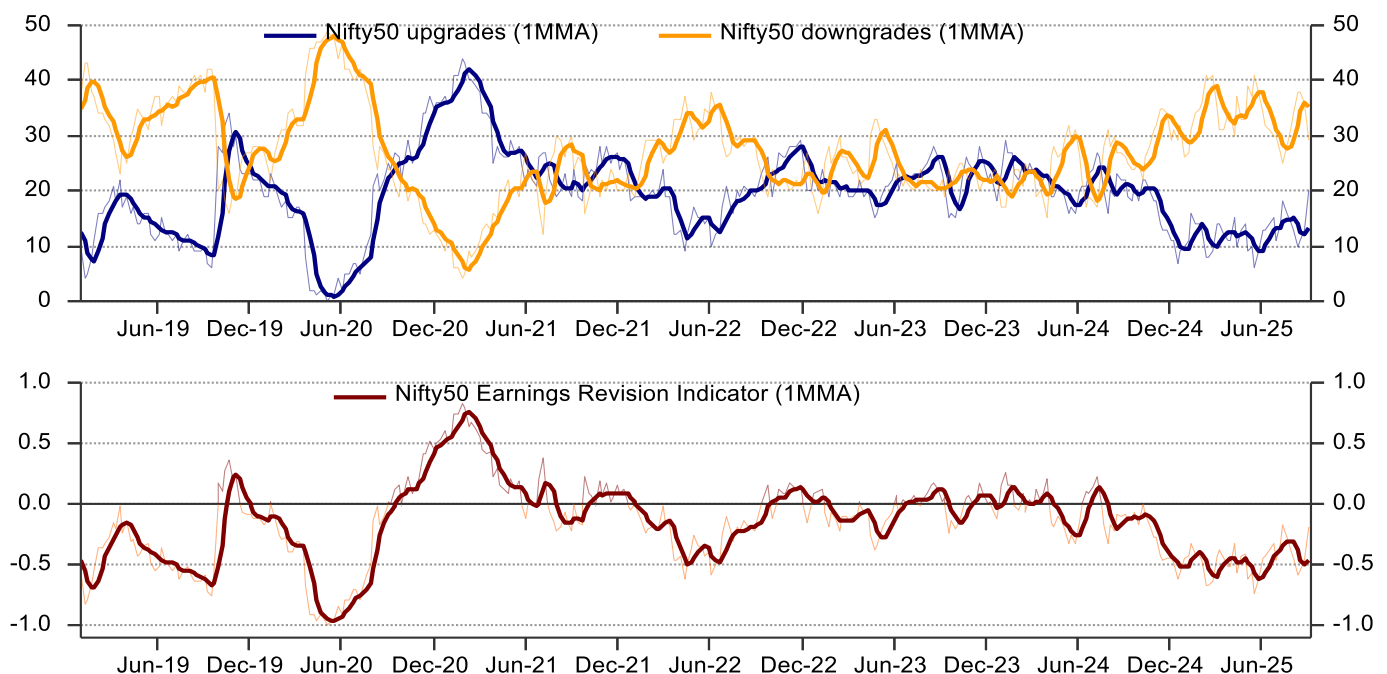
Following a sharp decline after the onset of the Russia–Ukraine war in February 2022, the Earnings Revision Indicator (ERI) for the Nifty 50 staged a meaningful recovery in H2 2022, reflecting a higher incidence of upgrades relative to downgrades. This rebound was supported by resilient macroeconomic conditions, government-led capital expenditure, and robust bank credit growth. Over the subsequent 15 months through March 2024, the ERI remained largely range-bound, as corporate earnings broadly aligned with expectations, keeping revisions balanced.

Since April 2024, however, the indicator has turned more volatile, slipping steadily into negative territory by October 2024 and remaining there since. A brief improvement in July 2025 saw the ERI rise to -0.3 , though still below zero, before weakening again in August, suggesting downgrades continue to outpace upgrades. That said, the magnitude of downgrades has moderated, pointing to signs that the downgrade cycle may be nearing its end.

At the sectoral level, Energy, Financials, Information Technology, and Materials have shown a notable improvement in ERI readings, though they remain close to neutral, reflecting a broadly even balance between upgrades and downgrades. In contrast, consumption-oriented sectors such as Consumer Staples and Consumer Discretionary, along with Utilities and Healthcare, have seen their ERIs fall further into negative territory, underscoring persistent earnings headwinds in these segments.

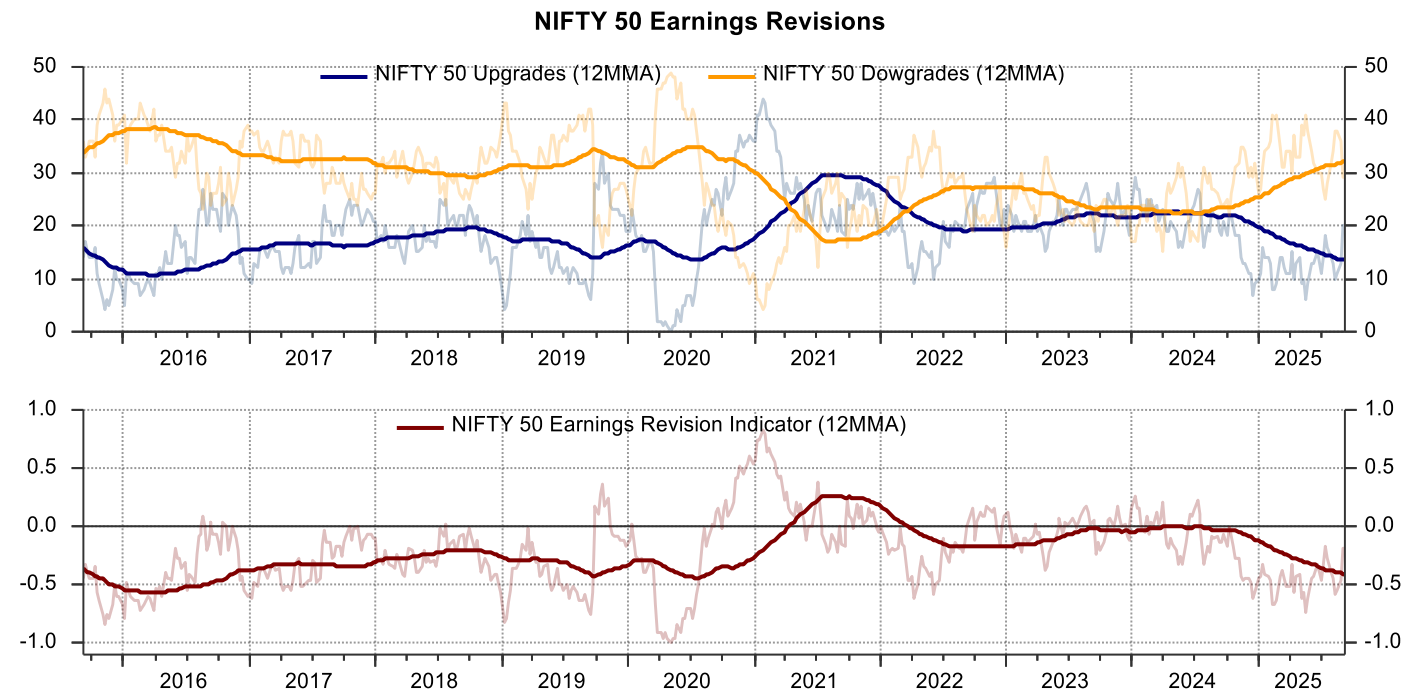
Figure 39: Nifty 50 Earnings Revision Indicator (since January 2019)

NIFTY 50 Earnings Revisions



Source: LSEG Workspace, NSE.

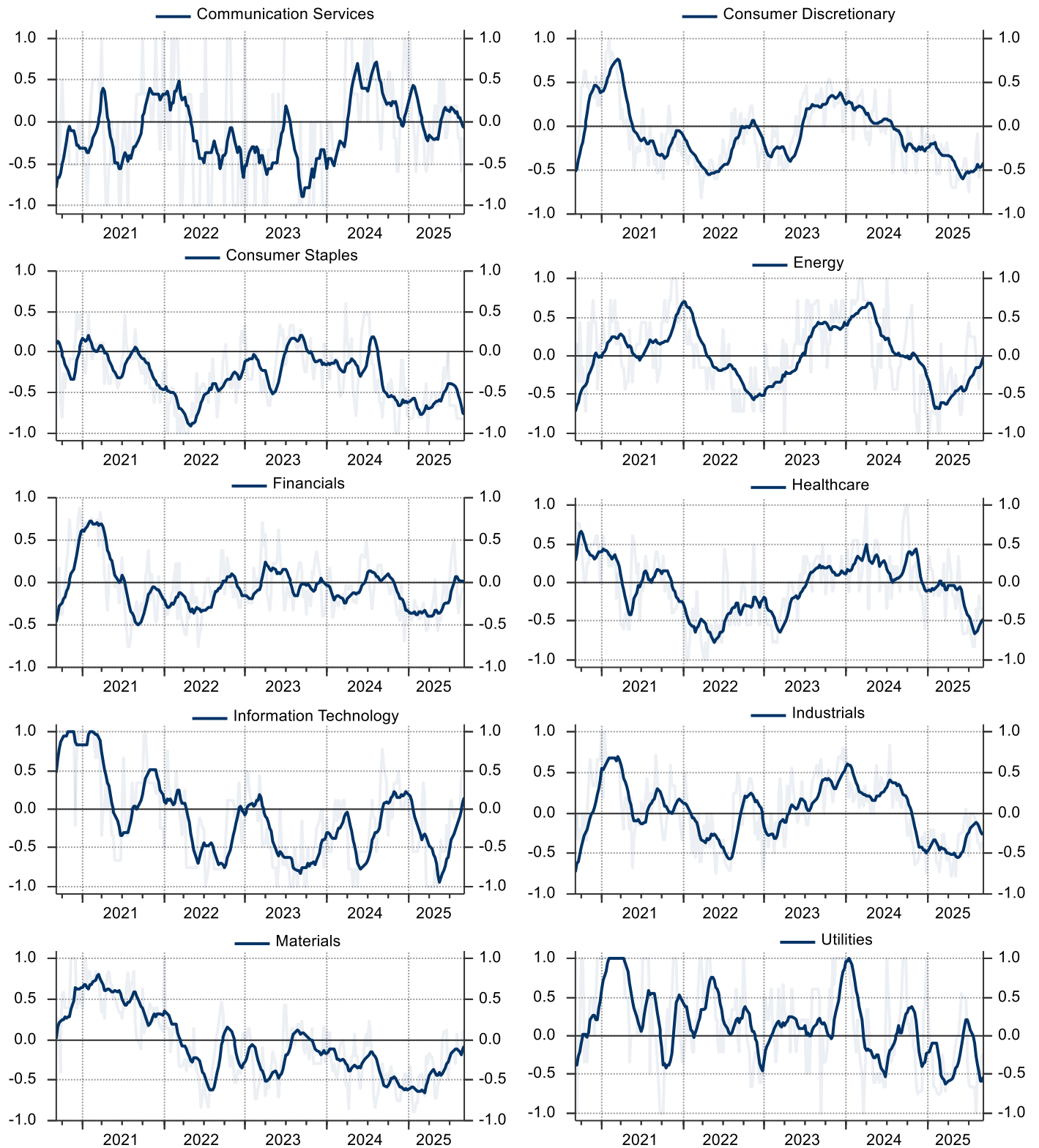
Figure 40: Nifty 50 Earnings Revision Indicator (10-year trend)



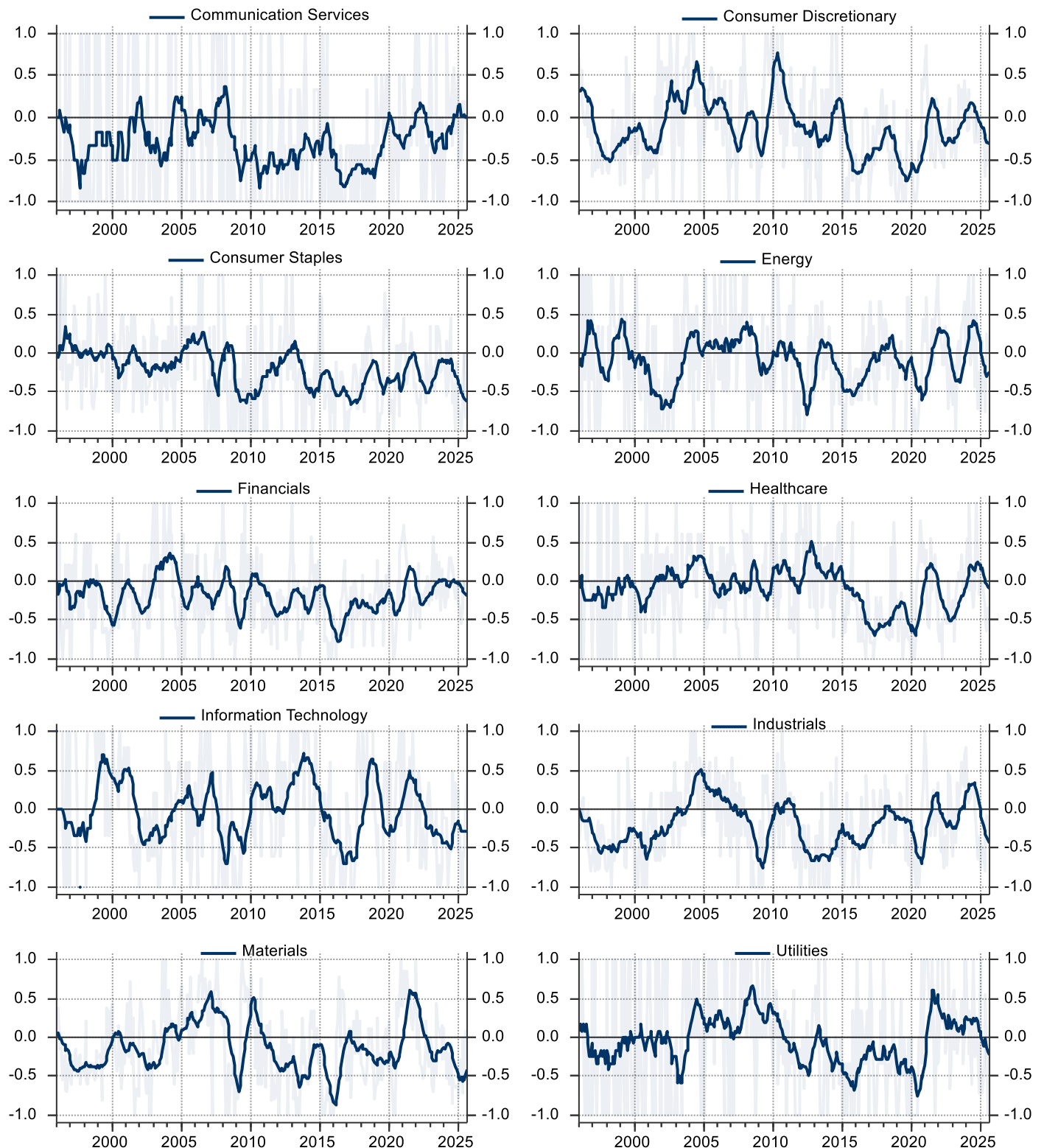
Source: LSEG Workspace, NSE.

Figure 41: Short-term trend of Earnings Revision Indicator across MSCI sectors

India Earnings Revision Indicator across sectors: Short-term (2MMA)



Source: LSEG Workspace, NSE.

Figure 42: Long-term trend of Earnings Revision Indicator across MSCI sectors
India Earnings Revision Indicator (ERI) across sectors: Long-term (12MMA)


Source: LSEG Workspace, NSE.

Chart of the month

India's corporate tax story: Growth and distribution trends

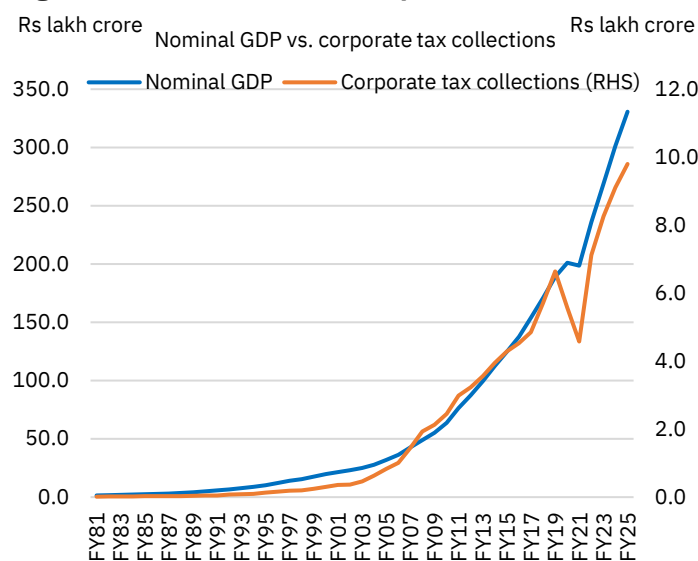
India's corporate tax collections have expanded significantly since the 1980s, broadly tracking nominal GDP but with important structural shifts across decades. Collections grew at high double-digit rates between FY85–15, outpacing GDP growth, driven by high inflation and credit-fuelled investment in early 2000s until the Global Financial Crisis. The past decade (FY16–25), marks a shift: growth slowed to ~10%, marginally trailing nominal GDP, reflecting the 2019 corporate tax cut and the severe impact of COVID-19. However, after adjusting for lower and relatively stable inflation, corporate tax collections over the last decade have remained resilient, growing faster than real GDP. The pandemic also altered the composition of tax contributions. Listed companies increased their share as smaller and unlisted firms bore the brunt of the shock, before the latter recovered strongly as the economy opened up and demand normalised. Within the listed space, the dominance of the largest companies has eased, with mid- and small-cap firms gaining share in profits and tax payments. Sector-wise, financials and IT have emerged as the biggest contributors over the past decade. Measures of inequality, including Lorenz curves and Gini coefficients, confirm that tax concentration remains high, though it has moderated steadily over time.

- Growth trends in corporate tax collections across decades:** Corporate tax collections grew at an average rate of ~16% annually over the last four decades, comfortably ahead of nominal GDP growth of 13%. The strongest phase was the 2000s, when double-digit GDP growth and high profitability fuelled tax buoyancy, lifting the share of corporate taxes in direct tax revenues to nearly two-thirds by FY11. The last decade has been markedly different. Growth slowed to 10.2% between FY16–25, marginally trailing nominal GDP, reflecting the effects of the 2019 corporate tax cut and the pandemic. In real terms, however, corporate tax growth still outpaced GDP, underscoring its resilience once inflation—that has been fairly low and stable over the last decade—is accounted for.
- Listed vs. unlisted: Divergence and rebalancing post-pandemic:** The pandemic exposed sharp differences between listed and unlisted corporates. In FY21, while listed companies increased tax payments by 22% (off a low base), unlisted corporates saw collections contract by 45%, pushing the listed share of total corporate taxes to an 18-year high of 60.6%. This divergence reflected listed companies' stronger balance sheets, better access to funding, and ability to cut costs aggressively. As the economy reopened in FY22, unlisted companies rebounded strongly, doubling their tax contributions and regaining share. By FY25, unlisted firms accounted for 47% of total collections—higher than the pandemic trough but still below the pre-COVID high of 55.6% in FY19.
- Concentration within the listed space:** Within listed corporates, profit and tax contributions have become more evenly distributed in recent years. The Nifty 50's share of aggregate PBT fell to a 14-year low of 51% in FY25, with mid- and small-cap firms (Nifty 500 excluding Nifty 50 companies) contributing around 69% of incremental profits since FY20. This shift has translated into lower tax concentration: the Nifty 50's share of listed tax payments dropped to 50.4% in FY25, the second consecutive year of decline. Effective corporate tax rates have also trended lower, reaching multi-decade lows of 23% overall, 22.5% for the Nifty 50 and 21.6% for the Nifty 500, reflecting the 2019 rate cut.
- Sector-wise, Financials and IT drove corporate tax growth in the Nifty 500 over the last decade:** Financials and Information Technology were the two largest

contributors to the increase in Nifty 500 corporate tax payments during FY16–25, together accounting for nearly 54% of the absolute rise. Financials benefited from stronger bank balance sheets and capital positions, while IT companies gained from a surge in cloud and AI-led demand. As a result, their average shares in overall tax payments rose to 29.5% and 11.2% respectively, up from 22.6% and 6.6% in the previous decade. This shift came largely at the expense of commodity sectors such as Energy and Materials, which were weighed down by geopolitical tensions, supply-chain disruptions, and the Chinese slowdown..

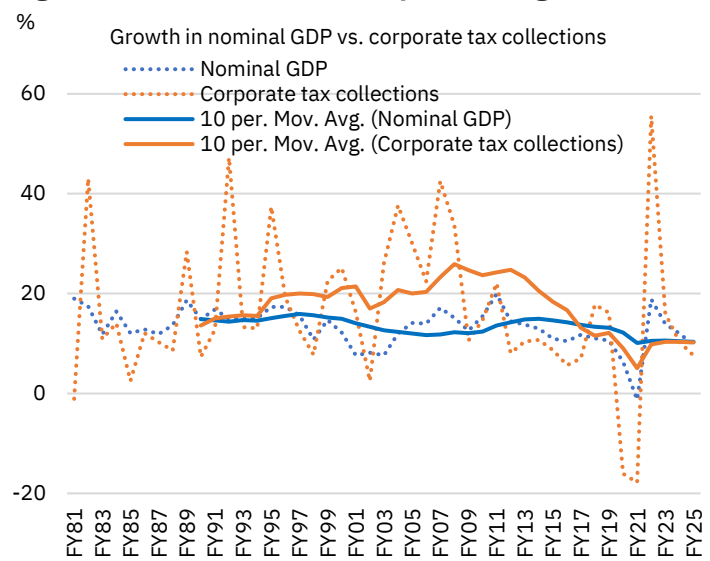
- Corporate tax inequality easing but concentration remains high:** Despite improvements over the last decade, corporate tax payments in India remain highly concentrated among larger firms. Within the Nifty 500, the top quintile of companies accounted for 85% of corporate tax payments in FY05; this share has steadily declined to 74% in FY25. Lorenz curves and Gini coefficients confirm the trend: the Gini for Nifty 500 companies has eased from 0.79 in FY15 to 0.77 in FY25, reflecting greater contributions from mid- and small-cap firms. Inequality is more pronounced in the smaller listed universe outside the Nifty 500, where the top 20% companies still contributed 96.8% of taxes in FY25. Yet even here, the Gini has fallen to 0.83, the lowest in a decade, pointing to gradual broadening of the tax base. The overall picture suggests that while concentration at the very top is easing, corporate tax revenues remain reliant on a relatively narrow set of firms.

Figure 43: Nominal GDP vs. corporate tax collections



Source: CMIE Economic Outlook, NSE EPR.

Figure 44: Nominal GDP vs. corporate tax growth



Decadal corporate tax collections growth stood in high-double digits in the first three decades (FY85-FY15)...

Since the 1980s, India's corporate tax collections have risen in step with the economy, expanding from a small revenue stream into one of the cornerstones of the direct tax system. The annualised growth rate of ~16% in corporate tax collections in the last four decades has surpassed the 13% nominal GDP growth during this period.

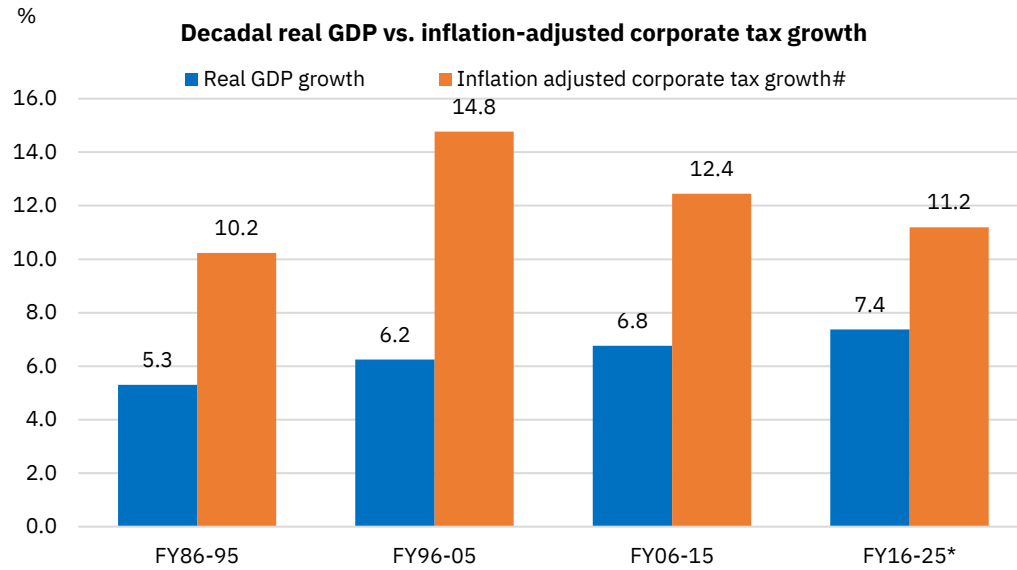
The early 2000s stand out as the period of greatest buoyancy. As the economy expanded in double digits in nominal terms, corporate tax collections grew at an even faster pace, averaging at 20% and 18% annually between FY96–05 and FY06–15—much higher than the average nominal GDP growth of 12% and 14.6% respectively. This overperformance was underpinned by a credit-fuelled surge in corporate profitability (outstanding non-food credit increased nearly eightfold between FY01–10) and a backdrop of elevated inflation (average WPI inflation of 6% between FY01–14, compared with 2% in the following decade after excluding the pandemic effect). As a result, corporate tax collections rose sharply as a share of total direct tax revenues, climbing from below 50% in the early 1990s to nearly two-thirds by FY11.

...With a moderation in the pace in the last decade (FY16–25)... The past decade (FY16–25), however, marks a departure from this trend. Between FY16–25, corporate tax collections grew at an average annual rate of 10.2%, marginally lagging nominal GDP growth of 10.4%. This deceleration was driven by a combination of policy-led disruptions with long-term intent, the corporate tax rate cut of 2019, and the unprecedented impact of COVID-19 on corporate earnings. In FY20, overall corporate tax collections contracted by 16.1%—the steepest fall in four decades, reflecting the dual impact of the September 2019 corporate tax rate cut, which reduced the effective tax base, and the onset of the COVID-19 pandemic toward the end of FY20, which triggered an unprecedented earnings collapse. The contraction in FY21 was even sharper, at 17.8%, reflecting the disproportionate impact of pandemic-induced restrictions on corporate performance.

....But not so much in real terms: India has historically been characterised by high and volatile inflation, but the last decade stands apart for its relative price stability. Inflation declined from ~10% in FY13 to an average of ~5% during FY16–25, with far less volatility—thanks to coordinated efforts by the Government and the Reserve Bank of India to anchor inflation expectations.

This makes it important to assess corporate tax performance in real terms. Excluding the pandemic year, India's real GDP grew at an average of 7.4% between FY16–25, higher than the average growth rate of the preceding three decades. By contrast, inflation-adjusted corporate tax collections (deflated using WPI, excluding the pandemic effect) grew at an average of 11.2% during the same period—significantly above real GDP growth. This suggests that, despite policy shocks and cyclical headwinds, corporate tax revenues retained their structural strength when measured in real terms, even if nominal growth appeared weaker relative to GDP.

Figure 45: Average decadal growth comparison of real GDP and inflation-adjusted corporate tax collections

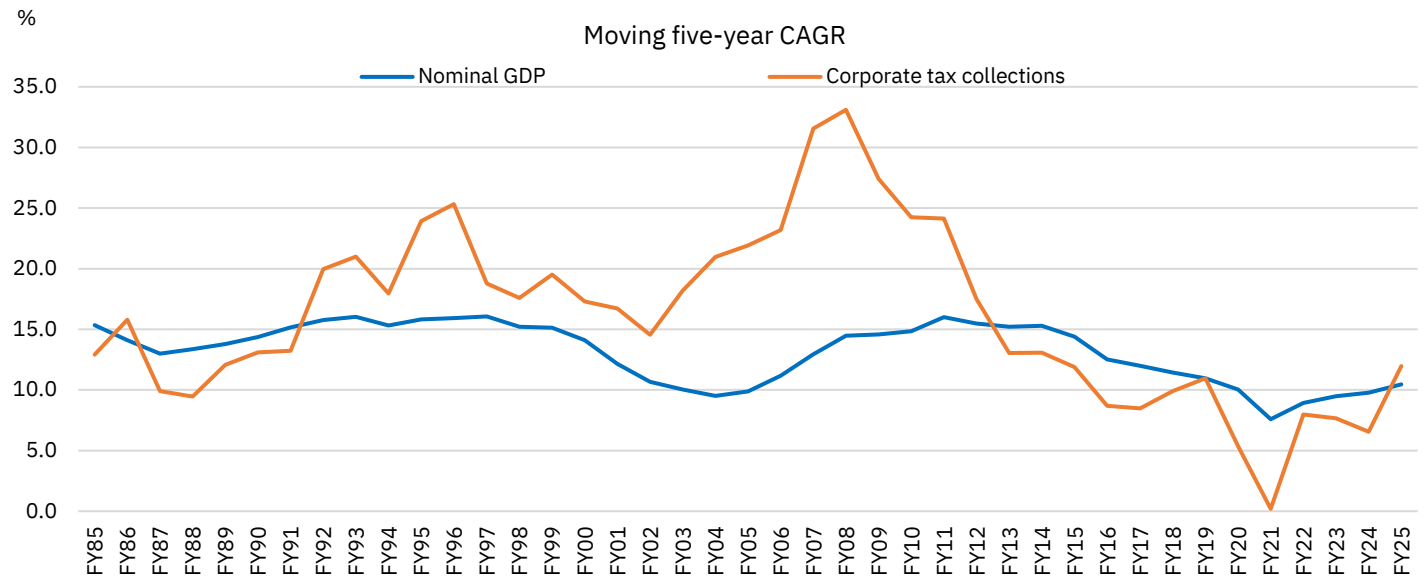


Source: CMIE Economic Outlook, NSE EPR.

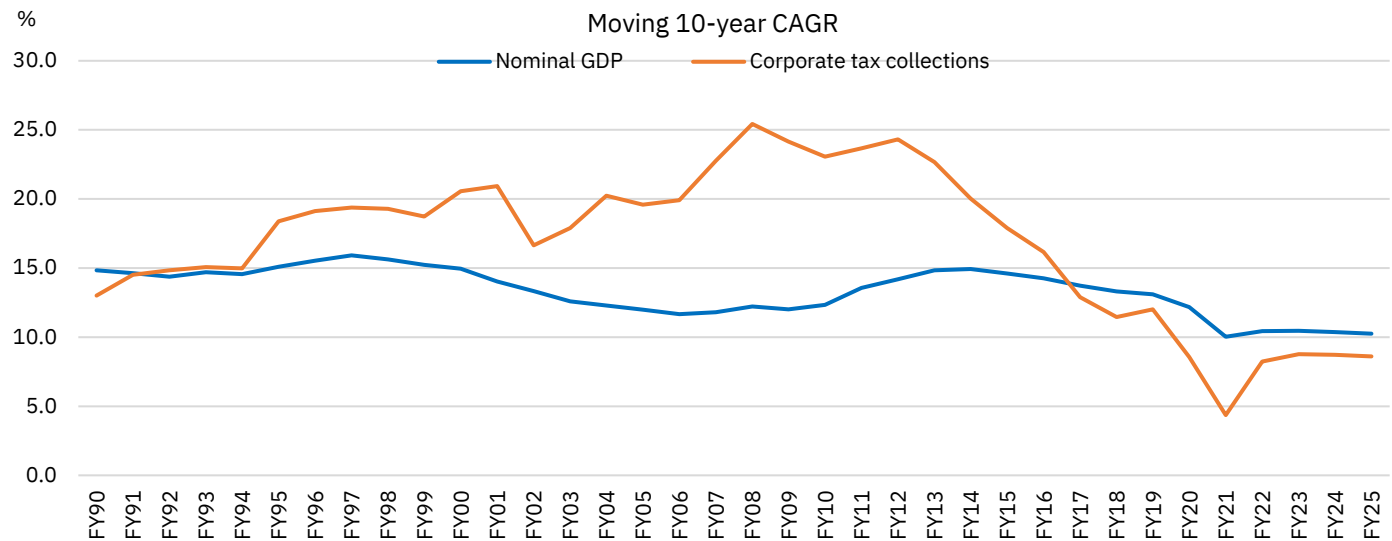
Notes: * Excluding the pandemic year (FY21)

Corporate tax growth adjusted for wholesale inflation; the pandemic effect removed in the calculations for the period FY16-25

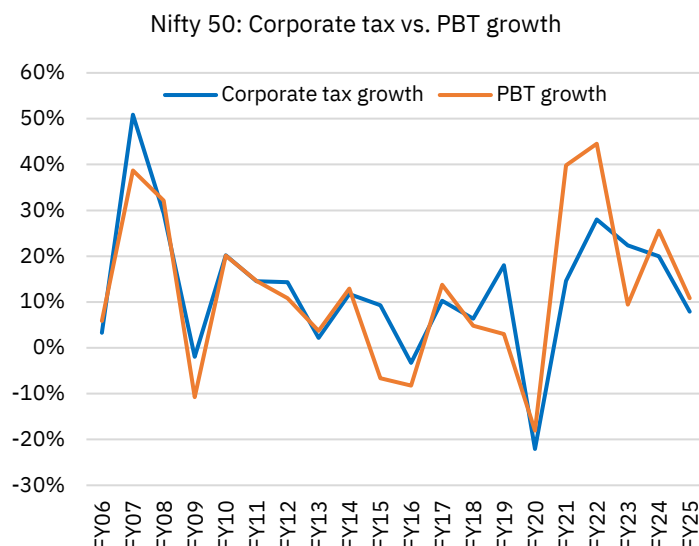
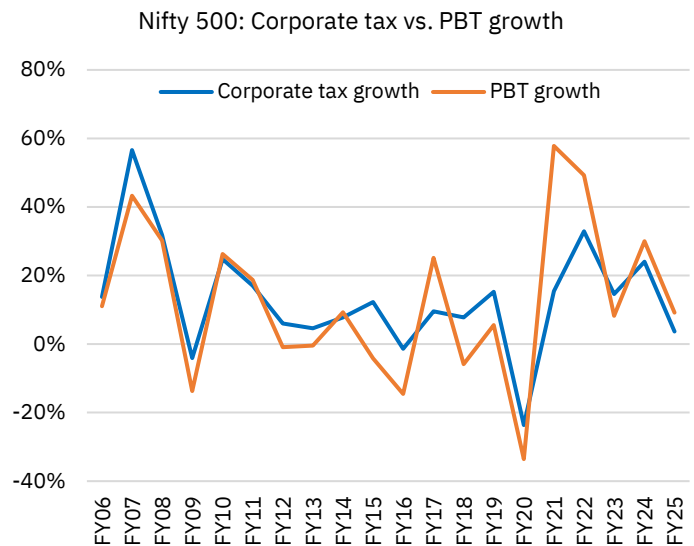
Figure 46: GDP vs. corporate tax collections: Moving five-year CAGR



Source: CMIE Economic Outlook, NSE EPR.

Figure 47: GDP vs. corporate tax collections: Moving 10-year CAGR


Source: CMIE Economic Outlook, NSE EPR.

Figure 48: Corporate tax vs. PBT growth: Nifty 50

Figure 49: Corporate tax vs. PBT growth: Nifty 500


Source: CMIE Prowess, NSE EPR.

Corporate tax collections have picked up considerably from COVID-lows, but pace of growth moderated in FY25: The double-digit, multi-decadal high drop of 17.8% in FY21—the first half of which was completely washed out due to COVID-induced restrictions—was entirely led by the unlisted companies. While corporate tax payments of the listed companies grew by a strong 22% in FY21, albeit off a low base (-23% in FY20), that of the unlisted corporates fell by a steep 45%. Despite the aggressive fiscal and monetary policy support, adverse impact of the pandemic-induced lockdown and mobility restrictions and consequent supply chain disruptions was far severe on the unlisted and unorganised sector.

Large companies are better equipped to deal with economic downturns and have more favourable access to funding (equity, and especially debt). Their positions in supply chains and more favourable contracts also allow better, shorter cash conversion cycles. During the COVID-19 pandemic, these companies have benefited at the expense of

smaller listed/unlisted companies by capturing market share. They have managed to report strong growth in profitability despite a contraction in India's GDP by changing their business models to suit the new COVID-appropriate environment and capturing market share from unorganized players. They have also meaningfully curtailed costs by cutting salaries/wages, renegotiating with vendors, saving on rental expenses, and minimizing administration/marketing expenses—all of which has helped boost profits for these companies in an otherwise economically lacklustre year. Consequently, the share of listed companies in the Government's corporate tax kitty surged to an 18-year high of 60.6% in FY21.

However, a sharper-than-expected recovery during the course of FY22 as the economy opened up, coupled with strong pent-up demand, provided a big boost to the unlisted space. Consequently, their corporate tax payments more than doubled in FY22, almost entirely reversing the drop seen in the previous two years.

In the fiscal year gone by (FY25), Government corporate tax collections rose by a modest 7.6%—lower than the average 27% growth in the previous three years—with unlisted companies contributing to a higher share in the growth (56%). Corporate payments by unlisted companies rose by 9.1% in FY25, outpacing the growth in listed corporate tax collections by nearly 3 percentage points. That said, the share of unlisted companies in the aggregate corporate tax collections of the Government at 47% in FY25 is still much lower than pre-pandemic high of 55.6% in FY19.

Figure 50: Aggregate corporate tax collections across listed and unlisted space

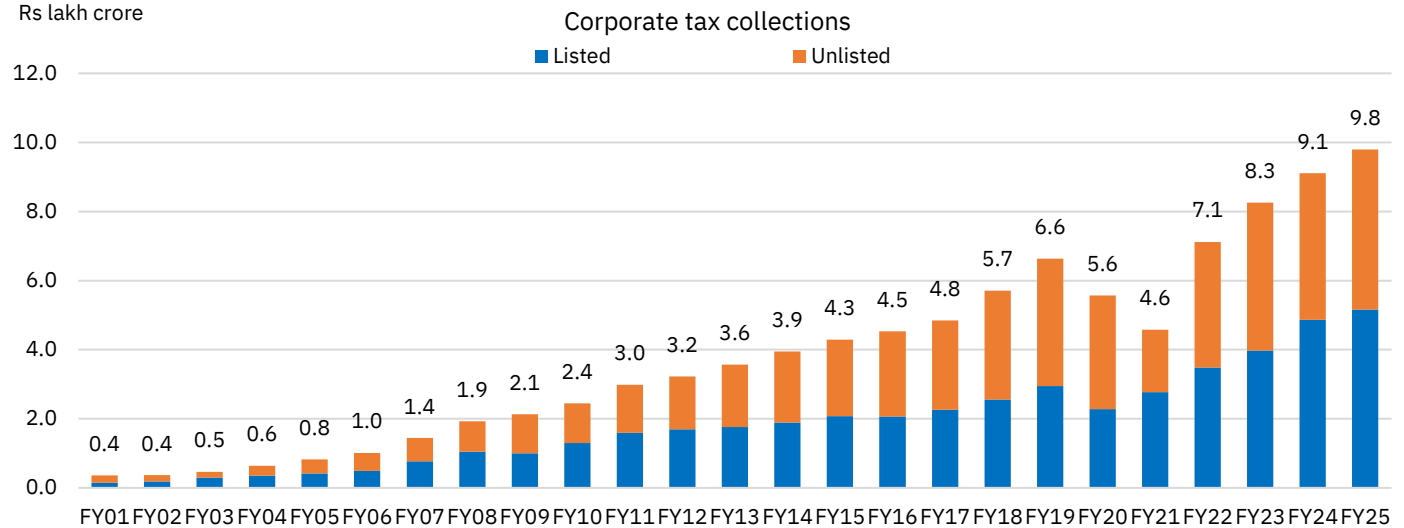
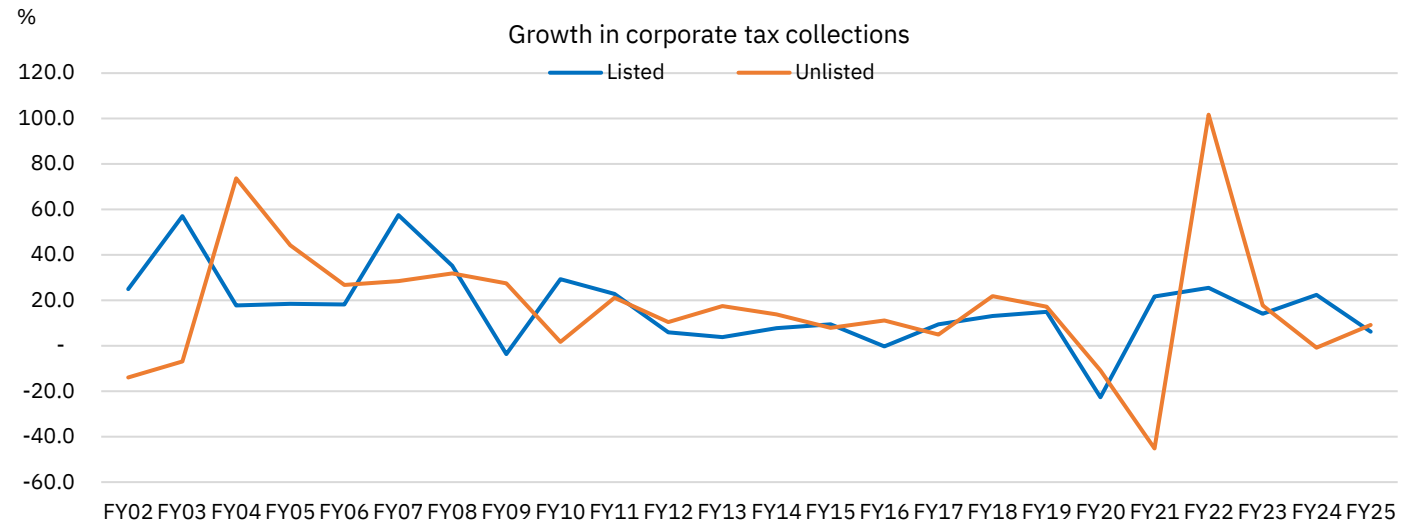
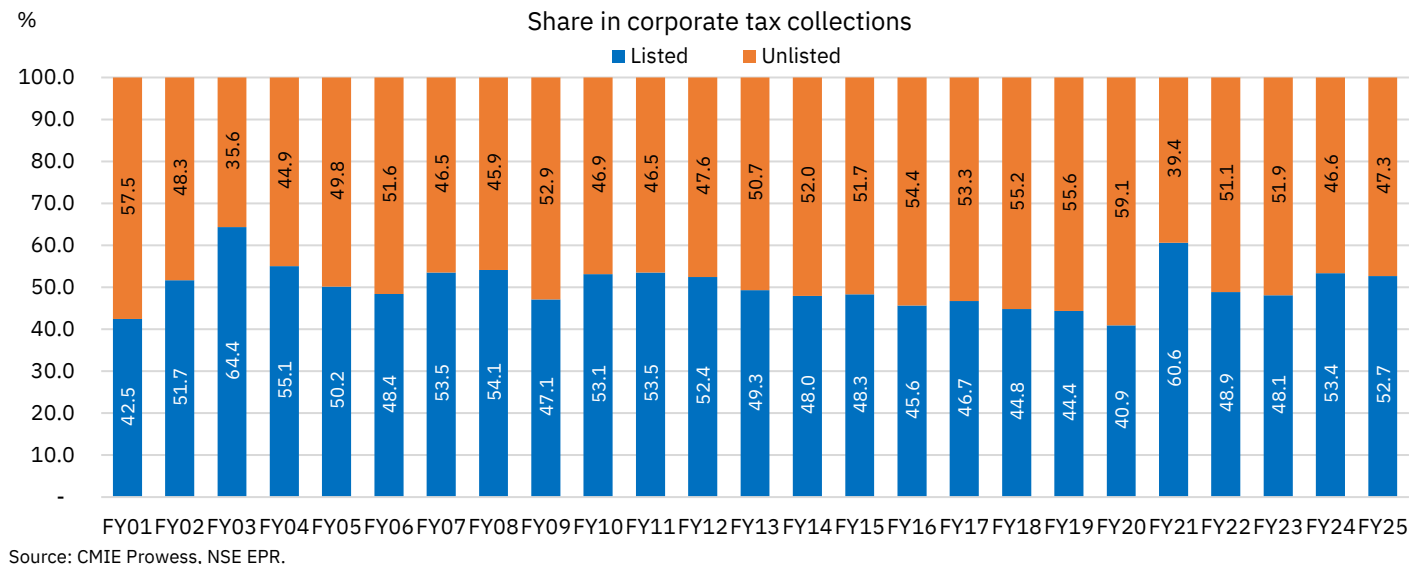


Figure 51: Growth in aggregate corporate tax collections for listed and unlisted companies

Figure 52: Share in corporate tax collections for listed and unlisted companies


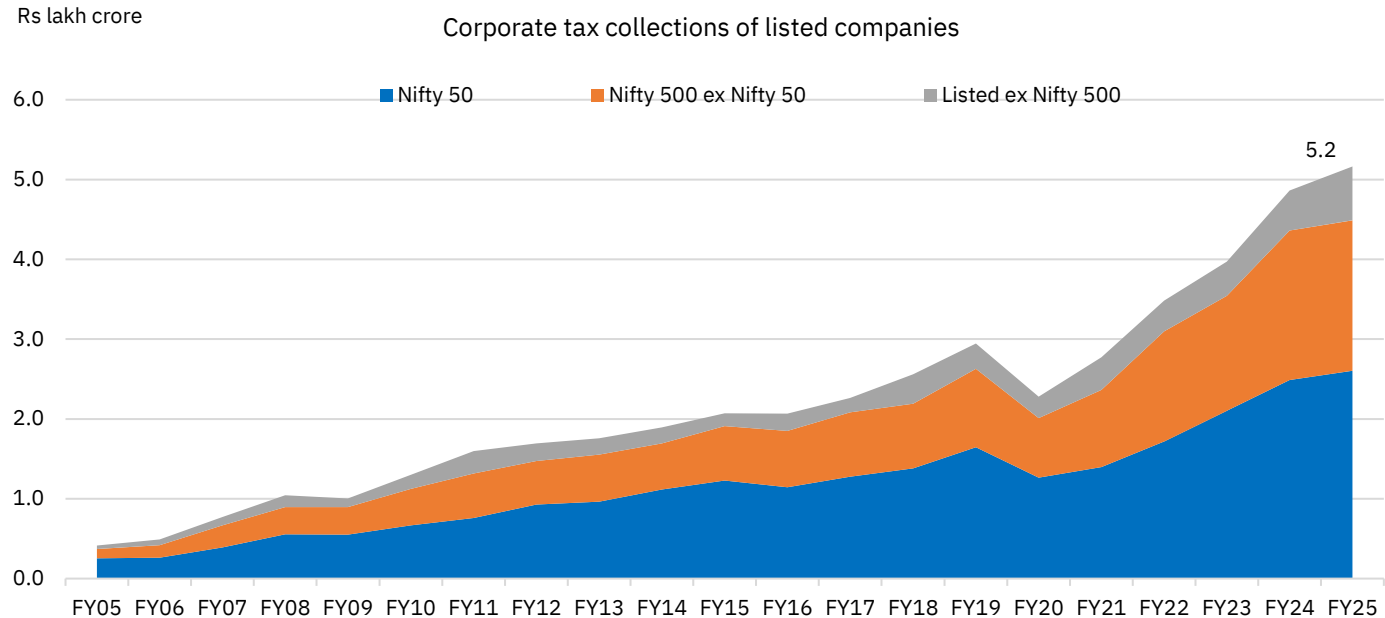
Share of Nifty 50 in corporate tax payments of listed companies dropped for the second year in a row in FY25: Policy-driven disruptions and the slowdown in economic activity during FY15–20 disproportionately weighed on the earnings of mid- and small-cap firms. As a result, the share of Nifty 500 ex-Nifty 50 companies in the aggregate profit before tax (PBT) of listed corporates fell sharply from ~33% in FY15 to just 15% in FY20.

The post-pandemic recovery, however, was particularly supportive for these companies. Backed by significant policy stimulus, cost rationalisation, and robust pent-up demand, smaller firms staged a strong rebound. Their contribution to the aggregate PBT of listed companies climbed to a two-decade high of 41.6% in FY24, before easing slightly to 40.9% in FY25. This resurgence has been mirrored by a relative decline in the dominance of larger firms. The Nifty 50's share of aggregate PBT has steadily fallen from its pandemic-era peak to a 14-year low of 51% in FY25.

The shifting profit distribution has translated into tax outcomes. The share of Nifty 50 companies in overall corporate tax payments of listed firms declined for the second

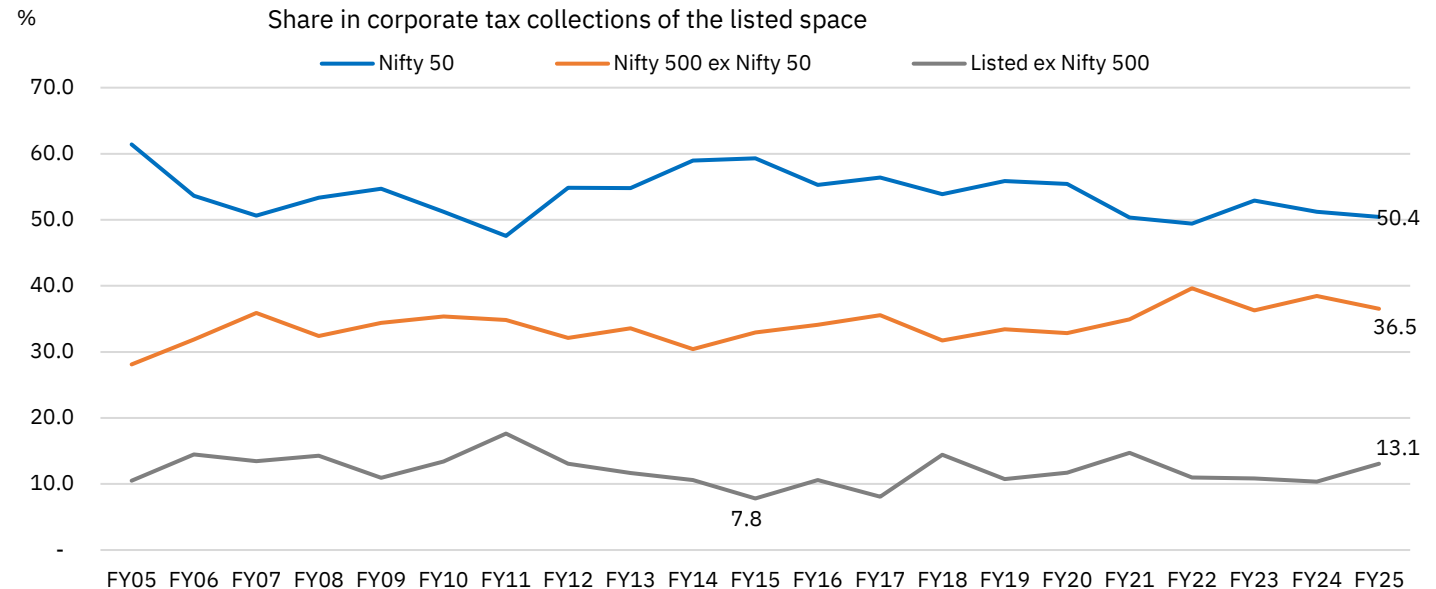
consecutive year, reaching 50.4% in FY25. This marks a structural rebalancing in favour of mid- and small-cap corporates (Nifty 500 excluding Nifty 50), whose relative earnings contribution has been materially higher in the post-COVID years (~69% contribution to incremental PBT of listed companies between FY20 and FY25).

Figure 53: Corporate tax collections of listed companies



Source: CMIE Prowess, NSE EPR. Note: Listed companies include companies listed on both NSE and BSE.

Figure 54: Segment-wise share in corporate tax collections of listed companies

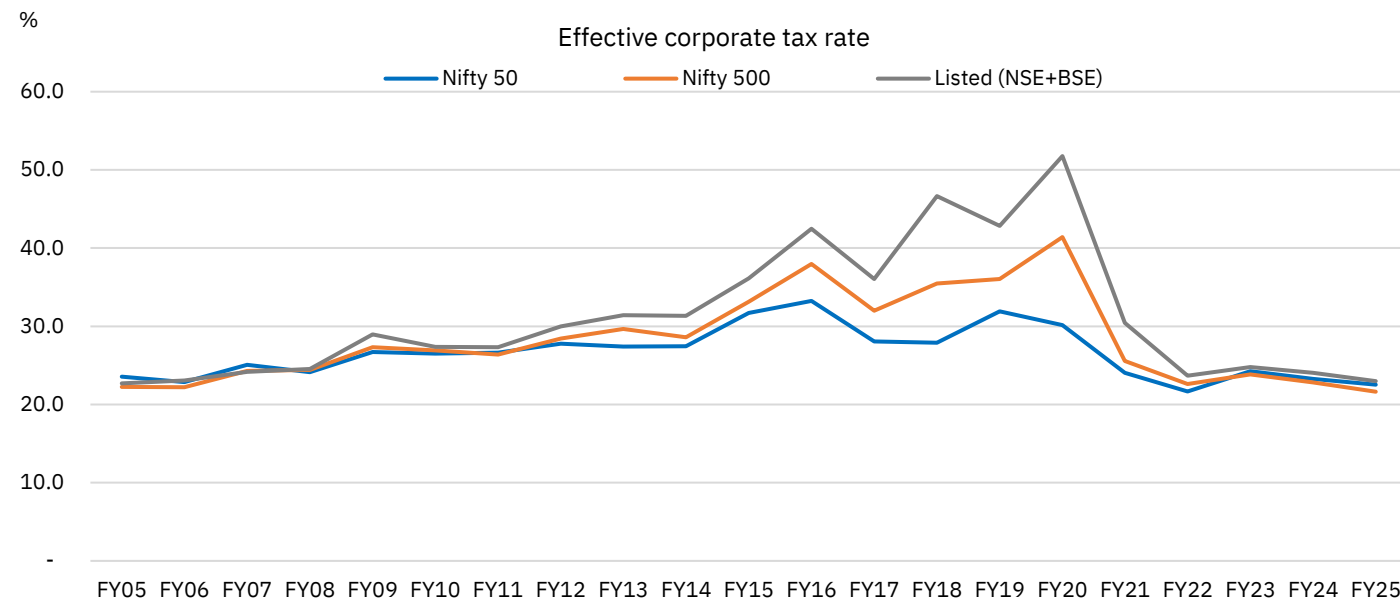


Source: CMIE Prowess, NSE EPR. Note: Listed companies include companies listed on both NSE and BSE.

Effective tax rates at multi-decade lows: Alongside this redistribution, effective corporate tax rates have trended lower across the listed universe. In FY25, the effective tax rate for all listed firms (NSE + BSE) fell to a two-decade low of 23%. Within this, Nifty 50 companies reported an effective tax rate of 22.5%—a three-year low—while Nifty 500 companies saw their effective rate slip to 21.6%, also a two-decade trough. The compression in effective tax rates reflects the impact of the September 2019 corporate

tax cut, coupled with the use of accumulated tax shields and incentives in an environment of uneven earnings recovery.

Figure 55: Segment-wise effective corporate tax rate of listed companies



Sector-wise, Financials and Information Technology led the corporate tax collections of Nifty 500 during the last decade:

Our analysis of corporate tax payments across companies within the Nifty 500 space shows that Financials and Information Technology were the largest contributors to the growth in corporate tax payments in the last decade, together contributing to nearly 54% to absolute increase in corporate tax payments during this period. While Financials benefited from healthier balance sheets and capital positions of banks, Information Technology companies gained from a surge in cloud and AI-led demand. Consequently, the share of Financials and Information Technology in the overall corporate tax payments by the Nifty 500 companies rose to an average of 29.5% and 11.2% in the last decade (FY16-25) from 22.6% and 6.6% in the previous decade respectively. This came largely at the expense of commodity sectors, viz. Energy and Materials, both of which were weighed down by negative geopolitical tensions and attendant supply-chain disruptions as well as slowdown in the Chinese economy.

Figure 56: Sector-wise average share in corporate tax payments in Nifty 50 (FY06-15)

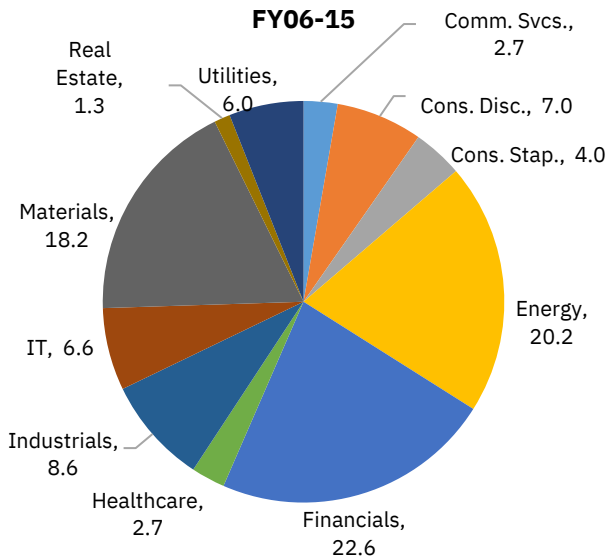
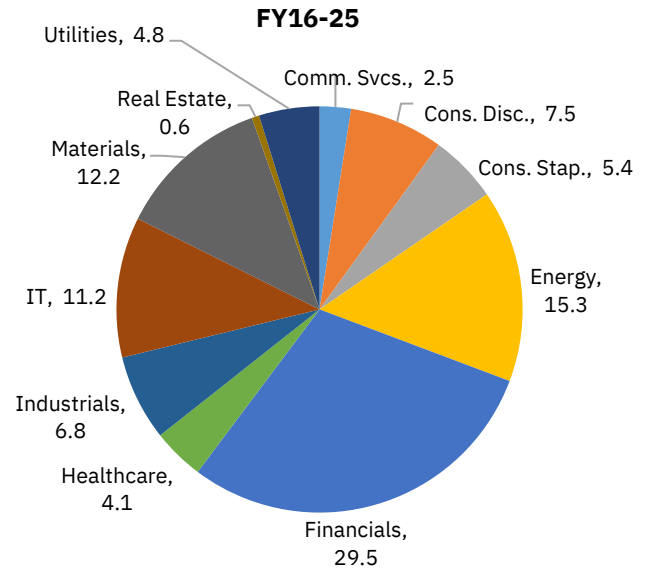


Figure 57: Sector-wise average share in corporate tax payments in Nifty 50 (FY16-25)

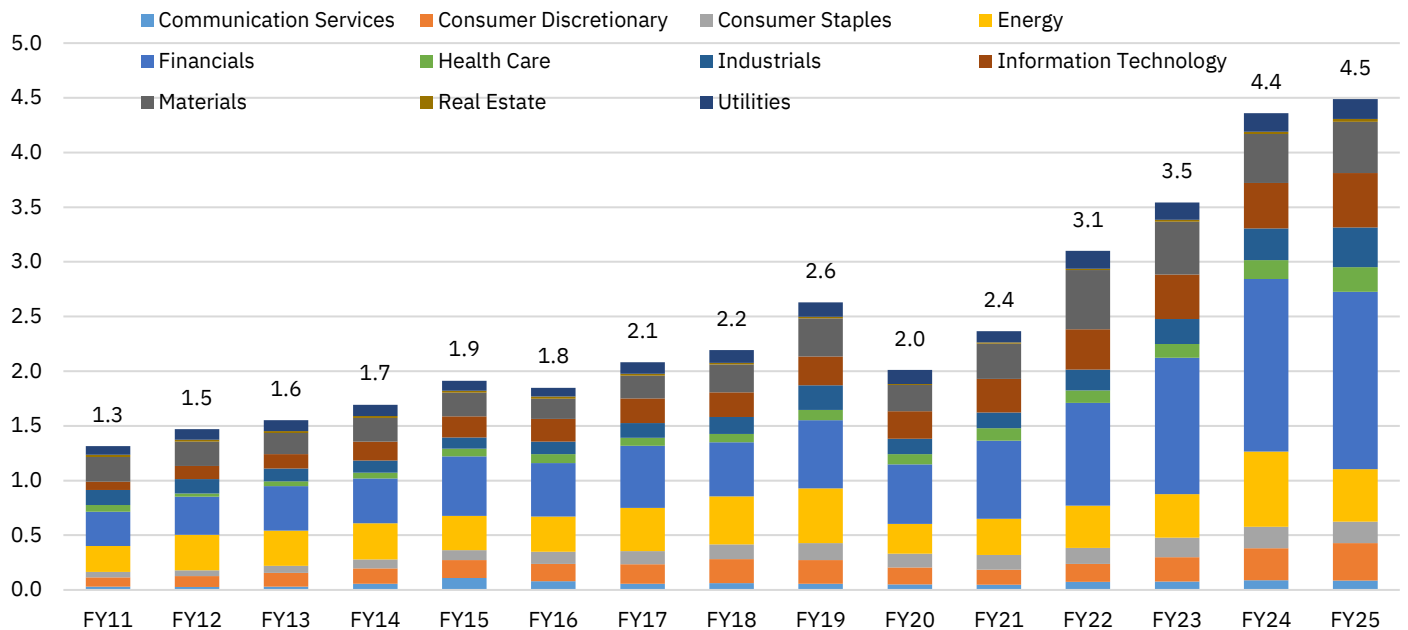


Source: CMIE Prowess, NSE EPR.

Figure 58: Sector-wise corporate tax paid by Nifty 500 companies

Rs lakh crore

Sector-wise corporate tax payments in Nifty 500



Source: CMIE Prowess, NSE EPR.

Table 29: Annual trend of sector-wise corporate tax growth in the Nifty 500 universe (%)

Sectors	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Communication Services	9.6	50.0	97.9	-25.6	-32.5	13.4	0.2	-11.1	-6.0	45.3	6.3	23.5	-5.1
Consumer Discretionary	22.7	13.2	14.9	-6.0	10.9	21.9	-0.1	-29.9	-11.5	24.9	29.5	32.4	10.1
Consumer Staples	19.8	21.2	12.0	19.0	6.7	16.5	10.6	-18.8	1.2	12.1	17.4	10.5	1.4
Energy	-1.8	4.5	-6.3	6.9	22.4	10.2	14.8	-45.6	21.8	17.3	3.1	65.7	-30.2
Financials	15.4	-0.4	32.8	-7.5	12.9	-8.4	16.4	-12.8	29.2	32.4	33.3	30.2	3.0
Health Care	46.4	8.6	35.2	14.9	-17.4	4.0	18.8	2.2	15.9	-6.2	11.9	33.3	27.3
Industrials	-10.5	-7.8	-8.9	14.6	8.7	18.1	22.4	-37.8	-4.0	31.1	21.4	25.2	21.2
Information Technology	8.7	30.6	14.2	8.5	6.2	0.3	16.8	-4.7	22.0	19.1	12.3	2.3	18.5
Materials	-13.8	13.3	-4.4	-11.1	9.1	30.0	28.7	-31.4	29.1	69.5	-10.1	-5.5	7.4
Real Estate	3.5	-2.7	10.5	1.6	-8.7	2.2	-29.8	-24.7	27.2	1.3	59.4	9.1	38.1
Utilities	3.0	0.6	-13.6	-7.9	23.9	11.6	11.8	-3.3	-20.3	61.4	-7.5	8.6	5.0
Nifty 500	4.6	7.8	12.3	-1.5	9.5	7.8	15.2	-23.6	15.4	31.3	14.3	24.1	2.4
Nifty 500 ex-Energy	6.4	8.6	16.8	-3.1	6.8	7.2	15.3	-18.5	14.4	33.6	15.9	18.5	8.5
Nifty 500 ex-Fin	1.2	10.7	5.8	0.9	8.3	13.7	14.9	-27.0	10.3	30.8	6.1	20.8	2.1
Nifty 500 ex-Energy & Fin	2.5	13.0	10.0	-0.9	4.0	15.0	14.9	-20.8	7.8	34.3	6.7	11.0	12.6

Source: CMIE Prowess, NSE EPR. Note: Same set of companies are considered in the previous period for growth calculation.

Table 30: Annual trend of sector-wise corporate tax growth in the Nifty 50 universe (%)

Sectors	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Communication Services	-5.8	56.3	149.7	-27.9	-35.5	13.0	-2.2	-7.4	-19.0	49.5	12.3	20.1	7.5
Consumer Discretionary	17.3	32.8	6.5	-14.1	18.9	22.4	-4.7	-30.2	-11.4	21.0	37.3	34.3	13.4
Consumer Staples	20.7	24.9	11.6	15.5	6.7	11.9	6.9	-18.1	-1.3	14.3	19.3	8.7	-2.7
Energy	0.7	-2.3	-1.1	-2.4	18.7	11.2	17.6	-43.7	7.3	18.2	26.7	51.3	-9.2
Financials	3.2	9.1	27.3	-5.2	6.2	-7.8	22.0	-3.9	30.0	34.0	40.9	19.3	9.9
Health Care	70.6	16.0	31.2	-4.6	-28.8	-12.4	44.5	31.8	10.3	-0.4	38.0	37.4	31.2
Industrials	-13.2	-16.2	-15.5	3.3	7.7	36.4	5.9	-21.8	21.6	3.2	16.6	18.8	39.0
Information Technology	9.3	33.9	15.1	8.2	6.8	-1.2	17.2	-2.6	20.7	16.2	12.3	0.5	19.9
Materials	-19.3	30.5	-13.9	4.5	36.2	16.0	48.3	-39.5	50.3	54.4	-14.1	5.9	-12.0
Real Estate	-7.4	-28.8											
Utilities	6.1	-2.3	-30.6	-13.2	48.6	7.9	27.4	-3.8	-39.2	102.9	2.3	0.7	13.5
Nifty 50	2.2	11.7	9.3	-3.3	10.2	6.3	18.0	-22.1	14.6	28.0	22.4	20.0	7.9
Nifty 50 ex-Energy	2.8	17.2	12.7	-3.5	7.4	4.4	18.2	-13.8	16.5	29.9	21.6	14.2	11.3
Nifty 50 ex-Fin	1.9	12.4	4.5	-2.7	11.6	10.6	16.9	-26.7	9.3	25.4	13.7	20.4	6.7
Nifty 50 ex-Energy & Fin	2.6	20.6	7.0	-2.8	8.0	10.2	16.6	-17.6	10.0	27.6	10.0	10.5	12.4

Source: CMIE Prowess, NSE EPR. Note: Same set of companies are considered in the previous period for growth calculation.

Table 31: Annual trend of sector-wise share of corporate tax payments in the Nifty 500 universe (%)

Sectors	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Communication Services	1.9	3.3	5.7	4.4	2.7	2.8	2.1	2.4	2.0	2.4	2.2	2.1	1.9
Consumer Discretionary	8.0	8.4	8.5	8.5	8.7	10.0	8.3	7.8	5.8	5.3	6.3	6.7	7.6
Consumer Staples	4.3	4.7	4.8	5.9	5.7	6.3	5.8	6.2	5.7	4.8	5.0	4.5	4.4
Energy	20.5	19.7	16.4	17.5	19.0	19.9	19.0	13.5	14.0	12.5	11.3	15.7	10.7
Financials	26.2	24.1	28.5	26.4	27.2	22.6	23.8	27.1	30.2	30.2	35.2	36.2	36.2
Health Care	2.9	3.1	3.8	4.6	3.6	3.5	3.6	4.8	4.9	3.8	3.6	4.0	5.0
Industrials	7.7	6.6	5.4	6.0	6.4	7.1	8.5	7.0	6.1	6.1	6.4	6.6	8.0
Information Technology	8.4	10.1	10.1	11.3	10.9	10.2	10.0	12.4	13.0	11.8	11.5	9.6	11.1
Materials	12.4	12.9	11.2	10.0	10.0	11.5	13.3	11.9	13.7	17.5	13.6	10.2	10.5
Real Estate	1.1	1.0	1.0	1.1	0.8	0.8	0.5	0.5	0.5	0.4	0.5	0.4	0.6
Utilities	6.5	6.0	4.6	4.4	5.1	5.3	5.1	6.4	4.3	5.3	4.5	3.9	4.0

Source: CMIE Prowess, NSE EPR.

Table 32: Annual trend of sector-wise share of corporate tax payments in the Nifty 50 universe (%)

Sectors	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Communication Services	1.4	1.9	6.6	5.1	2.8	3.0	2.4	2.9	1.5	1.8	1.6	1.7	1.7
Consumer Discretionary	7.1	8.2	7.9	7.9	8.9	10.1	7.9	7.2	5.8	5.7	6.4	7.2	8.0
Consumer Staples	4.5	5.1	5.0	6.2	6.0	6.2	5.9	6.8	6.2	5.7	5.6	5.1	4.5
Energy	29.1	24.6	22.1	22.3	27.2	29.5	27.3	20.0	19.4	15.0	15.5	19.9	14.0
Financials	21.3	20.6	24.6	24.3	23.7	20.0	22.0	24.9	29.3	31.8	36.7	34.9	38.2
Health Care	2.6	2.6	3.0	3.1	2.4	1.9	1.2	2.1	2.4	2.0	2.3	2.6	3.1
Industrials	6.0	4.0	3.1	3.4	3.0	3.7	3.3	3.4	3.7	3.1	3.2	3.2	5.0
Information Technology	11.1	13.1	13.7	16.0	15.3	14.0	13.7	17.4	19.0	17.9	16.5	14.6	16.0
Materials	8.3	13.0	9.7	7.8	5.5	6.8	11.1	8.8	10.1	12.6	8.7	7.7	6.2
Real Estate	0.5	0.3											
Utilities	8.0	6.7	4.2	3.9	5.2	4.8	5.1	6.4	2.6	4.3	3.6	3.1	3.3

Source: CMIE Prowess, NSE EPR.

Table 33: Sector-wise effective corporate tax rate in the Nifty 500 universe

Sectors	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Communication Services	50.1	40.0	45.9	NA	NA	NA	NA	71.2	NA	NA	31.0
Consumer Discretionary	25.5	31.3	31.1	27.7	61.8	44.4	66.1	33.2	28.5	22.3	23.0
Consumer Staples	34.7	36.5	34.0	34.3	32.7	24.1	24.6	24.5	24.2	25.4	20.3
Energy	29.5	26.7	25.6	27.0	26.7	29.2	18.3	16.7	19.4	18.7	18.5
Financials	33.9	50.7	43.4	120.9	59.6	44.7	27.2	24.9	22.8	22.7	20.7
Health Care	24.4	27.2	21.7	25.7	28.2	28.3	24.3	22.8	21.1	26.6	24.6
Industrials	114.4	58.6	48.8	36.1	38.7	37.5	30.0	30.4	25.8	23.5	21.4
Information Technology	25.6	25.5	25.1	24.4	24.7	22.9	25.1	24.5	26.6	25.6	27.5
Materials	51.1	NA	32.2	27.7	28.9	28.6	20.5	18.6	25.7	26.5	25.3
Real Estate	44.2	51.8	41.6	13.3	20.4	17.6	22.7	16.1	22.6	16.9	20.7
Utilities	23.4	22.3	26.5	22.7	29.8	22.9	15.9	21.0	18.0	15.1	15.3
Nifty 500	33.1	38.0	32.0	35.5	36.0	41.4	25.6	22.6	23.9	22.8	21.6
Nifty 500 ex-Energy	34.0	41.7	34.0	38.5	39.3	44.3	27.3	23.9	24.6	23.8	22.1
Nifty 500 ex-Financials	32.9	34.8	29.1	29.4	32.1	40.3	24.9	21.8	24.5	22.9	22.2
Nifty 500 ex-Energy/Financials	34.0	38.5	30.6	30.3	34.4	44.1	27.4	23.3	25.9	24.7	23.1

Source: CMIE Prowess, NSE EPR.

Corporate tax share of top quintile in the Nifty 500 has fallen steadily over the last two decades:

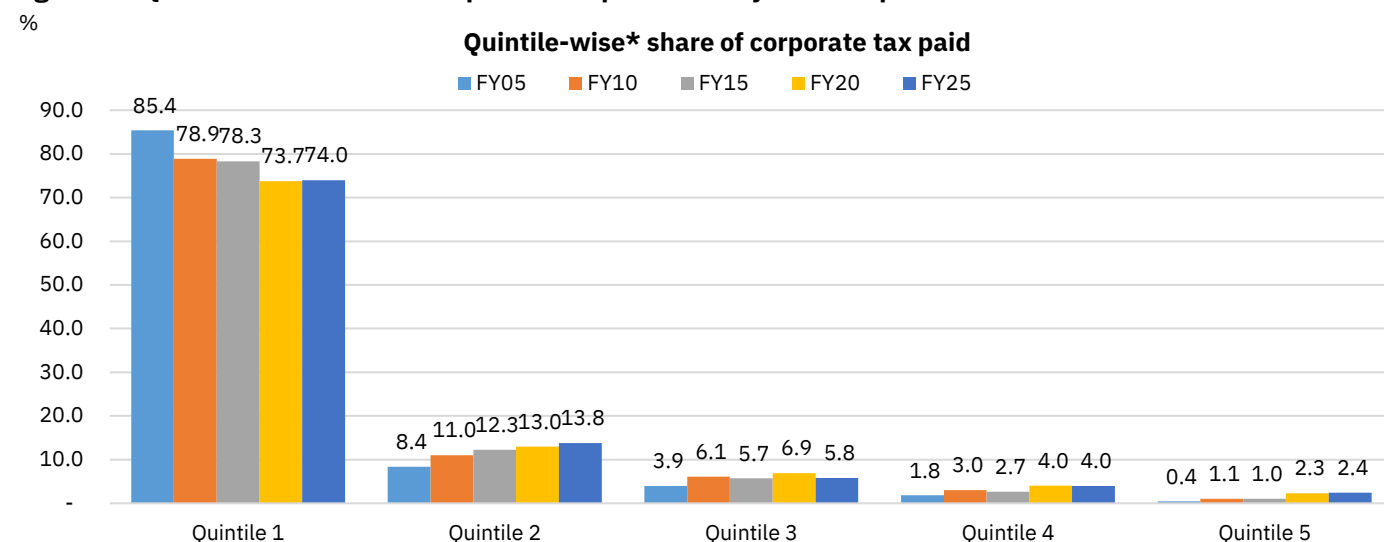
An analysis of corporate tax contributions across quintiles of Nifty 500 companies (ranked by market capitalisation) points to a gradual broadening of the tax base within listed corporates. The top quintile—the largest 20% of firms—accounted for as much as 85% of corporate tax payments in FY05. This share declined to 78% by FY15 and further to 74% in FY25. In parallel, the combined contribution of the bottom four quintiles—comprising mid- and small-cap firms—has risen consistently over the past two decades. This shift reflects not only the relative improvement in earnings among smaller companies but also their increasing integration into the formal economy and stronger tax compliance. The data thus highlights a more even distribution of corporate tax payments across the listed universe, with concentration at the very top gradually easing.

Table 34: Quintile-wise growth in corporate tax paid by Nifty 500 companies

Quintiles*	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Quintile 1	9.5	0.6	8.4	8.6	15.5	(22.8)	13.6	35.4	17.8	26.8	2.7
Quintile 2	35.8	(9.4)	15.1	3.9	9.0	(18.7)	34.7	22.0	4.7	31.9	6.0
Quintile 3	19.5	(13.1)	17.2	12.5	39.5	(25.2)	13.8	28.8	7.5	4.7	5.9
Quintile 4	5.7	11.0	12.2	14.1	(1.3)	(37.5)	1.2	52.9	14.6	12.5	20.4
Quintile 5	(15.9)	(6.3)	(3.7)	(14.7)	6.0	(38.4)	(2.5)	17.0	6.8	(13.4)	(7.3)

Source: CMIE Prowess, NSE EPR. *Quintiles are based on market capitalisation.

Figure 59: Quintile-wise share of corporate tax paid for Nifty 500 companies



Source: CMIE Prowess, NSE EPR. *Quintiles are based on market capitalisation.

Lorenz curves and Gini coefficients show declining corporate tax inequality, though it remains higher in the smaller listed space:

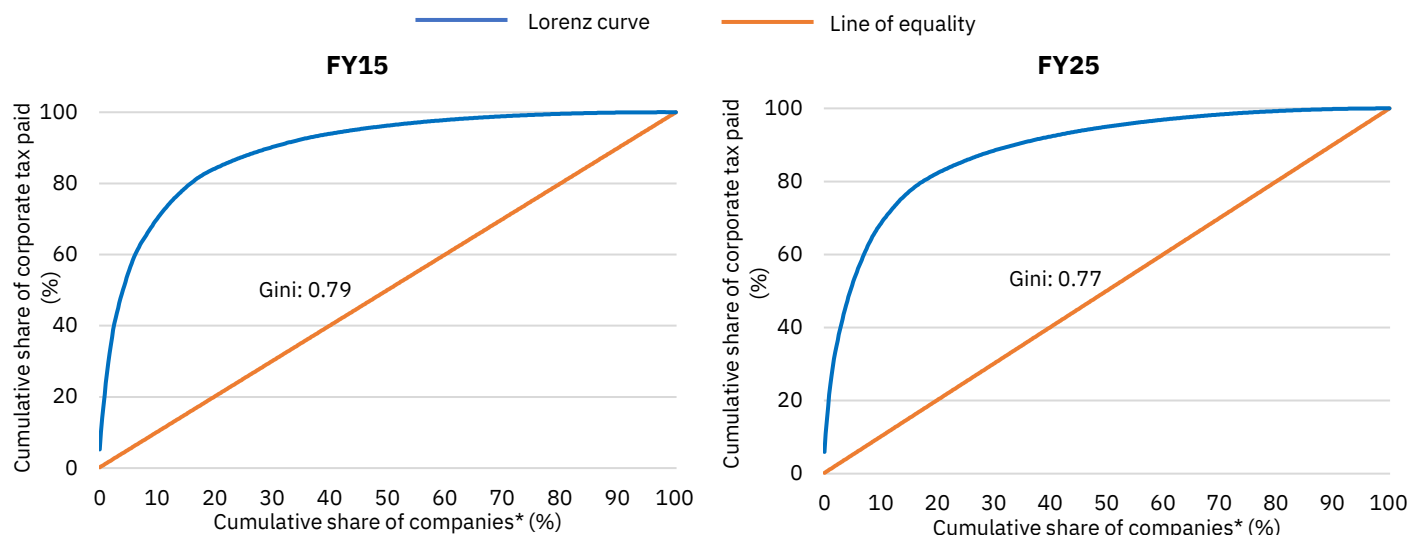
While listed corporates weathered the pandemic far better than unlisted and unorganised firms, inequality in corporate tax contributions continues to exist even within the listed segment. To assess this, we employ Lorenz curves, which illustrate the degree of concentration in corporate tax payments. The Lorenz curve—commonly used to study wealth or income inequality—compares the actual distribution of a variable with the line of equality (a 45-degree line). The greater the deviation from this line, the higher the inequality.

We construct Lorenz curves for the Nifty 500 and for the rest of the listed space (NSE + BSE, ex-Nifty 500) over the past decade. The results show that while corporate tax

payments remain concentrated in both groups, the degree of inequality has moderated over time. In the Nifty 500, for instance, the top quintile (100 large-cap companies) contributed 84.3% of total corporate tax payments in FY15. This share has since eased to 81.1% in FY25, with the Gini coefficient declining from 0.79 to 0.77 over the same period. The trend reflects the improving contribution of mid- and small-cap firms, notwithstanding temporary disruptions during the pandemic.

In the smaller listed universe outside the Nifty 500, concentration remains relatively higher. The top quintile of firms in this group accounted for 96.8% of total corporate tax payments in FY25, compared with 97.5% a decade earlier. Importantly, the Gini coefficient for this segment has steadily eased to 0.83 in FY25—the lowest in the last ten years—indicating a gradual broadening of contributions across companies. While inequality is still greater than in the Nifty 500 (0.77), the direction of change suggests incremental improvement over time.

Figure 60: Lorenz curves for corporate tax inequality for Nifty 500 companies: FY25 vs. FY15



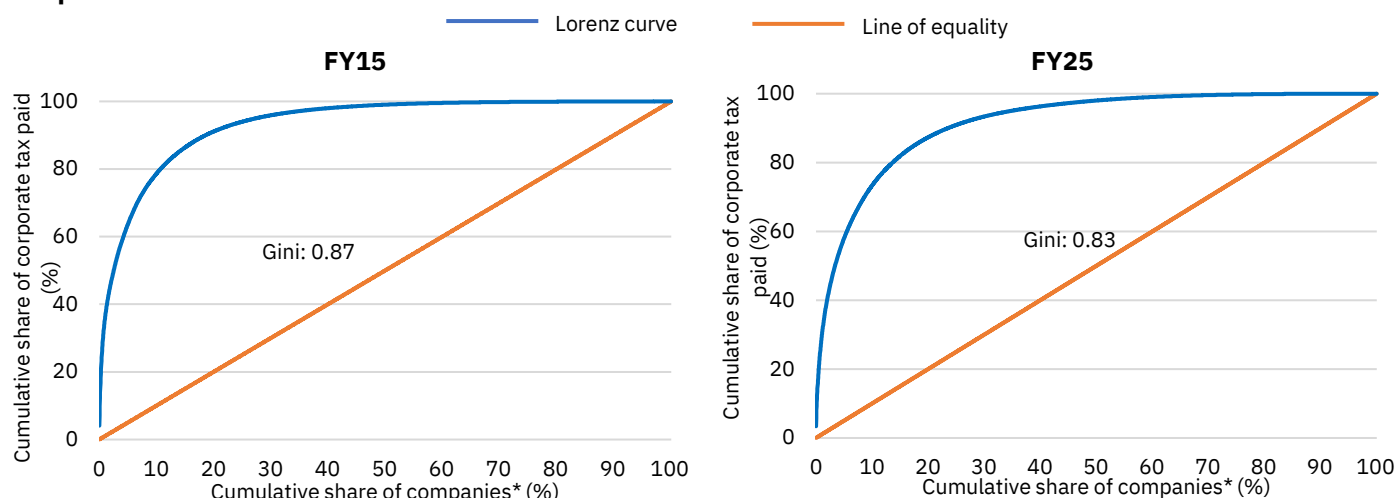
Source: CMIE Prowess, NSE EPR. * X axis is the cumulative share of companies from lowest to highest corporate tax paid.

Table 35: Corporate tax share of companies in the NIFTY 500 Universe (Cumulative representation, FY15-25)

		Cumulative share of corporate tax paid (%)										
		FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cumulative share of companies sorted from the highest to the lowest tax paid (%)	5	53.8	55.1	51.6	52.1	50.8	51.4	51.6	50.5	53.9	52.0	51.5
	10	69.3	70.5	68.5	68.9	67.7	67.6	67.9	68.9	70.2	69.1	67.6
	15	78.7	78.4	76.3	76.5	76.1	75.5	76.5	76.7	77.7	77.1	76.3
	20	84.3	83.4	81.3	81.7	81.3	80.9	81.7	81.5	82.5	81.9	81.1
	30	90.6	89.9	88.0	88.3	88.0	87.8	88.5	87.6	88.2	87.8	87.3
	40	94.4	93.9	92.3	92.4	92.1	92.2	92.7	91.7	92.0	91.7	91.4
	50	96.7	96.5	95.1	95.2	94.9	95.2	95.5	94.5	94.9	94.4	94.3
	60	98.2	98.2	97.1	97.1	97.0	97.3	97.4	96.7	96.9	96.5	96.4
	70	99.2	99.2	98.5	98.5	98.4	98.8	98.8	98.3	98.4	97.9	97.9
	80	99.7	99.9	99.5	99.5	99.4	99.7	99.7	99.3	99.3	99.0	99.0
	90	100.0	100.0	99.9	100.0	99.9	100.0	100.0	99.9	99.9	99.8	99.8
	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CMIE Prowess, NSE EPR. The table above shows the share of corporate tax paid against cumulative share of companies sorted from the highest to the lowest tax paid in the Nifty 500 universe.

Figure 61: Lorenz curves of corporate tax inequality for the listed universe (NSE + BSE) excluding Nifty 500 companies: FY25 vs. FY15



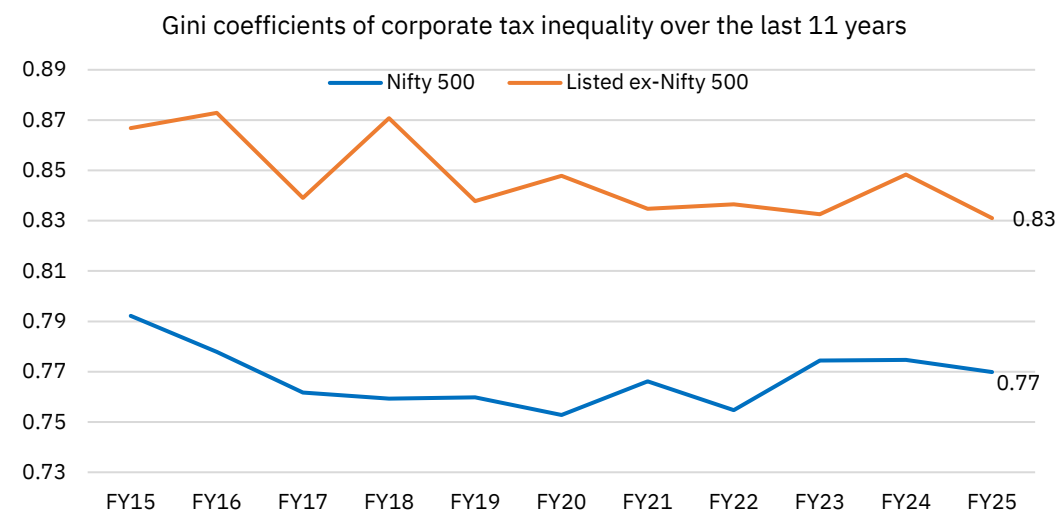
Source: CMIE Prowess, NSE EPR. * X axis is the cumulative share of companies from lowest to highest corporate tax paid.

Table 36: Corporate tax share of listed companies ex NIFTY500 (Cumulative representation, FY15-25)

		Cumulative share of corporate tax paid (%)										
		FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cumulative share of companies sorted from the highest to the lowest tax paid (%)	5	84.3	81.7	81.8	81.6	82.6	81.0	82.5	81.2	82.2	83.4	83.0
	10	92.6	91.2	90.7	90.6	91.2	90.5	91.2	90.1	90.8	91.3	91.2
	15	95.8	95.0	94.7	94.6	95.0	94.7	95.0	94.3	94.6	94.8	94.9
	20	97.5	97.1	96.8	96.9	97.0	96.9	97.0	96.4	96.6	96.7	96.8
	30	99.0	98.8	98.7	98.8	98.9	98.8	98.8	98.6	98.6	98.6	98.6
	40	99.6	99.6	99.5	99.5	99.5	99.5	99.5	99.4	99.4	99.4	99.3
	50	99.8	99.8	99.8	99.8	99.8	99.8	99.8	99.7	99.7	99.7	99.6
	60	99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.8
	70	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.9	99.9
	80	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
90	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source: CMIE Prowess, NSE EPR. The table above shows the tax paid by listed companies outside the NIFTY500 universe, paid against cumulative share of companies sorted from the highest to the lowest corporate tax paid in the listed universe excluding Nifty 500 companies

Figure 62: Gini coefficients of corporate tax inequality over the last 11 years



Source: CMIE Prowess, NSE EPR.

Macroeconomy

Economy gains momentum; GST reforms and ratings upgrade bolsters optimism

The global economy has navigated a period of heightened uncertainty in recent months, marked by shifting trade policies, geopolitical tensions, and evolving macroeconomic conditions. The World Uncertainty Index remains at record-high levels, though geopolitical risks² have eased following multiple rounds of high-level deliberations between Western and Eastern powers. In the USA, trade policy developments remain a key driver of global sentiment. After signing trade agreements with select partners, the US administration implemented a second wave of tariffs³ while maintaining a temporary truce with China. Despite these headwinds, the US economy expanded by 3.3% (annualised) in Q2, with the Atlanta Fed nowcasting 3% growth for Q3 2025. However, early signs of cooling are evident in lower-than-expected non-farm payrolls, acceleration in headline retail inflation and moderation in retail sales growth. These trends have significantly strengthened the rate cut possibility in the US over the coming months, though policymakers face a delicate balance between resilient growth, emerging labour market weakness, and rising inflation.

Amid these global headwinds, India has reinforced its position as the fastest-growing major economy. Real GDP grew by 7.8% YoY in Q1 FY26, even as nominal GDP growth softened to its second-lowest level in 18-quarters—also reflected in muted corporate net sales growth (Please refer to our “*Story of the month*” section). Tax rejigs and ratings developments add to the medium-term optimism: an S&P upgrade to BBB and new-generation GST reforms, with a fiscal impact of around Rs 2 lakh crore, are expected to lower inflation by around one percentage point (*as per market estimates*) and catalyse a virtuous cycle of consumption, investment, and provide relief to the small businesses.

On the external front, challenges persist: CAD turned marginally negative, trade deficit widened in July, the rupee depreciated to record low levels, while US tariffs are likely to weigh on merchandise exports. High-frequency indicators present mixed signals. On the positive side, Union government capex rose 33% in 4MFY26, services exports remained buoyant, PMI manufacturing and services stayed in expansion, E-way bill generation was robust, and monsoon progress supported sowing and reservoir levels. However, auto sales, vehicle registrations, IIP growth, and bank credit have shown early signs of easing. Despite these external headwinds, the economy is on track to achieve the RBI’s FY26 growth projection of 6.5%, underpinned by recent tax cuts, GST reforms, and transmission of a cumulative 100 bps policy rate reduction. A favorable trade accord with the US could act as an additional tailwind for growth.

- India’s Q1 real GDP growth surprises on the upside:** India’s real GDP grew by 7.8% YoY in Q1 FY26, a five-quarter high and comfortably surpassing RBI and consensus estimates. This was underpinned by resilient consumption, strong Government spending, and steady investments, with subdued deflator further amplifying real GDP growth. Services and manufacturing led to supply-side momentum while mining contracted and electricity growth remained tepid. For FY26, the 6.5% growth estimate by RBI remains achievable, supported by GST rate rationalisation, transmission of policy rate cuts, favourable monsoon, festive season demand and healthy Government capex, though tariff risks and subdued private capex weigh on the outlook.
- GST 2.0 to reduce cost of living, compliance and spur consumption:** The next-generation GST reforms, effective September 22nd, 2025, usher in a transformative phase in India’s indirect tax regime. By merging the 12% and 28% slabs into a two-tier structure of 5% for essentials and 18% for most goods and services, with a 40% de-merit rate for select luxury and sin goods, the reforms aim to reduce the

² Geopolitical risks is referenced to Caldara, Dario and Matteo Iacoviello (2022), “Measuring Geopolitical Risk”, American Economic Review, April 112(4), pp. 1194-1225

³ The US issued an executive order on July 31st, 2025 with an effective date of August 7th while an additional executive order in case of India was issued on August 6th, with effect from August 27th

overall tax burden, boost profitability, productivity, and investments, and signal strong confidence in India's fiscal stability. Covering 391 items, with rate reductions on over 350, the reforms are expected to stimulate consumption, moderate inflation, and support key sectors such as automobiles, healthcare, FMCG, cement, and insurance, while fostering a more inclusive and efficient formal economy.

- S&P upgrades India's sovereign rating to BBB:** S&P upgraded India's sovereign credit rating to BBB, the first increase in 18 years, underscoring the country's resilient macroeconomic fundamentals and enhanced policy credibility. The upgrade highlights sustained growth momentum, improved focus on fiscal consolidation, better quality of spending with focus on capex, credible inflation management and resilient financial and external sectors have reinforced macroeconomic stability. S&P cited further rating improvements are contingent on the pace of fiscal consolidation.
- Manufacturing supports IIP growth; mining and electricity growth remain weak:** IIP growth accelerated to a four-month high of 3.5% YoY in July, lower than 5% YoY growth recorded in the same period last year. This was supported by strong manufacturing production (+5.4% YoY—six-month high), partly offset by contraction in mining and subdued growth in electricity production. Acceleration exhibited in infrastructure/construction sector (21-month; 11.9% YoY), aided by Government capex alongside upbeat growth in consumer durables (7.7% YoY), was partly offset by sustained contraction in primary goods. Core sector growth remained subdued at 2% YoY as gains in cement (21-month high; 12.8% YoY) and steel (11.7% YoY) was partly offset by contraction in coal (12.3% YoY—the lowest in over five years). At 59.3 in August, India's manufacturing PMI came at near 18-year high while services PMI also rose to near 15-year high of 62.9.
- CPI inflation moderates to over eight-year low:** Headline retail inflation eased further in July, slipping to a more than eight-year low of 1.6% YoY. The decline was led by a second straight contraction in food inflation (0.8% YoY), with broad-based softness across categories. Deflation in vegetables (-20.7% YoY), pulses (-13.8% YoY) and spices pulled the index lower, partly offset by the double-digit increases in oils & fats and fruits. Core inflation also softened, easing to 4.2% YoY in July, driven mainly by transport & communication, which slowed to 2.1% YoY (vs. 3.9% previously) as mobile charges were hiked in the same month last year. Wholesale price inflation also contracted to 0.6% YoY largely due to decline in prices of primary articles (particularly food) and fuel & power (especially electricity).
- India records marginal current account deficit (CAD) amid widening trade deficit:** India's current account moved to a mild deficit of US\$ 2.4 bn in Q1 (0.2% of GDP), reversing a surplus of US\$ 13.5 bn in Q4 FY25 but narrowing from a deficit of US\$ 8.7 bn (0.9% of GDP) in Q1 FY25. The sequential slippage was driven by a wider merchandise trade deficit and seasonal travel outflows, partly offset by healthy software earnings and worker remittances. Capital account flows turned positive to US\$ 7.7 bn, underpinned by pick-up in FDI flows and modest equity FPI inflows while debt FPI outflows capped the overall inflows. With foreign exchange reserves close to US\$ 700 bn, India's external position remains comfortable, though global trade policies and demand recovery will influence the outlook.

- Merchandise trade deficit widens on higher imports:** India's merchandise trade deficit widened to an eight-month high of US\$27.4 bn in July as imports surged by 19.8% MoM after contracting in the previous two months while petroleum exports narrowed to a six-month low of US\$4.3bn. Merchandise exports expanded by 7.3% YoY/6% MoM, supported by engineering goods (13.8% YoY), electronic goods (33.9% YoY) and gems & jewellery (28.9% YoY), thanks to the front-loading of shipments to the US (20% YoY) ahead of the anticipated tariff hikes. Non-oil, non-gold imports scaled a record high of US\$45bn, reflecting healthy consumption and investment demand. Gold imports doubled to ~US\$4bn while oil imports rose 7.5% YoY, despite falling crude oil prices, reflecting improvement in domestic demand. Net services rose by 6.8% YoY to US\$15.6bn, helping limit the overall trade deficit, which has widened to a eight-month low of US\$11.7bn.
- Bank credit growth sees a broad-based moderation:** Outstanding bank credit growth moderated to 10% YoY in July, owing to a broad-based deceleration across segments. Credit to industry grew at a modest pace of 6% YoY as tepid lending to large industries (0.9% YoY) was partly offset by robust credit growth towards micro & small (21% YoY) and medium (14.7% YoY) industries. Some large subcomponents like housing, vehicle loans, other personal loans, trade, and NBFCs have seen a notable deceleration while advances against gold remained robust. As per RBI's WSS (till August 22nd, 2025), deposit and credit growth remained broadly steady at 10.2% and 10% respectively. Notwithstanding the fall in outstanding holdings of commercial papers (CPs) below Rs 5 lakh crore, fund mobilisation through CPs has sequentially grown 1.8x to Rs 64,861 crore in August.
- Centre's cumulative fiscal deficit at 30% of the FY26BE numbers:** Union Government's fiscal deficit stood at Rs 4.7 lakh crore during 4MFY26 (Apr-Jul 2025), ~30% of FY26BE, higher than 17.2% recorded in the same period last year. The higher ratio reflects increased revenue (+17.1% YoY) and capital expenditure (32.8% YoY) alongside fall in personal income tax collections by 9.9% YoY. Personal income tax collections came in at 24.7% of the full year BE during 4MFY26, reflecting increased tax refunds, lower advance tax collections and impact of tax reliefs. Disinvestment proceeds of over Rs 22,000 crore has been solid so far this fiscal, with non-tax revenues making up nearly 70% of the FY26BE, thanks to RBI's dividend transfer. The achievement of the fiscal deficit target in FY26 is contingent on the impact of GST rate rationalisation coupled with potential action plan to counter the US tariffs on the Indian economy.
- Ample rainfall, strong reservoir and higher sowing bode well for agriculture and rural consumption:** The southwest monsoon has progressed well, with cumulative rainfall being 8.8% above normal as of September 5th, after losing some momentum in the first half of August. Barring East and Northeast India, which remains in 18.9% deficit, most regions are in surplus, led by Northwest India (36.3%), Central India (11.1%), and the Southern Peninsula (8.7%). Excess rainfall in Punjab and J&K has led to localized flooding, though overall distribution has been favourable, with only 9% of the area (three sub-divisions) deficient and 33% recording excess rainfall. Reservoir levels are robust at 83.5% of capacity, well above the 10-year average of 69%. Sowing has been nearly complete, 3.1% higher than last year, driven by healthy acreage in coarse cereals and paddy, despite lower oilseed and fibre crop sowing.

Key domestic and global economic indicators

Table 37: Snapshot of Domestic macroeconomic indicators

Indicators		Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Consumption								
Auto volumes - passenger (domestic)	YoY%	0.4	-4.3	-3.9	-5.4	-12.2	-15.3	-0.5
2W volumes (domestic)	YoY%	2.1	-9.0	11.4	-16.7	2.2	-3.4	8.7
Tractor volumes	YoY%	11.4	35.9	25.4	7.7	9.1	10.5	8.0
Vehicle registrations	YoY%	7.7	-6.4	0.3	4.0	5.9	5.6	-4.1
Personal loans	YoY%	11.8	11.7	11.7	11.9	11.1	12.1	
IIP-Consumer durables	YoY%	7.1	3.7	6.9	6.2	-0.9	2.8	7.7
IIP-Consumer non-durables	YoY%	0.1	-2.1	-4.0	-2.7	-1.0	-0.9	0.5
Petrol Consumption	YoY%	6.7	5.0	5.7	5.0	9.2	6.9	5.9
Diesel Consumption	YoY%	4.2	-1.3	0.9	4.2	2.1	1.5	2.4
GST collections	Rs lakh crore	2.0	1.8	2.0	2.4	2.0	1.8	2.0
MGNREGA Work Demand	YoY%	13.5	1.4	1.6	-9.7	1.1	3.6	-11.5
CPI	YoY%	4.3	3.6	3.3	3.2	2.8	2.1	1.6
WPI	YoY%	2.5	2.5	2.3	0.9	0.1	-0.1	-0.6
Investment								
IIP-Capital goods	YoY%	10.2	8.2	3.6	14.0	13.3	3.0	5.0
Central government capex	YoY%	51.4	-35.4	67.2	61.0	38.7	43.7	-10.5
IIP- Infra/ construction goods	YoY%	7.3	6.8	9.9	4.7	6.7	6.7	11.9
External sector								
Merchandise exports	YoY%	-2.6	-11.1	0.7	8.6	-2.8	-0.1	7.3
Merchandise imports	YoY%	10.3	-16.3	11.4	19.1	-1.8	-3.7	8.6
Non-POL, Non-gold and silver imports	YoY%	18.0	0.4	4.1	17.2	10.4	-0.8	7.6
Services (net)	YoY%	11.5	30.8	35.3	18.7	23.8	19.8	6.6
Foreign exchange reserves	US\$ bn	630.6	638.7	665.4	688.1	691.5	702.8	698.2
Business activity								
IIP	YoY%	5.2	2.7	3.9	2.6	1.9	1.5	3.5
IIP-Manufacturing	YoY%	5.8	2.8	4.0	3.1	3.2	3.7	5.4
Core sector: Coal	YoY%	4.6	1.7	1.6	3.5	2.8	-6.8	-12.3
Core sector: Steel	YoY%	4.7	6.9	8.7	4.4	7.4	9.7	12.8
Core sector: Cement	YoY%	14.3	10.7	12.2	6.3	9.7	8.2	11.7
Core sector: Electricity	YoY%	2.3	3.6	7.5	1.8	-4.7	-1.2	0.5
Manufacturing PMI	Index	57.7	56.3	58.1	58.2	57.6	58.4	59.1
Domestic cargo traffic	YoY%	6.9	-2.5	4.9	16.6	2.3	2.6	
International cargo traffic	YoY%	7.1	-6.3	3.3	8.6	6.8	-1.2	
Port cargo	YoY%	7.5	-0.8	6.8	5.8	1.0	2.9	2.8
E-way bills	YoY%	23.1	14.7	20.2	23.4	18.9	19.3	25.8
Services/ banking								
Services PMI	Index	56.5	59.0	58.5	58.7	58.8	60.4	60.5
Domestic passengers traffic	YoY%	14.1	12.1	9.9	9.7	2.6	3.7	
International passengers traffic	YoY%	11.1	7.7	6.8	13.0	5.0	3.4	
Bank deposit	YoY%	12.1	12.0	10.3	9.8	9.9	10.1	
Bank credit	YoY%	12.5	12.3	11.0	10.1	9.0	9.5	
Banking system liquidity (Net injection(+)/absorption(-))	Rs lakh crore	0.8	1.4	-1.7	-1.4	-2.4	-2.6	-2.7

Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Port cargo traffic is cargo traffic including transshipment for all commodities 2) Sales of passenger cars/two wheelers/ three wheelers is the total of domestic sales and exports during the month.

Q1 FY26 GDP: A big upside surprise

India's real GDP growth for Q1 FY26 accelerated to a five-quarter high of 7.8% YoY—comfortably beating consensus (6.6%) and the RBI's 6.5% estimate—despite a fragile global backdrop, reaffirming its status as the fastest-growing major economy. The rebound was broad-based, propelled by resilient private consumption, buoyant Government spending, and steady investment demand. Subdued GDP deflator, amid a sharp decline in the quarter's inflation print, also lifted real growth above expectations; by contrast, nominal GDP in Q1 rose 8.8% YoY—a three-quarter low and the second-weakest pace in the last 18 quarters. On the supply side, real GVA grew by a robust 7.6% YoY, powered by strong momentum in services (an eight-quarter high) and manufacturing (a five-quarter high), while agriculture benefited from a favourable low base. However, contraction in the mining sector and subdued growth in the electricity sector, driven by weather-related disruptions, tempered the overall upside.

Despite global headwinds—from tariff volatility to persistent geopolitical risks—India remains on track to deliver the anticipated 6.5% growth this year. On the domestic front, potential GST rate rationalisation, a cumulative 100bps policy rate reduction in this calendar year so far, festive season impetus, favourable monsoon and sustained government thrust through capital expenditure are expected to underpin consumption and partially cushion the drag from adverse global cues. Rural demand is likely to be bolstered by robust agriculture prospects while urban consumption could see some upside from stable inflationary pressure and higher disposable income amidst income tax slab changes. Nonetheless, renewed tariffs and their cascading impact—via direct merchandise export channels and deferred private investments—pose downside risks. A favourable trade accord with the US, however, could provide meaningful upside.

- **GDP growth accelerates to a five-quarter high of 7.8% YoY in Q1 FY26...**

India's real GDP rose by 7.8% YoY in Q1 FY26, significantly exceeding both market consensus (6.6%) and the RBI's projection (6.5%). Growth was broad-based, propelled by resilient consumption, buoyant government capex, robust services exports and strong investment demand. The rebound was also on the back of a sharp drop in the inflation print during the quarter (2.7%) that compressed the GDP deflator. Nominal GDP growth, on the other hand, moderated to a three-quarter low of 8.8% YoY in Q1 FY26 (vs. 10.8% YoY in Q4 FY25)—the second weakest growth in the last 18 quarters. On the supply side, real GVA growth came in at a strong 7.6% YoY (vs. 6.8% YoY in Q4 FY25), led primarily by manufacturing and services.

GDP growth in Q1FY26 accelerated to a five-quarter high of 7.8% YoY, beating consensus estimates.

- **...aided by strong government spending, resilient consumption and healthy investment demand:**

On the demand side, Private Final Consumption Expenditure (PFCE) expanded 7.0% YoY in Q1 FY26 (vs 6.0% YoY in the previous quarter), driven primarily by resilient rural consumption—evidenced by 8.4% YoY growth in rural FMCG sales (NielsenIQ⁴) and robust tractor and two-wheeler sales. Urban demand, while softer—with passenger car sales, air travel, and consumer-durables output signalling a slowdown—has been recovering steadily. Government Final Consumption Expenditure (GFCE) rebounded, rising 7.4% YoY in Q1 FY26 after a 1.8% YoY contraction in the previous quarter. Investment activity, as captured by Gross Fixed Capital Formation (GFCF), registered 7.8% YoY growth in Q1 FY26 (vs 9.4% YoY in the previous quarter), translating into an average 7.9% YoY over the last nine quarters; this is consistent with the sharp acceleration in the Centre's capital spending—aided by a favourable base after last

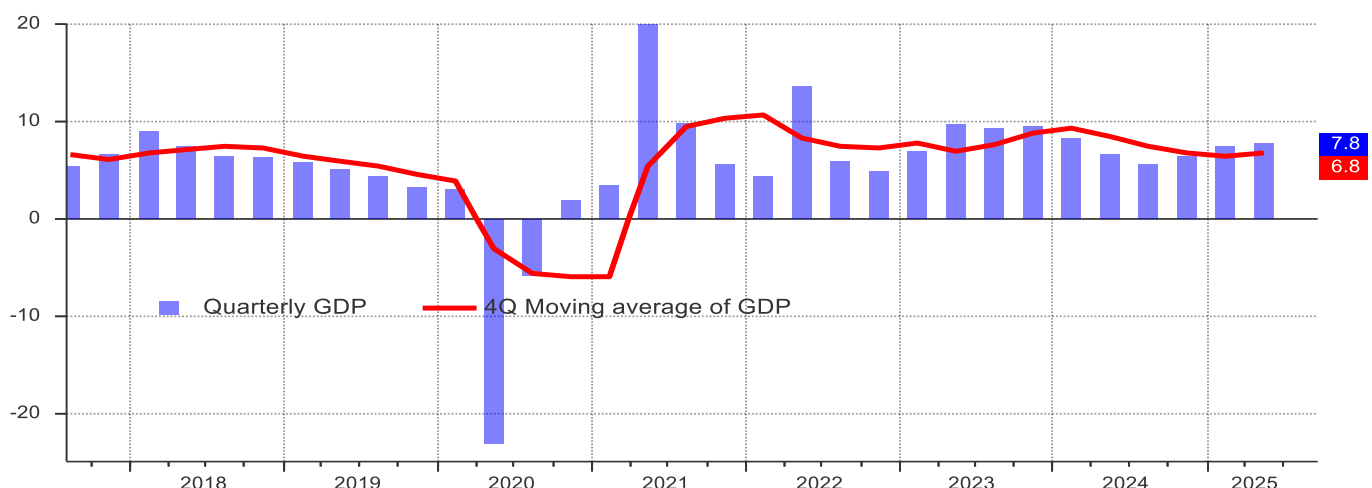
⁴ <https://www.livemint.com/companies/fmcg-sales-volumes-rural-urban-revival-small-towns-q1-niq-consumption-demand-hul-marico-e-commerce-dark-stores-inflation-11755082985626.html>

year's general elections—up 52% YoY (per monthly accounts). On the external front, net exports fell to an eight-quarter low in value terms as strong import growth more than offset the recovery in exports.

- GVA growth accelerates to 7.6% YoY, led by services:** The GVA growth in Q1 FY26 was driven by strong services sector expansion and steady industrial activity. Agricultural and allied output rose 3.7% YoY (vs. 5.4% in Q4 FY25), while within Industry, Manufacturing accelerated to 7.7% YoY (vs. 4.8% in Q4 FY25), as corporate earnings (ex-petroleum) benefitted from favourable base effect and slower expenditure growth compared to income, which pushed profit margins up. Construction also registered a robust growth of 7.6% YoY (vs. 10.8% YoY in Q4 FY25), consistent with strong cement production and steel consumption trends. Notably, construction growth has averaged ~10% over the past ten quarters. In contrast, Mining and Electricity GVA slowed to -3.1% YoY and 0.5% YoY, respectively, owing to weather-related disruptions. The Services sector remained the key growth driver, expanding 9.3% YoY in Q1 FY26, aided by a sharp rise in public administration (9.8% YoY vs. 8.7% YoY in Q4 FY25) on account of back-ended government expenditure. Financial services and real estate grew 9.5% YoY and trade & transport rose 8.6% YoY, highlighting broad-based resilience across the services economy.
- GST reforms may aid consumption, though tariff risks cloud outlook:** India's GDP momentum could ease over the next few quarters as the lagged effects of recently imposed tariffs weigh on external demand. Even so, potential GST rate rationalisation ahead of the festive season—alongside the personal income-tax rationalisation taking effect this fiscal—should support consumption-facing sectors and partly cushion the drag. Additional relief should come from easing inflation and the pass-through of lower policy rates, which are likely to bolster urban spending. On the investment side, sustained capacity utilisation, stronger bank and corporate balance sheets, and supportive financial conditions create a conducive backdrop for a pickup in private capex. That said, heightened uncertainty around prospective US tariffs could temper corporate risk appetite, making continued government capital expenditure an important backstop.

GVA growth accelerated to 7.6% in Q1FY26, much higher than 6.8% in Q4, aided by steady industrial activity and upbeat services sector growth of 9.3%.

Figure 63: India quarterly GDP growth trend

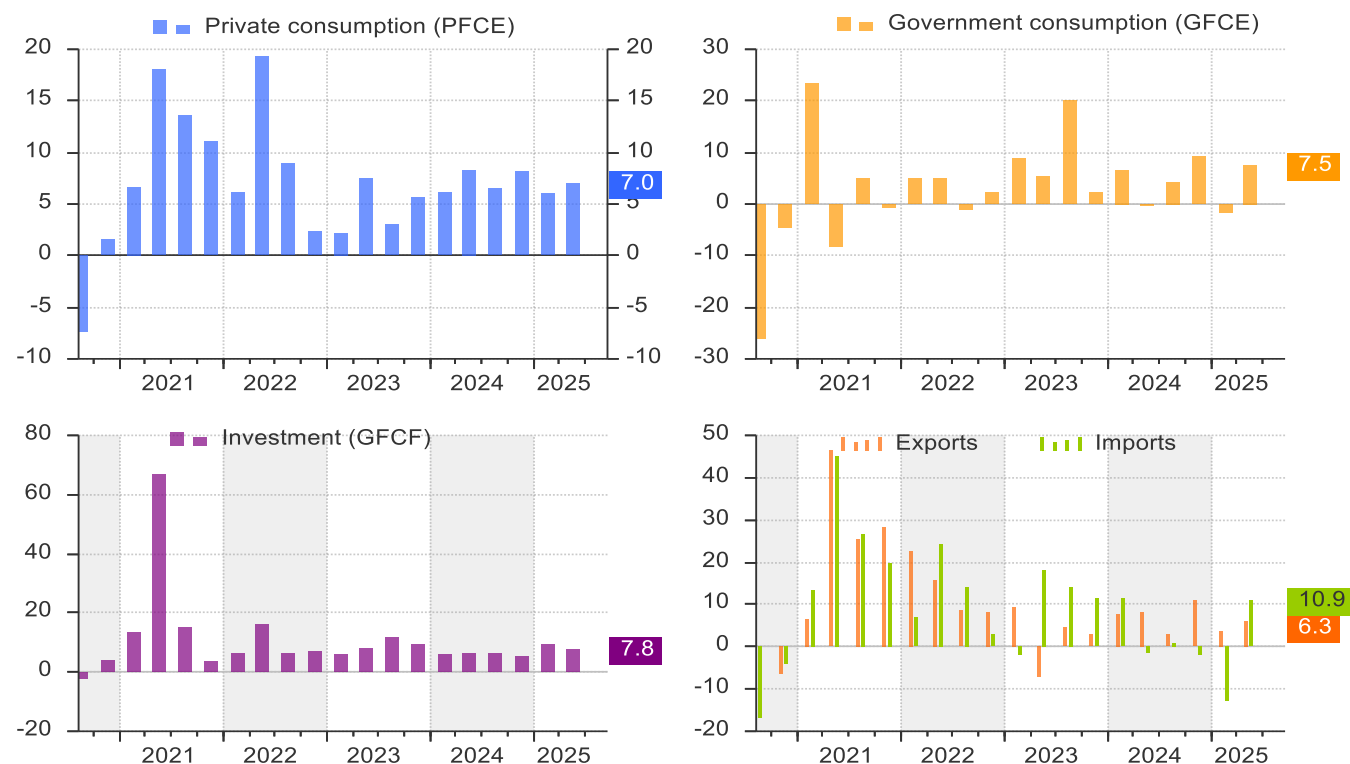


Source: LSEG Workspace, NSE EPR.

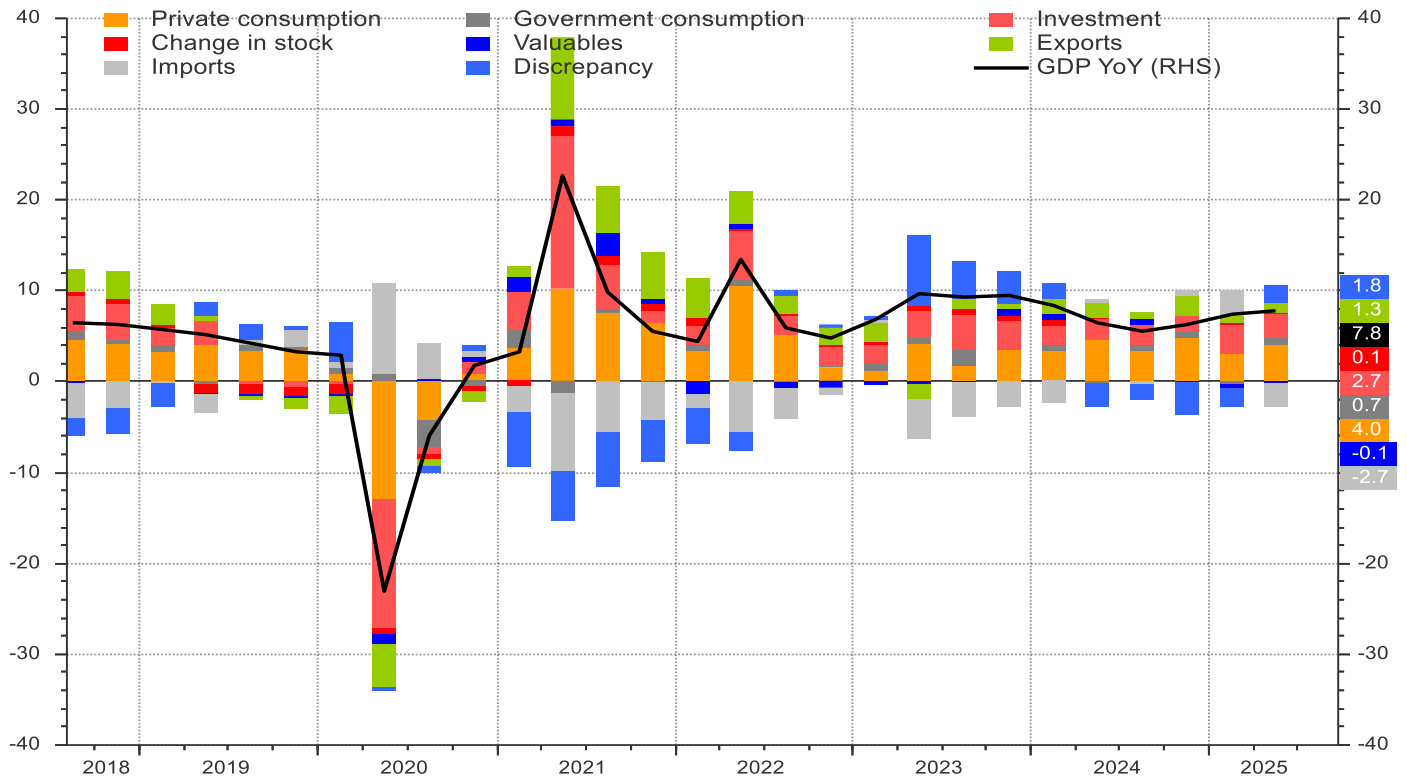
Table 38: Quarterly GDP growth trend (2011-12=100) (%YoY)

	FY24				FY25				FY26
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Gross Domestic Product (GDP)	9.7	9.3	9.5	8.4	6.5	5.6	6.4	7.4	7.8
Private Consumption (PFCE)	7.4	3.0	5.7	6.2	8.3	6.4	8.1	6.0	7.0
Government Consumption (GFCE)	5.3	20.1	2.3	6.6	-0.3	4.3	9.3	-1.8	7.4
Gross capital formation (GCF)	8.9	11.9	12.4	9.1	6.2	7.7	4.9	7.8	7.3
Gross Fixed Capital Formation (GFCF)	8.4	11.7	9.3	6.0	6.7	6.7	5.2	9.4	7.8
Exports	-7.0	4.6	3.0	7.7	8.3	3.0	10.8	3.9	6.3
Imports	18.0	14.3	11.3	11.4	-1.6	1.0	-2.1	-12.7	10.9
Gross Value Added (GVA)	9.9	9.2	8.0	7.3	6.5	5.8	6.5	6.8	7.6
Agriculture	5.7	3.7	1.5	0.9	1.5	4.1	6.6	5.4	3.7
Industry	7.3	15.1	11.8	9.5	8.5	3.8	4.8	6.5	6.3
Mining and Quarrying	4.1	4.1	4.7	0.8	6.6	-0.4	1.3	2.5	-3.1
Manufacturing	7.3	17.0	14.0	11.3	7.6	2.2	3.6	4.8	7.7
Electricity	4.1	11.7	10.1	8.8	10.2	3.0	5.1	5.4	0.5
Construction	9.2	14.6	10.0	8.7	10.1	8.4	7.9	10.8	7.6
Services	12.5	7.5	8.3	7.8	6.8	7.2	7.4	7.3	9.3
Trade, Hotels, Transport, Storage, Comm.	11.0	5.4	8.0	6.2	5.4	6.1	6.7	6.0	8.6
Fin. Svcs, Real Estate & Business Svcs.	15.0	8.3	8.4	9.0	6.6	7.2	7.1	7.8	9.5
Community, Social & Personal Svcs.	9.3	8.9	8.4	8.7	9.0	8.9	8.9	8.7	9.8

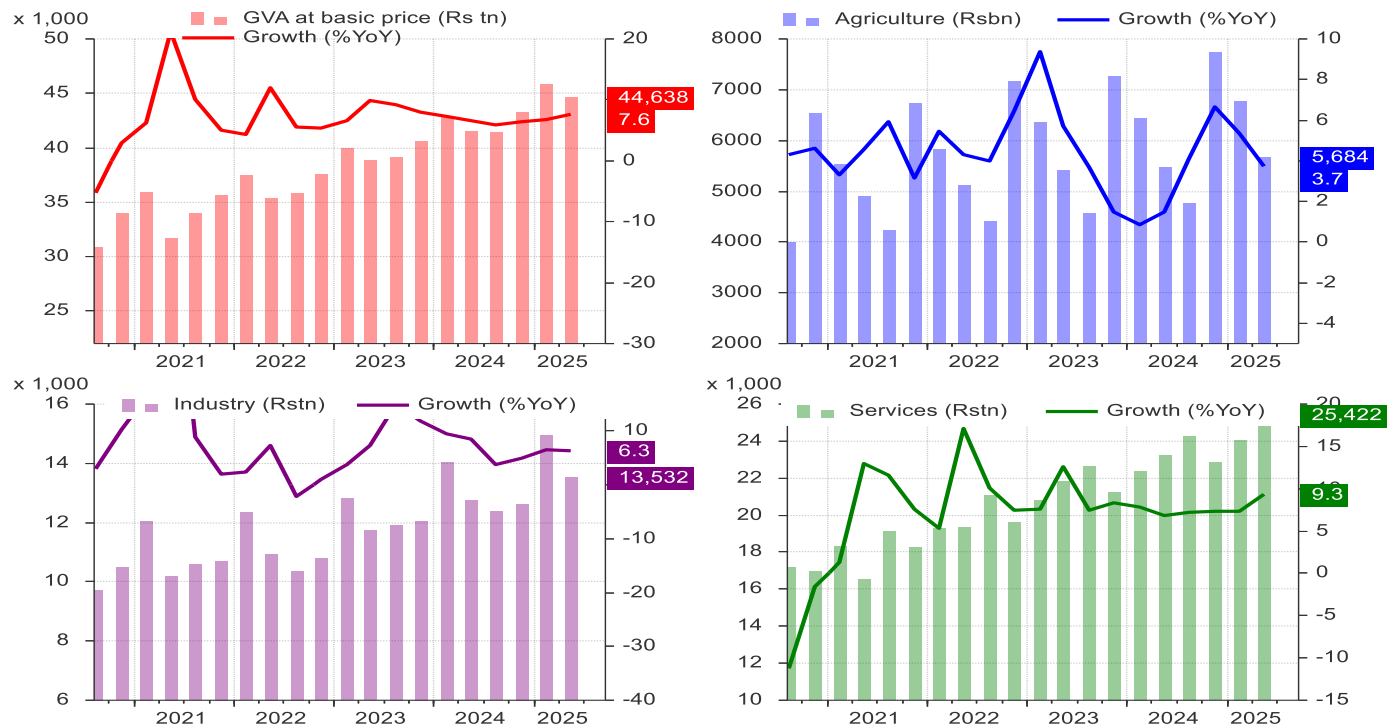
Source: CSO, NSE EPR. Note: Svcs. = Services

Figure 64: Quarterly GDP growth by expenditure (%YoY)


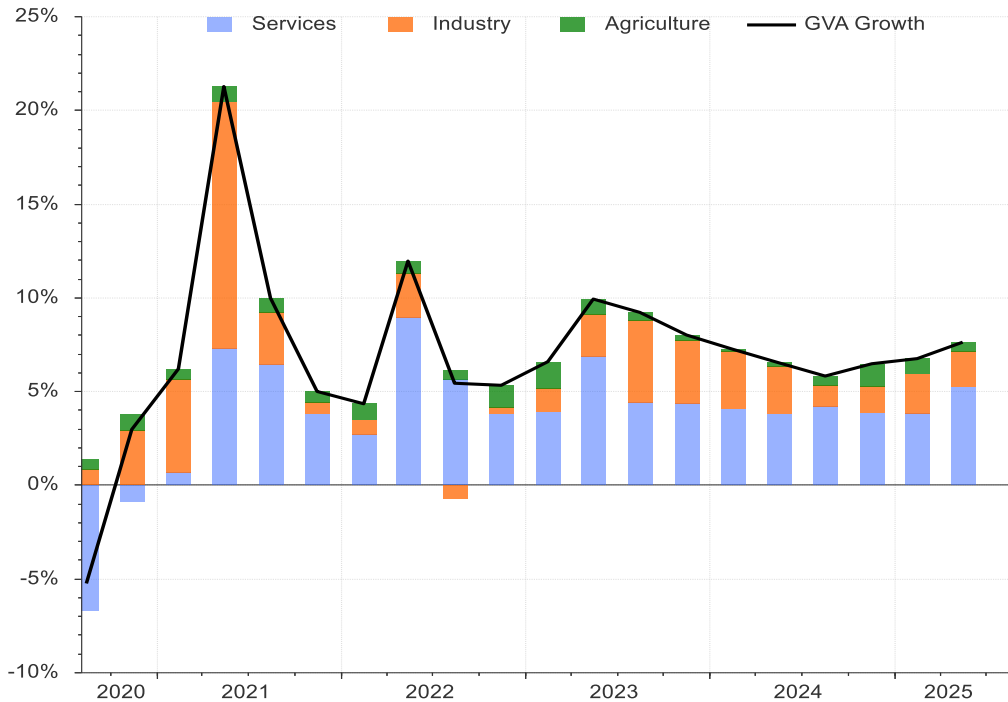
Source: LSEG Workspace, NSE EPR.

Figure 65: India GDP sector share of growth (%)


Source: LSEG Workspace, NSE EPR.

Figure 66: Gross value added (GVA) across sectors


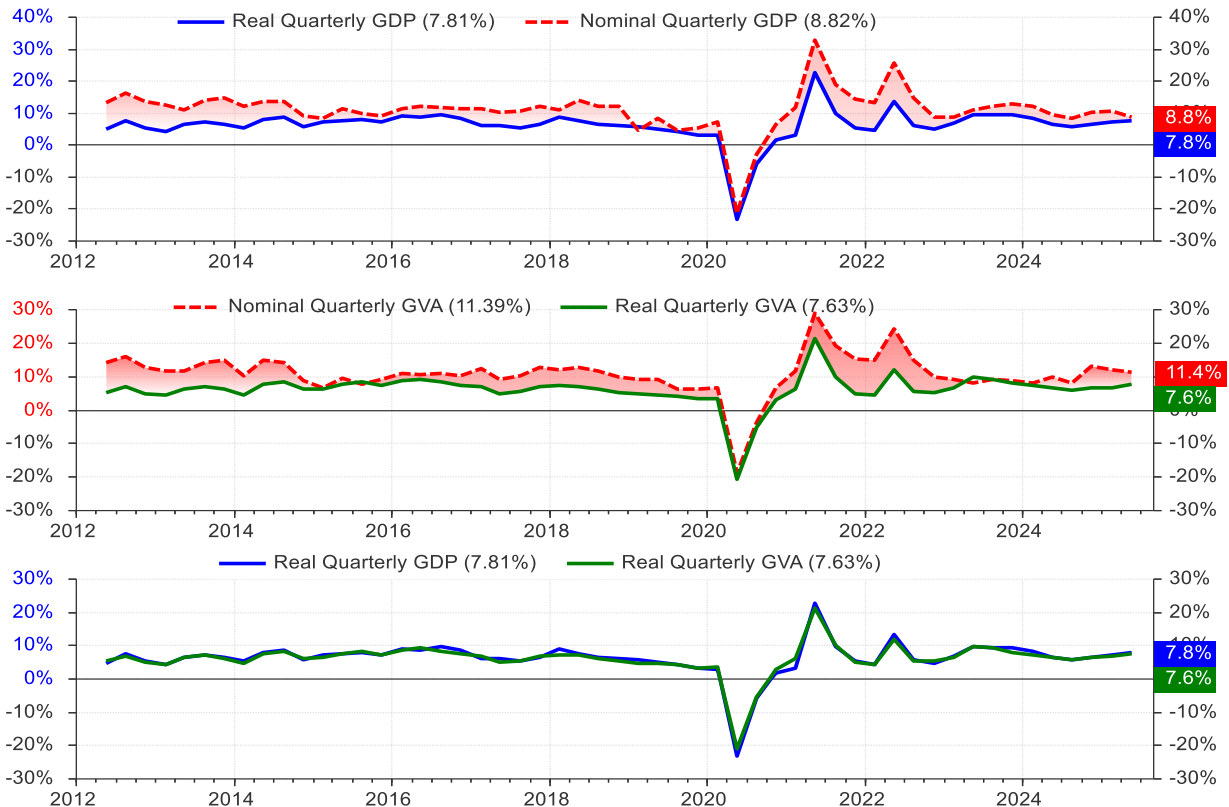
Source: LSEG Workspace, NSE EPR.

Figure 67: India GVA sector share of growth (%)


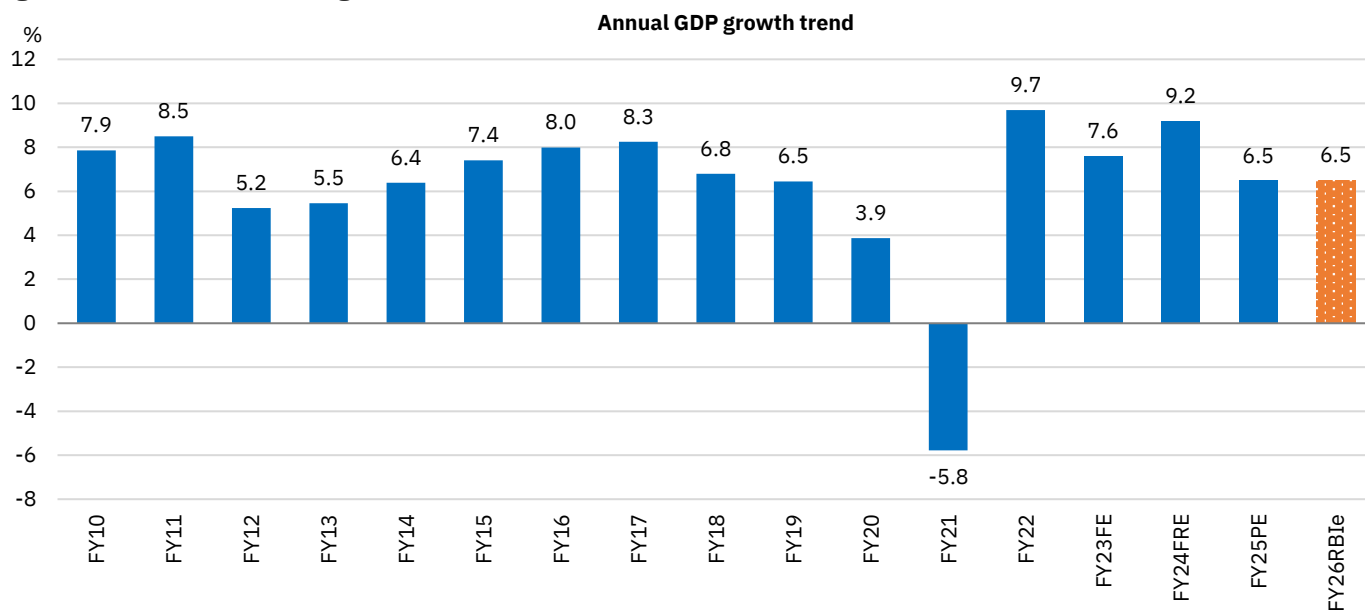
Source: LSEG Workspace, NSE EPR.

Figure 68: Quarterly trend of nominal vs. real GDP and GVA growth

India GDP, GVA: Nominal and Real Growth



Source: LSEG Workspace, NSE EPR.

Figure 69: Annual real GDP growth trend


Source: CSO, CMIE Economic Outlook, NSE EPR. FE = Final Estimate; FRE = First Revised Estimate; PE= Provisional Estimates; RBIE = RBI Estimate.

Table 39: Annual real GDP growth trend (% YoY)

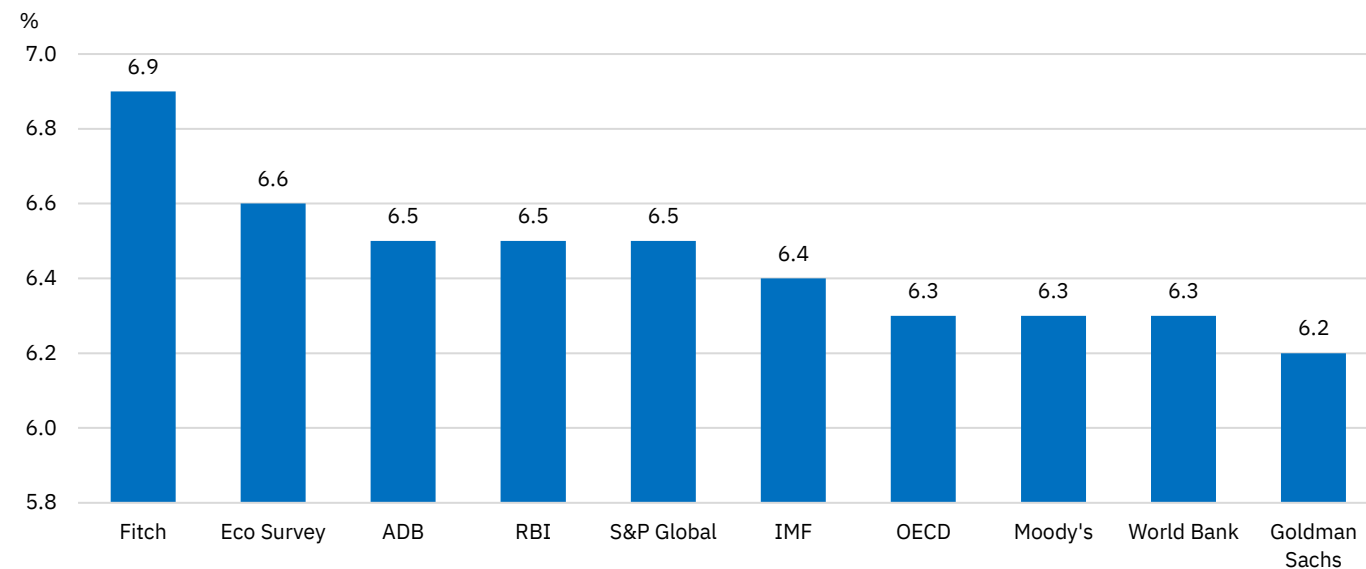
	FY20	FY21	FY22	FY23FE	FY24FRE	FY25 (PE)
Gross Domestic Product (GDP)	3.9	-5.8	9.7	7.6	9.2	6.5
Private Consumption (PFCE)	5.2	-5.3	11.7	7.5	5.6	7.2
Government Consumption (GFCE)	3.9	-0.8	0.0	4.3	8.1	2.3
Gross Capital Formation (GCF)	-2.6	-7.4	21.1	7.6	10.5	6.7
Gross Fixed Capital Formation (GFCF)	1.1	-7.1	17.5	8.4	8.8	7.1
Exports of goods & services	-3.4	-7.0	29.6	10.3	2.2	6.3
Imports of goods & services	-0.8	-12.6	22.1	8.9	13.8	-3.7
Gross Value Added (GVA)	3.9	-4.1	9.4	7.2	8.6	6.4
Agriculture	6.2	4.0	4.6	6.3	2.7	4.6
Industry	-1.4	-0.4	12.2	2.5	10.8	5.9
Mining and Quarrying	-3.0	-8.2	6.3	3.4	3.2	2.7
Manufacturing	-3.0	3.1	10.0	-1.7	12.3	4.5
Electricity	2.3	-4.2	10.3	10.8	8.6	5.9
Construction	1.6	-4.6	19.9	9.1	10.4	9.4
Services	6.4	-8.4	9.2	10.3	9.0	7.2
Trade, Hotels, Transport, Storage, Comm.	6.0	-19.9	15.2	12.3	7.5	6.1
Fin. Svcs, Real Estate & Business Svcs.	6.8	1.9	5.7	10.8	10.3	7.2
Public Admin, Defence & Other Svcs.	6.6	-7.6	7.5	6.7	8.8	8.9

Source: CSO, CMIE Economic Outlook, NSE EPR. FE = Final Estimate; FRE = First Revised Estimate; PE= Provisional Estimates.

Table 40: Component-wise share in GDP (%)

	FY20	FY21	FY22	FY23FE	FY24FRE	FY25 (PE)
Gross Domestic Product (GDP)	100.0	100.0	100.0	100.0	100.0	100.0
Private Consumption (PFCE)	56.8	57.1	58.1	58.1	56.1	56.5
Government Consumption (GFCE)	10.3	10.8	9.9	9.6	9.5	9.1
Gross Capital Formation (GCF)	33.5	32.9	36.3	36.3	36.8	36.8
Gross Fixed Capital Formation (GFCF)	31.6	31.2	33.4	33.6	33.5	33.7
Net trade of goods and services	-3.5	-2.1	-1.0	-0.7	-3.2	-0.9
Exports of goods & services	19.4	19.1	22.6	23.2	21.7	21.6
Imports of goods & services	22.9	21.2	23.6	23.9	24.9	22.5
Gross Value Added (GVA)	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	15.1	16.3	15.6	15.5	14.7	14.4
Industry	29.6	30.8	31.6	30.2	30.8	30.7
Mining and Quarrying	2.4	2.3	2.2	2.1	2.0	2.0
Manufacturing	17.1	18.4	18.5	16.9	17.5	17.2
Electricity	2.3	2.3	2.3	2.4	2.4	2.4
Construction	7.9	7.8	8.6	8.8	8.9	9.1
Services	55.3	52.9	52.8	54.3	54.5	54.9
Trade, Hotels, Transport, Storage, Comm.	20.3	17.0	17.9	18.7	18.5	18.5
Fin. Svcs, Real Estate & Business Svcs.	21.9	23.3	22.5	23.3	23.6	23.8
Public Admin, Defence & Other Svcs.	13.1	12.6	12.4	12.3	12.4	12.7

Source: CSO, NSE EPR. FE = Final Estimate; FRE = First Revised Estimate; PE= Provisional Estimates.

Figure 70: India's growth projections for FY26 by multilateral institutions


Source: Various institutions reports, Media reports, NSE EPR.

*For Economic Survey, we have considered the mid-point of 6.3-6.8% + For Moody's, the projection is for the calendar year 2025.

Textbox: Deep dive into the low deflator and impact on real GDP growth

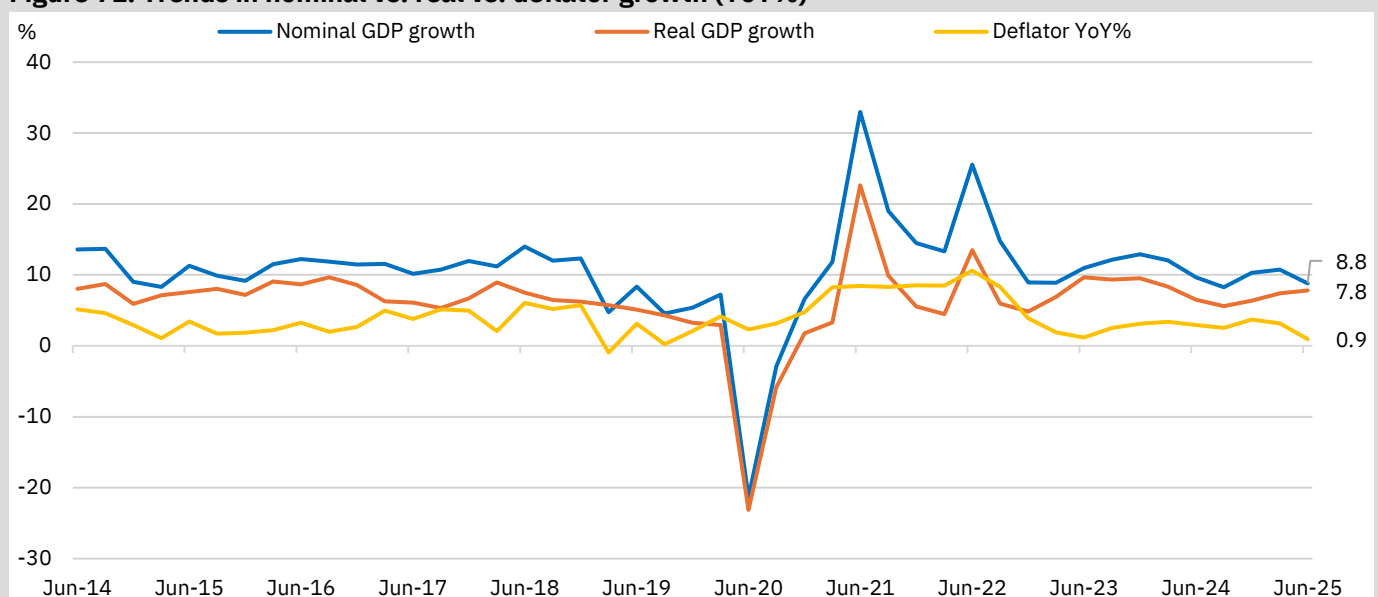
India's real GDP growth for the June quarter surprised on the upside, exceeding the RBI's estimate of 6.5% and the consensus of 6.7%. While multiple factors supported growth, a notable disconnect appeared between certain high-frequency indicators and the GDP estimates. For instance, in value terms FMCG sales rose by 13.9% YoY ([per Nielson](#)) in the June'25 quarter with volume growth at 6%, yet private final consumption expenditure (PFCE) expanded by 7% in real terms. Similarly, IIP manufacturing grew by 3.3% during the quarter, whereas manufacturing GVA rose by 7.7%.

A key reason behind this divergence is the role of GDP deflators in converting nominal values to constant prices. Based on an interview by MOSPI's Secretary Shri Saurabh Garg, around 40% of GDP is computed using a volume-based approach by benchmarking volumes first, then inflating to obtain nominal values, while the remaining 60% uses a value-based approach where the deflator is used in the computation of real estimates. The deflator growth moderated sharply to 0.9% in Q1 FY26 from 3% a year ago, broadly tracking the fall in average CPI and WPI inflation (from 3.7% to 1.5% during the same period).

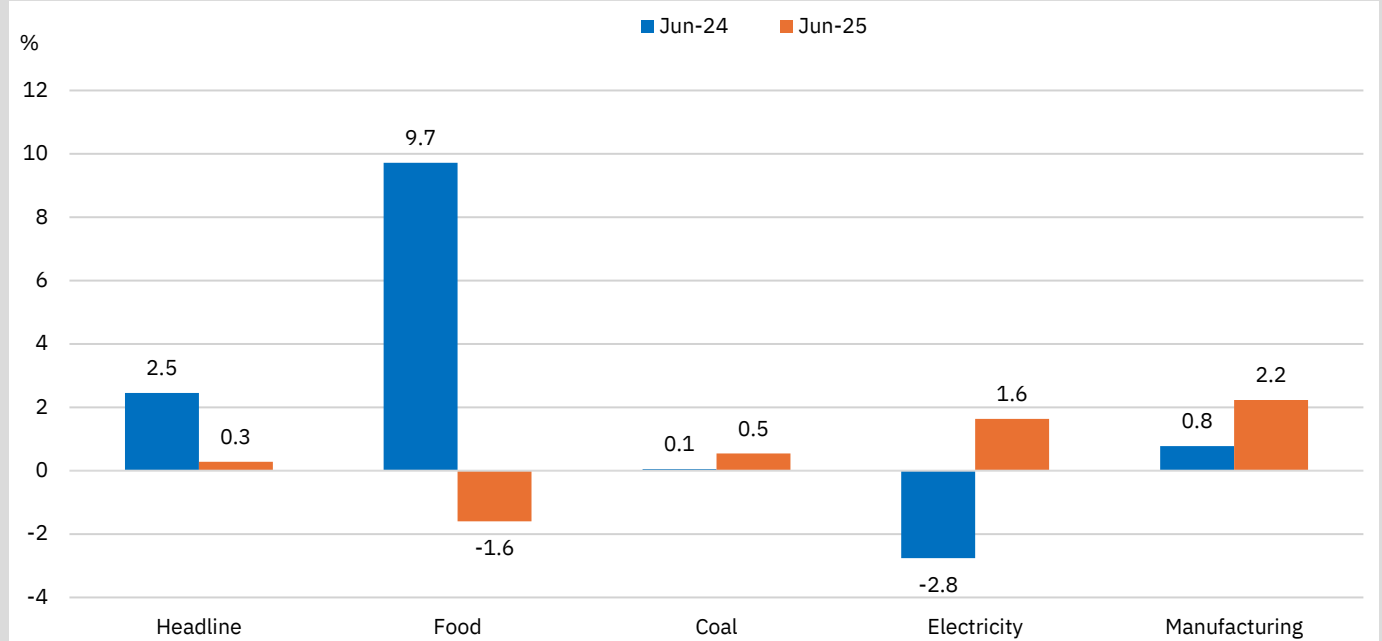
Sector-wise, the deflator for agriculture turned negative in line with the contraction in WPI food articles of 1.6% YoY. Industry and services also witnessed low deflator growth at 0.5% and 1.9% YoY, respectively, boosting real growth in these sectors. Many services—trade & repair services, hotels & restaurants, real estate, professional services—derive nominal estimates from corporate earnings or other benchmarks but are deflated using appropriate WPI, which remained subdued. Public administration, defence, and other services are largely deflated using appropriate CPI, which was also benign. On the expenditure side, both private consumption and government spending were deflated using an average of CPI and WPI, contributing to higher real GDP growth.

Such instances are not unprecedented. In Q1 FY24, real GDP grew 9.7% despite an unfavourable base (13.5% in Q1 FY23) amid deflator growth of just 1.2% and average inflation (CPI and WPI) at 0.9%. A similar trend was observed between March 2015 and June 2016, when real GDP growth exceeded 7% in each quarter, during a period of low deflator growth.

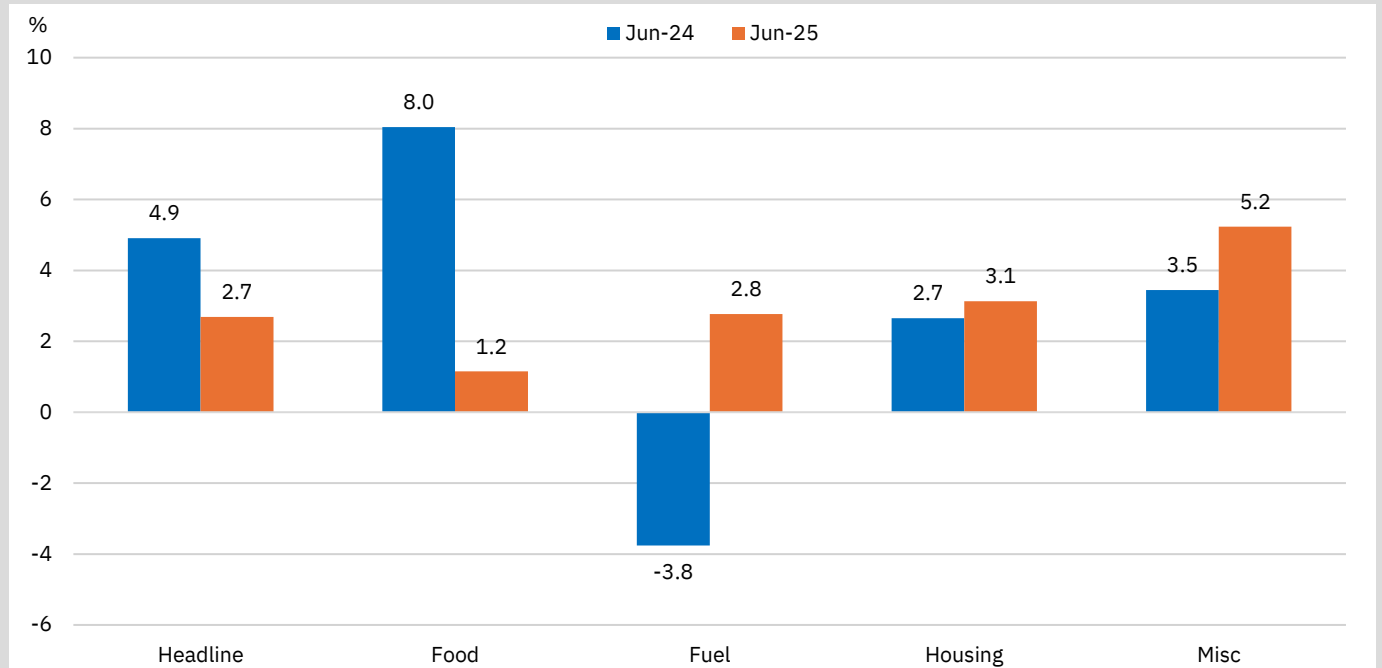
Figure 71: Trends in nominal vs. real vs. deflator growth (YoY%)



Source: CMIE Economic Outlook, MOSPI, NSE EPR

Figure 72: Segment-wise comparison of WPI inflation


Source: CMIE Economic Outlook, MOSPI, NSE EPR.

Figure 73: Trends in nominal vs. real vs. deflator growth (YoY%)


Source: CMIE Economic Outlook, MOSPI, NSE EPR.

Table 41: Sector-wise nominal vs. real vs deflator YoY growth %

Components	Nominal	Real	Deflator
Expenditure method			
GDP	8.8	7.8	0.9
PFCE	9.2	7.0	2.0
GFCE	9.7	7.4	2.1
GFCF	8.3	7.8	0.4
Exports	8.1	6.3	1.7
Imports	5.9	10.9	-4.5
Production-method			
GVA	8.8	7.6	1.0
Agriculture, forestry, fishing	3.2	3.7	-0.5
Mining and quarrying	-10.1	-3.1	-7.2
Manufacturing	10.1	7.7	2.2
Electricity, gas, watery supply and other utility services	2.1	0.5	1.6
Construction	7.1	7.6	-0.4
Trade, hotels, transport, comm. & broadcasting services	9.4	8.6	0.7
Financial services, real estate and professional services	11.0	9.5	1.4
Public administration, defence and other services	13.8	9.8	3.7

Source: CMIE Economic Outlook, MOSPI, NSE EPR. Notes: 1) Full form: PFCE= Private final consumption expenditure; GFCE= Government final consumption expenditure; GFCF: Gross fixed capital formation; GVA= Gross Value Added.

GST 2.0 Act II, Scene I: A new chapter of new-gen GST reforms begins

The next-generation GST reforms, approved in the 56th meeting of the GST Council on September 3rd, 2025,⁵ and effective from September 22nd, usher in a transformative phase in India's indirect tax regime. Built on three pillars—structural changes, rate rationalisation, and ease of living and doing business—these reforms aim to simplify compliance, boost consumption, reduce costs, and enhance productivity while easing the burden on small businesses. The existing multi-slab structure has been streamlined by merging the 12% and 28% rates into three-tier system: a 5% merit rate for essentials and an 18% standard rate for most goods and services. A special 40% de-merit rate will apply to a select category of luxury and sin goods, including tobacco, pan masala, gutkha, and luxury automobiles. While the compensation cess will be discontinued for most products, it will continue temporarily on specified tobacco-related items until associated loan and interest obligations are fully discharged. This rejig covers almost 391 items, including lowering items for more than 350 items and is designed to stimulate consumption by easing cost inflationary pressures and simplifying cost of living. The Ministry of Finance has projected a revenue shortfall of Rs 48,000 crore⁶ while the removal of compensation cess could further reduce revenue by around Rs 1.5 lakh crore, with a total implication of around 0.5-0.6% of GDP (Rs 356 lakh crore in FY26). That said, stronger consumption demand could provide a fillip to GST collection and could temper the impact to some extent. Various estimates suggest inflation to moderate by around one percentage point subject to the pass-through effect on consumer prices. Key sectors like automobiles, healthcare, cement, FMCG, insurance stand to gain, potentially boosting overall consumption.

- **Transformation reform; A new era of GST...:** The next-generation GST reforms, approved by the GST Council on September 3, 2025, and effective September 22, mark a historic step in India's indirect tax journey. Based on three core pillars—structural changes, rate rationalisation, and ease of living and doing business, the reforms aim to simplify compliance, boost consumption and productivity, strengthen tax compliance, lower costs, provide relief to small businesses by reducing tax burden and enhance the overall business environment. Structural changes address long-standing issues like inverted duty structures and classification disputes. Rate rationalisation moves from a multi-slab system to a more predictable structure. The ease of living pillar focusses on process reforms to make compliance efficient and particularly support MSMEs and exporters.
- **...With a simplified and rationalised GST structure:** The most dramatic shift lies in the consolidation of tax slabs. The earlier structure of 5%, 12%, 18%, and 28% (plus cess) has been largely replaced with a three-tier system: 5% Merit Rate for essential/common-use goods, 18% Standard Rate for most items, and a new 40% 'Special Rate' for a limited category of sin and luxury goods. Compensation cess has been removed for most goods, barring select tobacco products, where current rates continue until related debt obligations are cleared.⁷ This rationalisation covers 391 items, with 357 seeing rate reductions, signaling the government's intent to stimulate consumption and ease business costs.
- **Economic and fiscal impact:** According to the Ministry of Finance, the reforms could lead to a revenue shortfall of approximately ~Rs 2 lakh crore in FY26, equivalent to 0.5–0.6% of GDP (Rs 356 lakh crore in FY26 as per Budget Estimates). This includes a loss from slab changes (-Rs 93,000 crore), cess withdrawal (-Rs 1.5 lakh crore), partially offset by a new 40% slab (+Rs 45,000

⁵ <https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=2163555>

⁶ <https://www.thehindu.com/business/Economy/gst-reforms-spurt-in-consumption-to-drive-revenue-buoyancy-fiscal-deficit-target-of-44-can-be-met-finance-minister/article70022322.ece>

⁷ <https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=2163560>

crore). However, increased consumption is expected to support GST collections and limit the fiscal impact. Inflation is expected to moderate due to GST tax slab reductions, though the extent will depend on pass-through to consumer prices. Estimates suggest inflation could be nearly one percentage point lower with full pass-through, easing cost pressures for households. This disinflationary impact, if any, may create policy space for the Monetary Policy Committee (MPC) to reduce interest rates, if growth momentum softens due to any external headwinds.

- **Consumption boost and sector-wise gains:** The reforms are expected to further spur overall consumption (PFCE real growth of 7% in Q1FY26; FMCG volume sales growth of 6%).⁸ Lower GST rates on automobiles, including EVs, could support a recovery in the passenger vehicle segment, which saw an -8.9% YoY decline in April–July'25. Cement rate cuts may spur infrastructure and construction activities, while the exemption of GST on insurance is set to deepen financial inclusion and boost penetration in a relatively underinsured market. Health-related items have received significant attention in this reform. Thirty-three life-saving drugs and medicines are now taxed at 0%, while several others have moved from 12% or 5% to zero. Together, these measures could stimulate demand across key sectors, create employment opportunities, and enhance the overall consumption momentum.
- **GST 1.0 has built the foundations for a transformative new phase:** GST 1.0, implemented in July 2017, laid the groundwork for India's unified tax regime and set the stage for the next generation of reforms. Over FY19–FY25, GST gross collections nearly doubled from Rs 11.8 lakh crore to Rs 22.1 lakh crore, with average monthly collections rising from Rs 98,000 crore in FY19 to Rs 1.84 lakh crore in FY25, even surpassing Rs 2 lakh crore in early FY26. States have been significant beneficiaries, recording double-digit growth in GST revenues during this period, with the top 10 states contributing nearly three-fourths of total collections. While states such as Kerala, Jharkhand, West Bengal and Tamil Nadu have welcomed the reform, they have expressed concerns over potential revenue losses due to rate rationalisation and sought central compensation to mitigate any shortfalls.

⁸ <https://nielseniq.com/global/en/news-center/2025/rural-fuels-indias-13-9-fmcg-growth-in-q2-while-urban-recovery-gains-momentum/>

Table 42: Product-wise Key changes in GST tax slabs

GST 2.0				
GST 1.0	Nil	Nil	5%	18%
	Nil	1. Pizza bread, paneer, khakhra, chapati 2. Three lifesaving drugs & medicines		1. Coal, lignite
	5%	1. 33 lifesaving drugs and medicines	1. Condensed milk, butter, cheese, ghee 2. Nuts, dry fruits, dates, citrus fruits 3. Refined sugar, jams, jellies, fruit/vegetable juices 4. Solar cookers, Solar water heater systems, fuel cell motor vehicles 5. Common man items like tooth powder, soaps, handbags, shopping bags, footwear < Rs 2,500 per pair 6. Electric vehicles 7. Agriculture related goods	1. Articles of apparel and clothing >Rs 2,500 per piece
	12%		1. Chocolates, biscuits, cakes 2. Essence and concentrates of coffee and tea 3. Common man items like talcum powder, hair oil, shampoo, shaving cream 4. Key fertiliser inputs like sulphuric acid, nitric acid, ammonia	
	18%	1. Indian breads (parathas, parottas) 2. Engineering items like simulators, amplifiers, and transport aircraft		1. Other non-alcoholic beverages
	28%			1. Bidi 2. Consumer electronics like AC, dish-washing machine, TVs (above 32"), monitors, projectors 3. Petrol/LPG/CNG car: engine capacity< 1200 cc and length < 4000mm 4. Diesel car: engine capacity <1500 cc and length < 4000 mm 5. Three-wheeled vehicle 6. Motorcycles with engine capacity <350 cc 7. Cement

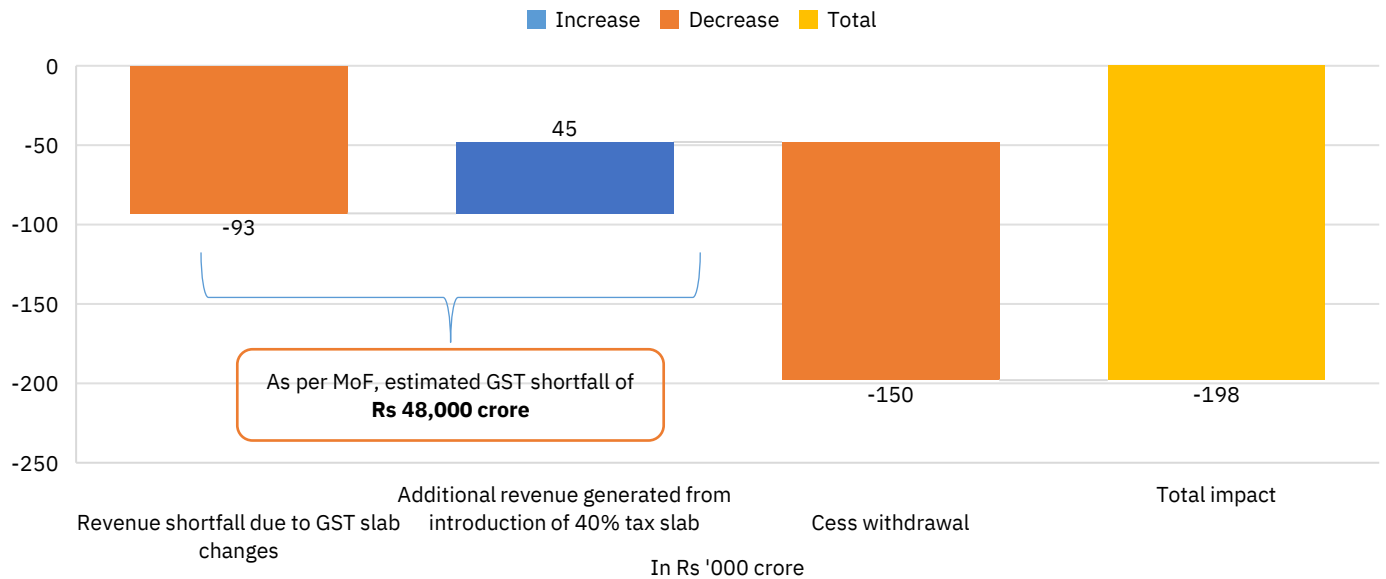
Source: PIB Press Release, Media reports, NSE EPR.

Table 43: Service-wise key changes in GST tax slabs

S. No	Entry	From	To
1	All individual health insurance, along with reinsurance thereof	18% with ITC	Exempted
2	All individual life insurance, along with reinsurance thereof	18% with ITC	Exempted
3	Hotel accommodation less than Rs 7,500 per unit per day	12% with ITC	5% without ITC
4	Supply of air transport of passengers in other than economy class	12% with ITC	18% with ITC
5	Beauty and physical well-being services	18% with ITC	5% without ITC
6	Cinema tickets < Rs 100/-	12% with ITC	5% with ITC
7	Admission to casinos, race clubs or sporting events like IPL	28% with ITC	40% with ITC

Source: PIB Press Release, Media reports, NSE EPR.

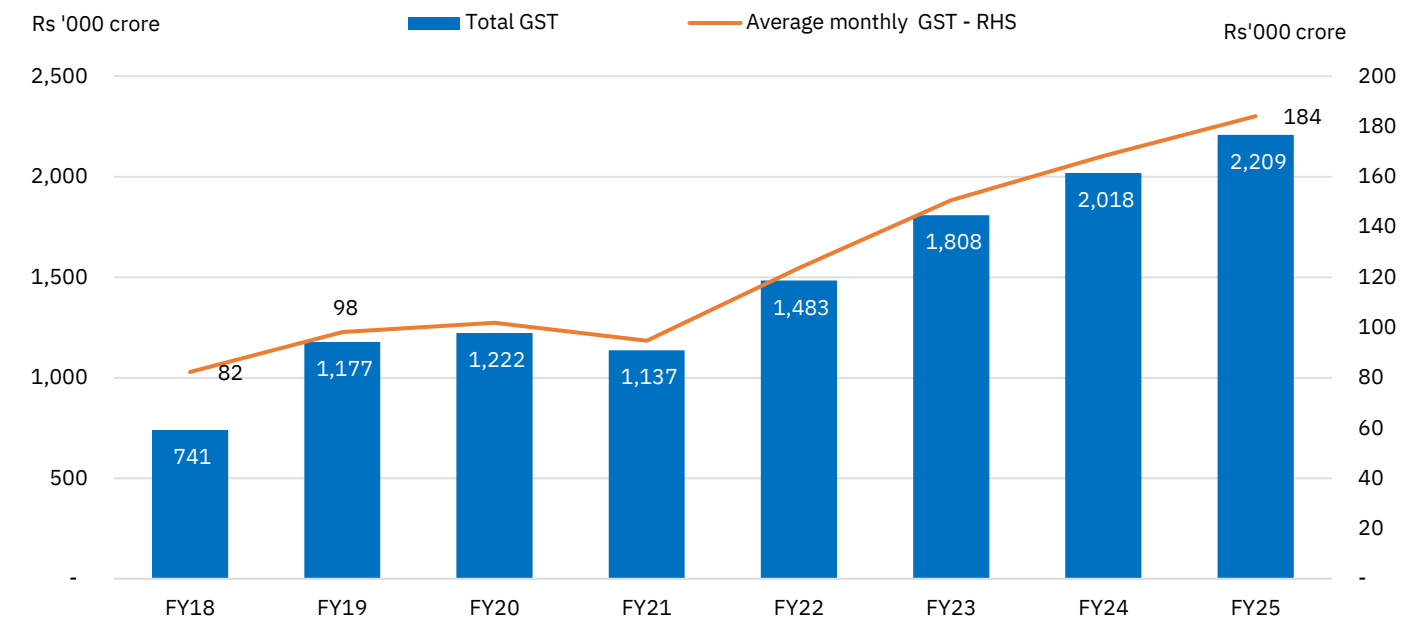
Figure 74: Impact of GST tax slab rejig on Government revenue collections



Source: Ministry of Finance, Media reports, GST statistics, NSE EPR.

Notes: 1) The impact on revenue collections due to the changes in GST tax slabs has been based on the base of FY24 2) The impact of the cess withdrawal is the revenue collected under the head "compensation cess" in FY25, which will no longer be garnered, post cessation.

Figure 75: Annual trends in GST revenue collections

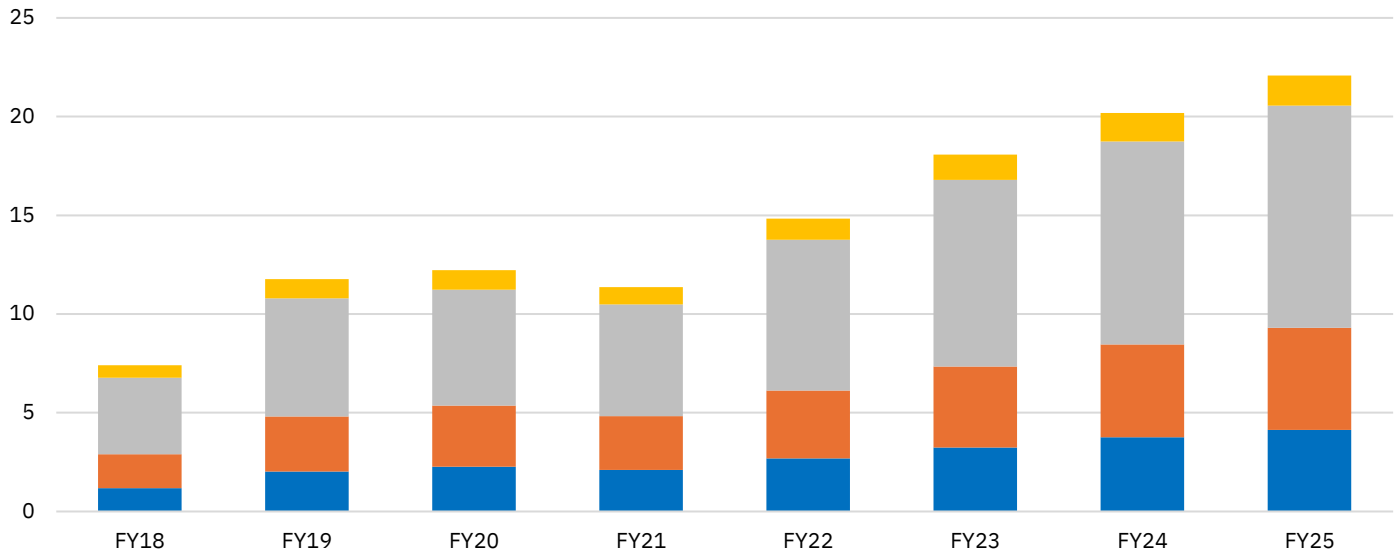


Source: GST statistics, NSE EPR.

Figure 76: Trends in GST collections across broad categories

Rs lakh crore

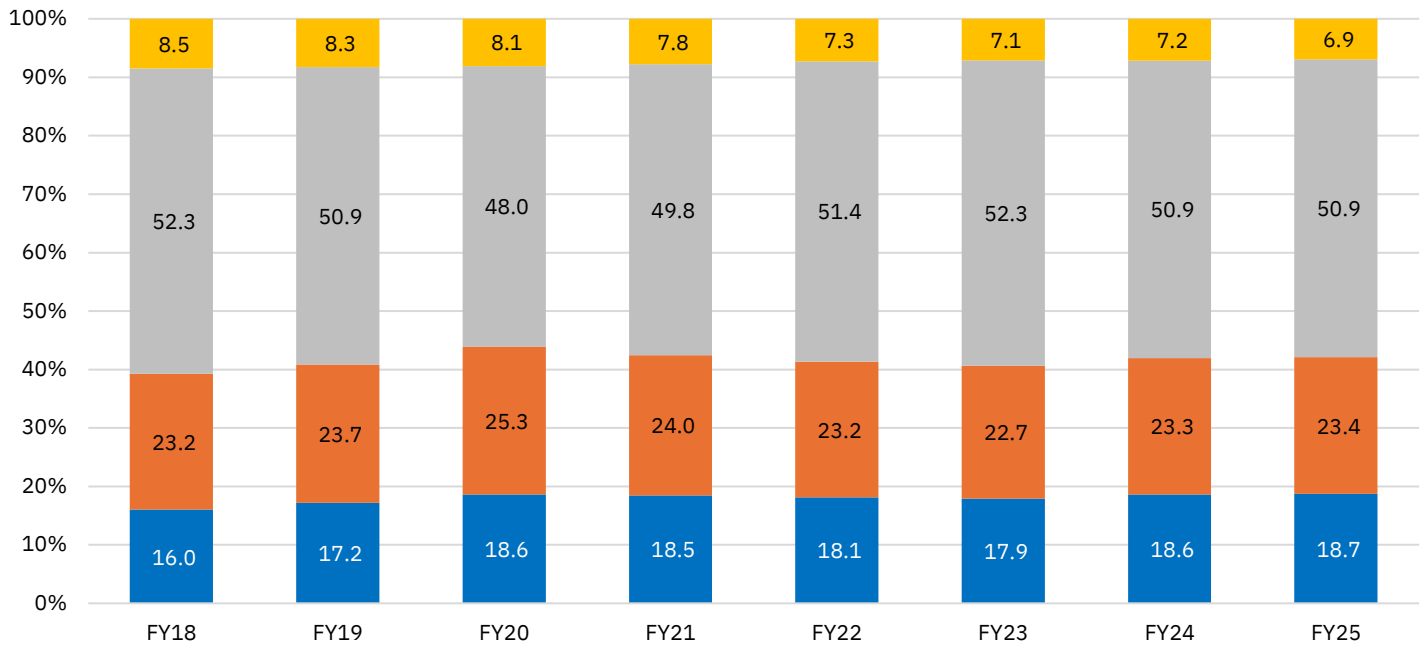
CGST SGST IGST Cess



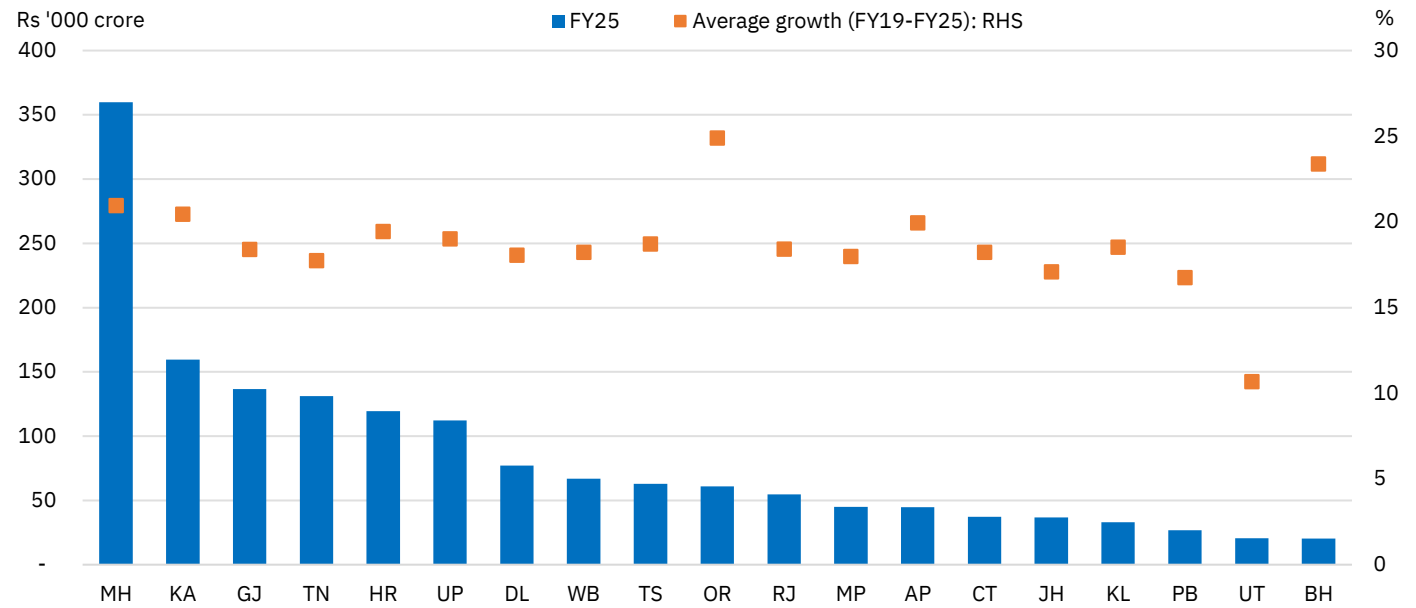
Source: GST statistics, NSE EPR.

Figure 77: Trends in share of GST collections across broad categories

CGST SGST IGST Cess



Source: GST statistics, NSE EPR.

Figure 78: GST collections for major states in FY25 and average growth rate


India's sovereign ratings journey: Structural strengths and enduring constraints

India's recent long-term sovereign credit rating upgrade to BBB by S&P – its first in nearly two decades – underscores the country's resilient macroeconomic performance, policy credibility, and fiscal consolidation efforts. The decision reflects India's robust growth momentum, improved spending quality with a sharp focus on capital expenditure, credible inflation management, and a contained external position supported by resilient services exports. On a comparative basis, India's performance stands out against peer economies, making it the world's fourth-largest economy while maintaining stability amid global shocks. In this report, we analyse the rationale behind the upgrade, assess India's comparative standing vis-à-vis other emerging economies at similar rating levels, and examine the structural factors that continue to constrain India's rating within the lower end of the investment-grade spectrum.

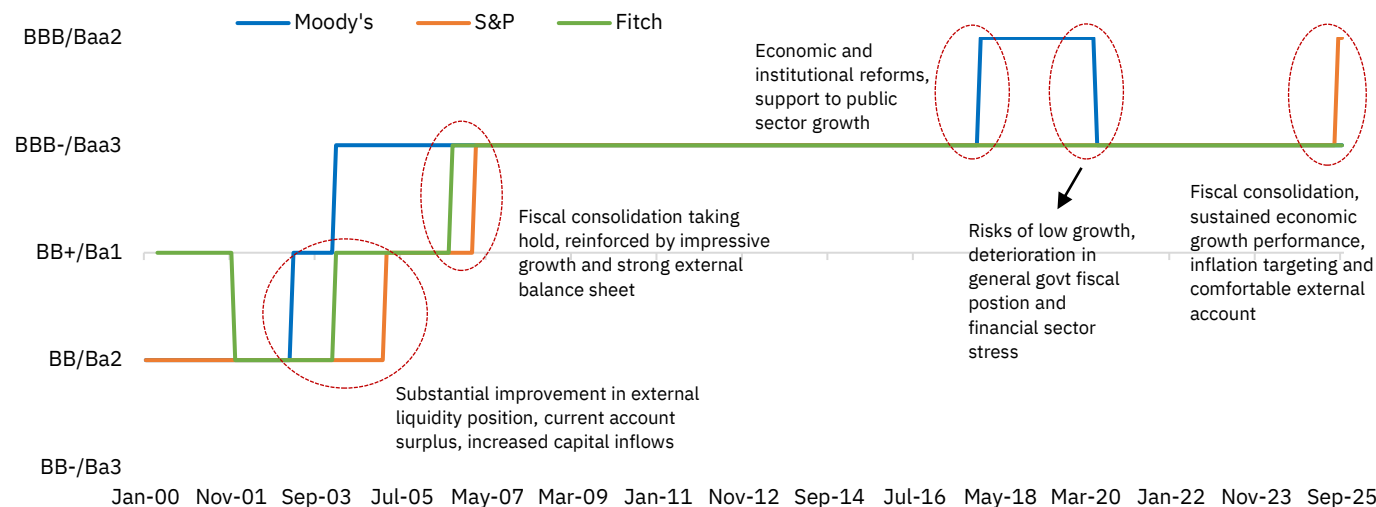
That said, India's sovereign rating trajectory remains closely tied to its fiscal discipline. The Central Government has signalled prudence by steadily reducing deficits while prioritizing growth-oriented capital spending. However, long-term sustainability will require support from state governments as well. Coordinated discipline across both will be critical to anchor debt stability, enhance policy credibility, and create headroom for future rating upgrades.

India's sovereign rating upgraded to BBB: S&P Global recently raised India's long-term sovereign credit rating to BBB from BBB- (*lowest investment grade rating*), while maintaining a stable outlook. This upgrade, the first in over 18 years, marks an important milestone in the external assessment of India's macroeconomic and policy fundamentals. In this report, we examine the rationale underpinning this upgrade, India's comparative standing against peer economies⁹, the reasons why the country remains positioned at the lowest rung of the investment-grade spectrum, and the impact on bond yields.

India is currently rated investment grade by all three major credit rating agencies—S&P, Moody's, and Fitch. S&P's BBB is in comparison with Moody's Baa3 and Fitch's BBB-. Historically, movements in India's sovereign ratings have closely tracked shifts in its macroeconomic landscape, reflecting the sovereign's capacity to honour its debt obligations. During most of the 1990s and mid-2000s, India's sovereign credit rating was speculative grade. It was upgraded to investment grade by Moody's in 2004, Fitch in 2006 and S&P in 2007, in recognition of higher economic growth prospects and strengthened fundamentals of the Indian economy.

In the global sovereign credit framework, countries are generally grouped into investment grade and speculative grade categories, with the latter reflecting higher default risk. The threshold for investment grade is BBB- for both S&P and Fitch, and Baa3 for Moody's and India is at the cusp of investment grade.

⁹ Peer economies comprise emerging markets that either share a similar sovereign rating with India—such as Indonesia and Mexico—or represent other major EMs of relevance, including China, Brazil, South Africa, Malaysia, Thailand, the Philippines, and Vietnam.

Figure 79: India's Sovereign Credit Ratings and their rationale


Source: Bloomberg, NSE EPR. Note: The recent rating upgrade by S&P was on 14th August 2025.

Table 44: History of ratings updates for India

Date	S&P	Moody's	Fitch
January 1988		A2	
October 1990		Baa1	
March 1991		Baa3	
June 1991		Ba2	
December 1992	BB+		
December 1994		Baa3	
June 1998		Ba2*	
October 1998	BB*		
March 2000			BB+*
November 2001			BB*
February 2003		Ba1*	
January 2004		Baa3	BB+*
February 2005	BB+*		
August 2006			BBB-
January 2007	BBB-		
November 2017		Baa2	
June 2020		Baa3	
August 2025	BBB		

Source: Bloomberg, NSE EPR. Note: *Speculative Grade; Green highlights ratings upgrade; Red highlights ratings downgrade; Black indicates first rating

Rationale behind the upgrade

S&P's upgrade of India's sovereign rating was underpinned by a confluence of structural and cyclical factors. These include: (a) the economy's strong and broad-based growth momentum, (b) the government's sustained focus on fiscal consolidation, (c) improved composition of public expenditure with greater emphasis on infrastructure and capital formation, and (d) robust corporate, financial sector, and external balance sheets. Additionally, credible inflation management and a more predictable policy environment have reinforced the sovereign's macroeconomic stability.

Resilient growth and effective inflation management: India continues to stand out as one of the fastest-growing emerging market economies. Post-pandemic, GDP growth averaged 7.8% during FY23–FY25, outpacing most peers, while the long-term average growth rate of above 6% (FY01–FY25) remains materially higher than that of sovereigns in the same rating category (such as Indonesia and Mexico). Despite persistent global challenges—ranging from trade disruptions to geopolitical uncertainty—domestic economy has remained resilient. Supportive monetary policy actions by the RBI, combined with measures to further deepen domestic capital markets, have contributed to a more stable and enabling macroeconomic environment.

The adoption of the Flexible Inflation Targeting (FIT) framework in 2016 has been instrumental in anchoring inflation expectations and enhancing monetary policy credibility. Since its implementation, headline CPI inflation has averaged 4.8% (October 2016–July 2025), a marked improvement from the 7.3% average recorded in the pre-FIT period (April 2012–September 2016). The framework’s credibility and built-in flexibility have helped balance price stability with growth considerations, despite global challenges.

Figure 80: India’s GDP growth and sovereign credit rating changes

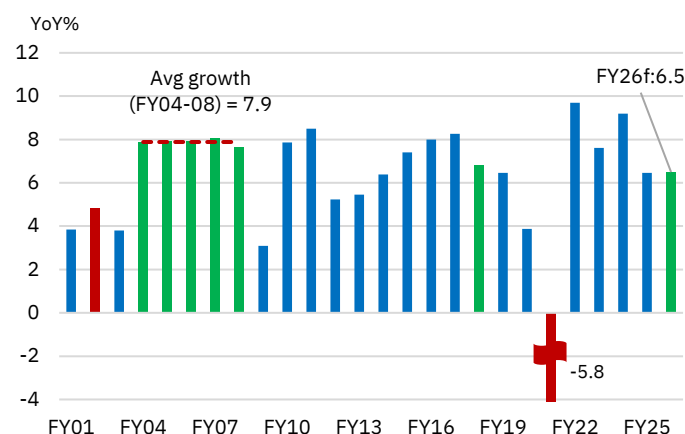
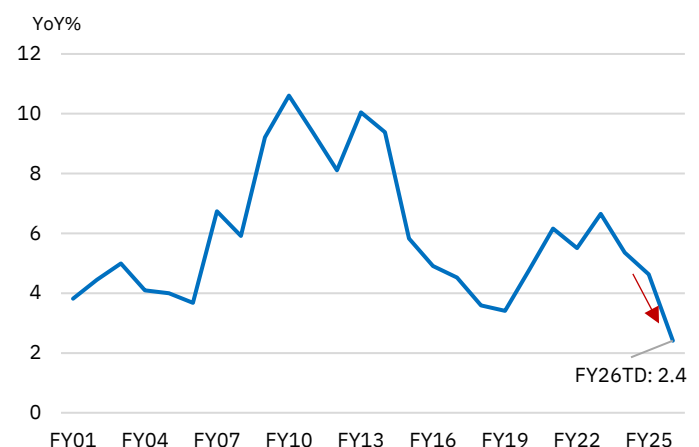


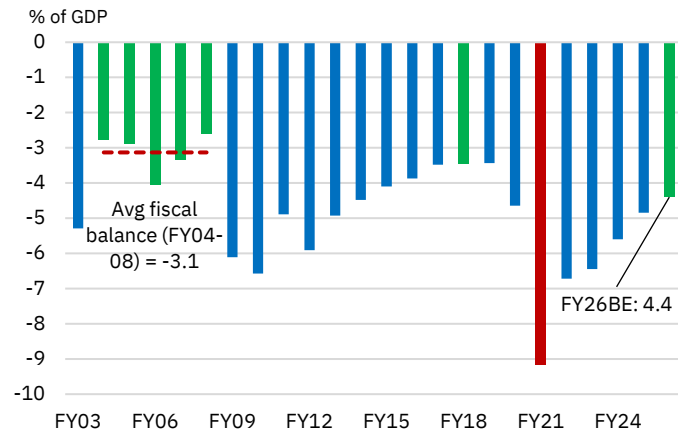
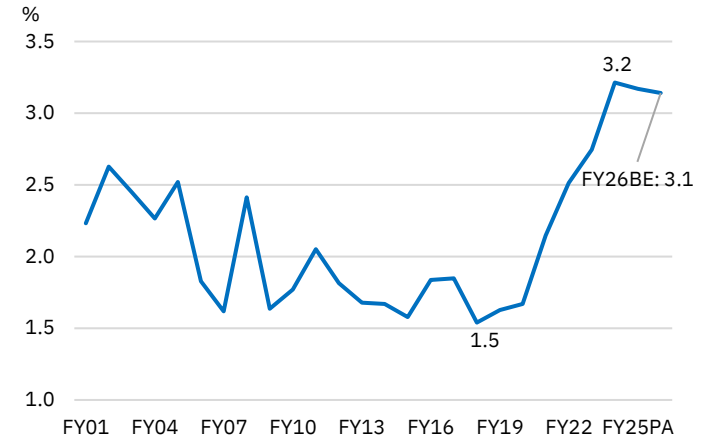
Figure 81: Trend in CPI Inflation



Source: CMIE Economic Outlook, RBI, NSE EPR.

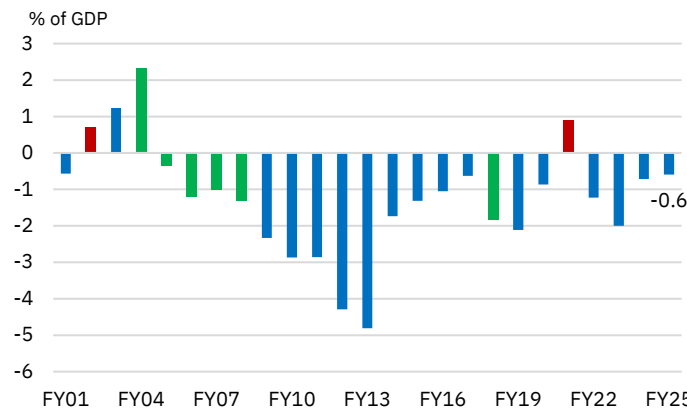
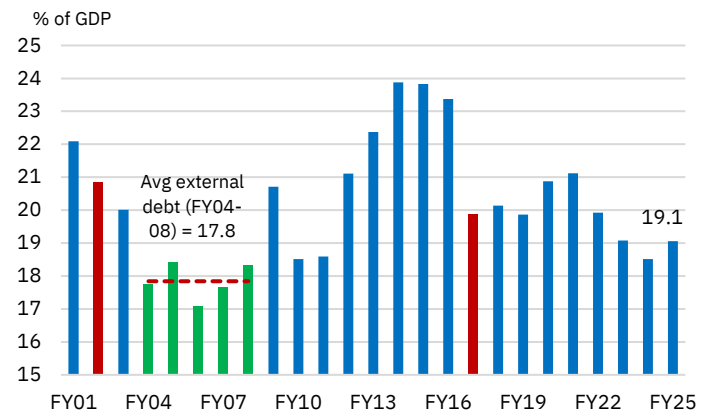
Note: 1) Red signifies year of rating downgrade. Green signifies year of rating upgrade. 2) GDP estimates for FY26 are as per RBI 3) FY26TD data pertains to April-July'2025

Sustained focus on fiscal consolidation and improved quality of spending: The central government’s commitment to fiscal discipline has been evident in its ability to anchor the fiscal deficit at 4.4% of GDP in FY26 (budget estimates), while also focusing on capex and infrastructure-led growth. Over time, the quality of spending has improved markedly, with capital expenditure rising to a historic high of 3.2% of GDP in FY25, compared with 2% a decade earlier. This continued capex thrust is expected to play a pivotal role in driving structural transformation and supporting long-term productivity gains across the economy.

Figure 82: Central government fiscal balance

Figure 83: Central govt. finances: Capex share in GDP


Source: CEIC, NSE EPR. Note: PA= Provisional Actuals, BE= Budget Estimates. Red signifies year of rating downgrade. Green signifies year of rating upgrade.

External position remains manageable: India's external position remains broadly contained, with the current account deficit (CAD) averaging well below historical peaks and narrowing to 0.6% of GDP in FY25. The improvement reflects resilient services exports and moderation in oil import pressures. On the external debt side, India has maintained a prudent stance, with external debt levels stabilizing around 19% of GDP in FY25, significantly below the highs observed in FY13-15.

Figure 84: India's CAD as a percentage of GDP

Figure 85: Trends in India's external debt (% of GDP)


Source: CEIC, NSE EPR. Note: Red signifies year of rating downgrade. Green signifies year of rating upgrade.

India's position relative to peers: On a comparative basis, India's macroeconomic performance stacks up favourably against both emerging market peers and sovereigns with similar credit ratings. Over the past decade, sustained high growth has propelled India to become the world's fourth-largest economy, with resilience demonstrated through the COVID-19 shock and subsequent geopolitical disruptions.

Externally, India's position has also been comparatively stronger. The current account deficit remains modest and significantly better than that of advanced economies such as the US and UK, both of which hold higher sovereign ratings. This contained CAD, together with steady foreign investment inflows and the continued strength of services exports, highlights the resilience of India's external sector.

Nevertheless, despite these robust fundamentals, India's sovereign credit rating remains constrained at BBB/Baa3. The key factor weighing on its rating profile is the persistently

high level of general government debt, which continues to limit upward mobility within the investment-grade spectrum.

Table 45: Global comparison: India vs other countries

Country		Current sovereign rating			Indicators						
		Moody's	S&P	Fitch	GDP growth (YoY%)	GDP per Capita PPP (US\$ 000)	General govt debt (% GDP)	Current account balance (% GDP)	CPI inflation (YoY%)	Central govt fiscal balance (% GDP)	External Debt (% GDP)
Advanced Economies	Germany	Aaa	AAA	AAA	-0.2	62.4	63.9	5.7	2.5	-2.7	147.6
	US	Aa1	AA+	AA+	2.8	75.5	120.8	-3.9	3.0	-6.4	94.7
	Taiwan	Aa3	AA+	AA	4.3	70.0	26.2	15.7	2.2	2.7	27.6
	UK	Aa3	AA	AA-	1.1	54.5	101.2	-3.4	2.5	-5.9	278.5
	South Korea	Aa2	AA	AA-	2.0	55.2	52.5	5.3	2.3	-1.7	35.9
	Japan	A1	A+	A	0.1	46.4	236.7	4.8	2.7	-7.1	112.6
	Greece	Baa3	BBB	BBB-	2.3	37.8	150.9	-6.9	3.0	1.3	236.9
Emerging Market economies	UAE	Aa2	AA	AA-	3.8	67.8	32.1	9.1	1.7	4.8	-
	China	A1	A+	A	5.0	23.8	88.3	2.3	0.2	-3.0	12.9
	Malaysia	A3	A-	BBB+	5.1	36.2	70.4	1.7	1.8	-5.9	69.9
	Thailand	Baa1	BBB+	BBB+	2.5	22.2	63.2	2.1	0.4	-5.6	35.1
	Philippines	Baa2	BBB+	BBB	5.7	10.6	57.1	-3.8	3.2	-5.7	29.8
	India	Baa3	BBB	BBB-	6.5	9.9	81.3	-0.6	4.6	-4.8	19.1
	Indonesia	Baa2	BBB	BBB	5.0	14.6	40.2	-0.6	2.3	-2.3	30.5
	Mexico	Baa2	BBB	BBB-	1.5	22.1	58.4	-0.3	4.7	-4.9	31.9
	Vietnam	Ba2	BB+	BB+	7.1	14.4	32.9	6.1	3.6	-4.7	27.9
	Brazil	Ba1	BB	BB	3.4	19.6	87.3	-2.8	4.4	-5.9	27.7
	South Africa	Ba2	BB-	BB-	0.6	13.8	76.4	6.1	4.4	-4.4	42.0

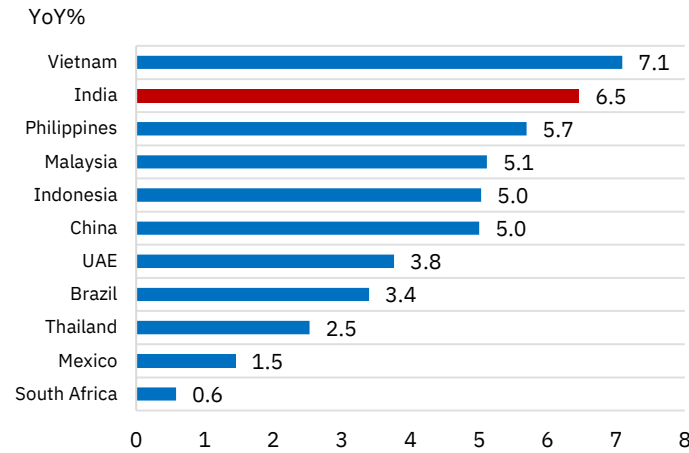
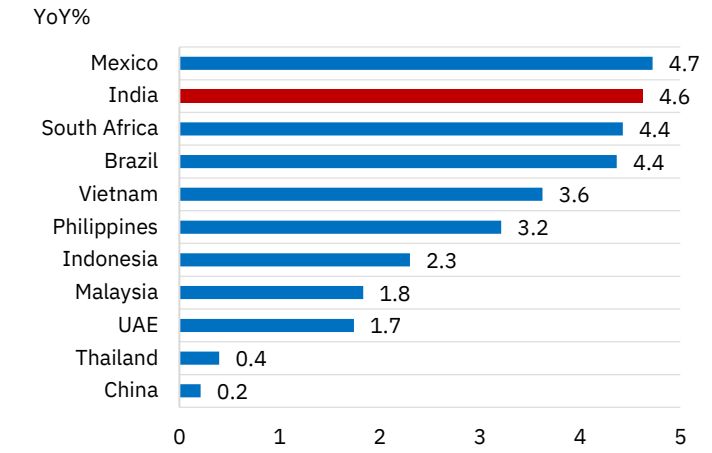
Source: Bloomberg, IMF WEO, CEIC, CMIE Economic Outlook, NSE EPR. Note: Data corresponds to 2024 and FY2025 for India.

India follows financial year from April-March.

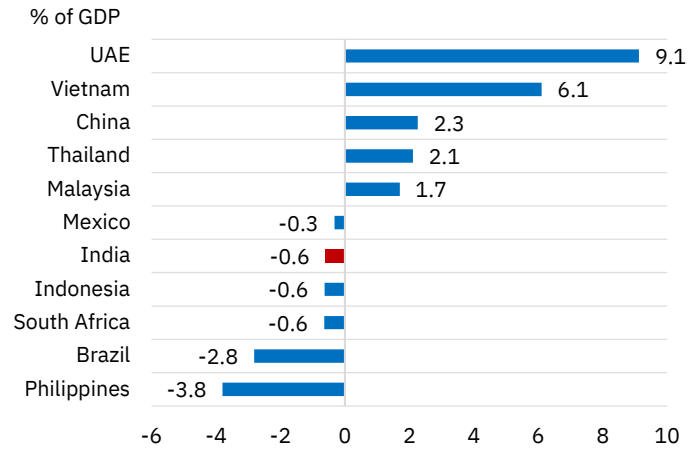
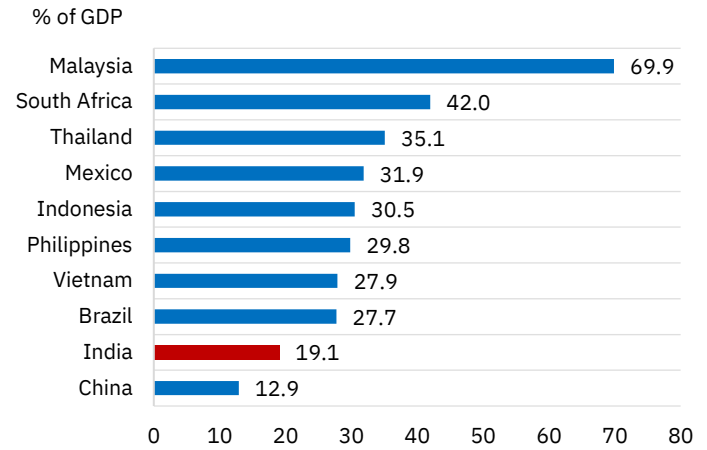
Table 46: Credit Rating Scale Comparison between major Credit Rating Agencies

	S&P	Moody's	Fitch
Investment Grade	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
Non-investment/speculative grade	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
	CCC+	Caa1	CCC
	CCC	Caa2	CCC
	CCC-	Caa3	CCC
	CC	Ca	CC
	C	Ca	C
	D	C	D

Source: Bloomberg, NSE EPR.

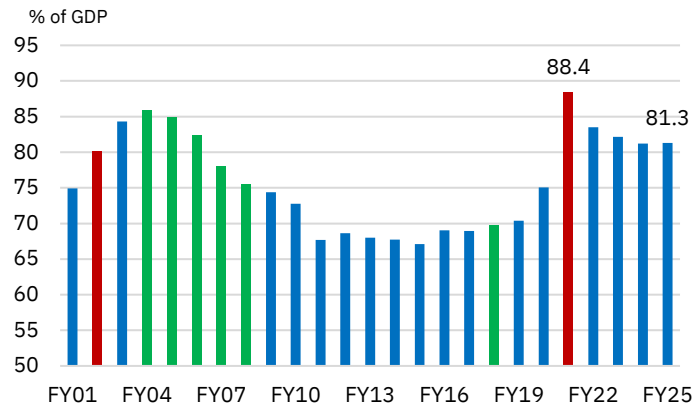
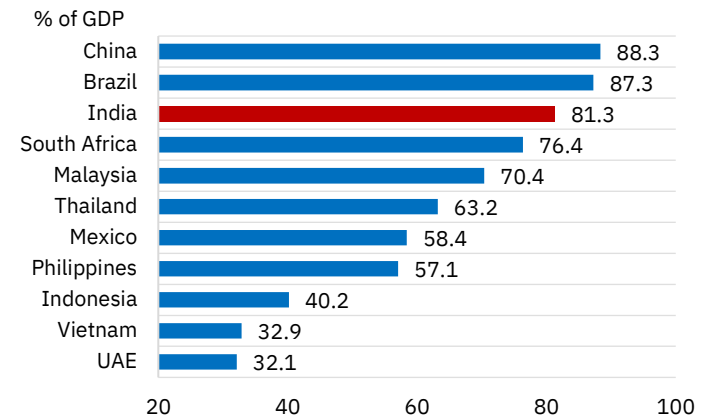
Figure 86: GDP growth: India vs. EMs

Figure 87: CPI Inflation: India vs. EMs


Source: IMF WEO, NSE EPR. Note: Data corresponds to 2024 and FY2025 for India. India follows financial year from April-March.

Figure 88: Current account balance: India vs. EMs

Figure 89: External debt: India vs. EMs


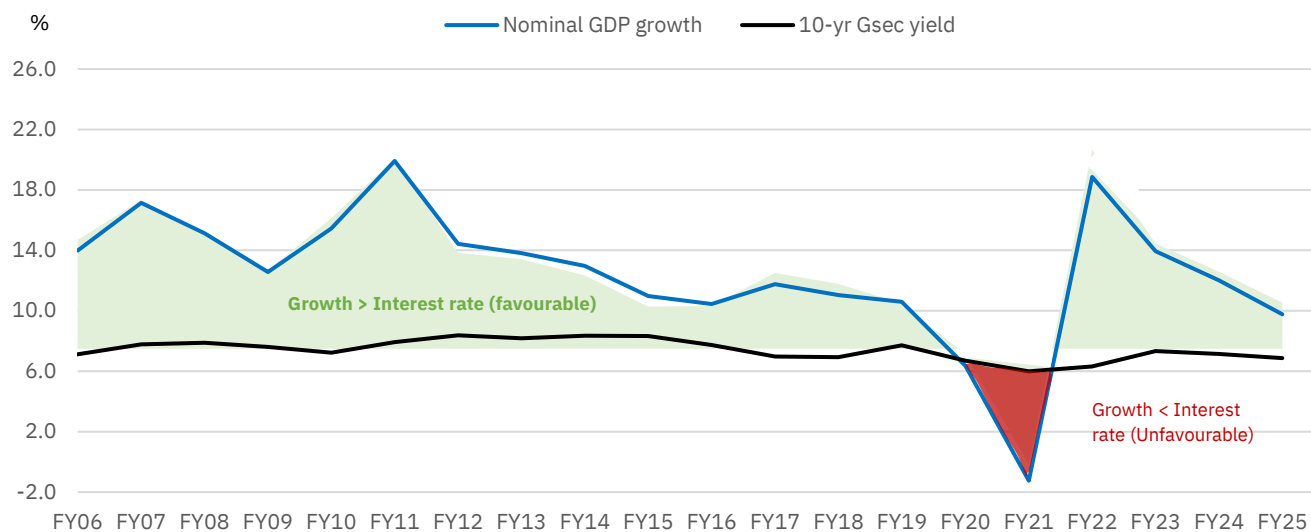
Source: IMF WEO, NSE EPR. Note: Data corresponds to 2024 and FY2025 for India. India follows financial year from April-March.

Elevated government debt levels: India's general government debt has gradually declined from the peak of 88.4% in FY21 to 81.3% of GDP in FY25, even as it remains significantly higher than the pre-pandemic average of 70% (FY10-20). Relative to emerging market peers, India's debt burden is among the highest, comparable to Brazil and China but well above economies such as Indonesia, Vietnam and Mexico. While robust growth and fiscal consolidation efforts have helped stabilize the debt trajectory, the high debt-to-GDP ratio continues to constrain fiscal flexibility. However, the central government is aiming at reducing the debt-to-GDP ratio to ~50% +/- 1% by FY2031 (from 55.1% in FY26BE) to support long-term macroeconomic stability and credit rating improvement.

Figure 90: India's general govt. debt over years

Figure 91: General government debt: India vs. EMs


Source: CMIE Economic Outlook, IMF WEO, NSE EPR. Note: Red signifies year of rating downgrade. Green signifies year of rating upgrade. Data corresponds to 2024 and FY2025 for India. India follows financial year from April-March.

That said, India's debt sustainability dynamics (*as measured by one of the metrics viz. growth-interest rate differential*) remain broadly favourable, with nominal GDP growth consistently exceeding the interest rate (10-year G-sec yield), implying that the economy continues to grow faster than the cost of servicing debt. However, the gap has been narrowing in recent years, reflecting sticky borrowing costs. Debt dynamics could become more challenging if growth underperforms or yields rise further.

Figure 92: India's debt sustainability


Source: Bloomberg, NSE EPR.

Impact of ratings upgrade on yields: The immediate benefit of the rating upgrade on government bond yields has been quite modest. The India 10-year benchmark yield fell 8bps to 6.4% on the day of the upgrade announcement before normalizing slightly higher, weighed by other factors including a) a hawkish pause by the RBI, b) pressure on fiscal balances owing to GST rationalization, and c) external headwinds in the form of sustained US tariff pressures, and geopolitical uncertainties.

However, empirical evidence, including an IMF research study¹⁰, suggests that the impact of rating actions on bond spreads is most pronounced when sovereigns cross rating categories—such as moving from speculative grade to investment grade. Reaching investment grade lowers sovereign spreads by 36%, above and beyond what is implied by macroeconomic fundamentals. For instance, if at point in time a BB+ rated country has a spread of 440bps, a country at BBB- would have a spread of only 279bps, *ceteris paribus*. In contrast, upgrades within the investment-grade spectrum generally result in a smaller compression of 5–10%, while shifts within speculative grade show little measurable effect, *ceteris paribus*.

Future rating momentum will hinge on continued fiscal consolidation. S&P has indicated that India's sovereign rating could improve further if fiscal deficits narrow significantly, such that the net change in general government debt falls below 6% of GDP on a structural basis. Achieving this would require not only expenditure rationalization at the central government level but also greater fiscal discipline across state governments.

¹⁰ <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Sovereign-Credit-Ratings-and-Spreads-in-Emerging-Markets-Does-Investment-Grade-Matter-24677>

Industry: Manufacturing aids industrial activity, mining/electricity remain weak

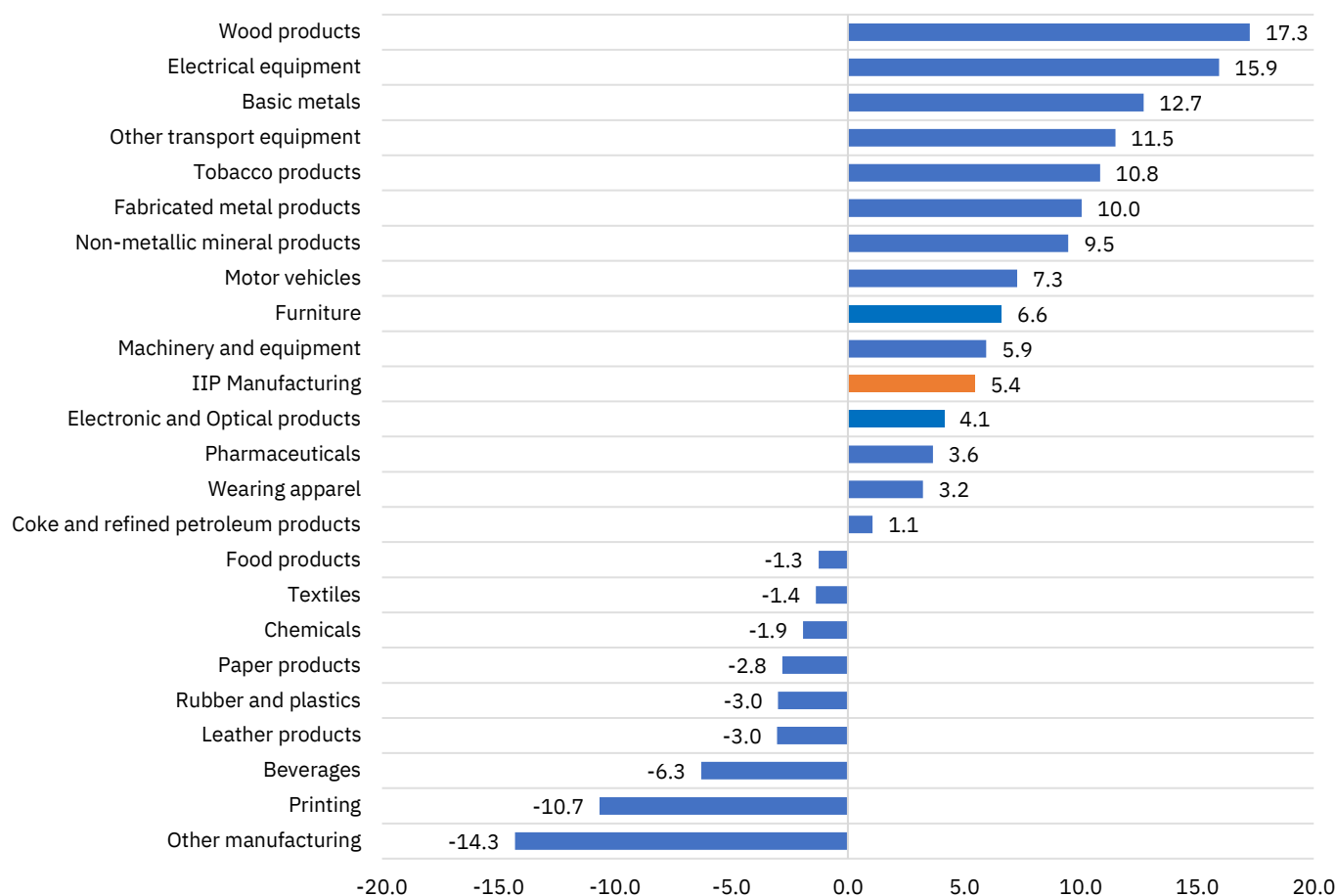
Table 47: India industrial production for July 2025 (%YoY)

	%YoY	Weight (%)	Jul-25	Jun-25	Jul-24	FY26TD	FY25TD
IIP			3.5	1.5	5.0	2.4	5.3
Sector-based indices	Mining	14.4	-7.2	-8.7	3.8	-3.9	6.9
	Manufacturing	77.6	5.4	3.7	4.7	3.9	4.4
	Electricity	8.0	0.6	-1.2	7.9	-1.0	10.1
Use-based Goods	Primary Goods	34	-1.7	-2.5	5.9	-1.5	6.6
	Capital Goods	8.2	5.0	3.0	11.7	8.5	5.2
	Intermediate Goods	17.2	5.8	5.5	7.0	5.2	4.4
	Infra/Construction Goods	12.3	11.9	6.7	5.5	7.5	7.4
	Consumer Goods	28.2	3.5	0.7	0.7	1.0	3.1
	Consumer Durables	12.8	7.7	2.8	8.2	3.9	10.0
	Consumer non-durables	15.3	0.5	-0.9	-4.2	-1.0	-1.2

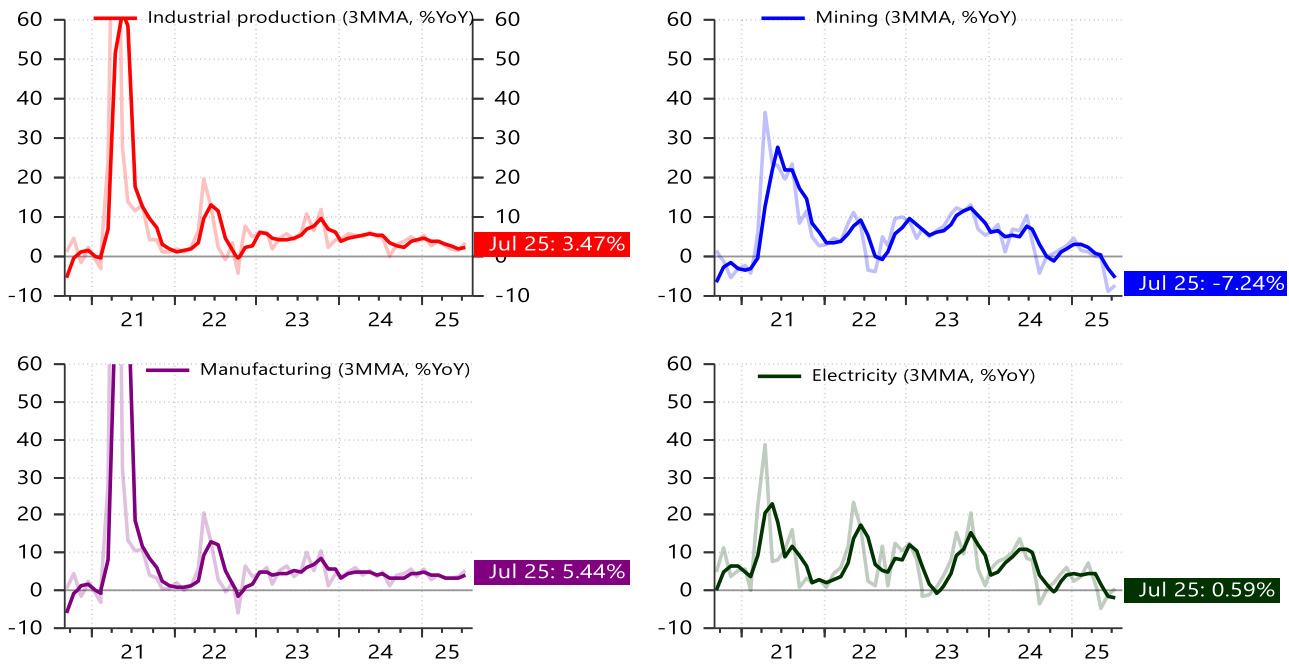
Source: CMIE Economic Outlook, NSE EPR. Note: FYTD corresponds to Apr-July.

Figure 93: Sub-industries wise break of manufacturing IIP growth rates (YoY%)– July 2025

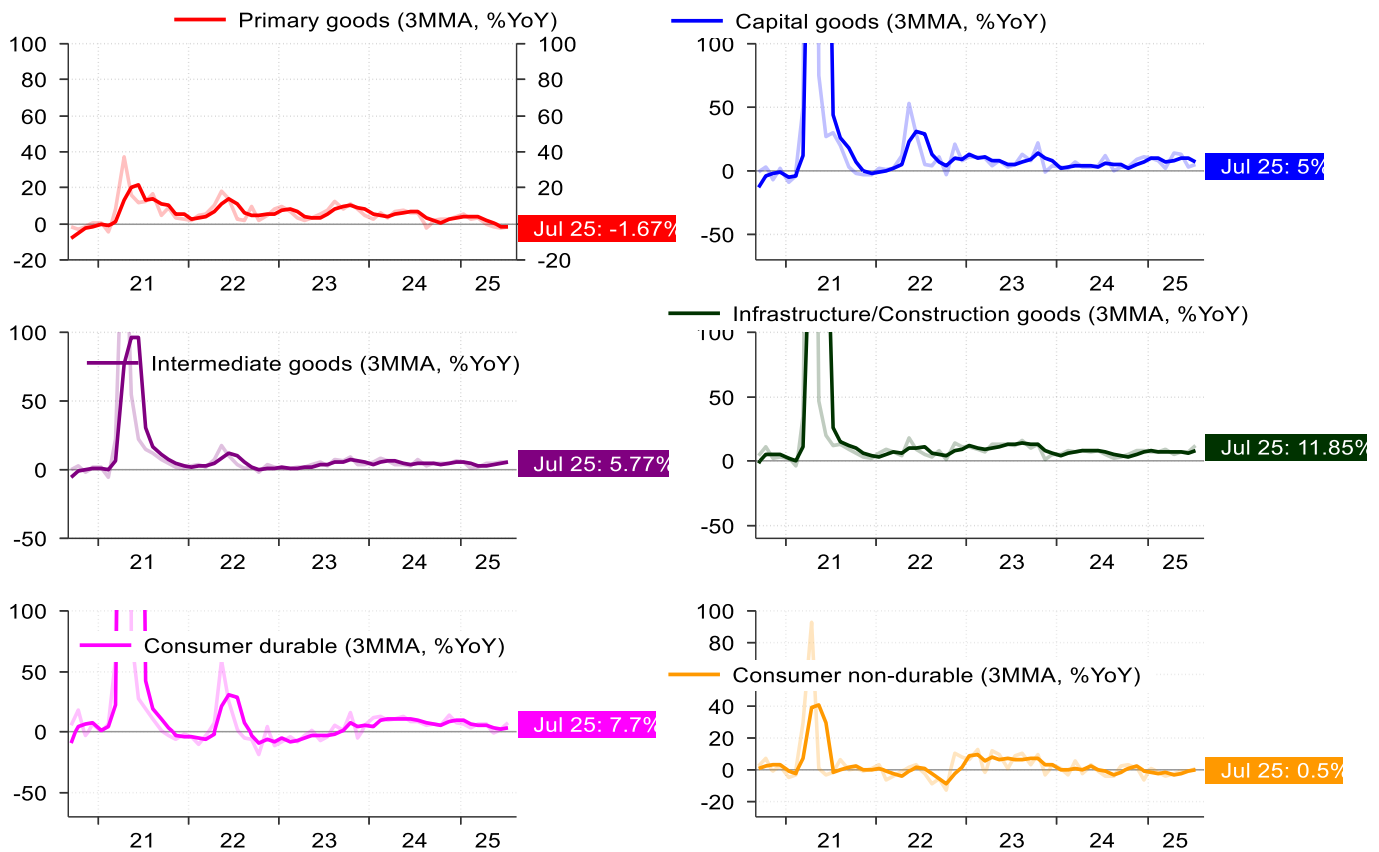
Out of the 23 sub-industries, 14 have recorded positive YoY growth, of which six have registered double-digit growth



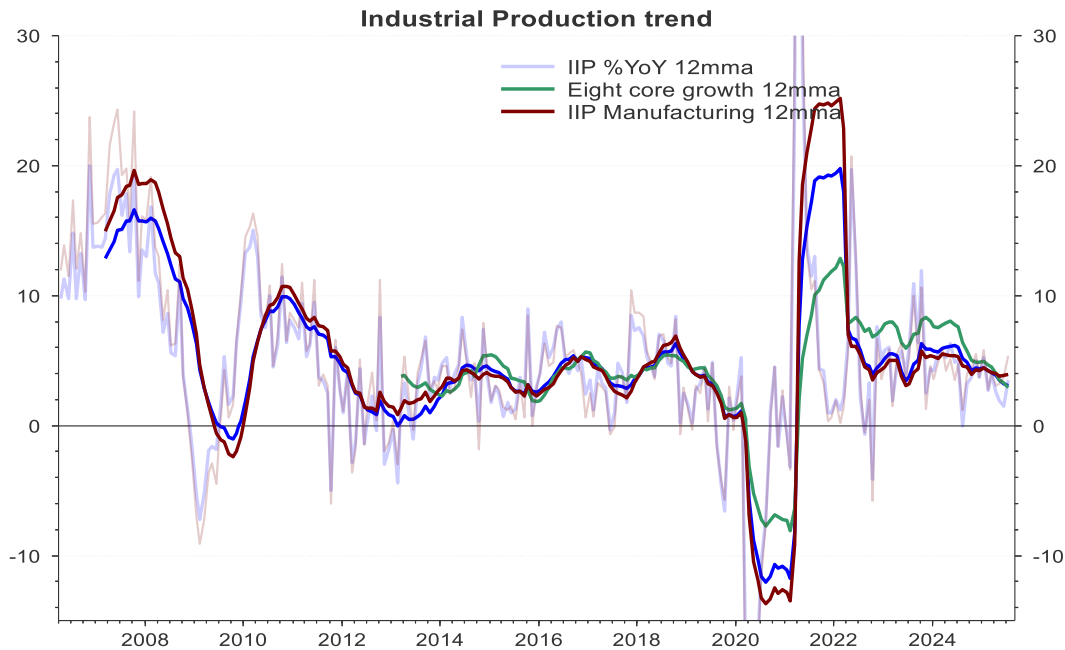
Source: CMIE Economic Outlook, NSE EPR.

Figure 94: India industrial production (3MMA)


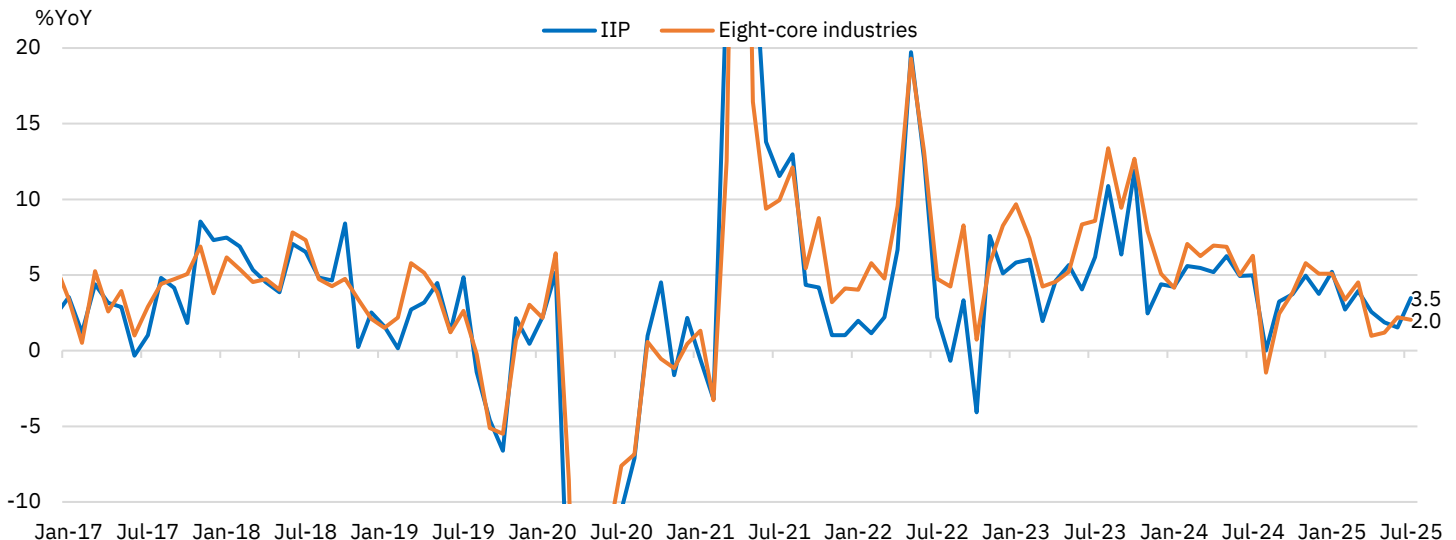
Source: LSEG Workspace, NSE EPR.

Figure 95: India industrial production use-based goods (3MMA)


Source: LSEG Workspace, NSE EPR.

Figure 96: Long-term industrial production trend (12MMA)


Source: LSEG Workspace, NSE EPR.

Figure 97: Monthly trends in Eight core industries and IIP growth (% YoY)


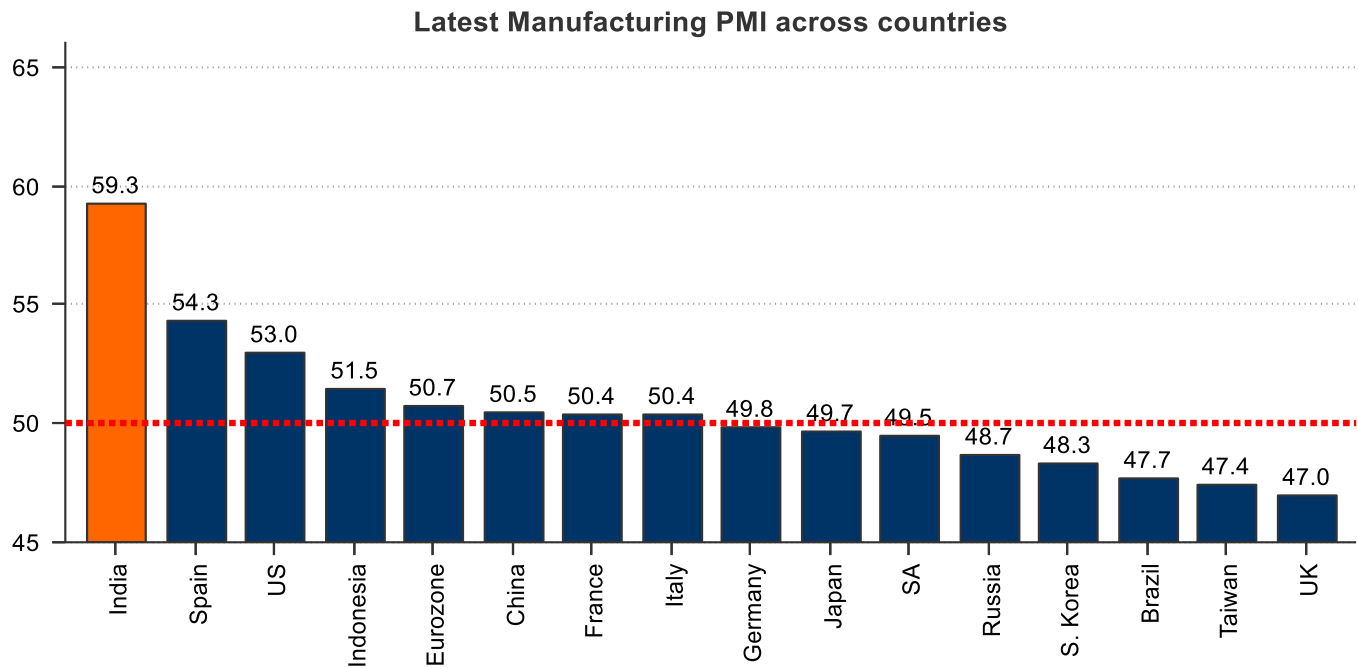
Source: CMIE Economic Outlook, NSE EPR.

Table 48: Sector-wise core sector growth for July 2025 (%YoY)

	Weights	Jul-25	Jun-25	Jul-24	FY26TD	FY25TD
Eight-core sector	100.0	2.0	2.2	6.3	1.6	6.3
Coal	10.3	(12.3)	(6.8)	6.8	(3.2)	9.8
Crude oil	9.0	(1.3)	(1.2)	(2.9)	(1.8)	(1.2)
Natural gas	6.9	(3.2)	(2.8)	(1.3)	(2.6)	4.5
Refinery products	28.0	(1.0)	3.4	6.6	(0.3)	2.4
Fertilizers	2.6	2.0	(1.2)	5.3	(2.3)	1.3
Steel	17.9	12.8	9.7	7.0	8.6	8.0
Cement	5.4	11.7	8.2	5.1	9.0	1.6
Electricity	19.9	0.5	(1.2)	7.9	(0.9)	10.1

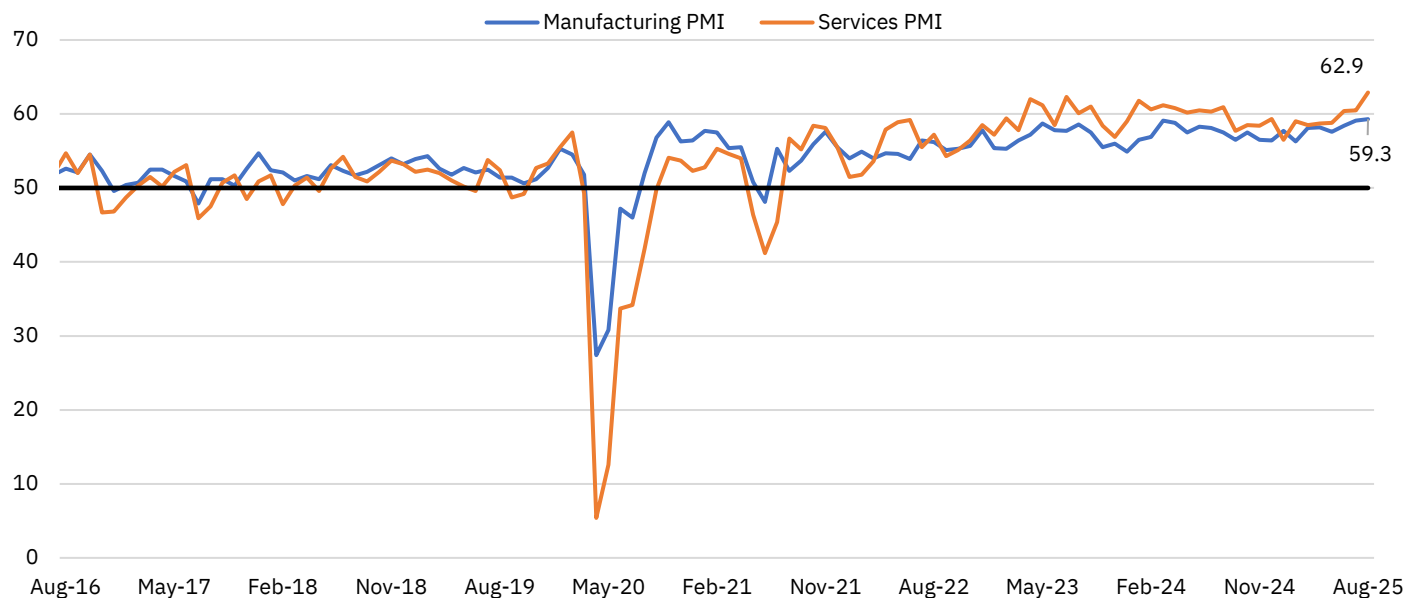
Source: CMIE Economic Outlook, NSE EPR. FYTD corresponds to Apr-July.

Figure 98: Manufacturing PMI across countries



Source: LSEG Workspace, NSE EPR.

Figure 99: India's Manufacturing and Services PMI monthly trend



Source: CMIE Economic Outlook, NSE EPR.

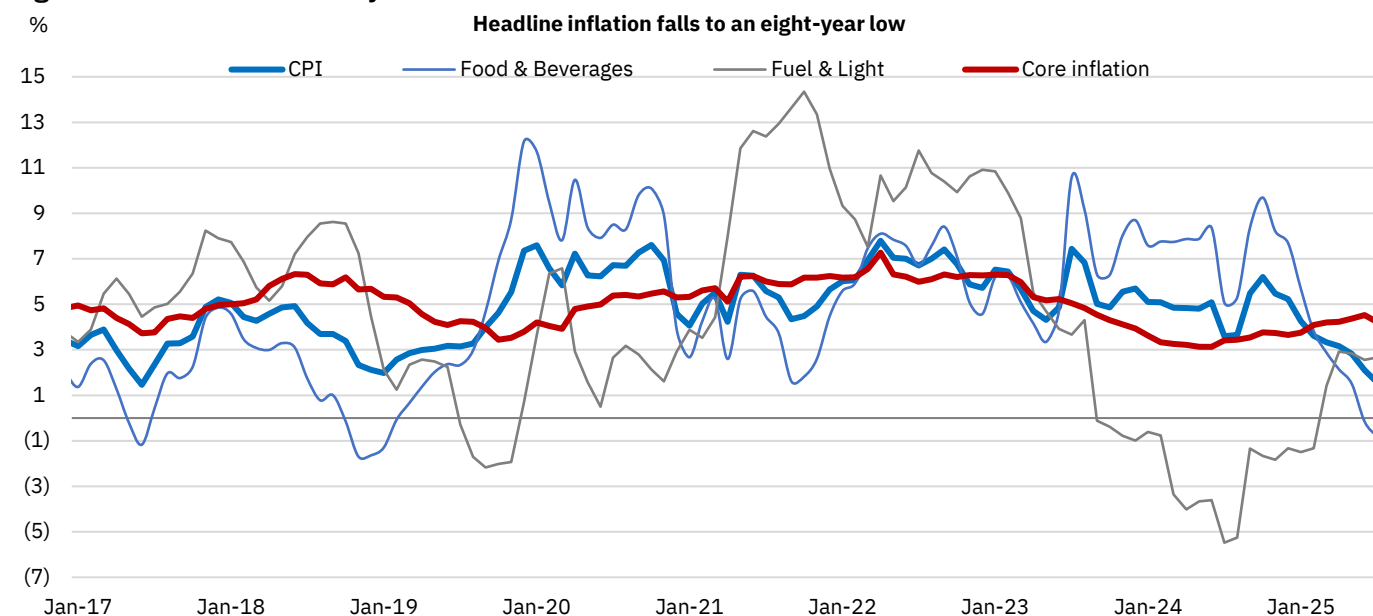
Inflation: CPI inflation moderates to over eight-year low

Table 49: Consumer Price Inflation in July 2025 (%YoY)

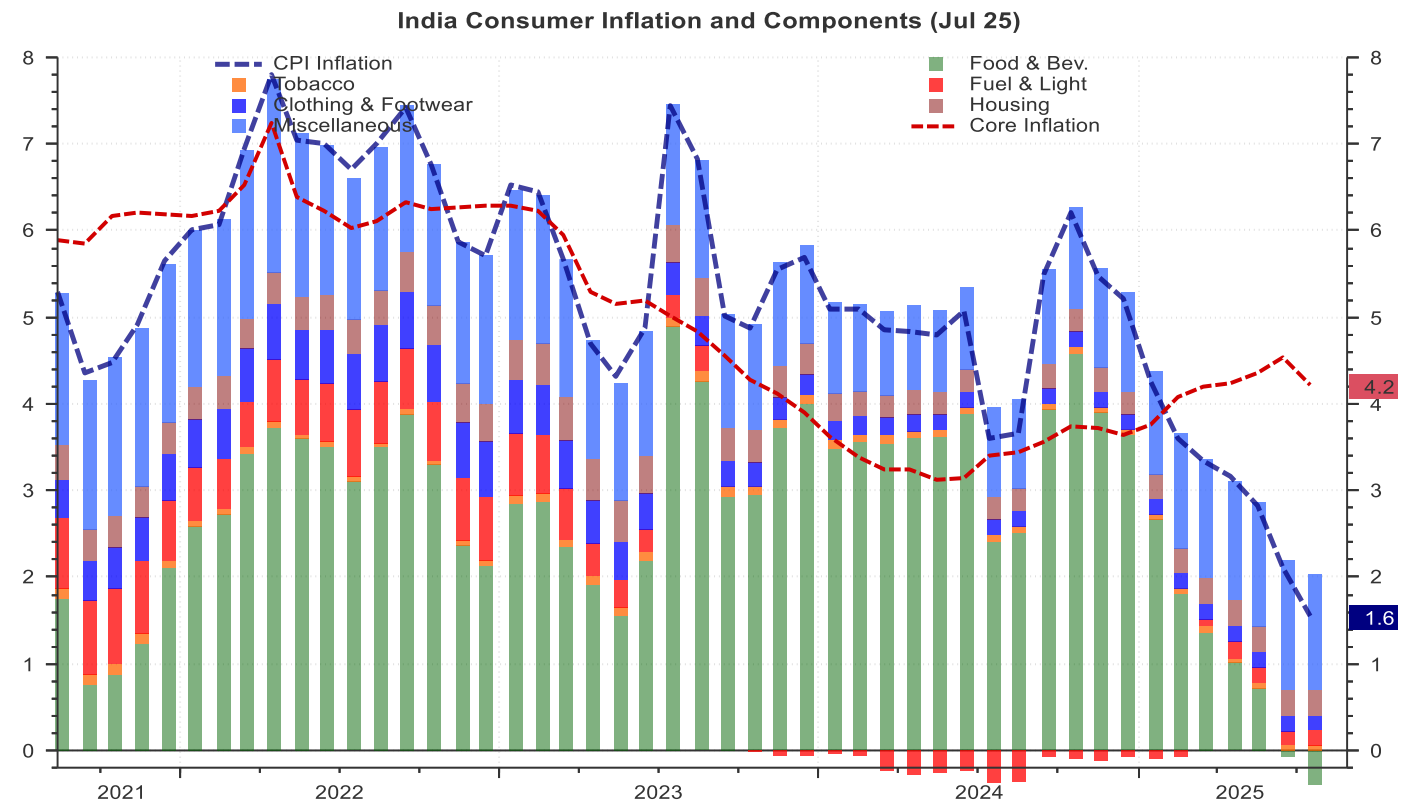
	Weight (%)	Jul-25	Jun-25	Jul-24	FY26TD	FY25TD
CPI		1.6	2.1	3.6	2.4	4.6
Food & Beverages	45.9	(0.8)	(0.2)	5.1	0.6	7.3
Pan, Tobacco & Intoxicants	2.4	2.4	2.4	3.0	2.3	3.0
Clothing & Footwear	6.5	2.5	2.6	2.7	2.6	2.7
Housing	10.1	3.2	3.2	2.7	3.1	2.7
Fuel & Light	6.8	2.7	2.6	(5.5)	2.7	(4.2)
Miscellaneous	28.3	5.0	5.5	3.8	5.2	3.6
Core Inflation	44.9	4.2	4.5	3.4	4.3	3.2

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

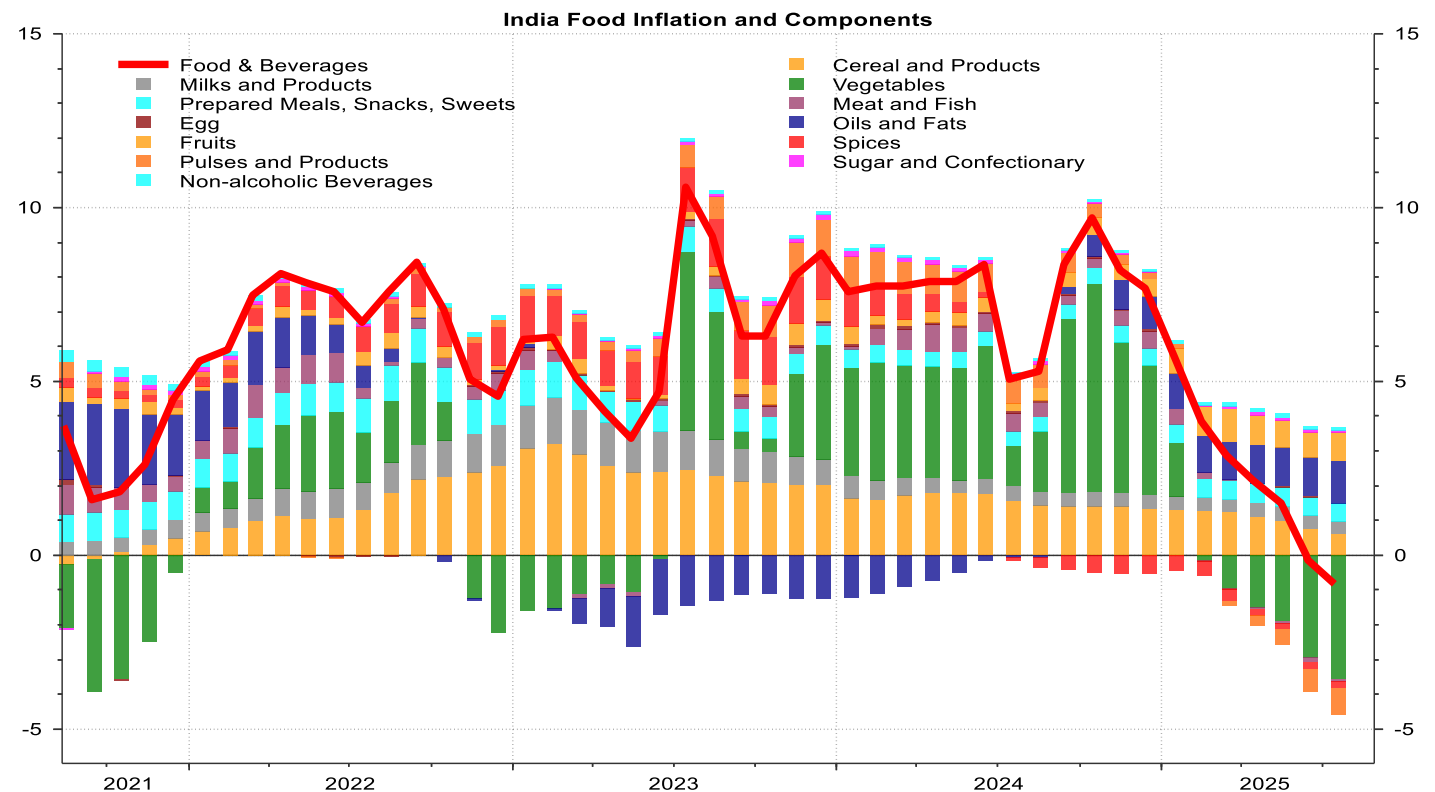
Figure 100: Headline monthly CPI inflation trend



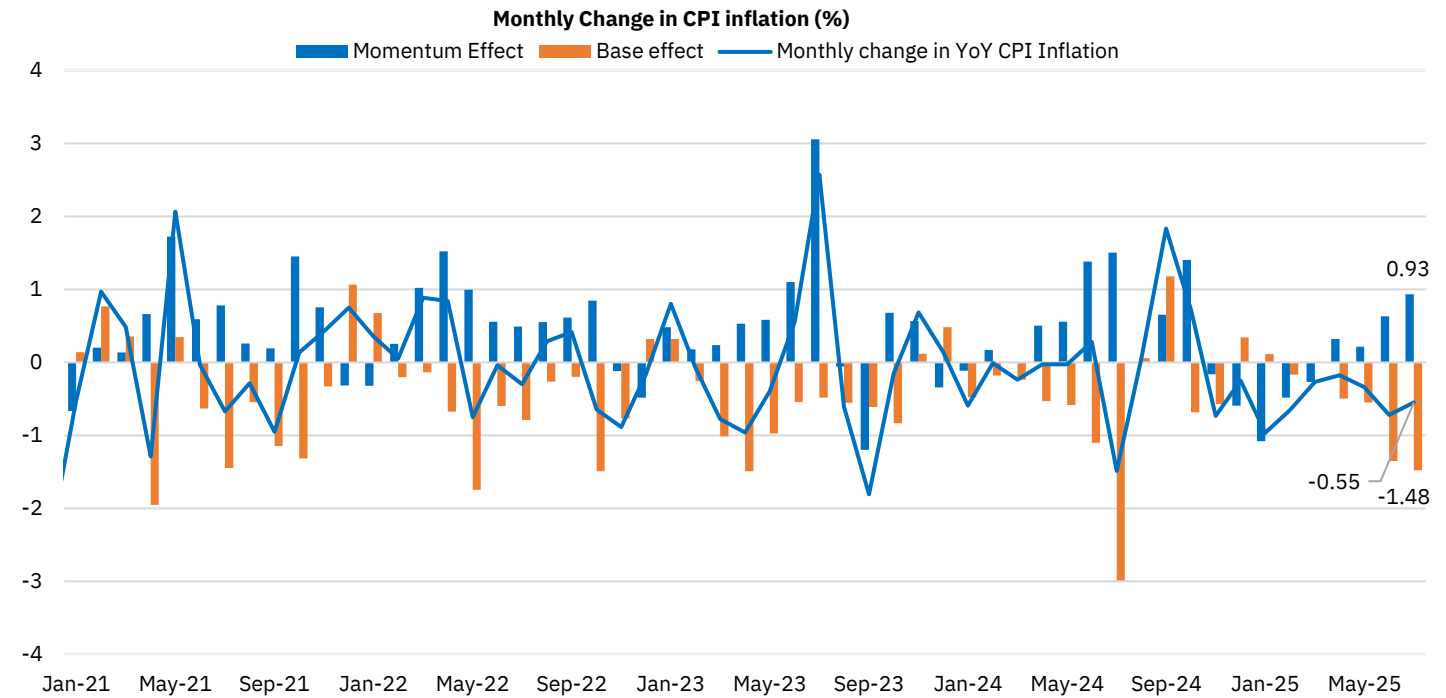
Source: CMIE Economic Outlook, NSE EPR.

Figure 101: Category-wise contribution to India consumer price inflation (CPI)


Source: LSEG Workspace, NSE EPR.

Figure 102: Category-wise contribution to India Food and Beverages inflation (CPI)


Source: LSEG Workspace, NSE EPR.

Figure 103: Monthly Change in CPI inflation broken down by base and momentum


Source: CMIE Economic Outlook, NSE EPR.

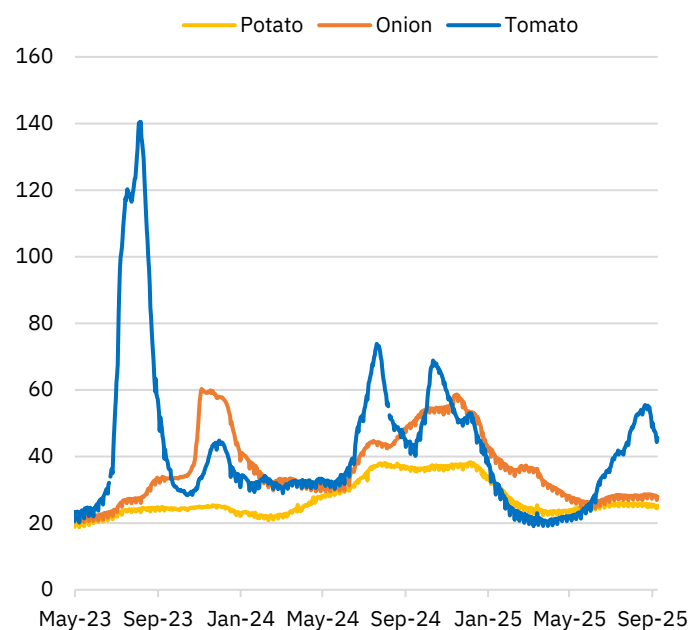
Figure 104: Trends in Retail Prices of TOP (Rs/kg)

Source: CMIE Economic Outlook, NSE EPR. TOP: Tomato, Onion, Potato. Data till September 8th, 2025.

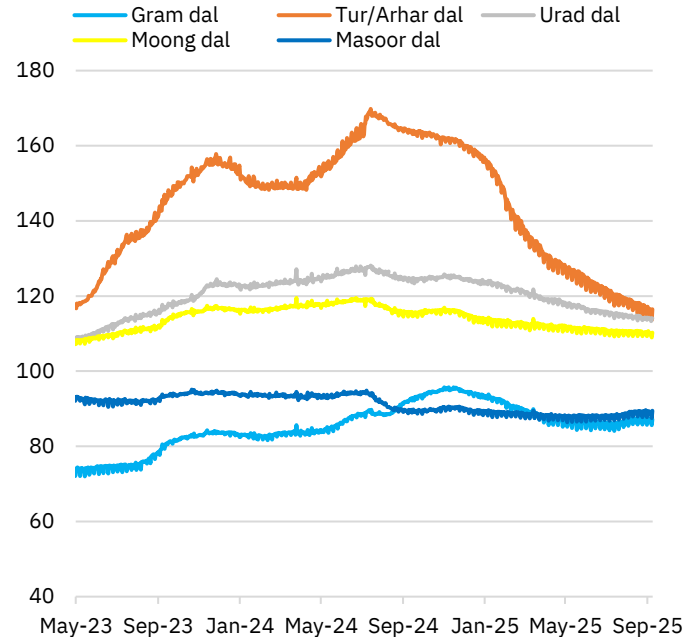
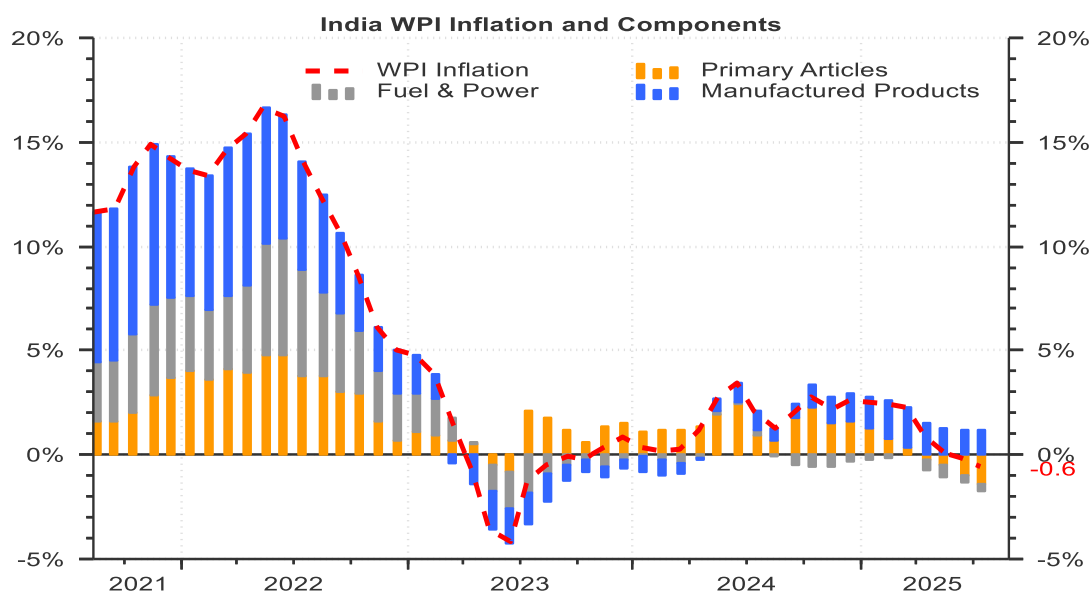
Figure 105: Trends in retail Prices of Pulses (Rs/kg)


Table 50: Wholesale price inflation for July 2025 (%YoY)

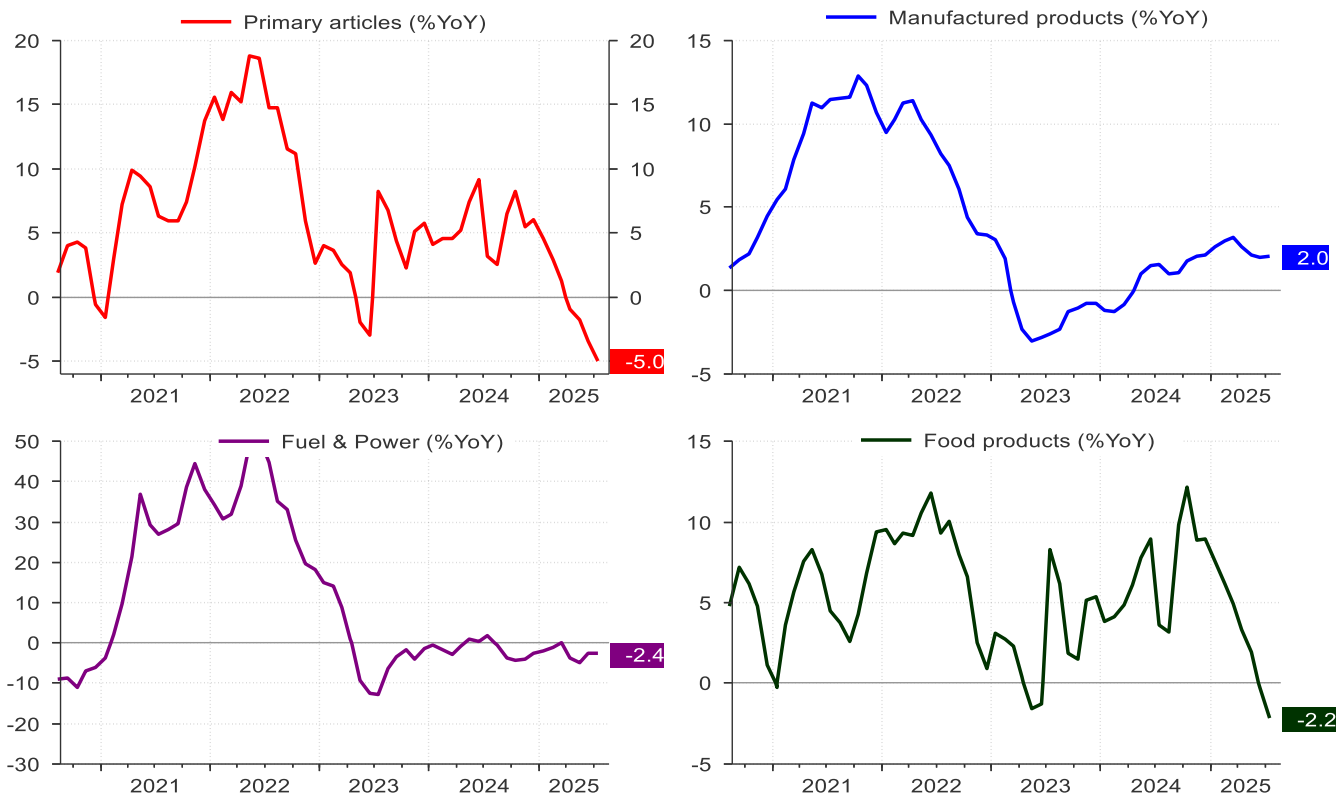
	Weight (%)	July-25	June-25	July-24	FY26TD	FY25TD
WPI		-0.6	-0.1	2.1	0.1	2.4
Primary articles	22.6	-5.0	-3.4	3.2	-2.8	6.2
Food articles	15.3	-6.3	-3.7	3.5	-2.8	8.0
Non-food articles	4.1	3.4	2.3	-1.9	2.1	-2.9
Minerals	0.8	1.1	0.8	5.2	1.1	5.2
Crude petroleum & natural gas	2.4	-11.1	-12.3	9.1	-12.7	9.0
Fuel & power	13.2	-2.4	-2.7	1.9	-3.4	0.6
Coal	2.1	0.5	0.8	-1.5	0.5	-0.3
Mineral oils	8.0	-5.0	-5.8	3.7	-6.1	1.9
Electricity	3.1	3.3	4.4	-1.0	2.0	-2.3
Manufactured products	64.2	2.0	2.0	1.6	2.2	1.0
Food group	24.4	-2.1	-0.3	3.6	0.7	6.5

Source: CSO, CMIE Economic Outlook, NSE EPR. FYTD data corresponds to Apr-July.

Figure 106: Category-wise contribution to India wholesale price index (WPI)


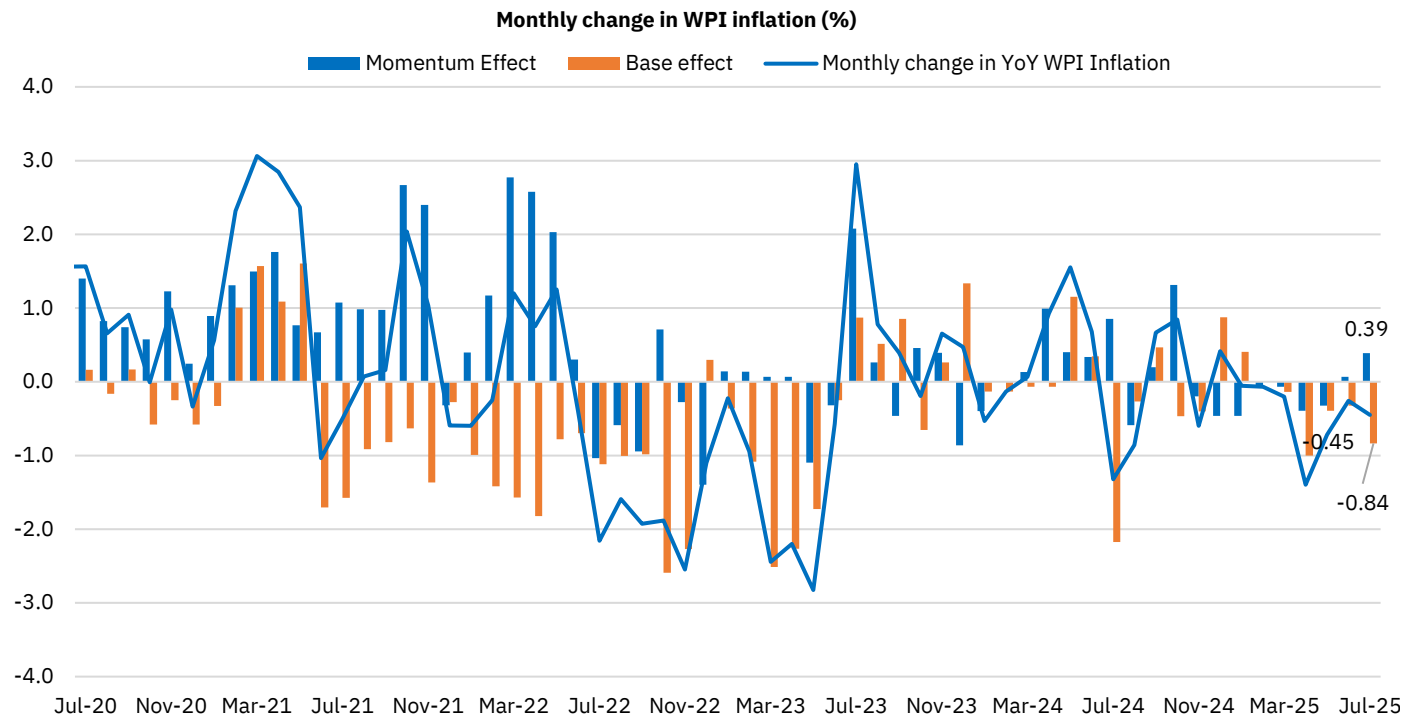
Source: LSEG Workspace, NSE EPR.

Figure 107: India wholesale price inflation (WPI)



Source: LSEG Workspace, NSE EPR.

Figure 108: Monthly Change in WPI inflation broken down by base and momentum



Source: CMIE Economic Outlook, NSE EPR

Figure 109: Gap between retail and wholesale inflation

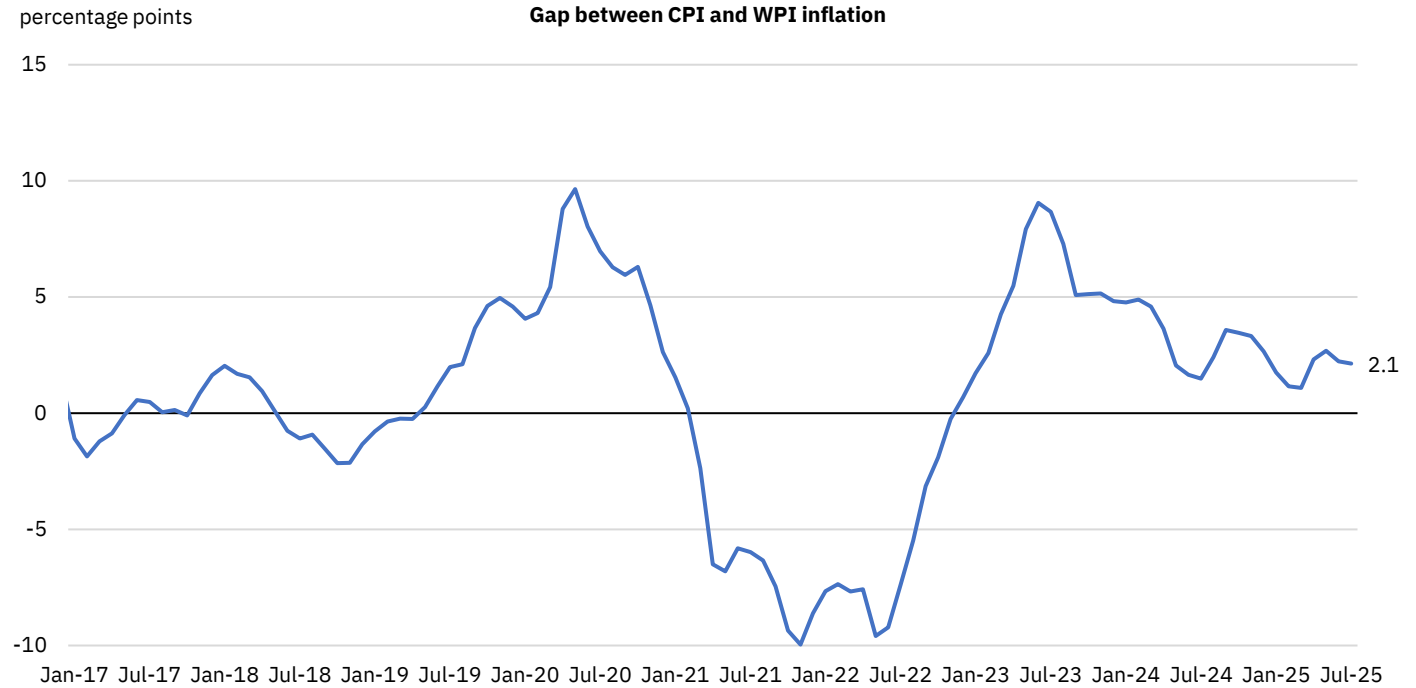
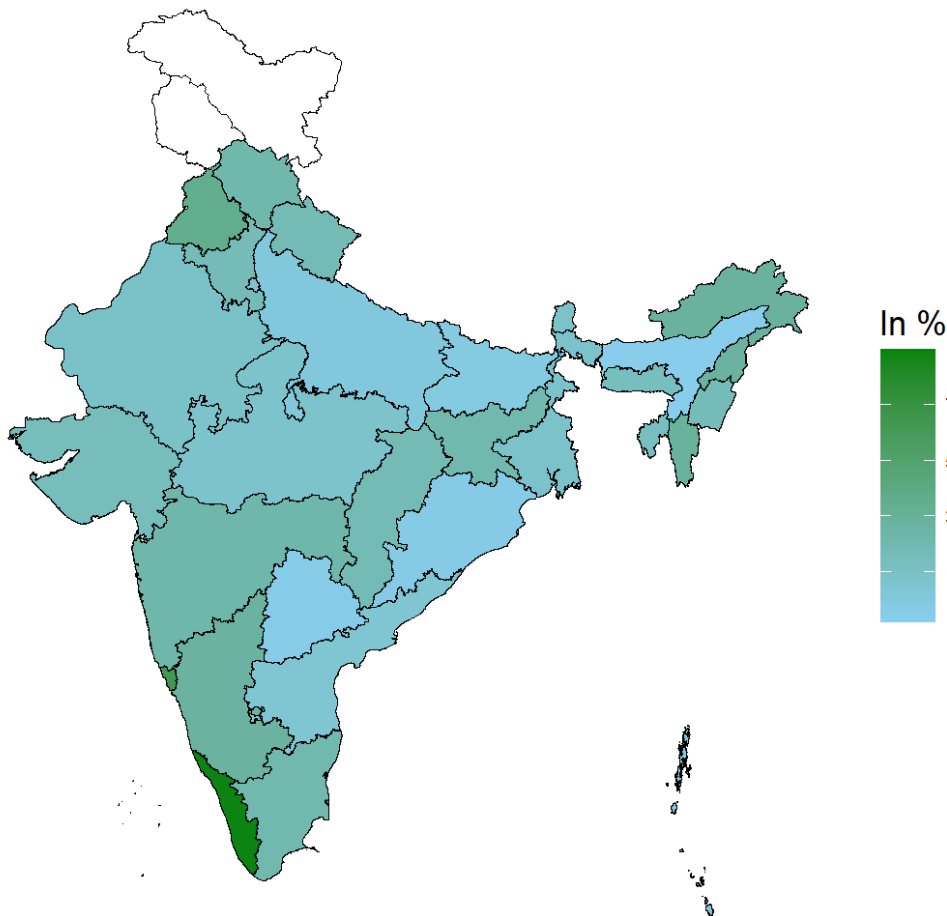


Figure 110: Headline CPI inflation across Indian states in July 2025



Source: CMIE Economic Outlook, NSE EPR.

RBI's review of Monetary Policy Framework: Key highlights

The Reserve Bank of India's recent Discussion Paper (DP)¹¹ on the review of the Flexible Inflation Targeting (FIT) framework is released at a juncture when the Indian economy is navigating global challenges emerging from trade uncertainties and supply chain disruptions. Since its adoption in 2016, FIT has served India well by reducing inflation and anchoring inflation expectations. That said recent shocks from the pandemic and the Russia-Ukraine conflict have reignited the debate on whether certain aspects of the framework need recalibration. The DP invites broader debate on four core issues: the choice of inflation measure, the optimality of 4% target level, the design of the tolerance band and the merits of a point vis-à-vis range framework. On the inflation metric, the DP stresses that while core inflation is less volatile, headline inflation is the appropriate benchmark for India, where food and fuel account for more than half the consumption basket and thereby strongly shape inflation expectations. The optimality of the 4% inflation target is supported by trend estimates and India's status as a fast-growing economy, where slightly higher services inflation is expected. The current (+/-) 2% tolerance band has effectively balanced flexibility and stability, with most deviations (94%) within this range. The final issue is whether to retain a point target with a band or shift to a pure range. Global experience favours point targets with bands for stronger credibility, while a range may add flexibility but risks multiple targets, complicating communication and policy signals. With the second review due in March 2026, the DP concludes that the framework has served India well while reassessing its core principles and exploring ways to enhance its credibility and flexibility.

- Four broad questions on inflation target:** The Flexible Inflation Targeting (FIT) framework — effective since 2016 and reviewed in 2021 — has broadly delivered on its mandate during the previous nine years. The framework's credibility and built-in flexibility have supported price stability despite global challenges. This discussion paper (DP) tries to examine four important questions, presenting balanced arguments on each. The questions revolve around a) Headline vs Core inflation: Better Target Benchmark b) Optimality of the 4% target c) Appropriateness of the tolerance band d) Point target vs. Range target.
- Headline vs Core: The appropriate target benchmark:** The trade-off between inclusivity and stability underpins the debate of the appropriate monetary policy target benchmark — headline or core inflation. Advocates of core inflation (Government of India (2024); Sharma (2024)¹² and Virmani (2024)¹³ — argue that food and fuel prices are volatile and do not react to monetary policy, making it unsuitable for targeting. Conversely, research by Lahiri (2024)¹⁴, Patra et al. (2024)¹⁵, Eichengreen & Gupta (2024)¹⁶ and Goyal (2022)¹⁷ have argued in favour of headline inflation as a target, citing spillover of food inflation to core, erosion of credibility, de-anchoring inflation expectations and serving equity and consumer welfare. Given that food and fuel account for over 50% of India's consumption basket, excluding them may not reflect the true cost of living. While some argue that the current CPI base (2011-12) is outdated, the latest Household Consumption Survey (2023-24) shows food and energy remain dominant, especially among lower-consumption decile households.

¹¹ Link to the discussion paper: <https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=23171>

¹² Sharma, M. (2024). India should remove food inflation from its inflation target. The Economic Times, June 4

¹³ Virmani, A. (2024). Core inflation with non-volatile food must guide RBI. The Financial Express. December 6. <https://www.financialexpress.com/policy/economy-core-inflation-with-non-volatile-food-must-guide-rbi-arvind-irmani-3685308/>

¹⁴ Lahiri, A. (2024). Inflation debate: Current target holds merit, but 4% midpoint needs teeth. Business Standard, October.

¹⁵ Patra, M.D., John, J. and George, A. T. (2024). Are Food Prices the 'True' Core of India's Inflation? RBI Bulletin, January.

¹⁶ Eichengreen, B. and Gupta, P. (2024). Inflation Targeting in India: A Further Assessment. NCAER Working Paper, January.

¹⁷ Goyal, A. (2022). Flexible Inflation Targeting: Concepts and Application in India. Indian Public Policy Review, 3(5): 01

21. <https://doi.org/10.55763/ipp.2022.03.05.001>

- India's experience in the FIT era:** Headline and core inflation in the first and second FIT era have moderated vis-à-vis the pre-FIT period. In the first FIT period, headline inflation (4.4%) was lower than core inflation (5%), while in the subsequent FIT period, headline (5.4%) exceeded core inflation (5%). The volatility in headline inflation has gradually narrowed since the adoption but in general the volatility in food inflation remains higher than core. Empirical evidence in India's case suggests convergence of non-core prices to core prices in the long run, implying that the monetary policy cannot ignore second-round effects of supply-side shocks.
- Deliberations over the optimal inflation target:** India's inflation target has remained 4% since the adoption of FIT in 2016 and the DP supports maintaining it based on theory and evidence. Various trend inflation estimates¹⁸ suggest 4% as the desirable rate of inflation and the current framework has delivered disinflation while allowing flexibility during shocks. The Balassa– Samuelson¹⁹ effect lends theoretical support: fast growing economies like India, where productivity gains in tradables push up wages and non-tradable prices. Retaining the 4% target builds on credibility and keeps India in line with global practise where EMDEs typically set the target between 3%-6%. Also, no major central bank has raised its target in recent reviews. Counterarguments by Dholakia et.al (2021)²⁰ highlight the target of 4% to be too tight and risks growth. Furthermore, recently many EMDEs have reduced their inflation target — Indonesia from 6% to 2.5% and Brazil from 8% to 2.5%. However, with structural food inflation risks like climate change, supply chain disruptions and trade fragmentation, lowering the target could undermine credibility.
- The debate on narrowing or widening the target range of 2%-6%:** The current framework gives the MPC adequate flexibility without compromising on the goal of price stability. A tighter band improves policy precision while wider band accommodates shocks but risks credibility. The upper end of the inflation target (4-6%) is justified, owing to detrimental effects of inflation on growth beyond the threshold. In India's case, inflation stayed within the 2-6% band in about three-fourth of the time in the first FIT and two-third of the time in the second. Furthermore, 94% of the cyclical deviations from the long-term trend in inflation fall within the (+/-) 2% band, strengthening the case for the current target range. Conversely, the argument in favour of narrowing the band, emanates from fall in the volatility of headline inflation from 2.3% in the pre-FIT era to 1.5% in the post. Additionally, cross country evidence reveal that majority have a narrower tolerance band of 1-1.5%. Hence, the broad question remains whether the range must be retained to absorb shocks or to narrow it further to maintain credibility.
- Point vs. range target:** The current framework specifies a point target of 4% with a tolerance band of (+/-) 2%. Globally, only a few of the major countries like Australia, Israel, Thailand and South Africa follow range target and several like Czech Republic, New Zealand and South Korea have moved away from point target

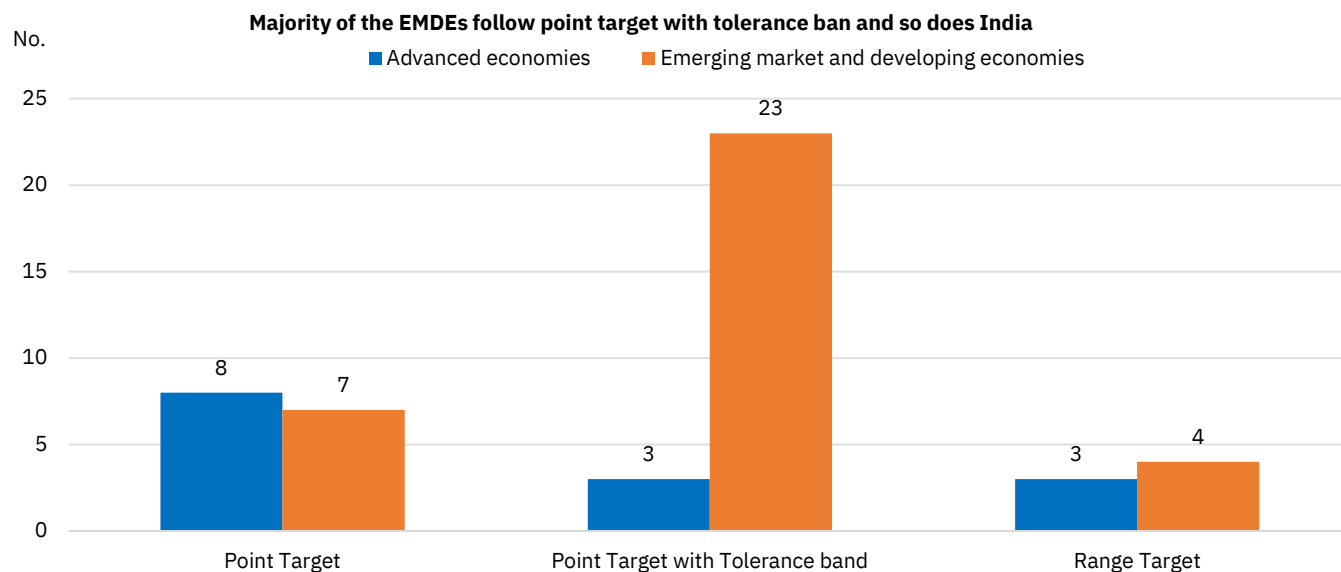
¹⁸ Various trend inflation estimates include Bound Model (4.1%), Regime Switching Phillips Curve Model (4.2%), Multivariate Core trend (3.5%) and Long Term Inflation Expectations (4.4%)

¹⁹ Balassa Samuelson effect explains why countries with higher productivity growth in the tradable goods sector tend to experience higher overall price levels and inflation compared to less productive countries.

²⁰ Dholakia, R. H., Chander, J., Padhi, I. and Pratap, B. (2021), "Threshold Level of Inflation – Concept and Measurement", DRG Study No. 45, Reserve Bank of India.

to range. Arguments in favour of range target point out to greater flexibility to respond to economic shocks and reflects forecasting uncertainty over inflation. That said, the counterarguments state the ambiguity for MPC members on exact stance and weakens commitment to price stability. In case of India, headline has remained in the 2-4% range in 11 out of the 35 quarters, and 4-6% in 14 quarters while breaching the 6% mark in nine quarters. A shift to range target could be construed as a dilution of the existing framework eroding credibility.

Figure 111: Cross country inflation targeting regime

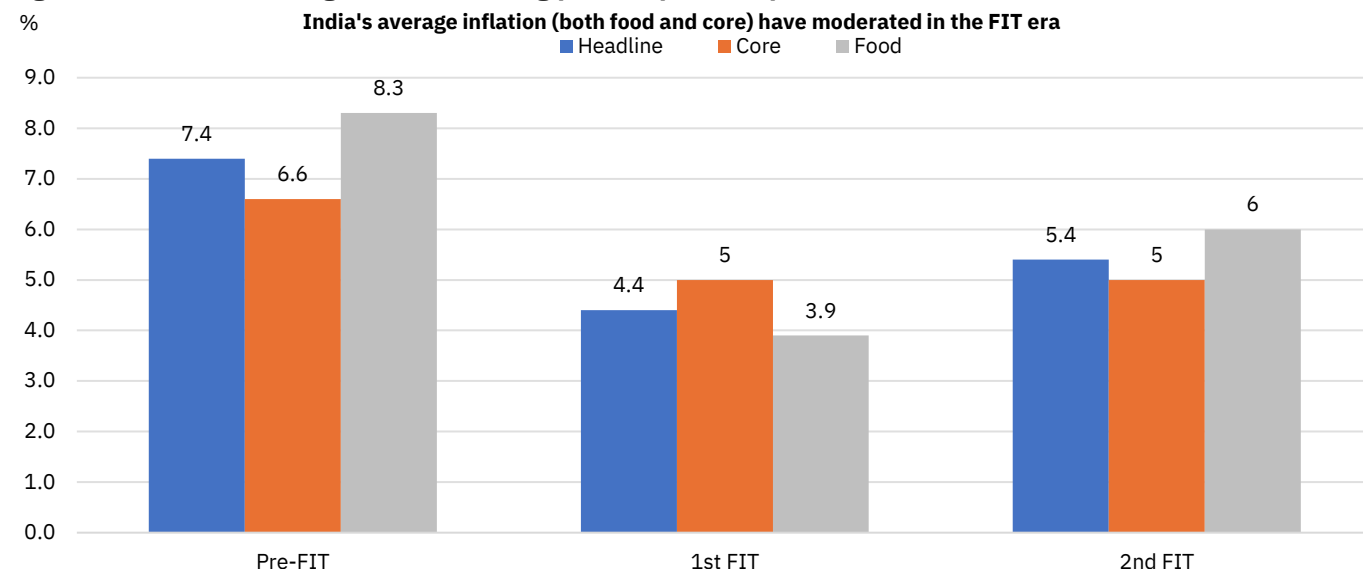


Source: IMF Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER), and Central Bank websites. India falls under point target with tolerance band.

Table 51: Country-wise snapshot of inflation target regime

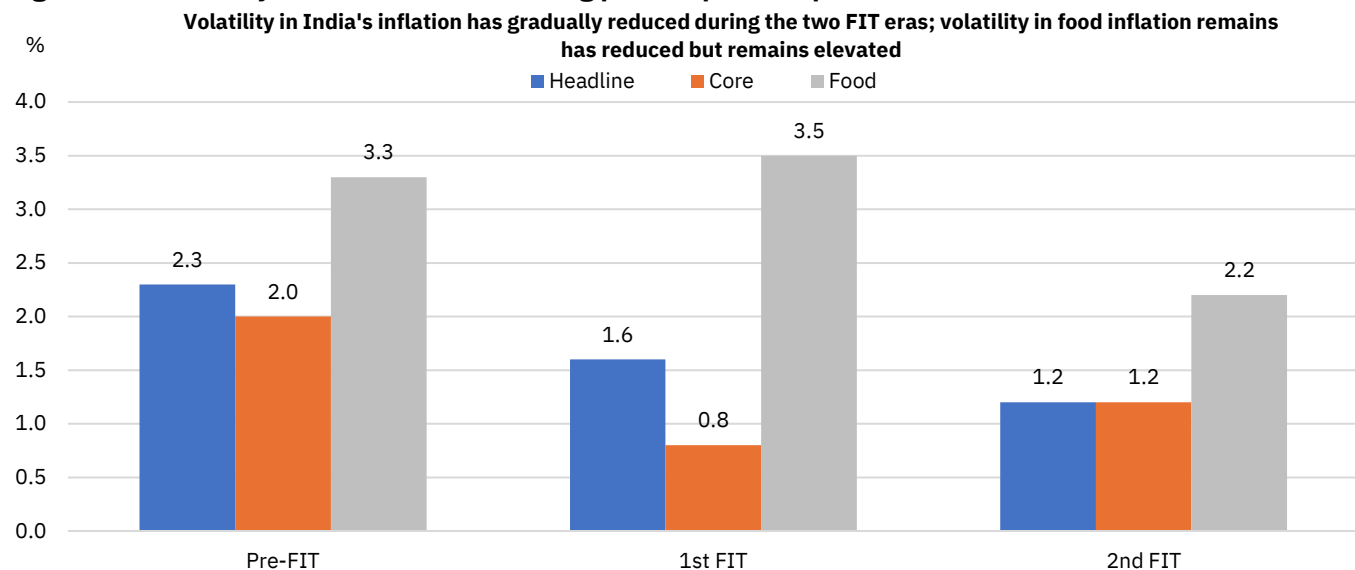
Country	Target method	Point/Range (%)	Country	Target method	Point/Range (%)
Advanced economies			EMDEs		
US	Point	2	Indonesia	Point with band	2.5+/- 1
UK	Point	2	Philippines	Point with band	3+/- 1
Switzerland	Point	2	Mexico	Point with band	3+/- 1
Sweden	Point	2	Brazil	Point with band	3+/- 1.5
South Korea	Point	2	India	Point with band	4+/- 2
Norway	Point	2	Turkey	Point with band	5+/- 2
Japan	Point	2	Sri Lanka	Point with band	5+/- 2
Euro Area	Point	2	South Africa	Range	3-6
Canada	Points with band	2+/- 1	Thailand	Range	1-3
Australia	Range	2-3	Russia	Point	4
Israel	Range	1-3			
New Zealand	Range	1-3			

Source: IMF Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER), and Central Bank websites

Figure 112: India's average inflation during pre and post FIT phases


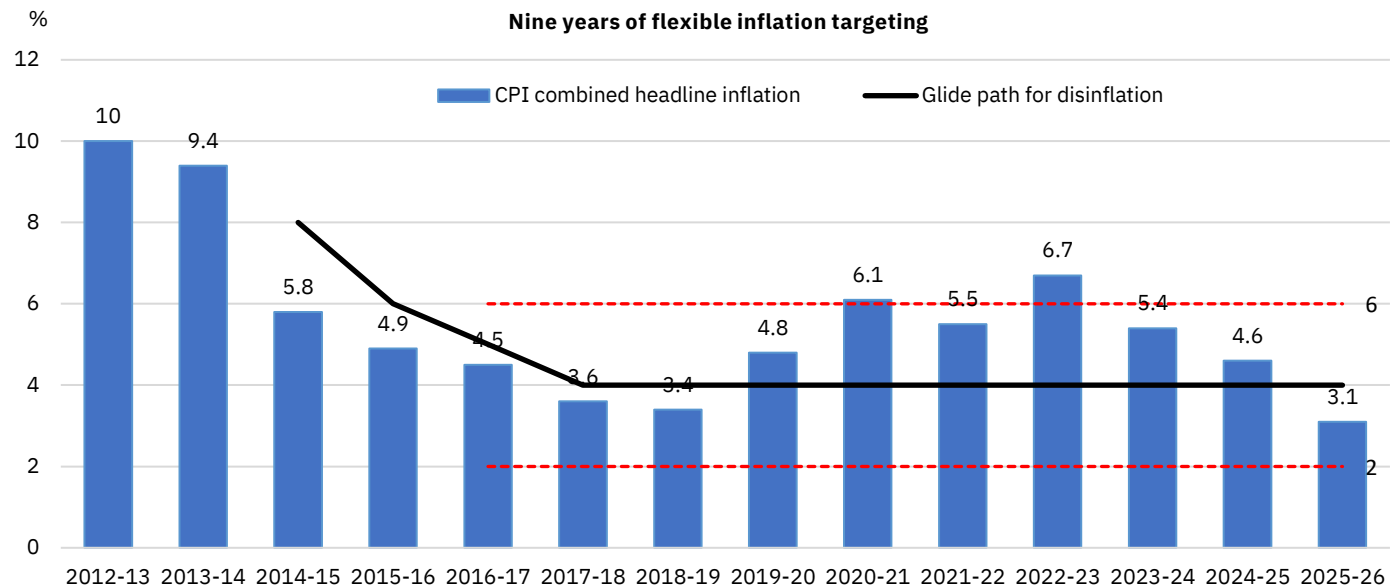
Source: RBI Discussion Paper, NSE EPR

Notes: 1) FIT was formally adopted in India with the amended RBI Act coming into force on June 27th, 2016; the inflation target of 4 per cent with a tolerance band of +/- 2 per cent was announced on August 5th, 2016; MPC was constituted on September 29th, 2016; First MPC meeting held on October 3-4, 2016; Figures in parentheses are weights in CPI (Base: 2012=100). Data for inflation is updated till May 2025 throughout the Paper.2) Pre FIT: April 2012 to September 2016; 1st FIT: October 2016 to March 2021; 2nd FIT: April 2021 to May 2025 (data is updated till this month)

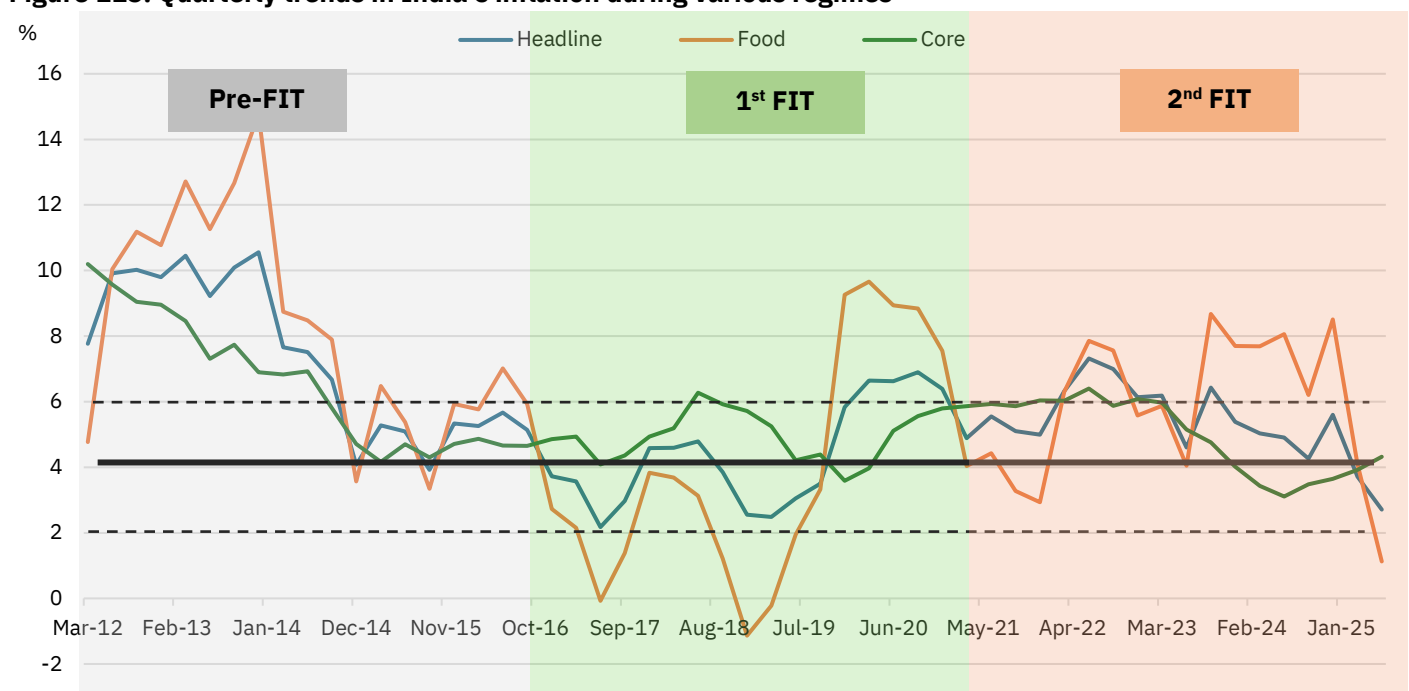
Figure 113: Volatility in India's inflation during pre and post FIT phases


Source: RBI Discussion Paper, NSE EPR.

Notes: 1) FIT was formally adopted in India with the amended RBI Act coming into force on June 27, 2016; the inflation target of 4 per cent with a tolerance band of +/- 2 per cent was announced on August 5, 2016; MPC was constituted on September 29, 2016; First MPC meeting held on October 3-4, 2016; Figures in parentheses are weights in CPI (Base: 2012=100). Data for inflation is updated till May 2025 throughout the Paper.2) Pre FIT: April 2012 to September 2016; 1st FIT: October 2016 to March 2021; 2nd FIT: April 2021 to May 2025(data is updated till this month)

Figure 114: Annual trends in India's inflation


Source: Ministry of Statistics and Program Implementation (MOSPI) and RBI staff, NSE EPR.

Figure 115: Quarterly trends in India's inflation during various regimes


Source: CMIE Economic Outlook, NSE EPR Notes: 1) FIT was formally adopted in India with the amended RBI Act coming into force on June 27th, 2016; the inflation target of 4% with a tolerance band of +/- 2 per cent was announced on August 5th, 2016; MPC was constituted on September 29th, 2016; First MPC meeting held on October 3-4, 2016; Figures in parentheses are weights in CPI (Base: 2012=100). Data for inflation is updated till May 2025 throughout the Paper. 2) Pre FIT: April 2012 to September 2016; 1st FIT: October 2016 to March 2021; 2nd FIT: April 2021 to May 2025

Figure 116: Frequency distribution of inflation during the first FIT period

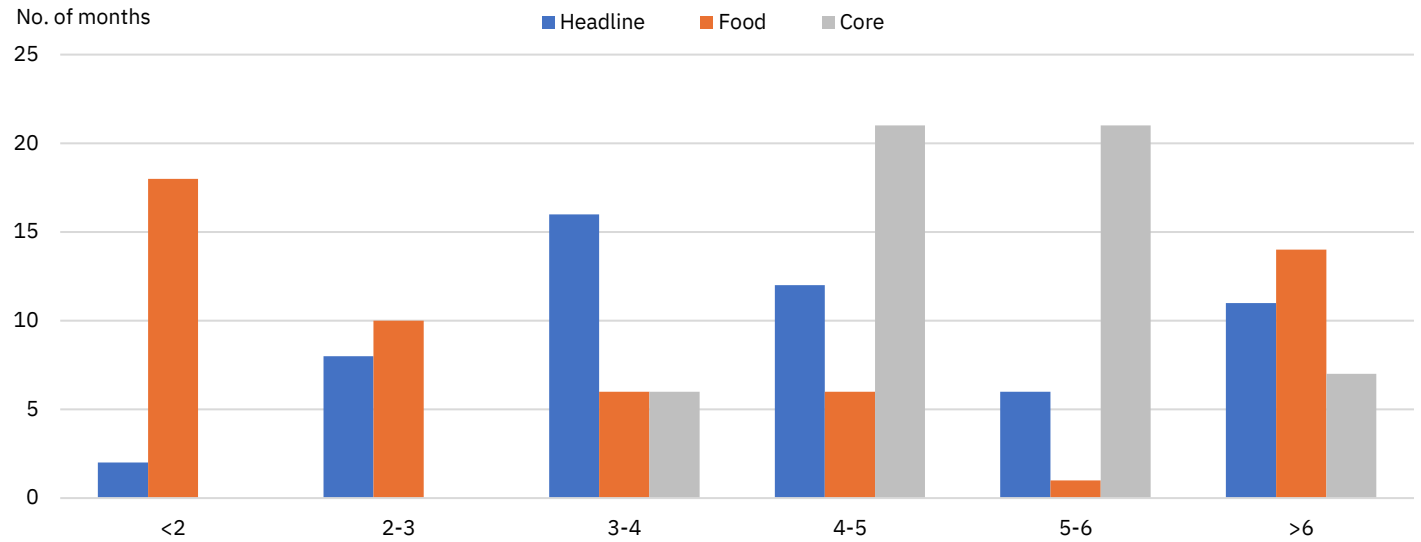


Figure 117: Frequency distribution of inflation during the second FIT period

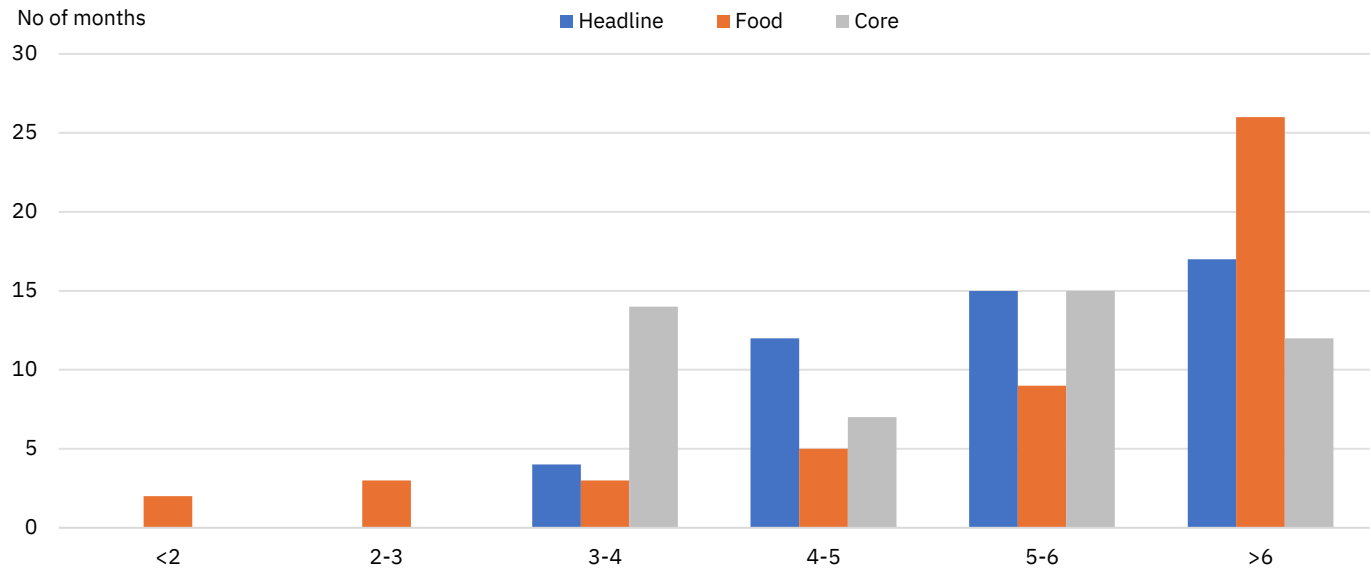
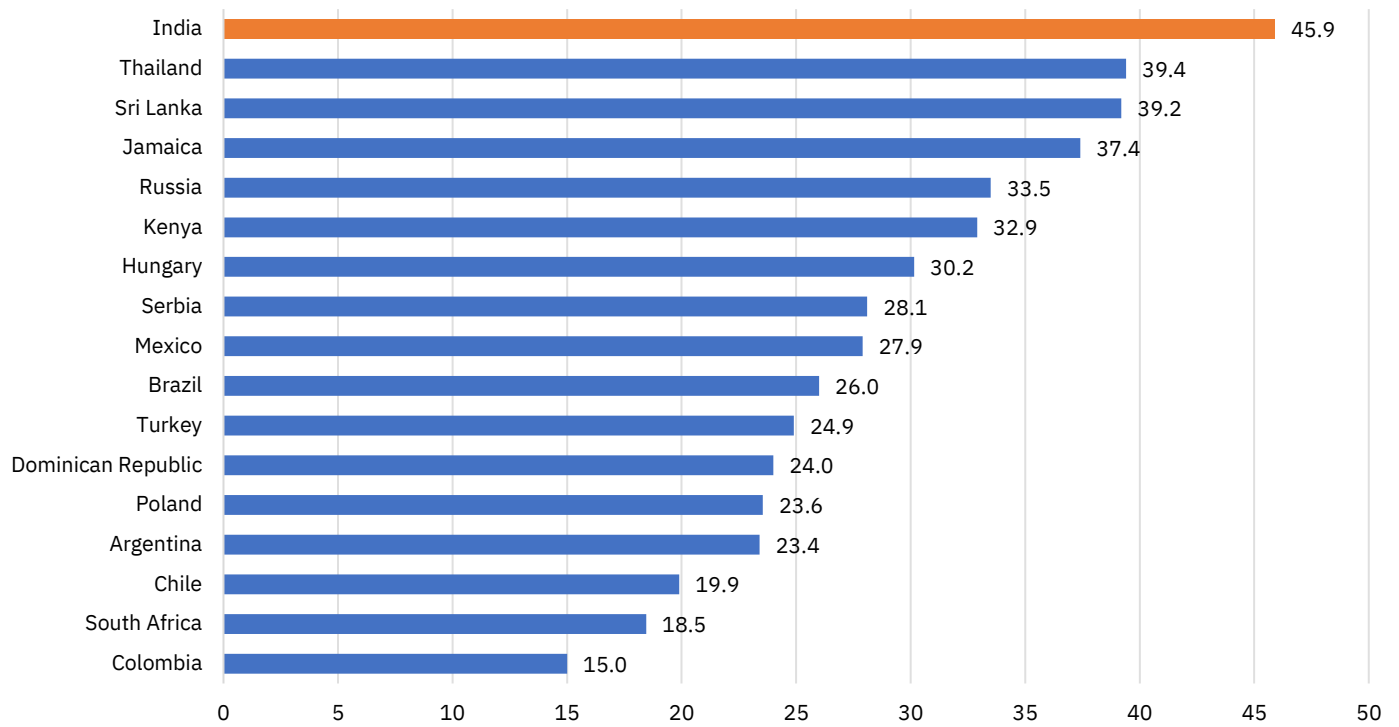


Figure 118: Cross comparison of EMDEs in share of food in the consumption basket

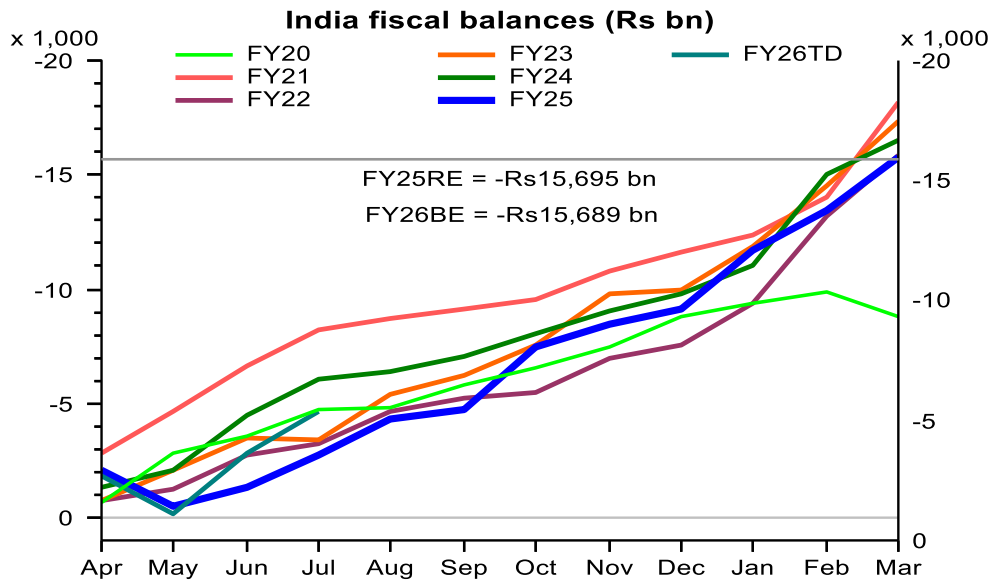
Food accounts for nearly 46% of the CPI basket; among the highest among EMDEs



Source: RBI Discussion Paper, NSE EPR.

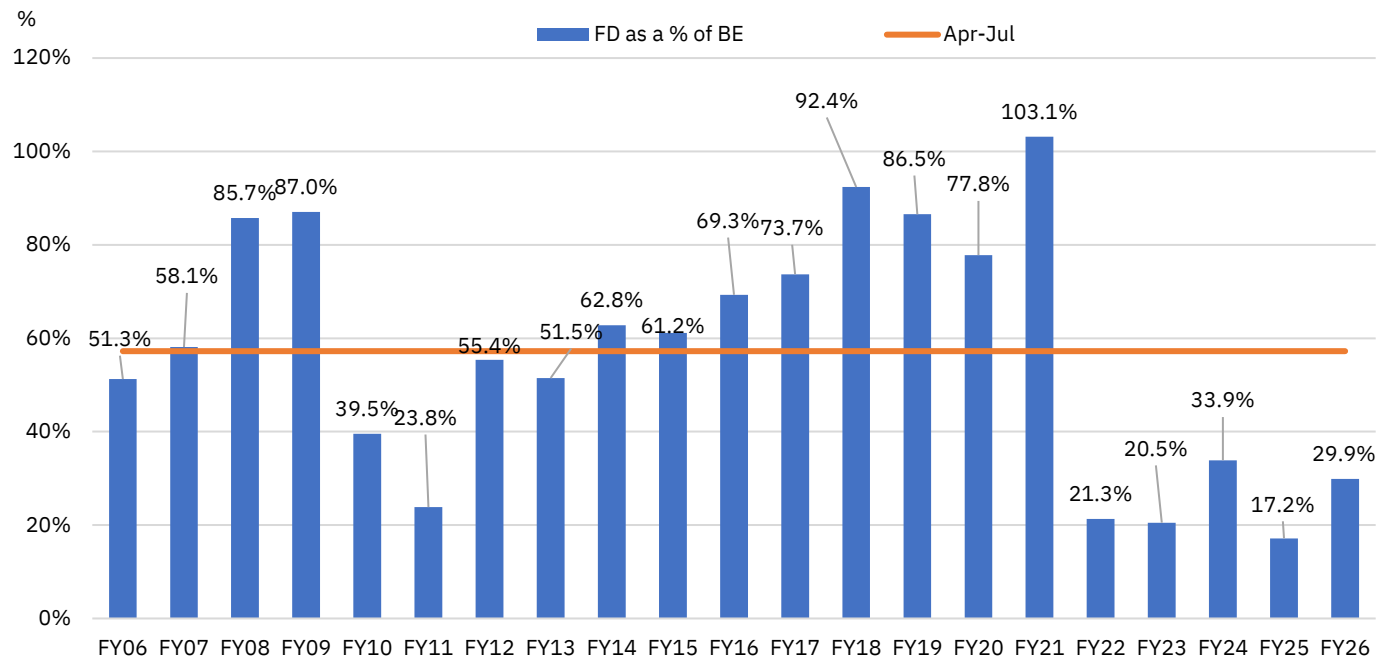
Union finances: Spending surges amid weak tax collections

Figure 119: Yearly trend of India's fiscal balances

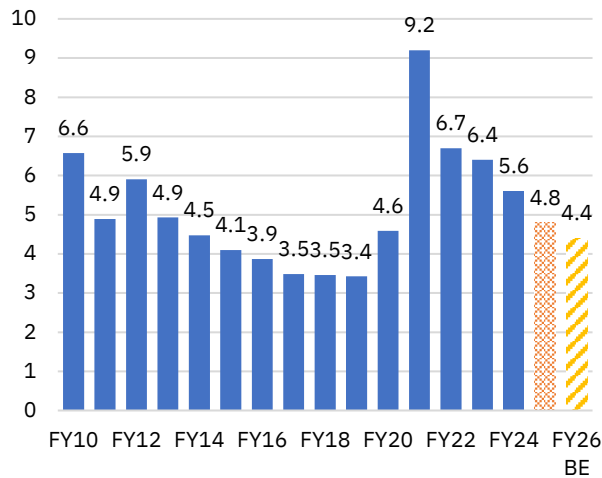


Source: LSEG Workspace, NSE EPR.

Figure 120: Gross fiscal deficit as % of budget targets during April-July

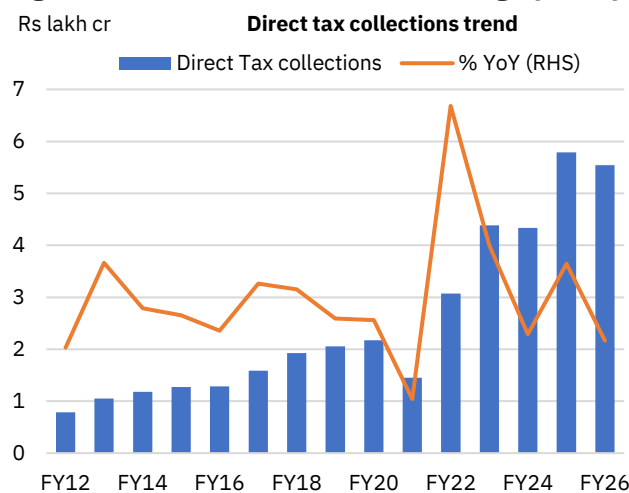


Source: CMIE Economic Outlook, CGA, NSE EPR.

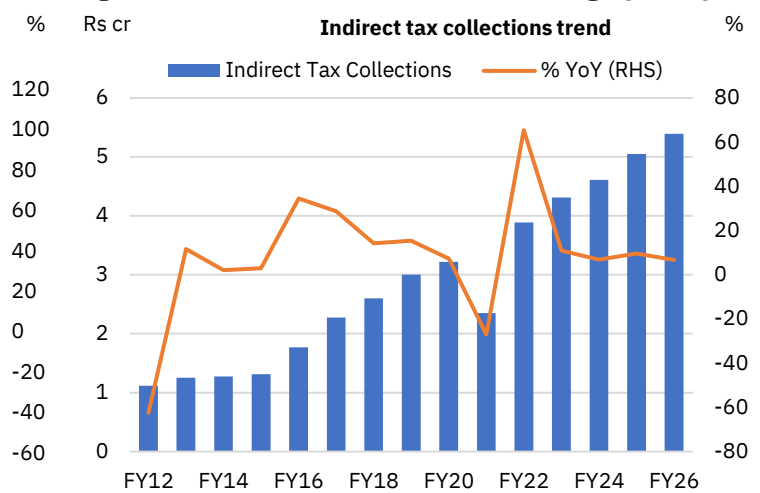
Figure 121: Centre's gross fiscal trend (% GDP)

Table 52: 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	

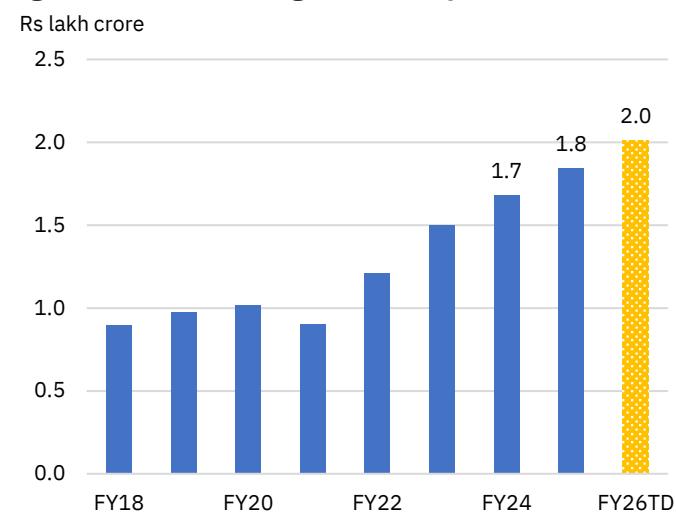
Source: CMIE Economic Outlook, CGA, NSE. BE = Budget Estimates, PA = Provisional actuals; Note: 1) % YoY growth in FY26BE is over the provisional actuals of FY25 2) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts.

Figure 122: Direct tax collections during Apr-July


Source: CMIE Economic Outlook, CGA, NSE EPR.

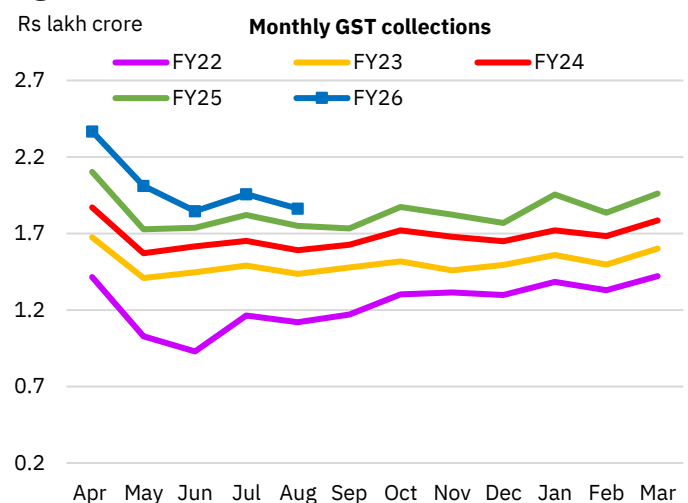
Figure 123: Indirect tax collections during Apr-July


Source: CMIE Economic Outlook, CGA, NSE EPR.

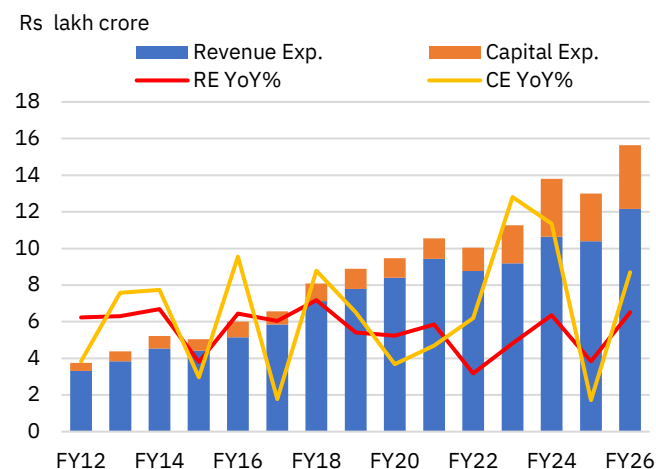
Figure 124: Year average of monthly collections*


*FY26TD – FY26 Till Date (Apr-Aug)

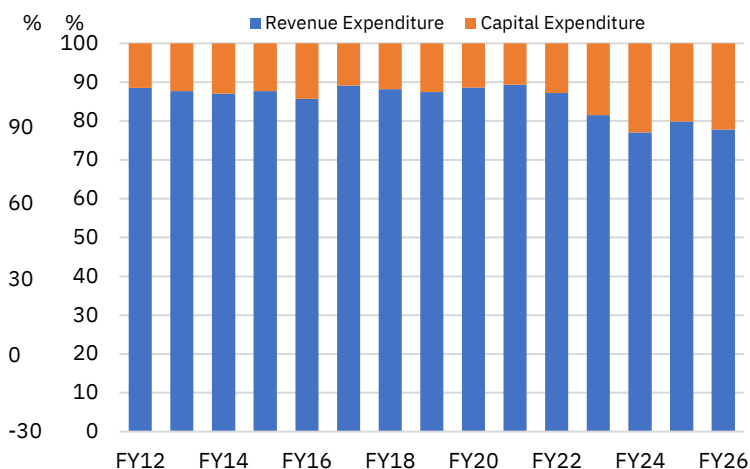
Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

Figure 125: GST collections trend


Source: CMIE Economic Outlook, NSE EPR.

Figure 126: Revenue and capital exp during Apr-July


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

Figure 127: Expenditure mix during Apr-July


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

Table 53: A snapshot of government finances (Apr-July FY26)

Items	Apr-July (FY25) Rs lakh crore	Apr-July (FY26)		Utilization rate
		Rs lakh crore	% YoY	%
Net tax revenues	7.2	6.6	-7%	23.3%
Gross tax revenues	10.8	10.9	1%	25.6%
Of which:				
Direct Tax	5.8	5.5	-4%	22.0%
Corporation tax	1.8	2.0	8%	18.4%
Income tax	3.9	3.6	-10%	24.7%
Indirect Tax	5.1	5.4	7%	30.8%
Goods and service tax	3.4	3.7	10%	31.8%
Custom Duties	0.7	0.6	-10%	25.2%
Excise Duties	0.8	0.8	9%	26.5%
States Share	-3.7	-4.3	17%	30.1%
Transferred to NCCD	0.0	0.0	8%	24.6%
Non-Tax Revenue	3.0	4.0	34%	69.2%
Dividends and profits	2.3	2.9	28%	90.3%
Other non-tax revenues	0.7	1.1	51%	53.2%
Central govt. revenue receipts	10.2	10.7	5%	31.1%
Non-Debt Capital Receipts	0.1	0.3	366%	39.2%
Recovery of Loans	0.1	0.1	12%	24.6%
Misc. receipts (inc. divestment)	0.0	0.2		48.2%
Total Receipts	10.2	11.0	7%	31.3%
Revenue Expenditure	10.4	12.2	17%	30.8%
Interest Payments	3.3	4.5	36%	35.0%
Major subsidies	1.3	1.1	-10%	26.7%
Food	0.8	0.5	-32%	26.6%
Fertilizer	0.4	0.6	37%	35.2%
Petroleum	0.0	0.0	-88%	3.4%
Other revenue expenditure	5.9	6.6	12%	29.3%
Capital Expenditure	2.6	3.5	33%	30.9%
Total Expenditure	13.0	15.6	20%	30.9%
Fiscal Deficit	2.8	4.7	69%	29.9%

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

Table 54: A snapshot of Government finances in financial years FY24, FY25 and FY26

Items	FY24		FY25				FY26	
	Rs lakh crore	% YoY	BE (Rs lakh crore)	PA (Rs lakh crore)	% YoY	% chg. from BE	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.

Current account slips into deficit in Q1; overall BOP remains in surplus

India's current account slipped into a marginal deficit of US\$ 2.4 bn (0.2% of GDP) in Q1 FY26, reversing a surplus of US\$ 13.5 bn (1.3% of GDP) in the previous quarter, though it narrowed significantly from a deficit of US\$ 8.7 bn (0.9% of GDP) in the same period last year. The sequential deterioration was primarily led by a widening merchandise trade gap as non-oil exports softened amid weak global demand and front-loaded shipments to the US in Q4 FY25 ahead of the April 2nd tariff deadline, while petroleum imports picked up. Net services receipts also eased sequentially, weighed by higher travel-related seasonal outflows, although on an annual basis, services continued to post double-digit growth, supported by software and business services. On the capital account, inflows turned positive to US\$7.7bn (0.8% of GDP) after two consecutive quarters of outflows of more than US\$32bn, aided by higher foreign direct investment (FDI), modest foreign portfolio inflows (FPI) in equities, and a robust YoY growth in external commercial borrowings. However, portfolio flows in debt markets remained muted as elevated US yields and a shift in domestic monetary policy stance kept the interest rate differential less favourable. Overall, the balance of payments (BOP) surplus moderated to US\$4.5bn in Q1 FY26.

Going forward, India's external sector is expected to remain broadly stable, with the services surplus and sustained remittance inflows continuing to offset some of the pressures from merchandise trade. The sizeable forex reserve of nearly US\$700bn provides a meaningful buffer against external shocks. However, the trajectory will hinge on the persistence and breadth of recent US trade policy actions and the pace of recovery of global demand. Capital flows are likely to remain mixed with foreign direct investment improving gradually amid supportive domestic reforms, while portfolio flows may exhibit intermittent volatility as global financial conditions navigate global headwinds.

- **Current account turns to marginal deficit in Q1 after surplus in Q4 FY25...:**

India's current account deficit has turned from a surplus of US\$ 13.5 bn (1.3% of GDP) in Q4 FY25 to a marginal deficit of US\$ 2.4 bn (0.2% of GDP) in Q1 FY26. That said, the current account deficit has narrowed considerably from US\$ 8.7 bn (0.9% of GDP) in Q1 FY25. The sequential shift to deficit can be primarily attributed to widening of merchandise trade deficit (15.1% QoQ) and lower income through net services (-10.1% QoQ). On a YoY basis, the current account deficit has narrowed, despite sharp decline in petroleum exports (15.7% YoY), thanks to strong double-digit growth in net services (~21% YoY), particularly software (11% YoY) and business services (114% YoY) and solid growth in worker's remittances (38% YoY).

India's current account balance recorded a deficit of US\$2.4 bn or 0.2% of GDP in Q1FY26.

- **...As merchandise exports and net travel services decline...:** Sequential widening of merchandise trade deficit can be ascribed to contraction in non-oil exports (6.4% QoQ), owing to global demand weakness and front-loading of exports to the USA in the last quarter of FY25 ahead of the tariff deadline coupled with robust 11.1% QoQ growth in petroleum imports. Net services were lower weighed down by outflows in travel net services — highest in more than 20 years — indicating higher outbound travel due to seasonal effect. Personal transfers (including workers' remittances) has grown by 16.7% YoY to US\$ 31 bn, providing much needed cushioning to the current account balance and highlighting the resilience in household inflows.
- **...While capital account turned positive after two consecutive quarters of outflows:** Capital account has turned positive of US\$ 7.7 bn (0.8% of GDP) after two consecutive quarter of cumulative outflows of more than US\$ 32 bn in Q3 and Q4 of FY25. Capital account inflows have been supported by strong FDI net flows (US\$ 5.8 bn; four-quarter high) and FPI net inflows (US\$ 1.6 bn). Notwithstanding

the sequential improvement, net FDI on a YoY basis has declined owing to higher repatriations and outward FDI. FPIs were net buyers in the equity segment during Q1 FY26 supported by improved domestic macroeconomic climate, confidence in India's long-term fundamentals and RBI's accommodative monetary policy with a cumulative rate cut of 100bps. In contrast, FPIs were net sellers in the debt segment weighed down by shrinking interest rate differential amidst elevated US yields and shift in RBI's policy stance to "neutral" from accommodative. Flows through external commercial borrowings have almost tripled on a YoY basis to US\$ 4.5 bn reflecting demand for private capex, congenial global financial conditions and shift in corporate financing borrowing mix.

- **BOP surplus narrows significantly led by shift in current account to deficit:**

BOP surplus has almost halved sequentially to US\$ 4.5 bn in Q1 FY26, as a shift in current account to deficit outweighed the positive flows recorded in the capital account though FDI and FPI inflows. Furthermore, the narrowing of the outflows in banking capital from US\$ 9bn in Q4 FY25 to US\$ 1.6 bn in Q1 FY26 has partially supported the BOP surplus during the first quarter of this fiscal. In contrast to the sequential movement, on a YoY basis, the BOP surplus has declined by 13.7% YoY as gains through narrowing of current account deficit were outweighed by lower capital inflows by 41.3% YoY. During Q1, the forex reserves increased by US\$ 29.8 bn, driven primarily by valuation gains of US\$ 25.3 bn (vs. US\$ 0.4 bn in Q1FY25) alongwith BOP change of of US\$ 4.5 bn.²¹

- **External outlook remains broadly manageable:** India's BOP outlook for the remainder of FY26 is expected to remain broadly stable, albeit susceptible to evolving global headwinds. CAD is likely to be in deficit, albeit manageable, however heightened trade policy uncertainty, particularly the imposition of an additional 50% US tariff on Indian goods, poses a key risk to export performance, particularly in labour-intensive sectors. The scope and persistence of these tariffs will be pivotal in shaping trade flows. Although merchandise trade deficit has widened by 9.1% YoY in 4MFY26, robust services exports — which expanded by 8.5% during this period — coupled with resilient remittance inflows, are expected to provide a cushion. Capital flows are anticipated to remain mixed, with FDI gradually gaining traction amid lingering global uncertainties, while FPI flows could exhibit continued volatility. Recent improvements in India's sovereign ratings and announcement of GST reforms may help bolster investor sentiment. India's ample foreign exchange reserves—covering over 11 months of imports—offer a significant buffer against potential external shocks, lending resilience to the external sector.

²¹ https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=61130

Table 55: Balance of Payments – Quarterly account

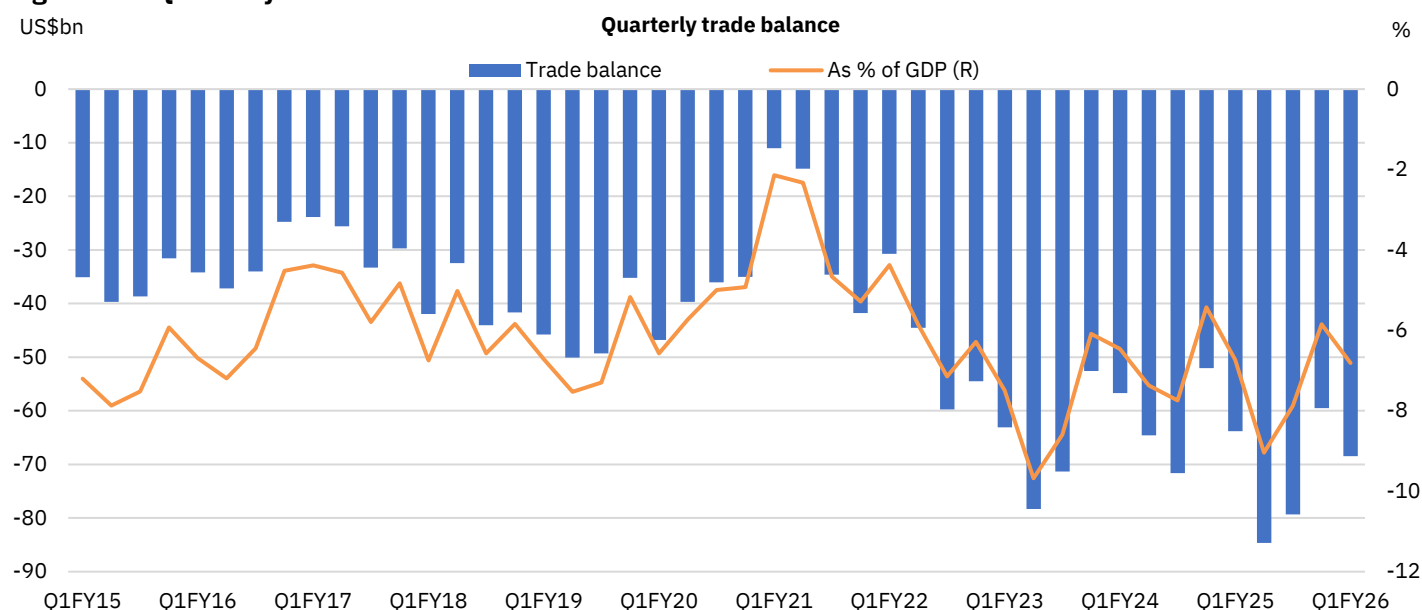
US\$ bn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Current account	-9.0	-11.3	-10.4	4.6	-8.7	-16.8	-11.3	13.4	-2.4
<i>CAD/GDP (%)</i>	-1.0	-1.3	-1.1	0.5	-0.9	-1.8	-1.1	1.3	-0.2
Trade balance	-56.7	-64.5	-71.6	-52.0	-63.8	-84.6	-79.3	-59.5	-68.5
<i>Trade balance/GDP (%)</i>	-6.5	-7.4	-7.7	-5.4	-6.7	-9.0	-7.9	-5.8	-6.8
Merchandise exports	104.9	108.3	106.6	121.6	111.2	104.5	109.8	116.3	113.1
Merchandise imports	161.6	172.8	178.3	173.6	175.0	189.2	189.1	175.8	181.6
Oil imports	41.9	42.1	46.0	48.8	51.5	41.5	48.4	44.3	49.2
Non-oil imports	119.8	130.7	132.3	124.9	123.4	147.6	140.8	131.4	132.3
Invisibles	47.7	53.3	61.2	56.6	55.1	67.8	68.0	72.9	66.1
Net services	35.1	39.9	45.0	42.7	39.7	44.6	51.2	53.3	47.9
Software earnings	33.9	35.2	36.3	36.6	37.4	39.6	41.1	41.5	41.5
Transfers	22.8	24.9	29.3	28.7	26.3	32.4	33.2	31.5	31.0
Investment income	-11.2	-12.4	-14.2	-15.7	-12.0	-10.2	-17.6	-12.9	-13.9
Other invisibles	1.0	0.8	1.1	0.9	1.2	1.0	1.1	1.0	1.1
Capital account	33.8	12.9	17.2	25.5	13.1	35.9	-26.6	-5.4	7.7
<i>Capital acc./GDP (%)</i>	3.9	1.5	1.9	2.7	1.4	3.8	-2.6	-0.5	0.8
Foreign investments	20.5	4.1	16.0	13.7	7.2	17.0	-14.2	-5.5	7.3
FDI	4.7	-0.8	4.0	2.3	6.2	-2.8	-2.8	0.4	5.7
FPI	15.7	4.9	12.0	11.4	0.9	19.9	-11.4	-5.9	1.6
Loans	2.2	3.3	-2.8	3.9	5.1	9.4	9.1	5.7	6.0
ECBs	5.7	-2.9	-4.5	1.6	1.5	2.0	4.4	8.0	4.5
Banking capital	12.9	4.3	16.4	6.9	2.9	6.1	-9.8	-9.0	-1.6
NRI deposits	2.2	3.2	3.9	5.4	4.0	6.2	3.1	2.8	3.6
Others	-1.8	1.1	-12.3	1.1	-2.1	3.3	-11.7	3.4	-4.0
Errors & Omissions	-0.4	0.9	-0.8	0.6	0.8	-0.5	0.3	0.8	-0.8
Overall balance (BoP)	24.4	2.5	6.0	30.8	5.2	18.6	-37.7	8.8	4.5

Source: RBI, CMIE Economic Outlook, NSE EPR. Notes: 1) Negative values in current, capital and BOP indicate deficit while positive value indicates surplus.

Table 56: Balance of Payments – Annual account

US\$ bn	FY22	FY23	FY24	FY25
Current account	-38.8	-67.1	-26.1	-23.4
CAD/GDP (%)	-1.2	-2.0	-0.7	-0.6
Trade balance	-189.5	-265.3	-244.9	-287.2
Trade balance/GDP (%)	-6.0	-7.9	-6.7	-7.3
Merchandise exports	429.2	456.1	441.4	441.8
Merchandise imports	618.6	721.4	686.4	729.0
Oil imports	162.1	209.3	178.7	185.8
Non-oil imports	451.6	504.0	507.6	543.3
Invisibles	150.7	198.2	218.8	263.9
Net services	107.5	143.3	162.8	188.8
Software earnings	109.5	131.3	142.1	159.6
Transfers	80.4	100.9	105.8	123.4
Investment income	-40.6	-49.2	-53.6	-52.6
Other invisibles	3.3	3.3	3.8	4.3
Capital account	85.8	58.9	89.4	16.9
Capital acc./GDP (%)	2.7	1.8	2.5	0.4
Foreign investments	21.8	22.8	54.2	4.5
FDI	38.6	28.0	10.2	1.0
FPI	-16.8	-5.2	44.1	3.6
Loans	33.6	8.3	6.5	29.3
ECBs	8.1	-3.8	-0.1	15.9
Banking capital	6.7	21.0	40.5	-9.8
NRI deposits	3.2	9.0	14.7	16.2
Others	23.7	6.9	-11.9	1.2
Errors & Omissions	0.5	-1.0	0.4	1.4
Overall balance (BoP)	47.5	-9.1	63.7	-5.0

Source: RBI, CMIE Economic Outlook, NSE EPR.: 1) Negative values in current, capital and BOP indicate deficit while positive value indicates surplus.

Figure 128: Quarterly trade balance trend


Source: RBI, CMIE Economic Outlook, NSE EPR.

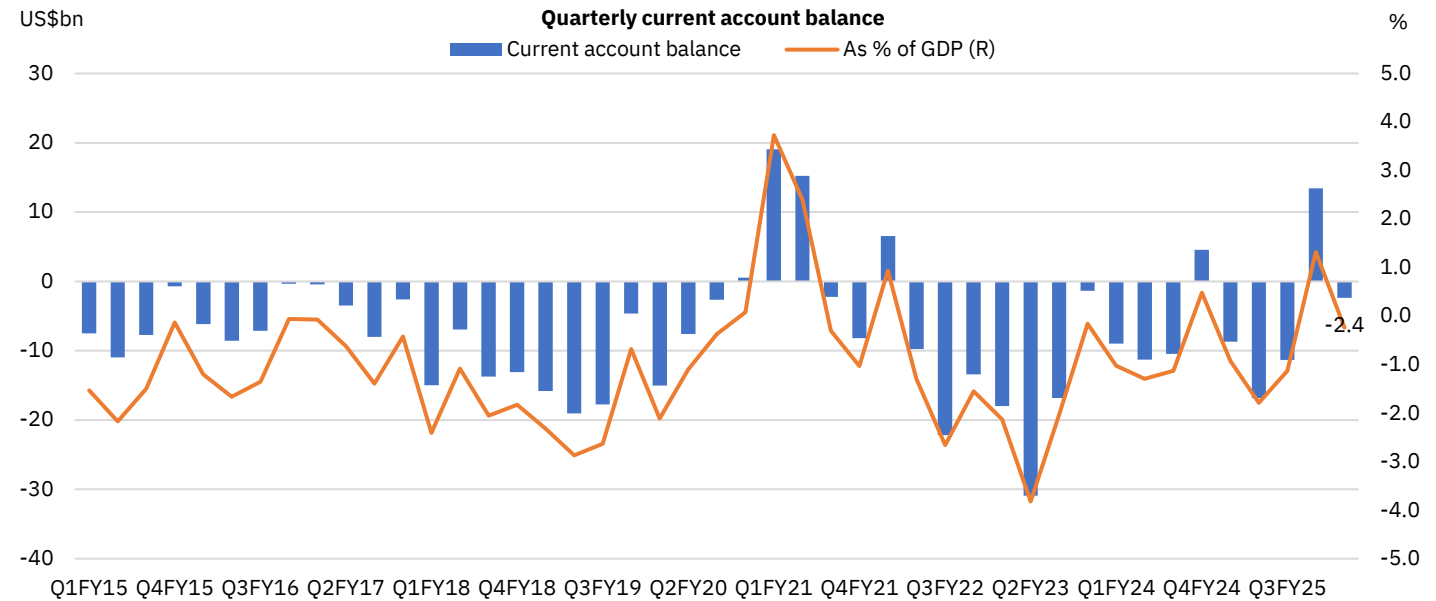
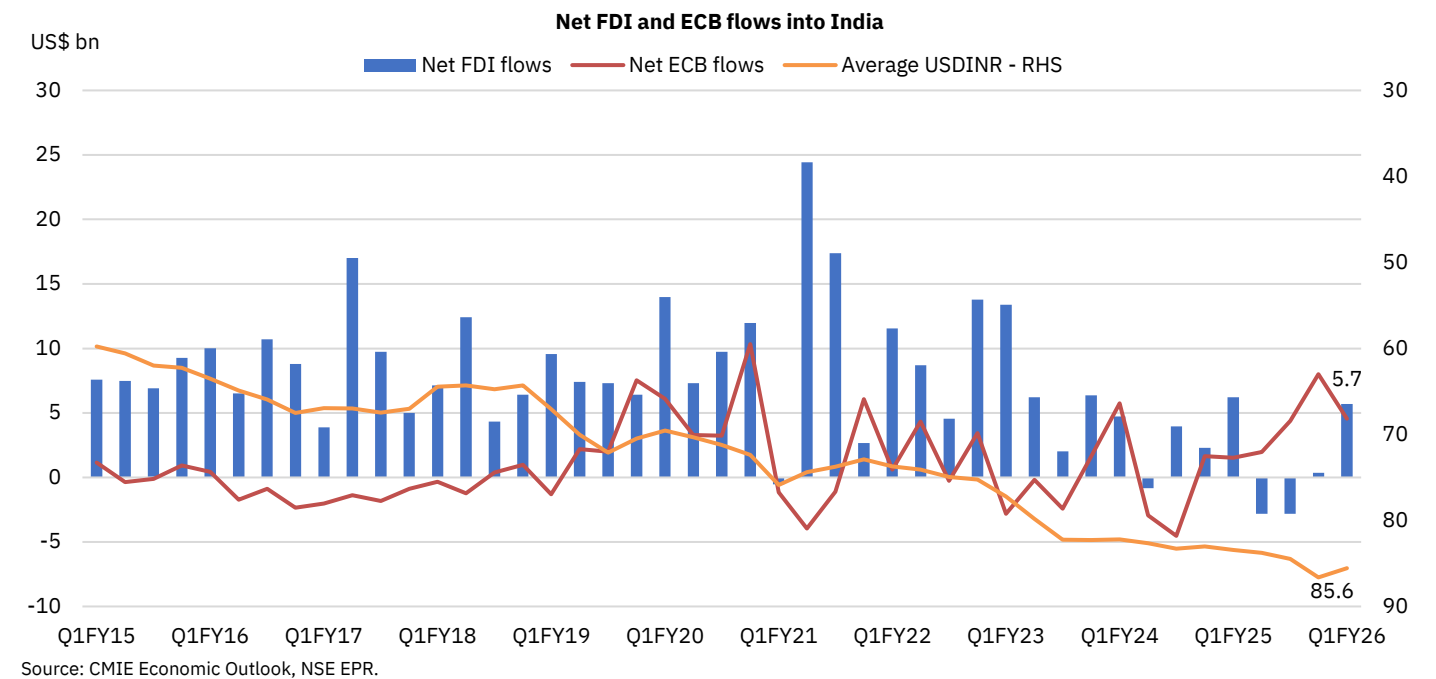
Figure 129: Quarterly current account balance trend

Figure 130: Quarterly net FDI and ECB flows vs. INR


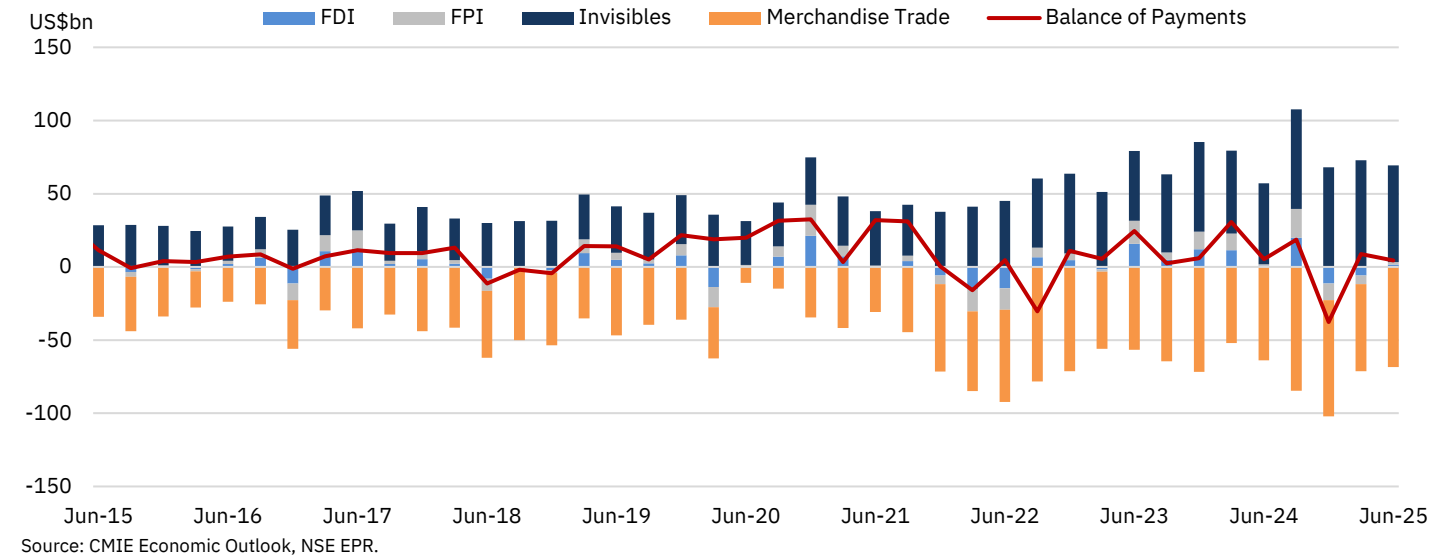
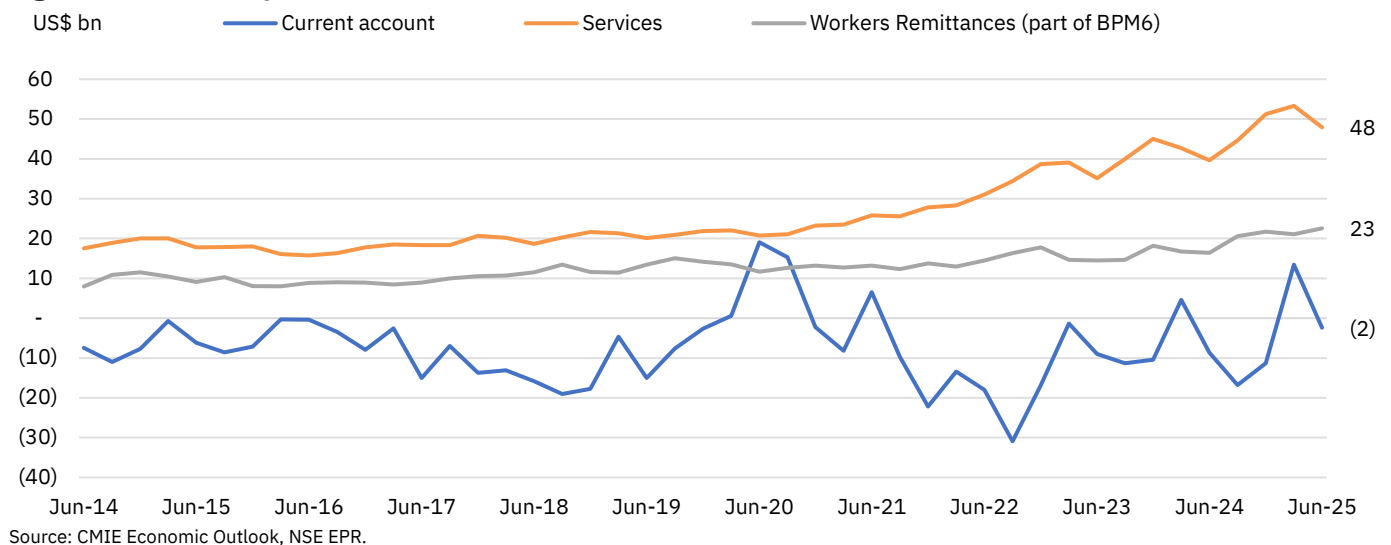
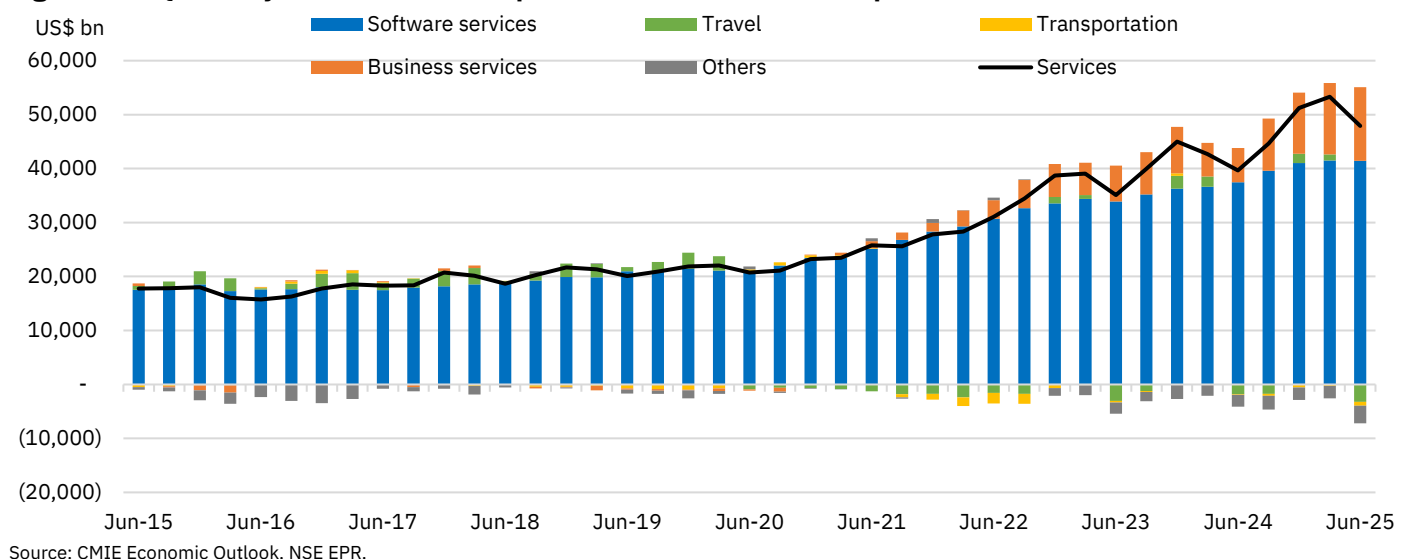
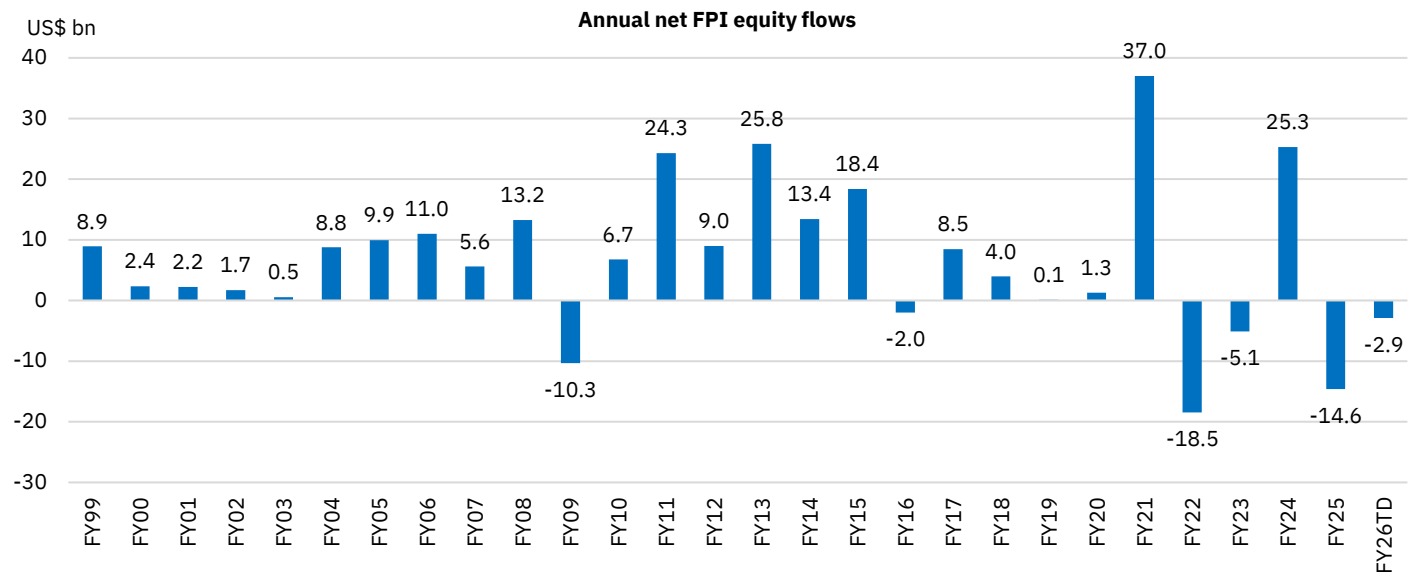
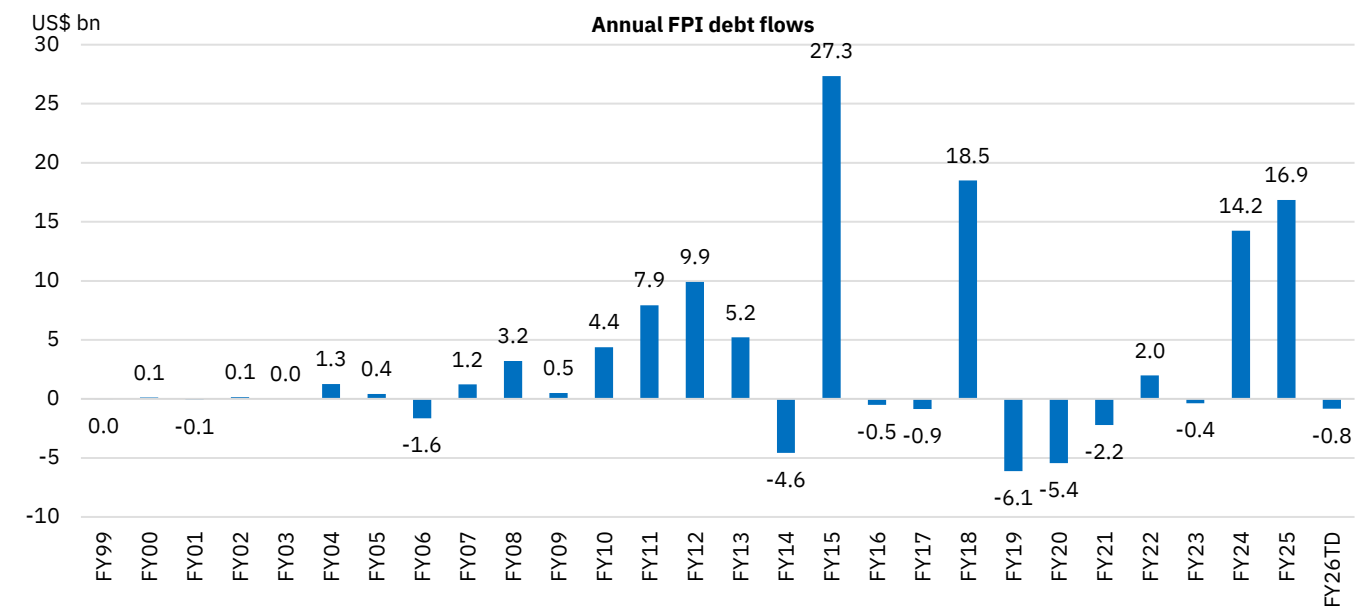
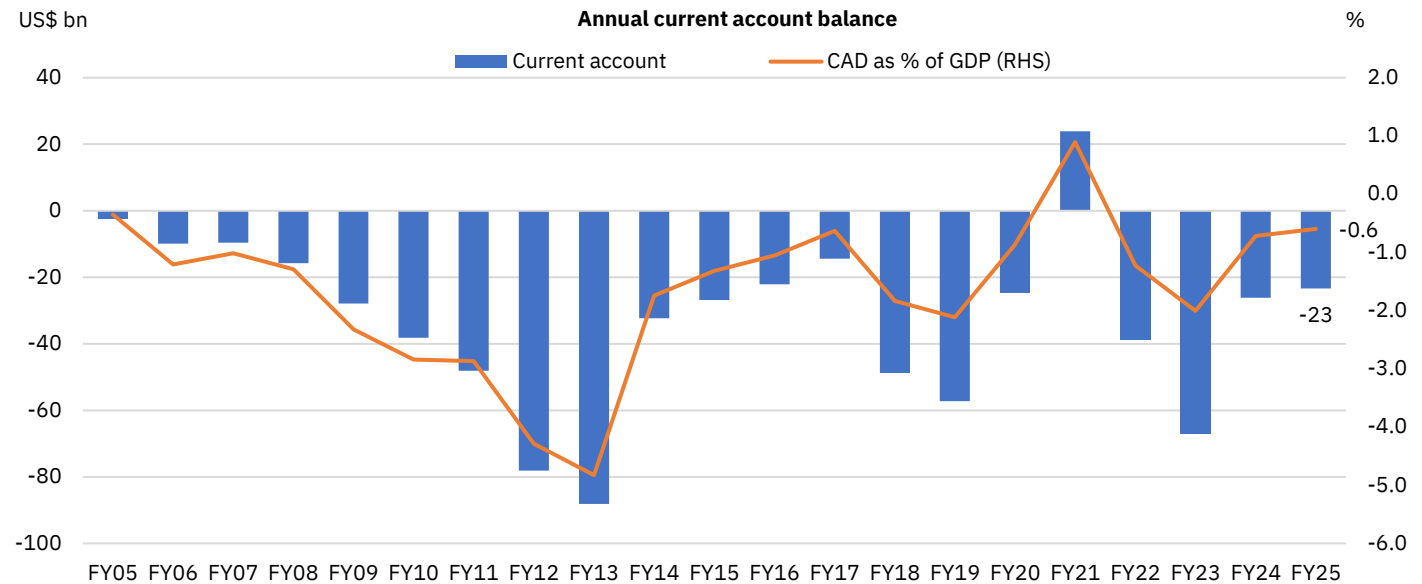
Figure 131: Quarterly Balance of Payments trend by channels

Figure 132: Quarterly Trends in current account balance, services and workers remittances

Figure 133: Quarterly Trends in sub-components of net services receipts


Figure 134: Annual net FPI inflows trend in Indian equities


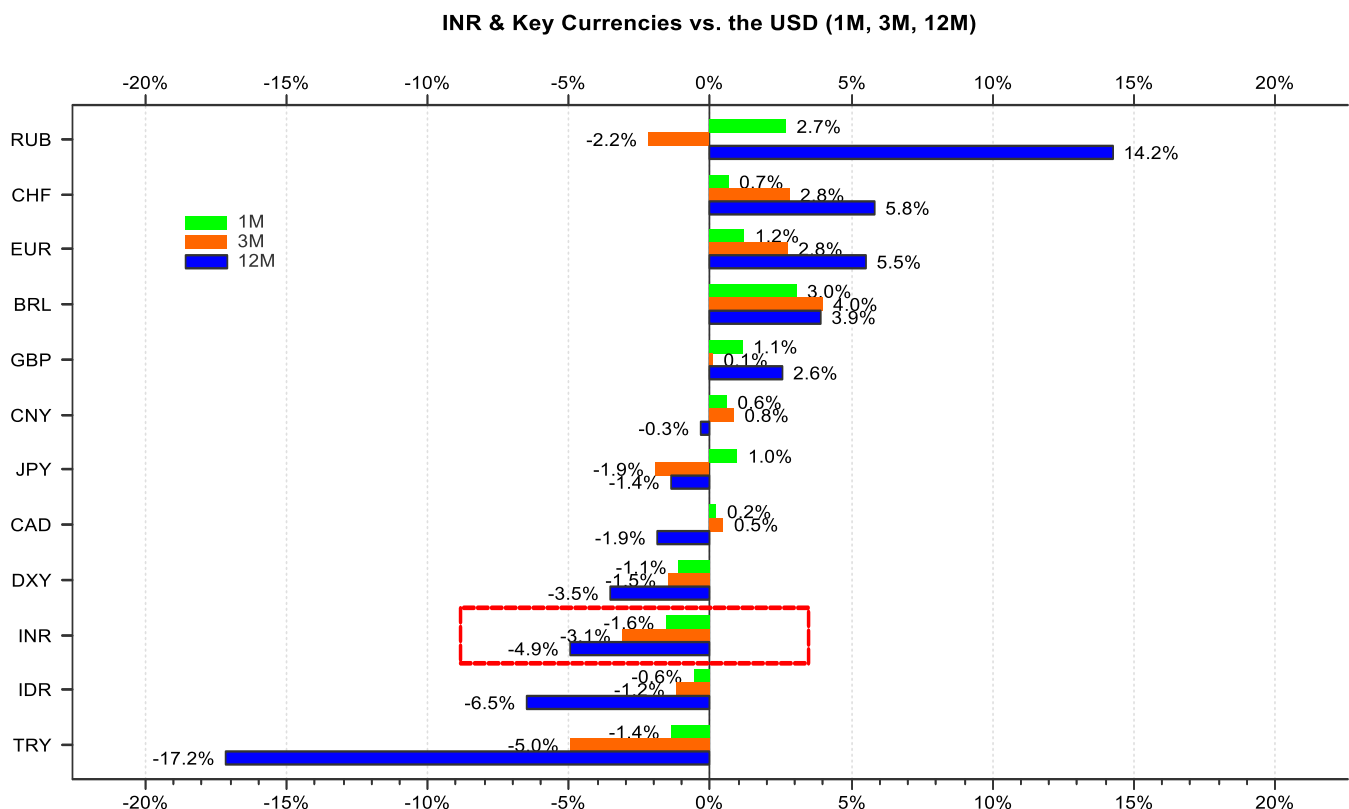
Source: NSDL, NSE EPR. Data for FY26TD is till September 4th, 2025

Figure 135: Annual net FPI inflows trend in Indian debt


Source: NSDL, NSE EPR. Data for FY26TD is till September 4th, 2025

Figure 136: Annual current account deficit trend


Source: CMIE Economic Outlook, NSE EPR. 1) Negative values in current account indicate deficit while positive value indicates surplus.

Figure 137: Change in INR and major developed and emerging market currencies


Source: LSEG Workspace, NSE EPR (Data as of August 31st, 2025)

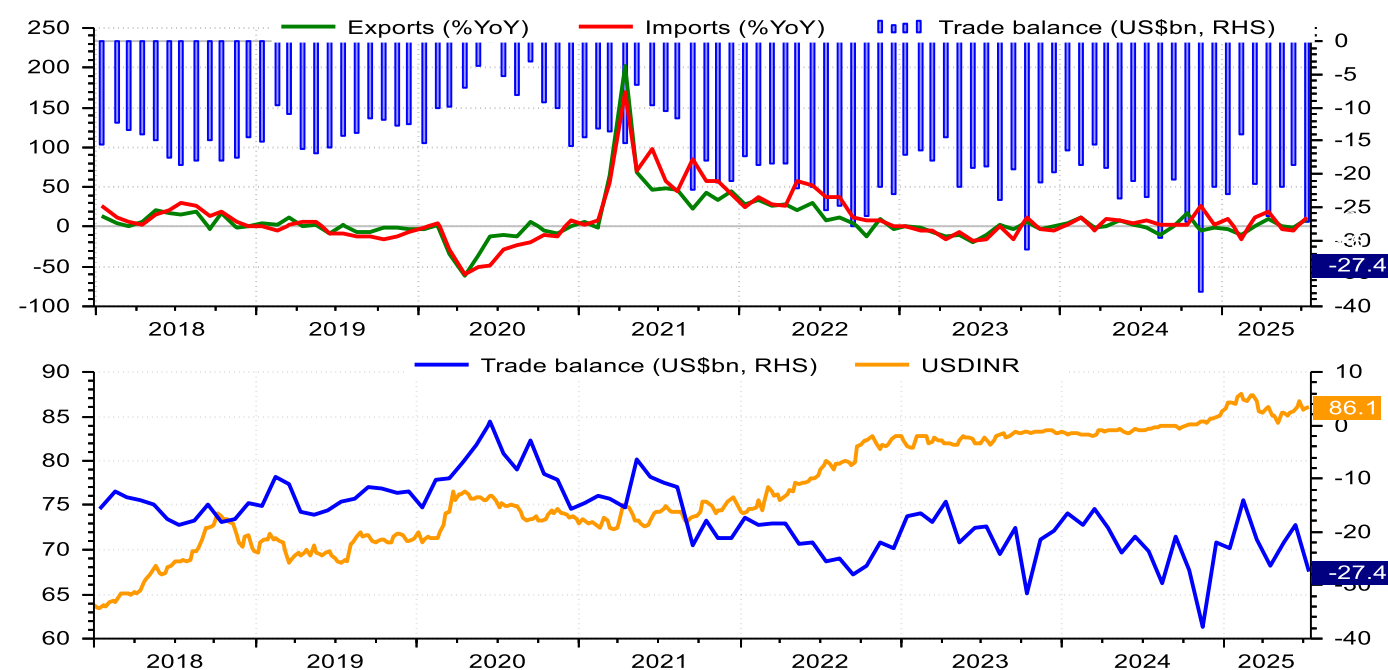
Trade: Goods deficit widens led by higher imports and lower oil imports

Table 57: India's merchandise trade balance for July 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	
Jul-25	37.2	7.3	64.6	8.6	15.6	7.5	49.0	9.0	4.0	13.8	(27.4)
Jun-25	35.1	(0.0)	53.9	(3.7)	13.8	(8.4)	40.1	(2.0)	1.8	(25.7)	(18.8)
Jul-24	34.7	0.6	59.5	11.2	14.5	22.7	45.0	22.7	3.5	(0.3)	(24.8)
FY26TD	149.2	3.1	244.0	5.3	64.8	(1.8)	179.2	8.2	11.5	(3.2)	(94.8)
FY25TD	144.8	4.6	231.6	8.5	66.0	23.0	165.6	3.6	11.8	(10.3)	(86.9)

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

Figure 138: Monthly trends in India's merchandise imports, exports and trade balance



Source: LSEG Workspace, NSE EPR.

Figure 139: Non-oil, non-gold imports

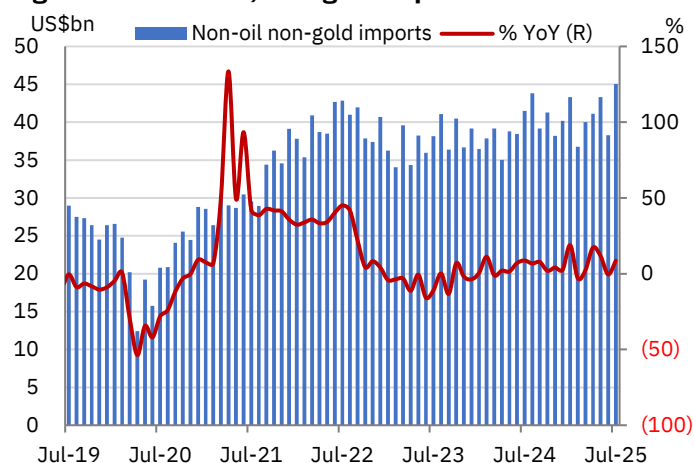
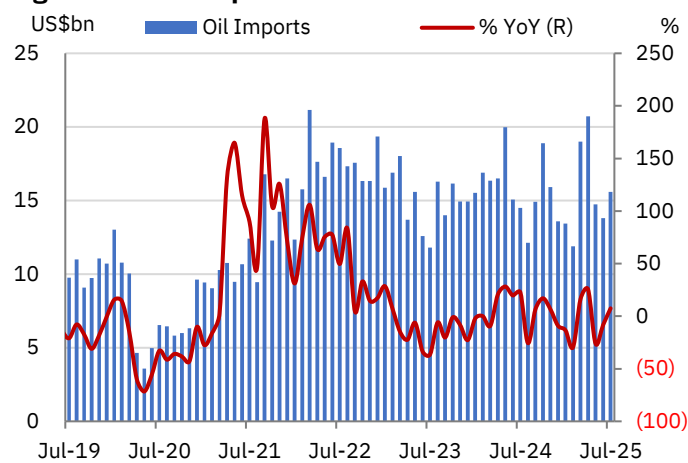
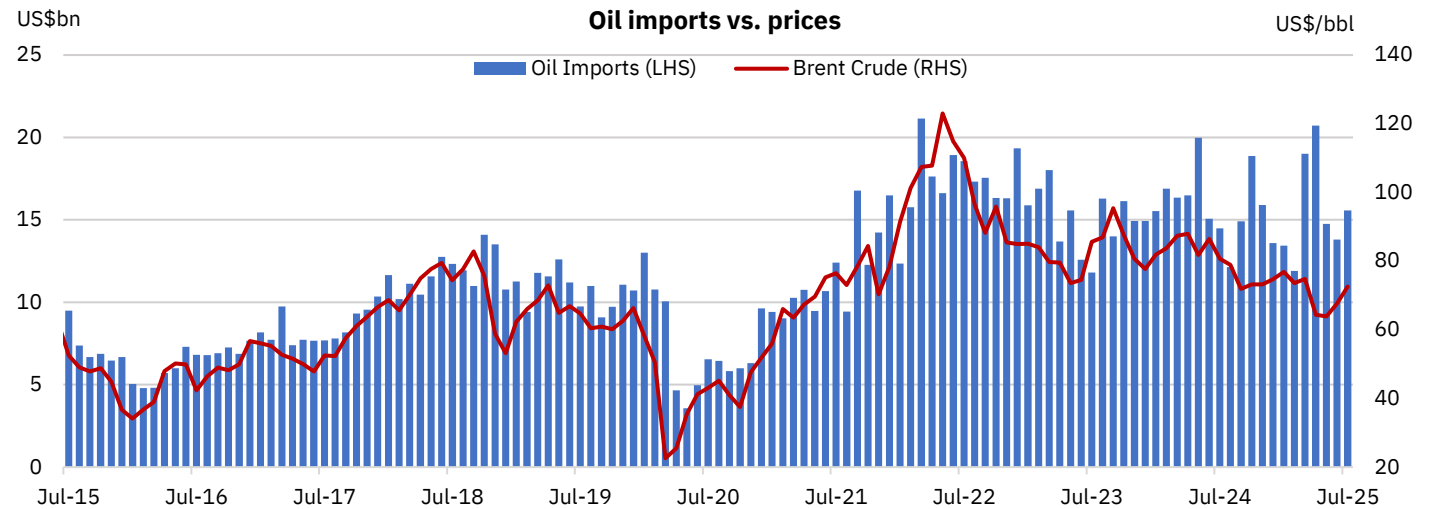


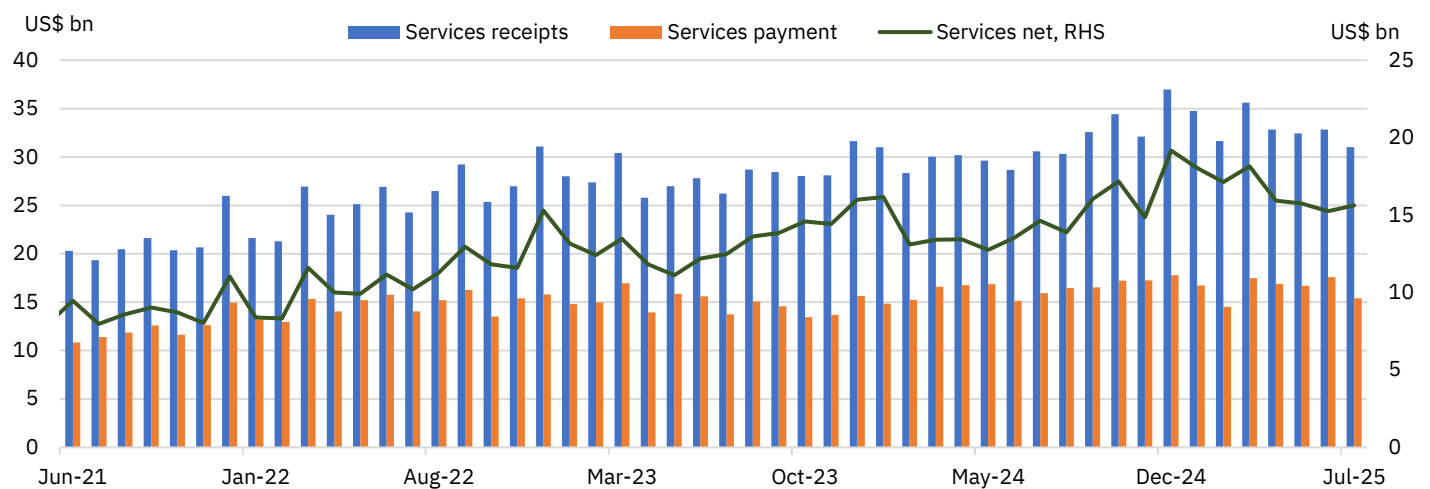
Figure 140: Oil imports trend



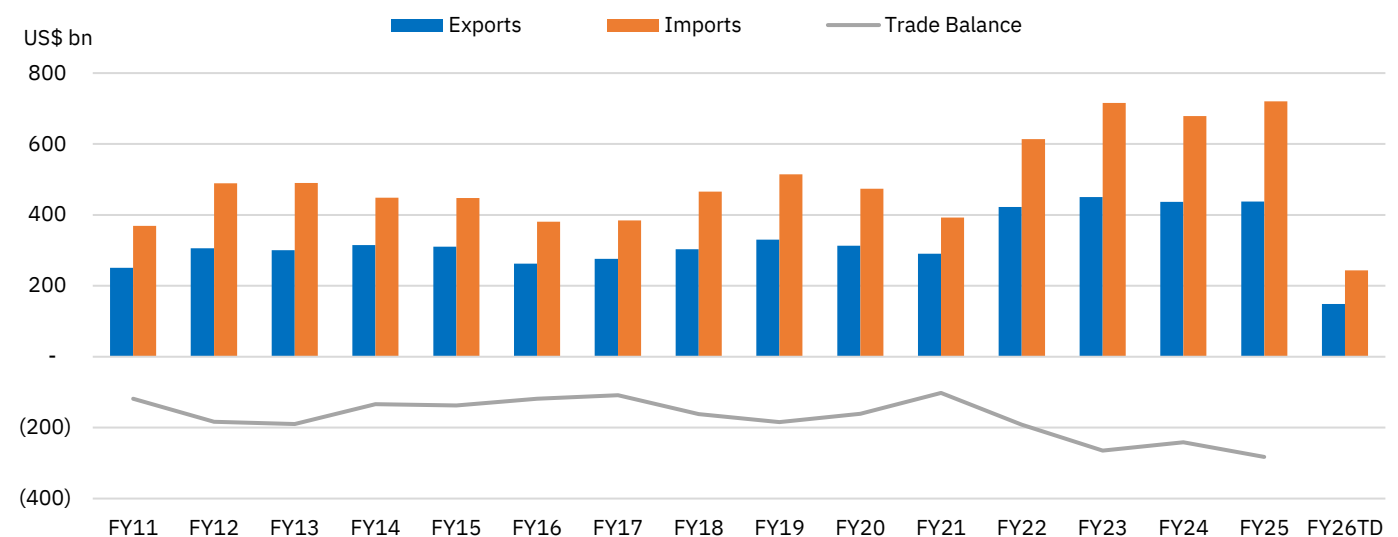
Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR.

Figure 141: Oil imports vs. Brent crude oil prices trend


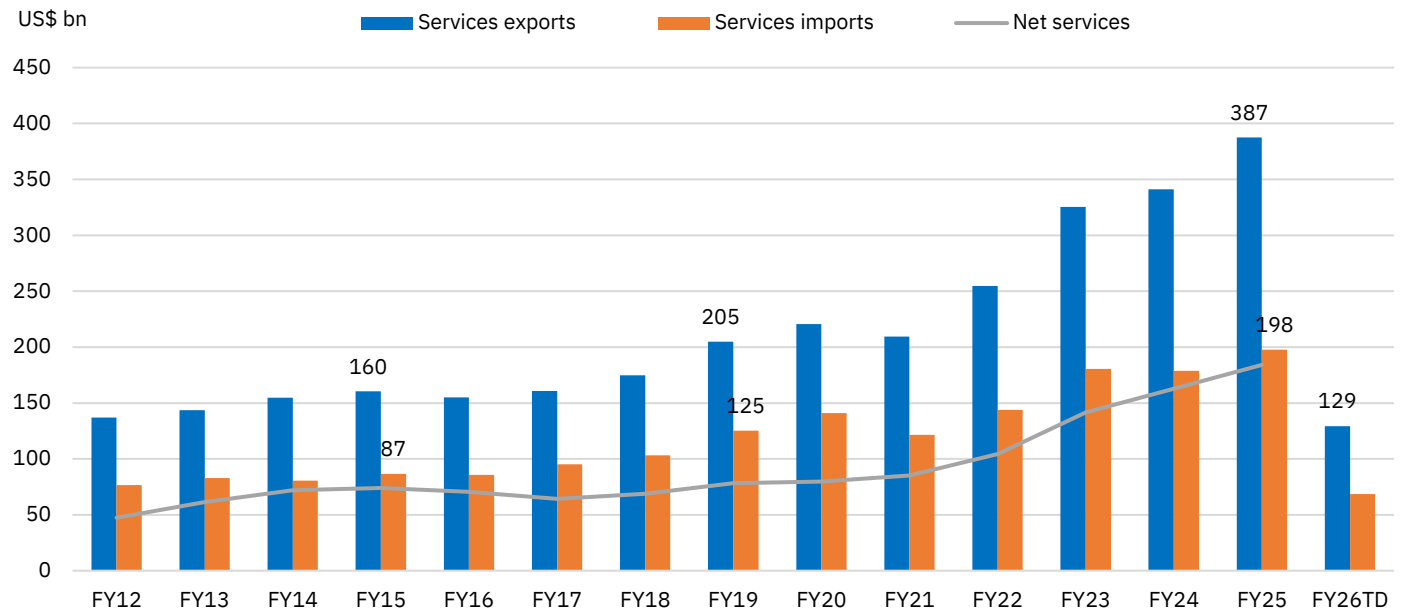
Source: LSEG Workspace, CMIE Economic Outlook, NSE EPR.

Figure 142: Monthly trend in monthly services exports, imports and net balance


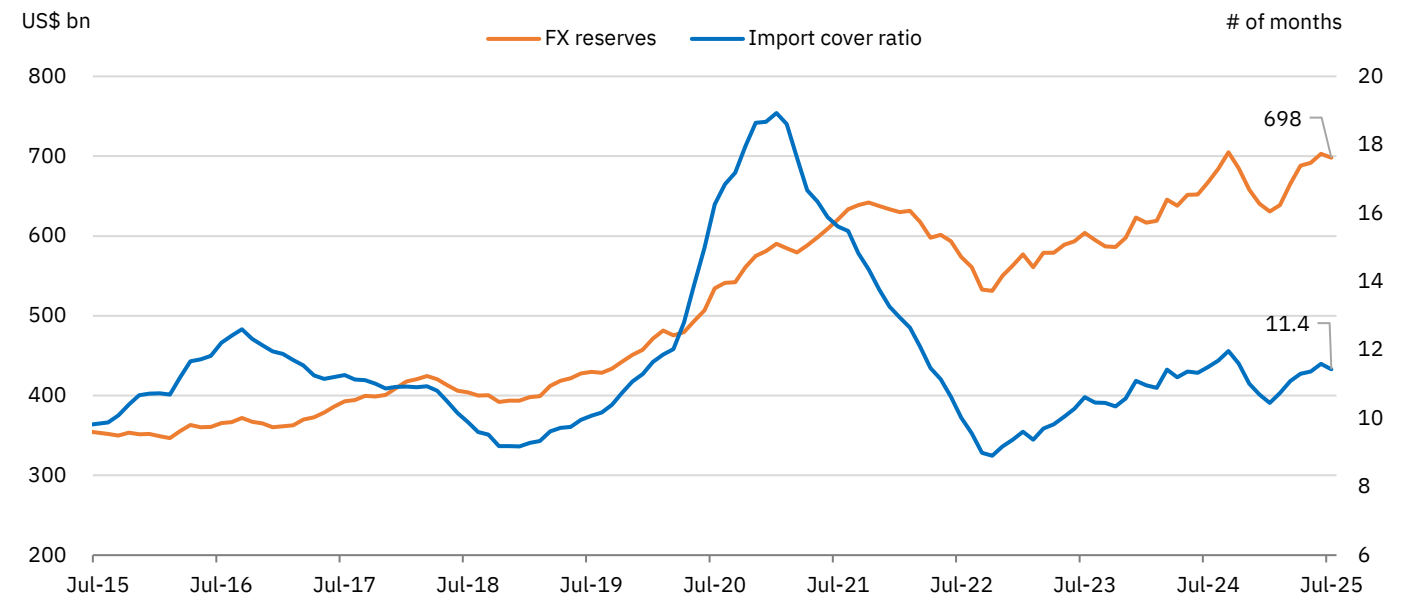
Source: CMIE Economic Outlook, NSE EPR.

Figure 143: Annual trend in merchandise trade


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

Figure 144: Annual trend in merchandise trade


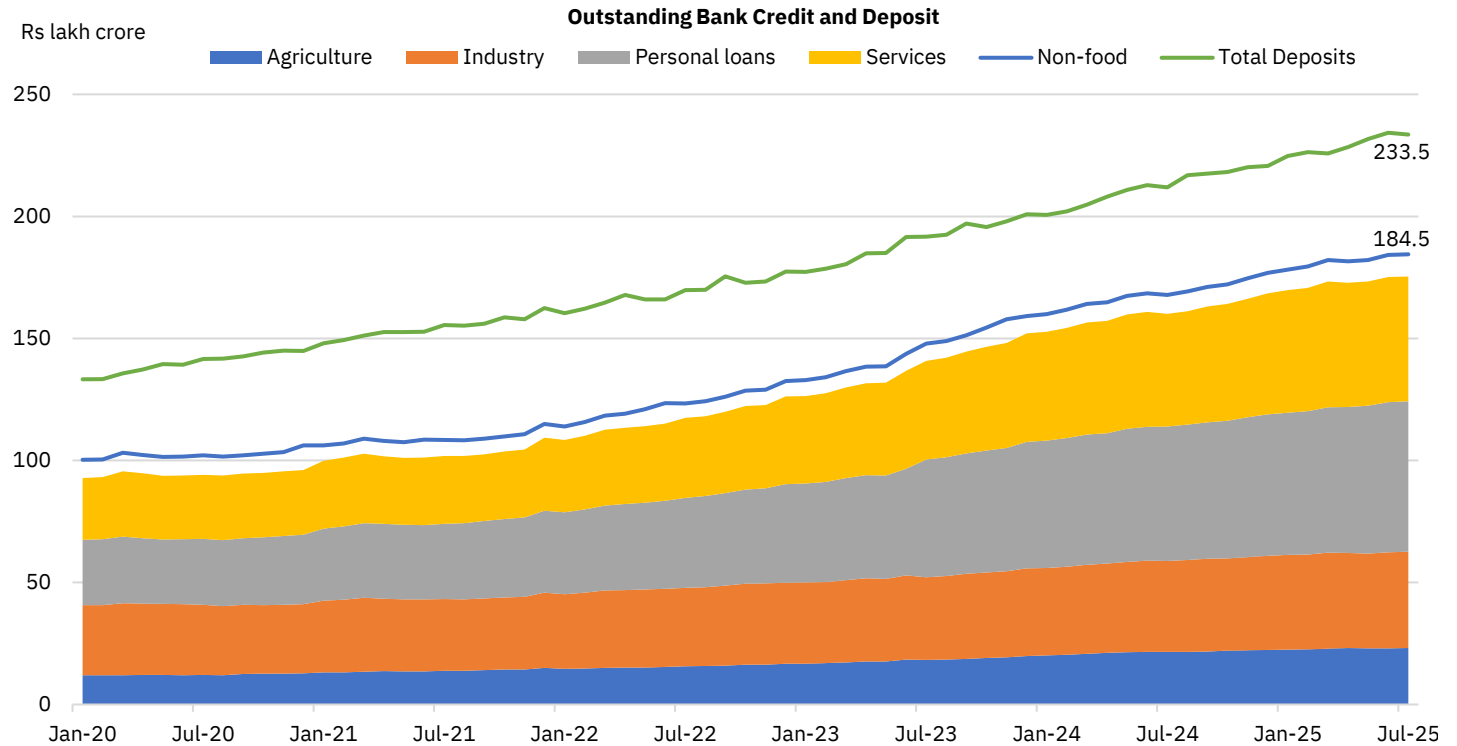
Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Data in FY26TD is till July 2025

Figure 145: Forex reserves and import cover (months)


Source: LSEG Workspace, RBI, NSE EPR; Forex reserves as of July 27th, 2025.

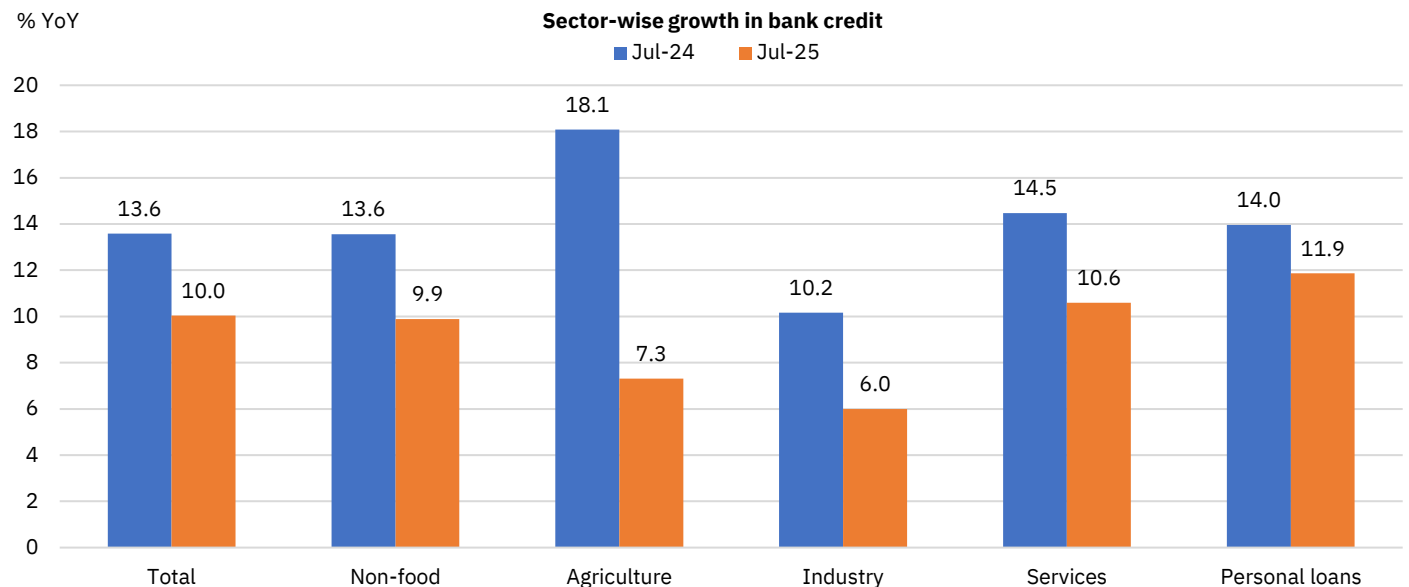
Credit and deposit growth steady at around 10%

Figure 146: Outstanding bank credit and deposit

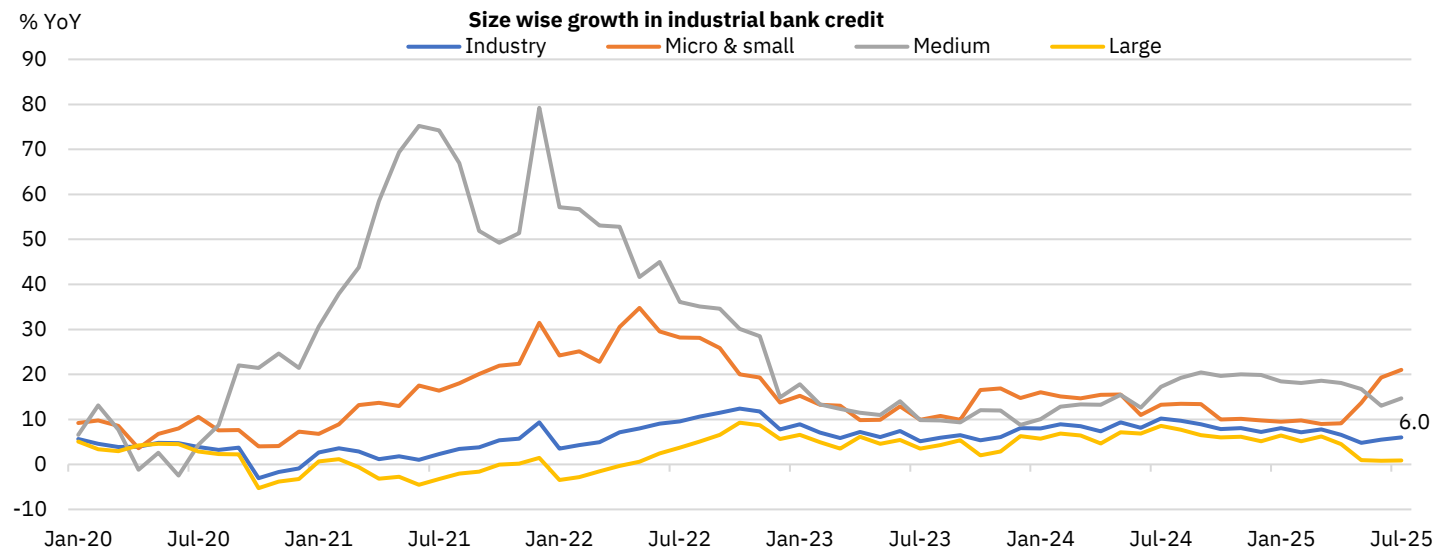


Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Data for total deposits for July'2025 is from the Weekly Statistical Statement for the fortnight ended July 25th, 2025

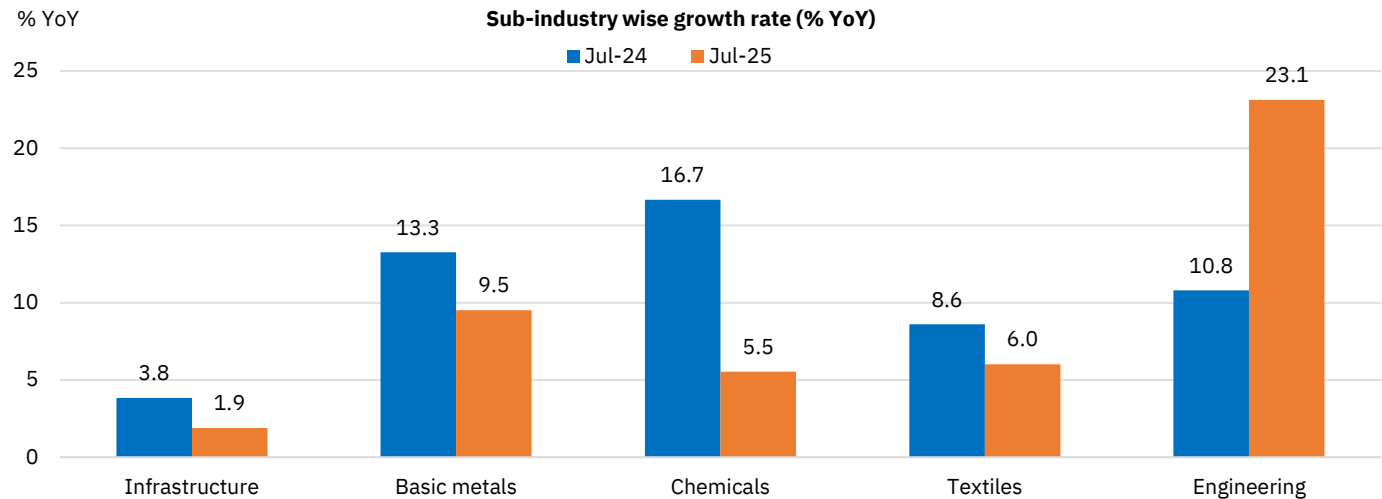
Figure 147: Growth in bank credit across key heads



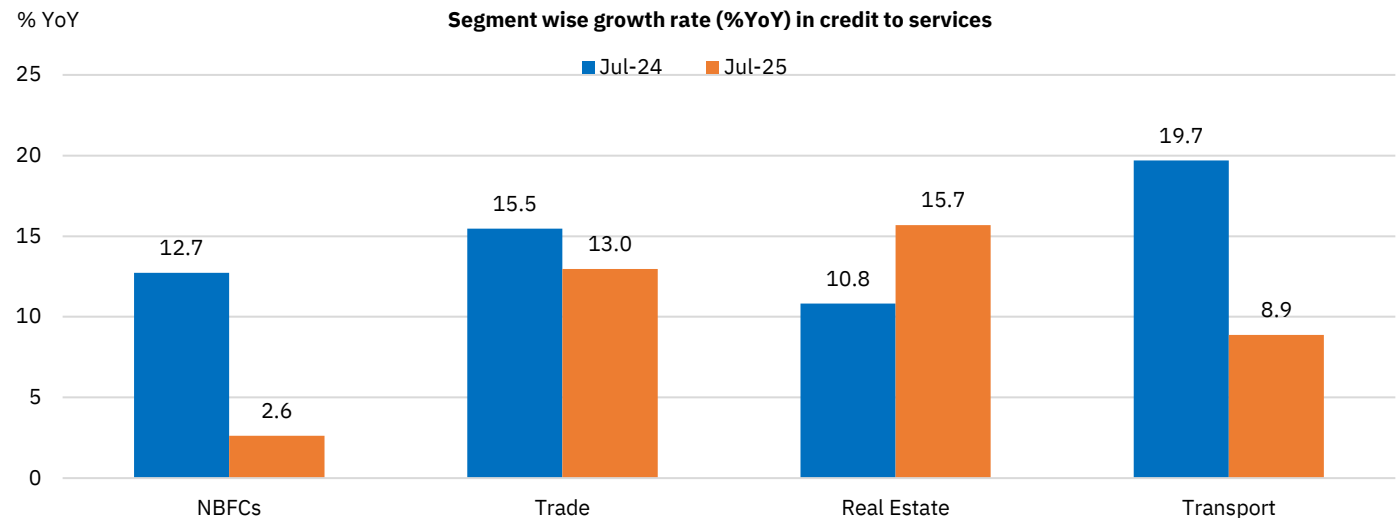
Source: CMIE Economic Outlook, NSE EPR.

Figure 148: Growth in industrial bank credit across size


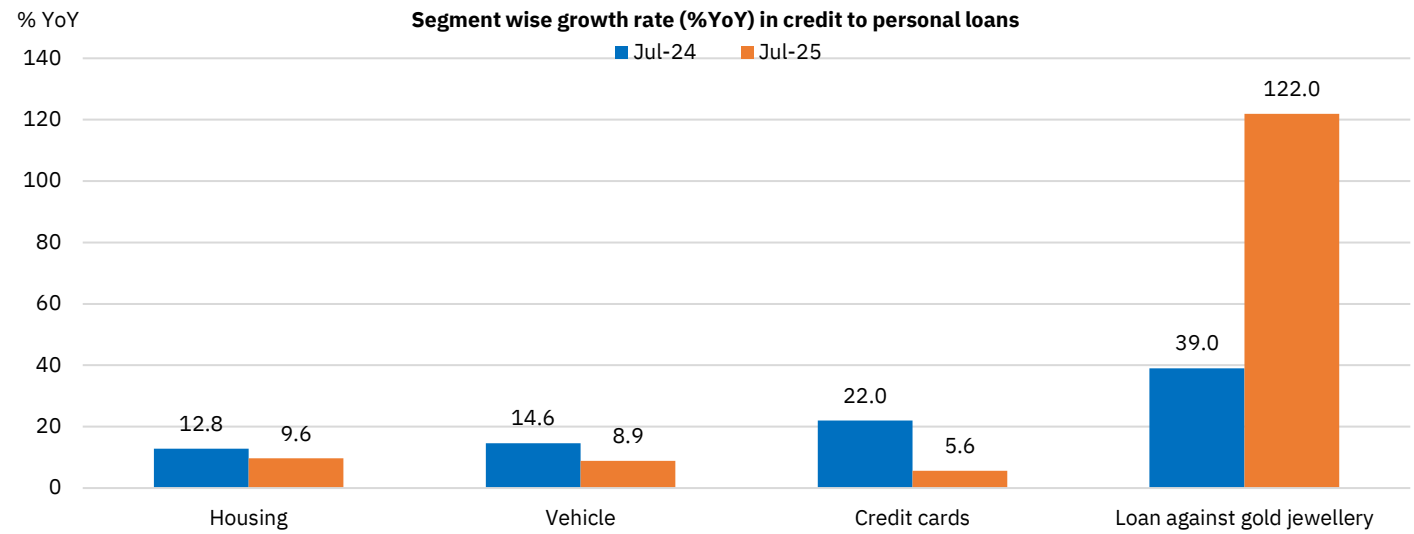
Source: CMIE Economic Outlook, NSE EPR.

Figure 149: Growth in bank credit across key sub-segments of industry


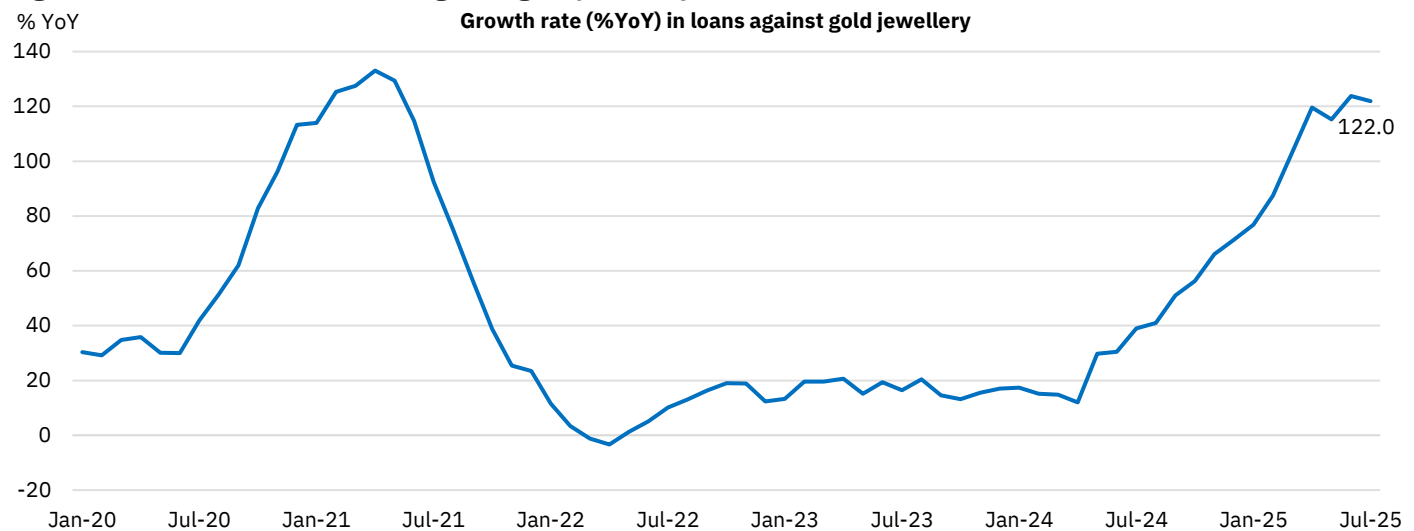
Source: CMIE Economic Outlook, NSE EPR.

Figure 150: Growth in bank credit across segments of services


Source: CMIE Economic Outlook, NSE EPR.

Figure 151: Growth in bank credit across segments of personal loans


Source: CMIE Economic Outlook, NSE EPR.

Figure 152: Growth rate in loans against gold jewellery


Source: CMIE Economic Outlook, NSE EPR.

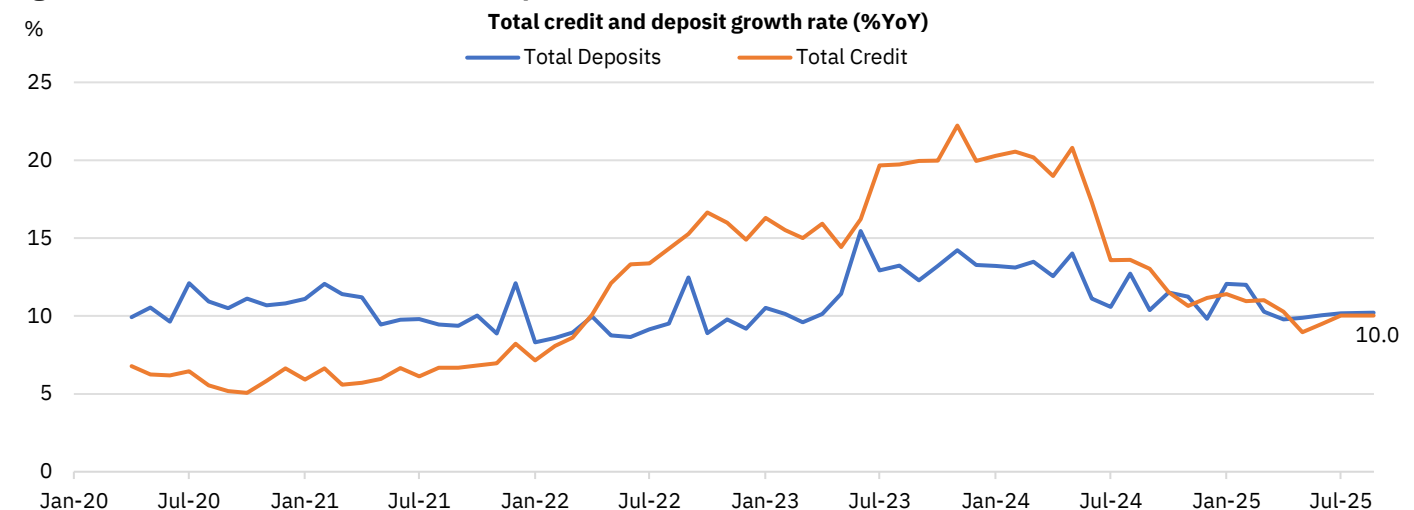
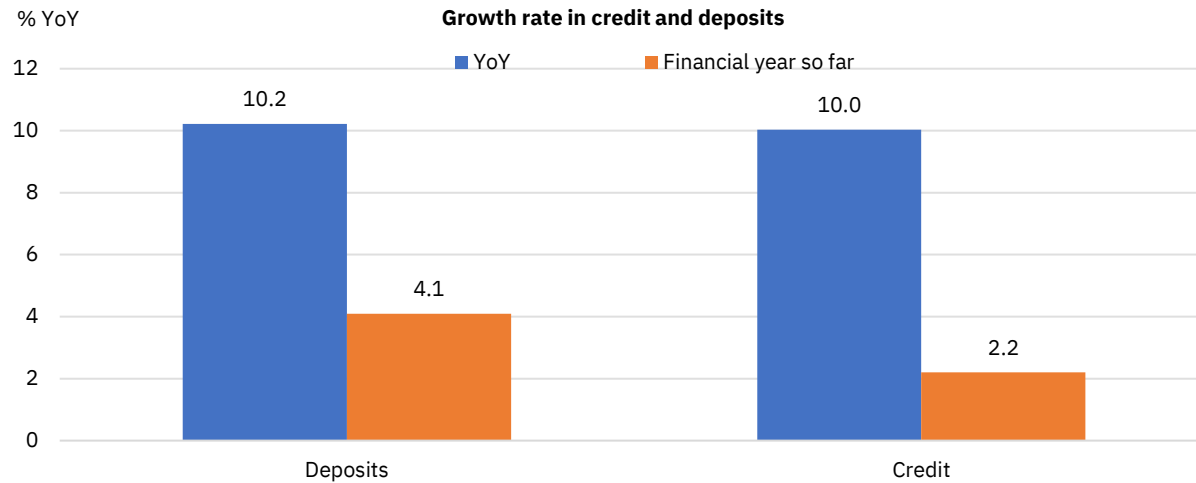
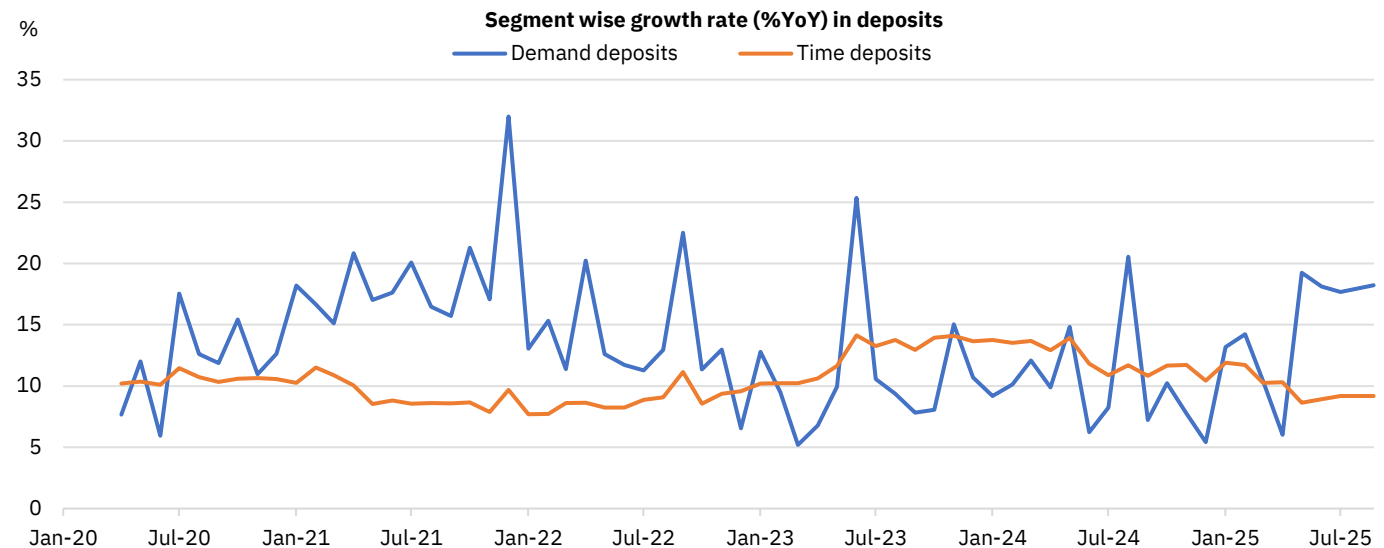
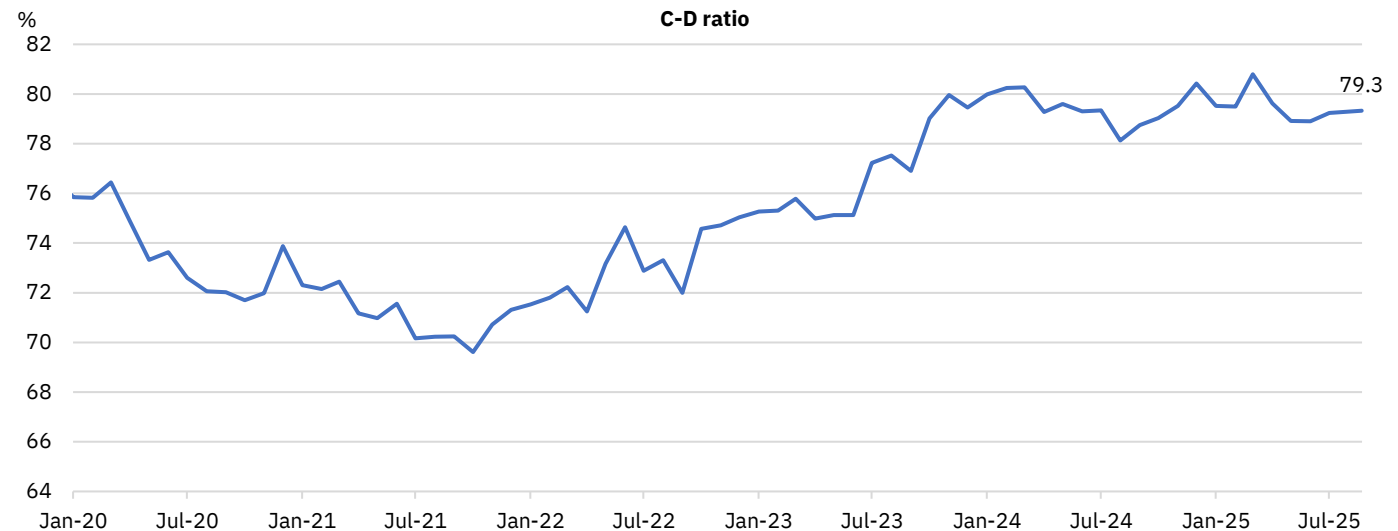
Figure 153: Trends in Bank Credit and Deposit Growth

Source: CMIE Economic Outlook, RBI NSE EPR. Note: Data for August'25 as of August 22nd, 2025 from the Weekly Statistical Statement of RBI

Figure 154: Comparison of credit and deposit growth based on latest values


Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data is as of August 22nd, 2025 from the Weekly Statistical Statement of RBI

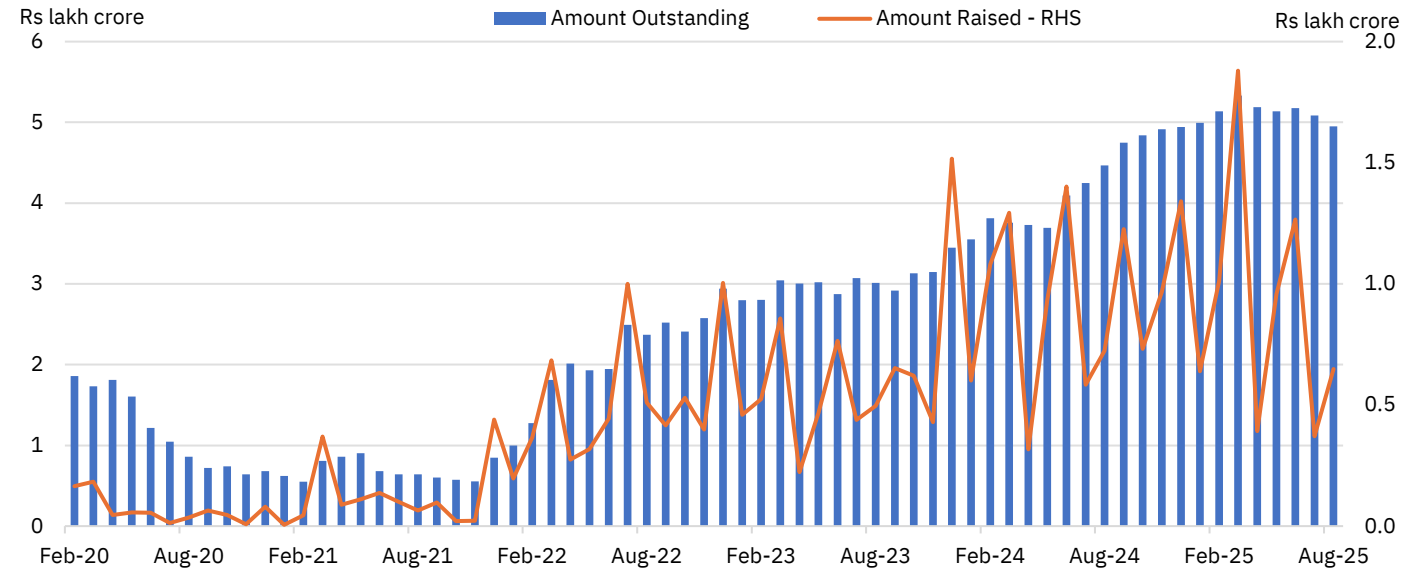
Figure 155: Growth in demand and time deposits


Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data is as of August 22nd, 2025 from the Weekly Statistical Statement of RBI

Figure 156: Credit to Deposit ratio (%)


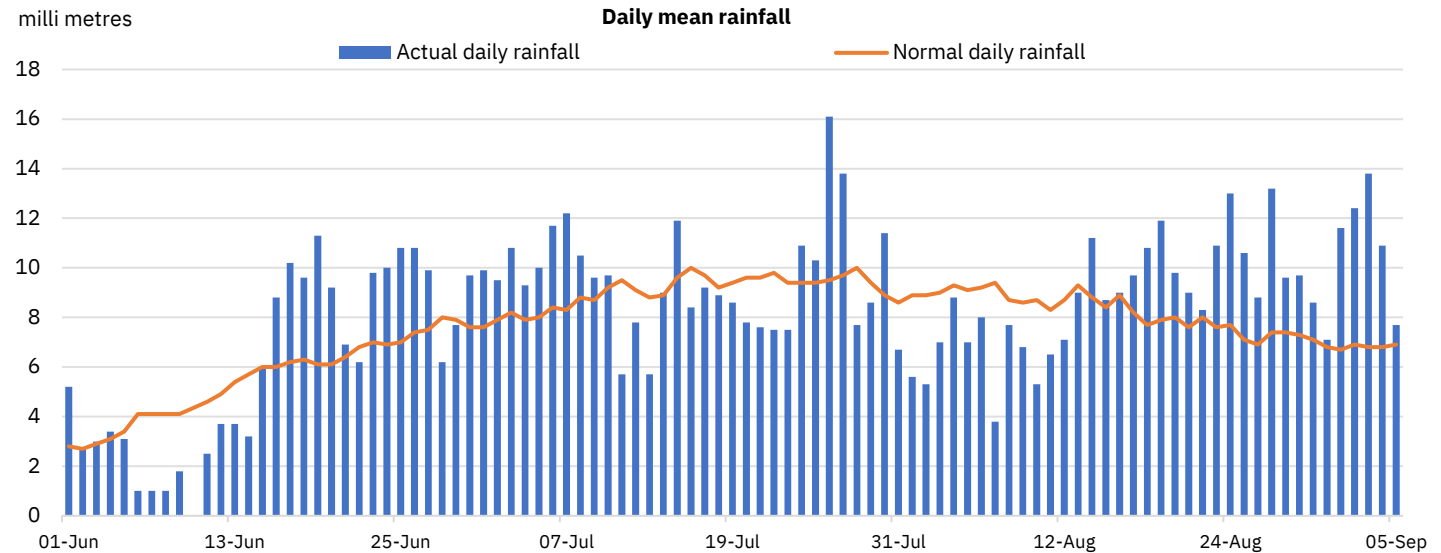
Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data is as of August 22nd, 2025 from the Weekly Statistical Statement of RBI

Figure 157: Issued and outstanding amount of Certificate of Deposits



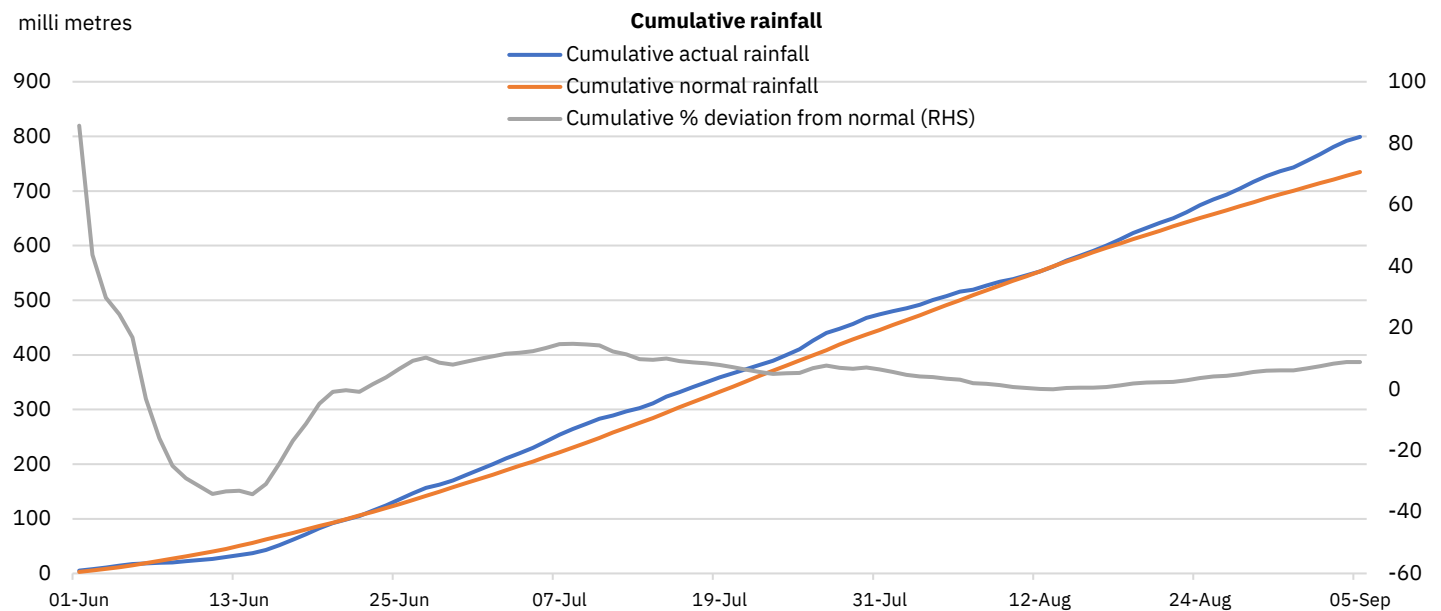
Monsoon: Momentum picks up, reservoir levels robust and sowing near completion

Figure 158: Daily mean rainfall



Source: CMIE Economic Outlook, IMD, NSE EPR Notes: 1) Data captured till September 5th, 2025

Figure 159: Cumulative rainfall (period: June 1st, 2025 to September 5th, 2025)



Source: CMIE Economic Outlook, IMD, NSE EPR

Table 58: Division-wise distribution of cumulative rainfall

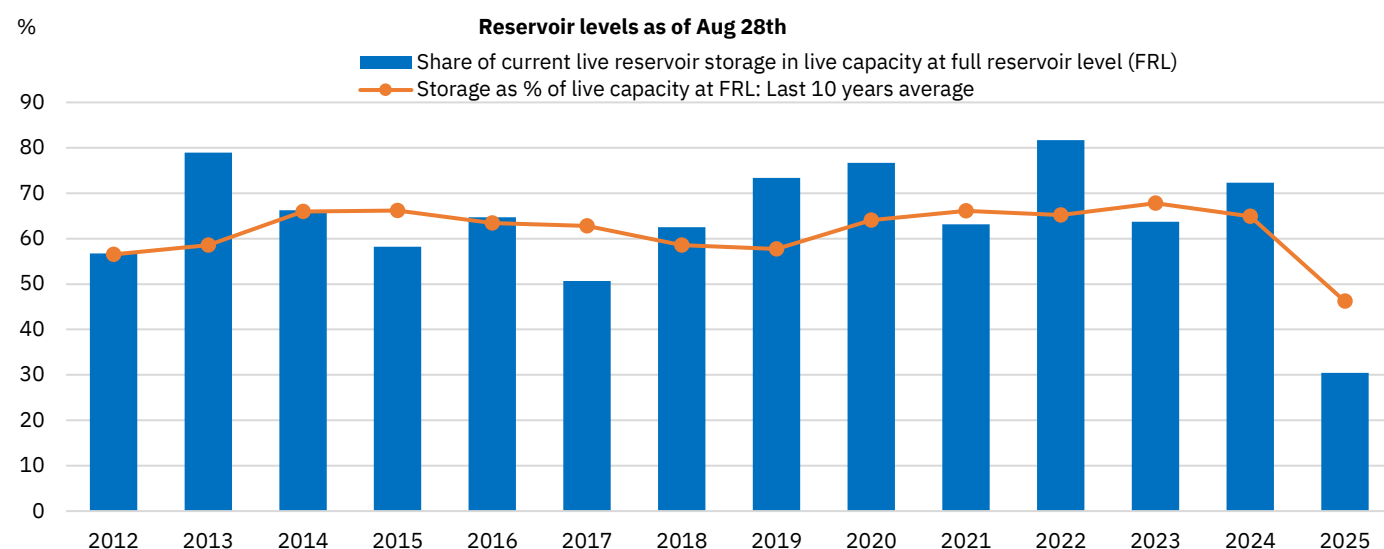
Subdivisions	Cumulative rainfall (Period: June 1 st to September 5 th)		
	Actual (mm)	Normal (mm)	% Deviation
East and North-East India	919.0	1133.4	-18.9%
Northwest India	696.5	510.9	36.3%
Central India	933.2	839.8	11.1%
South Peninsula	632.6	581.8	8.7%
Total	799.1	734.8	8.8%

Source: CMIE Economic Outlook, IMD, NSE EPR.

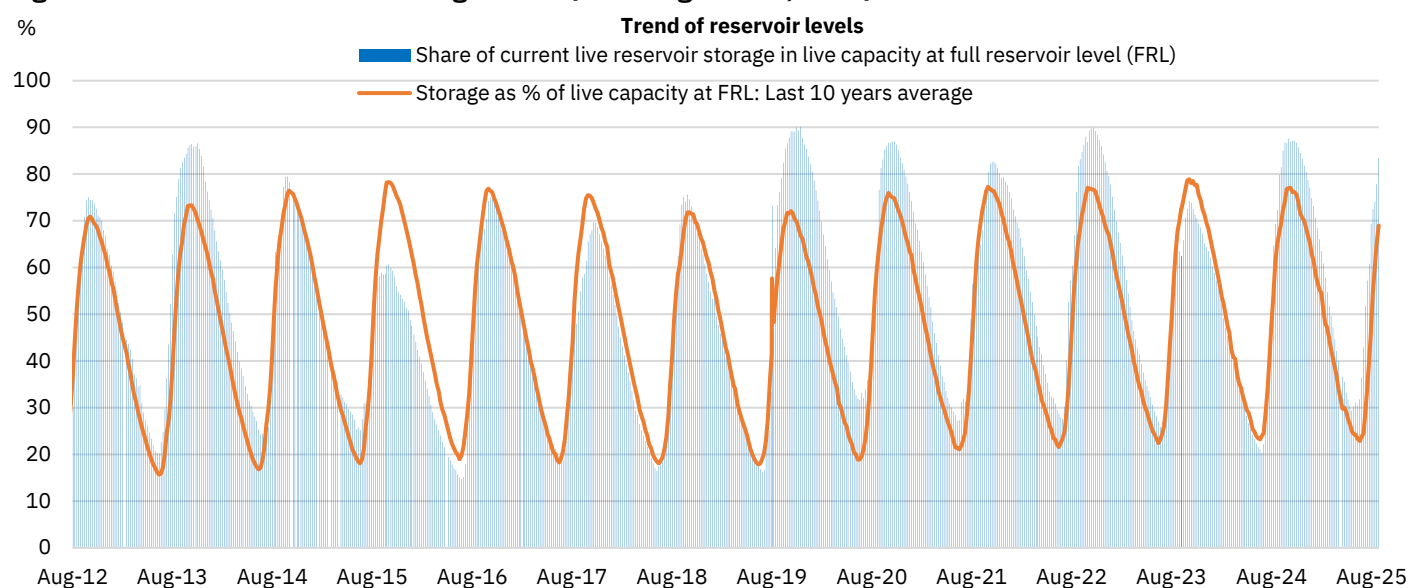
Table 59: Category-wise number of subdivisions and % area (sub-divisional) of the country

Category	Period: June 1 st to September 5 th , 2025	
	No. of subdivisions	% area of the country
Large excess	2	10%
Excess	11	33%
Normal	20	48%
Deficient	3	9%
Large Deficient	0	0%
No rain	0	0%

Source: IMD, NSE EPR.

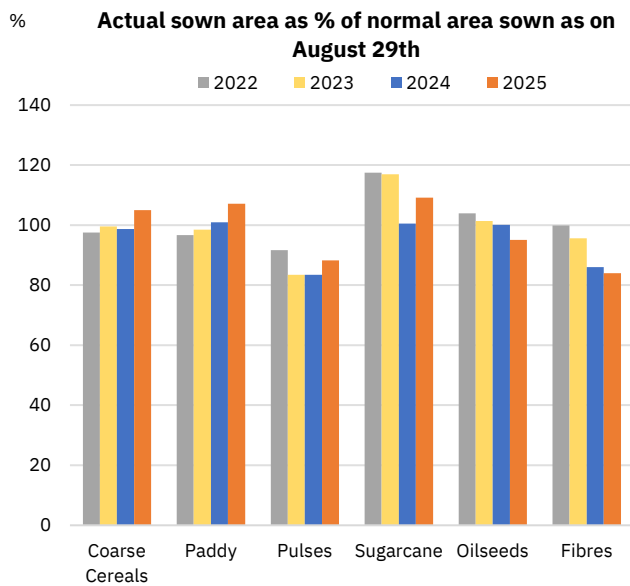
Figure 160: Live reservoir storage levels


Source: CMIE Economic Outlook, NSE EPR.

Figure 161: Trend of reservoir storage levels (as of August 28th, 2025)


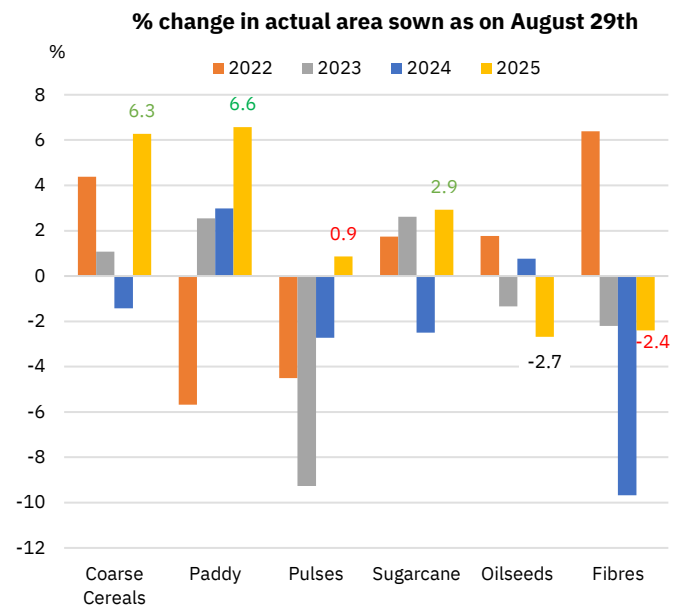
Source: CMIE Economic Outlook, NSE EPR.

Figure 162: Actual sown area as a % of normal area sown



Source: CMIE Economic Outlook, NSE EPR

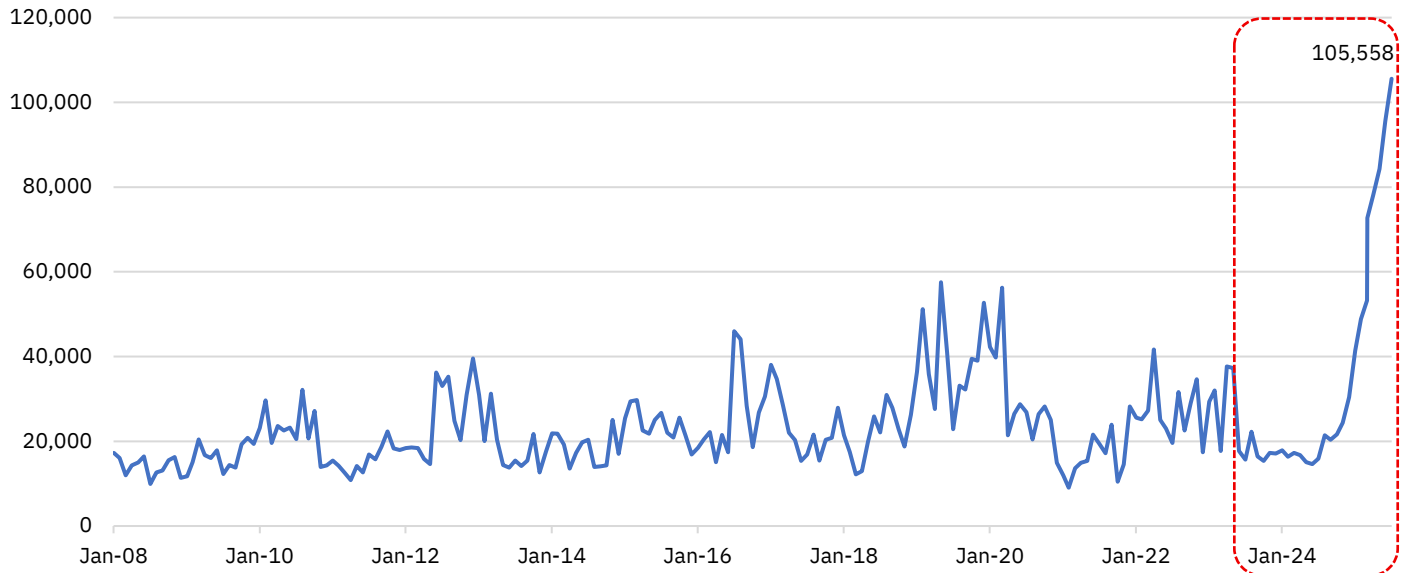
Figure 163: YoY change in actual sown area



Global snippets: Uncertainty lingers while geopolitical concerns abate to some extent

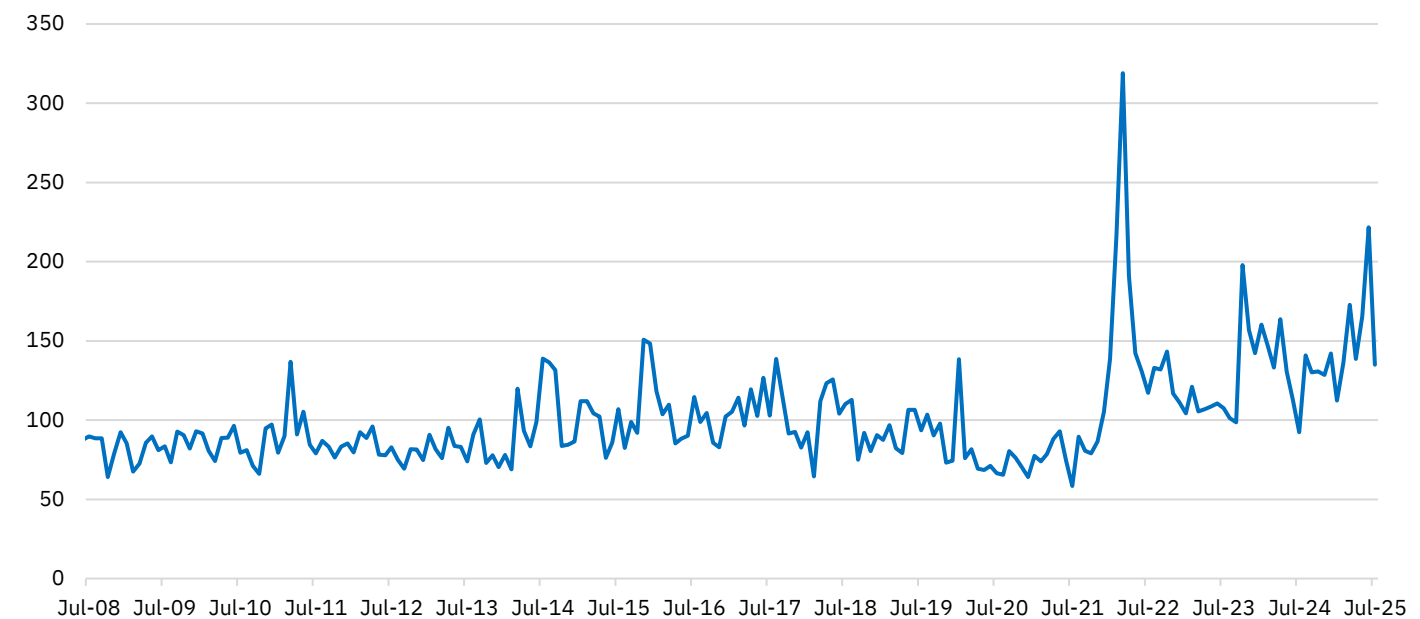
Figure 164: Monthly trends in World Uncertainty Index (WUI)

WUI, GDP weighted average



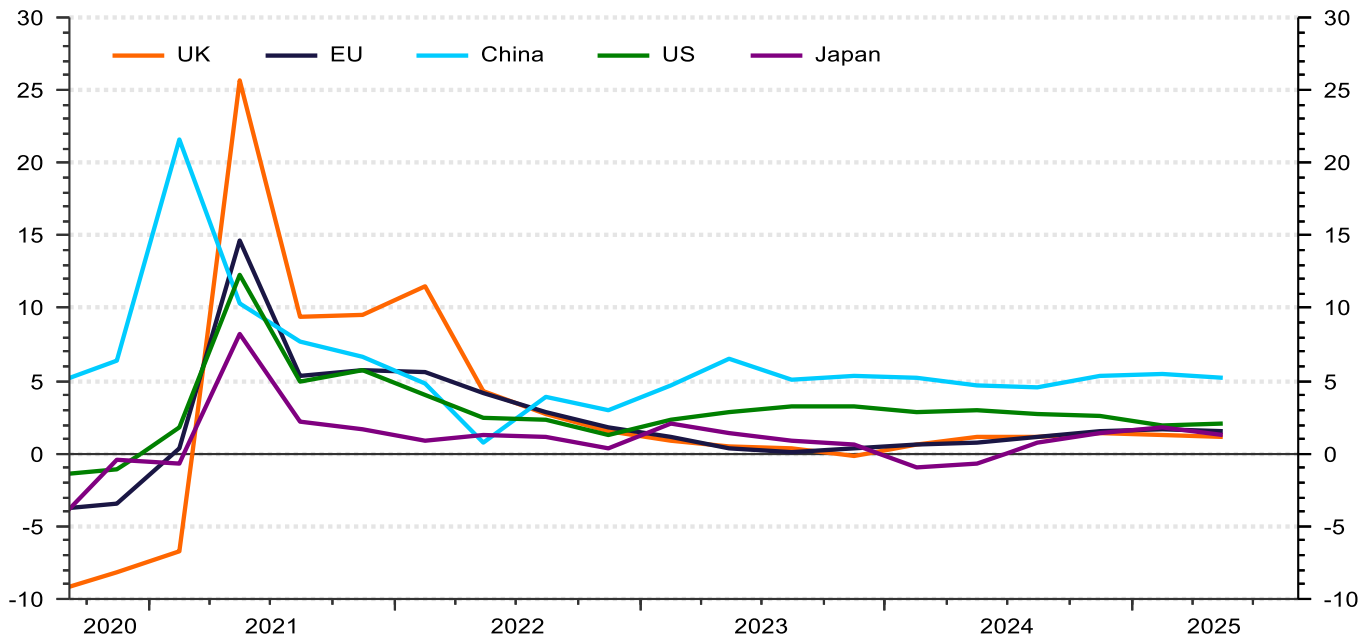
Source: Hites Ahir & Nicholas Bloom & Davide Furceri, 2022. "The World Uncertainty Index," NBER Working Papers 29763, National Bureau of Economic Research, Inc.

Figure 165: Monthly trends in Geopolitical Risk Index



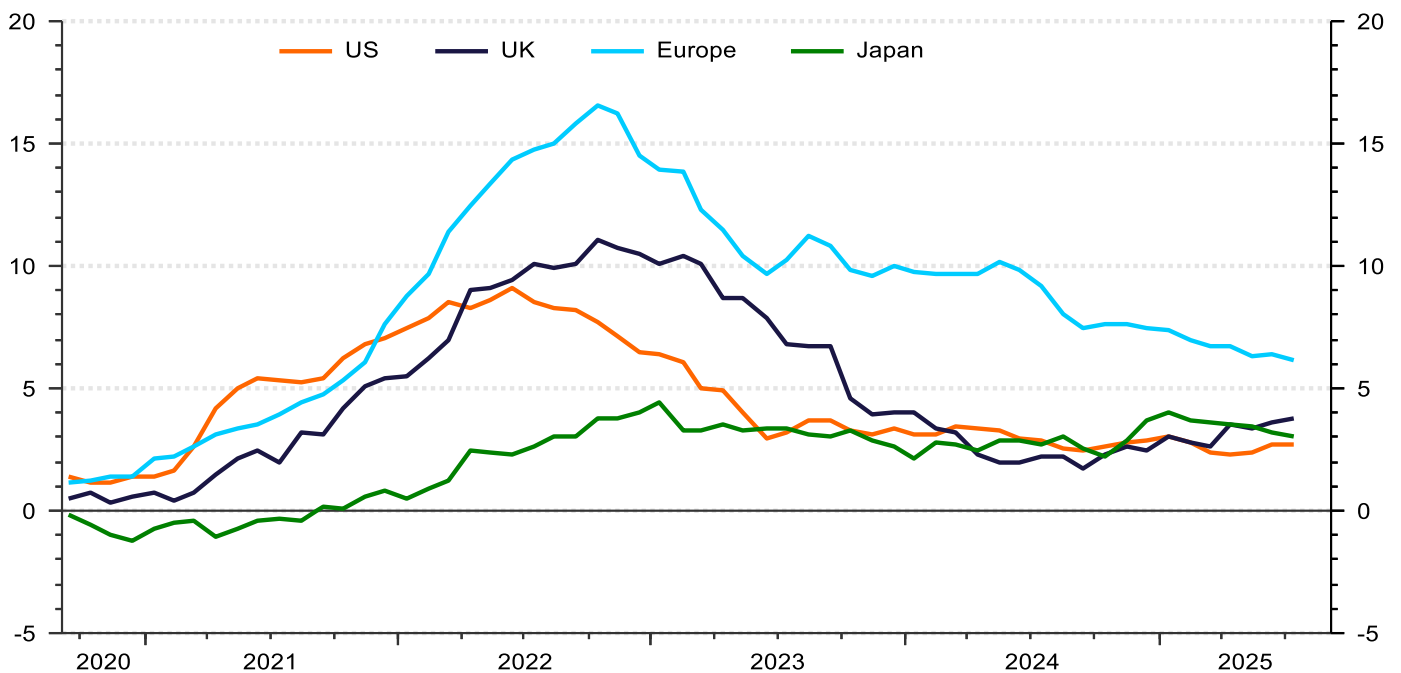
Source: Caldara, Dario and Matteo Iacoviello (2022), "Measuring Geopolitical Risk", American Economic Review, April 112(4), pp. 1194-1225

Figure 166: Growth Across Major Economies

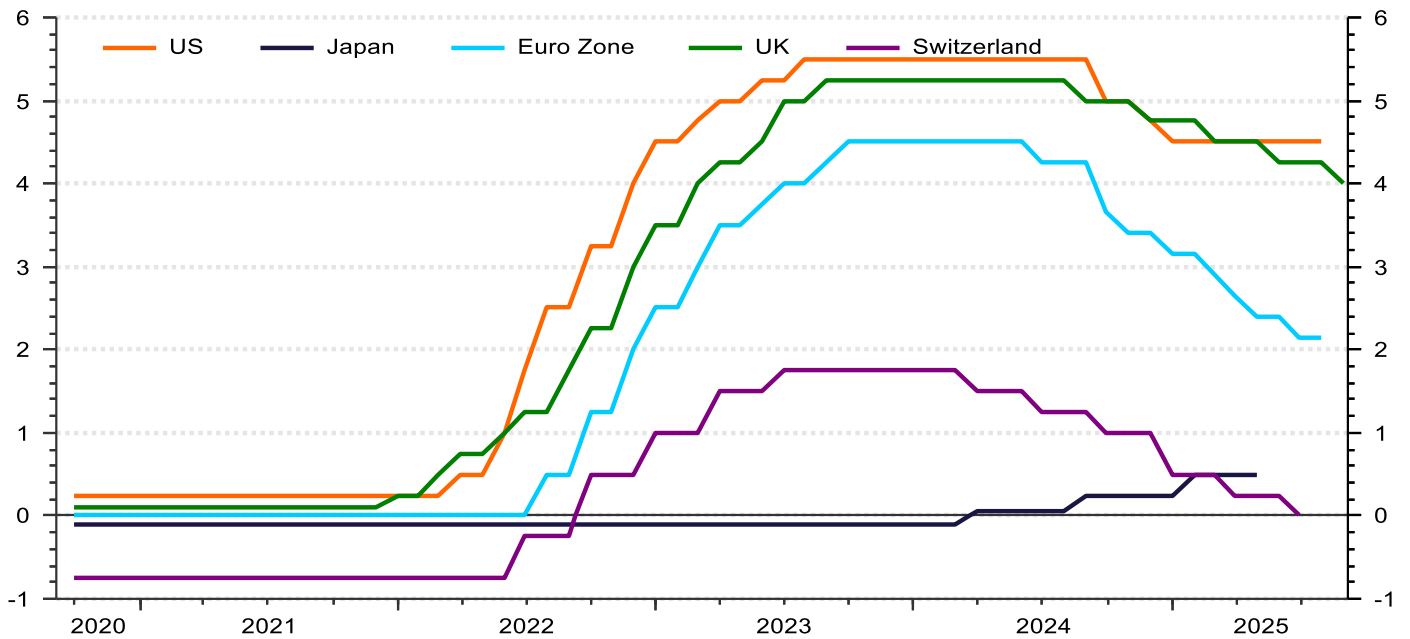


Source: LSEG Workspace, NSE EPR.

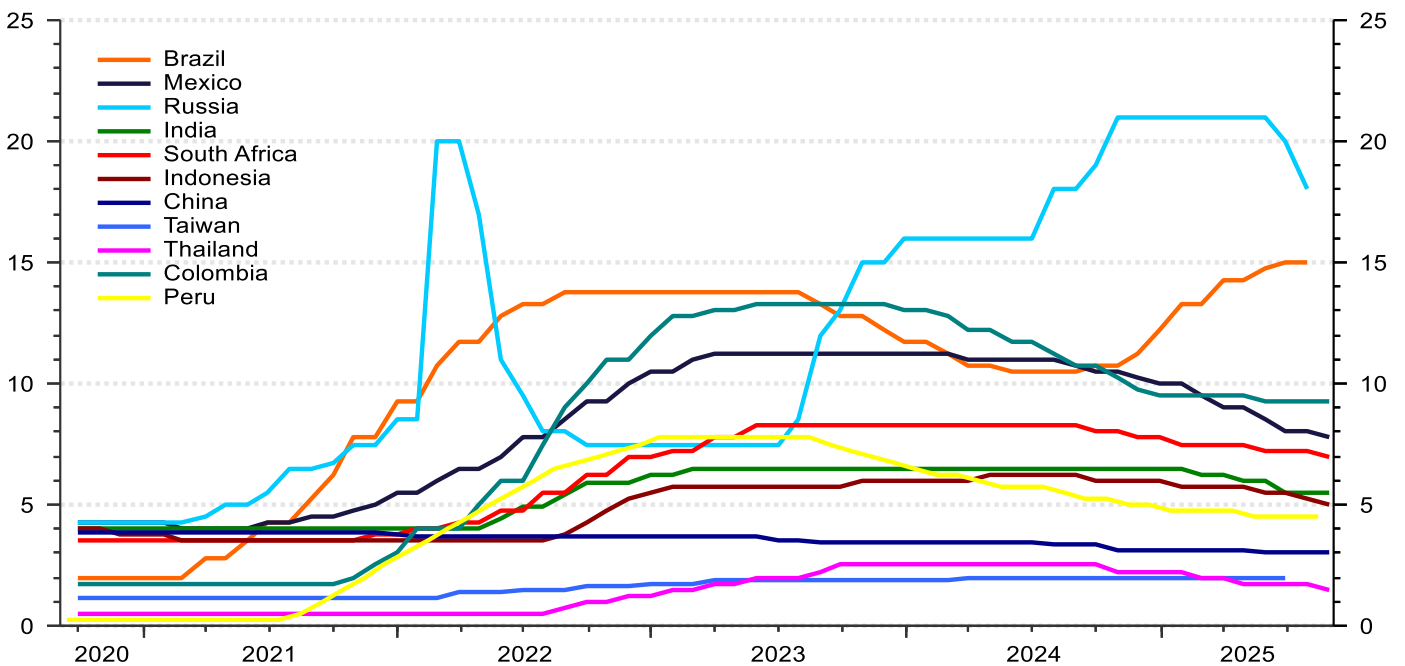
Figure 167: Inflation across major economies



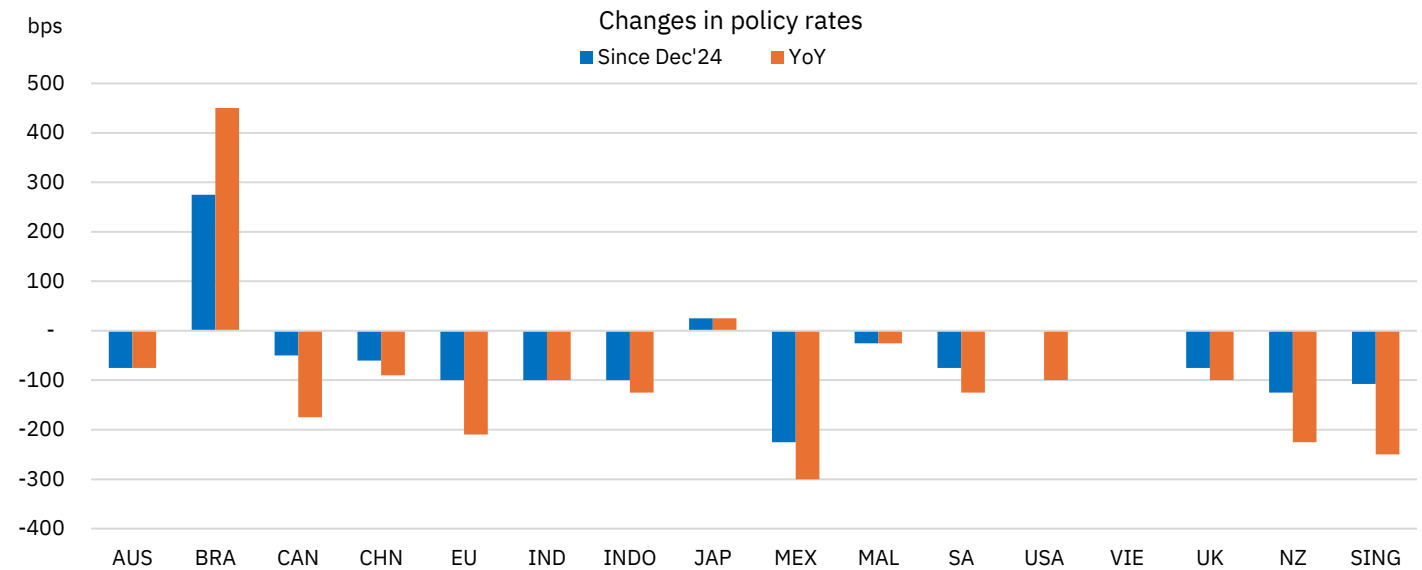
Source: LSEG Workspace, NSE EPR.

Figure 168: Policy rates across AE central banks


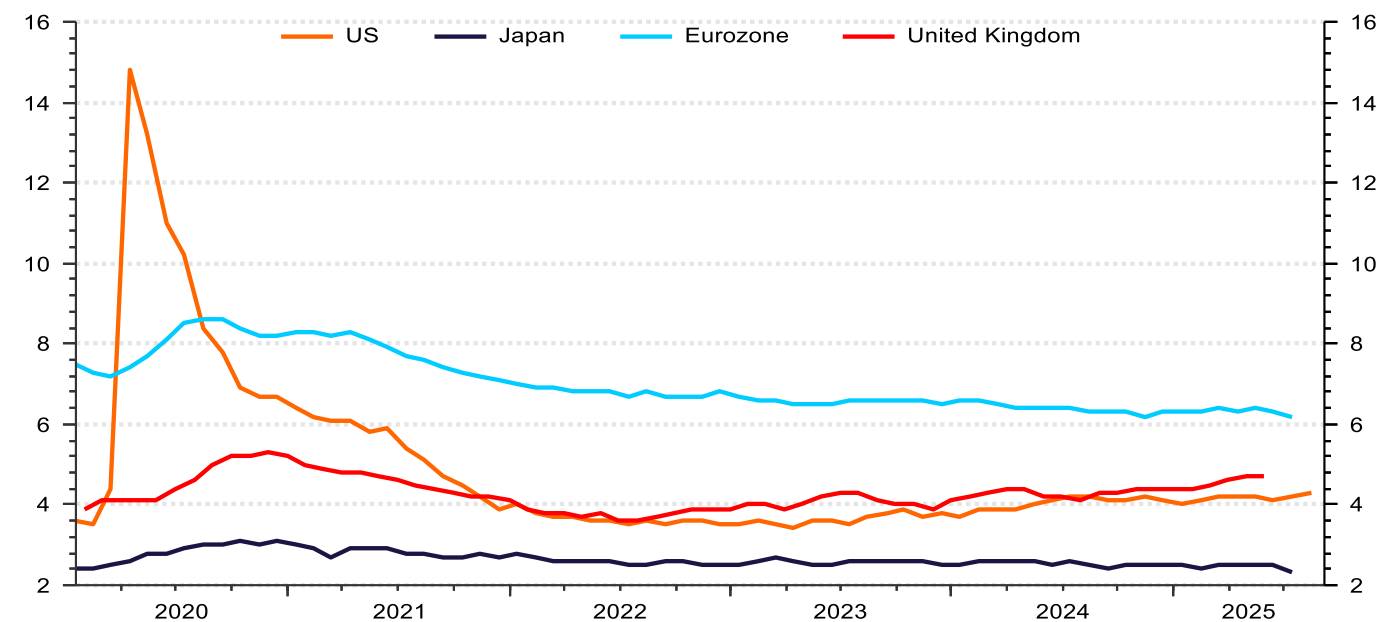
Source: LSEG Workspace, NSE EPR.

Figure 169: Policy rates across emerging markets central banks


Source: LSEG Workspace, NSE EPR.

Figure 170: Changes in policy rates across key economies


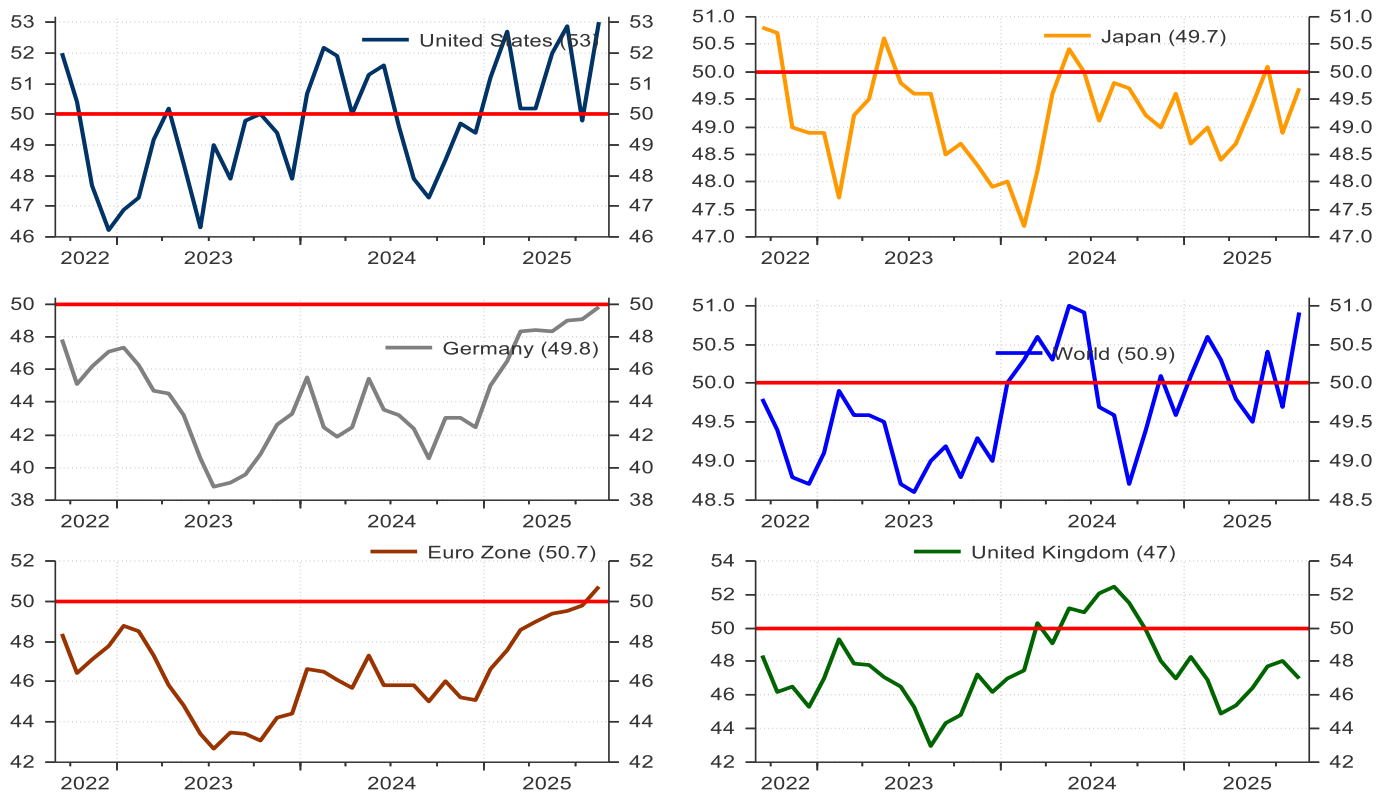
Source: CEIC, NSE EPR. Notes: 1) AUS: Australia, BRA: Brazil, CAN = Canada, CHN: China, IND: India, INDO: Indonesia, JAP: Japan, MEX: Mexico, MAL: Malaysia, SA: South Africa, USA: United States of America, VIE: Vietnam, UK: United Kingdom, NZ = New Zealand SING: Singapore 2) The YoY change in policy rates is captured till August'2025

Figure 171: Unemployment rates across major developed economies


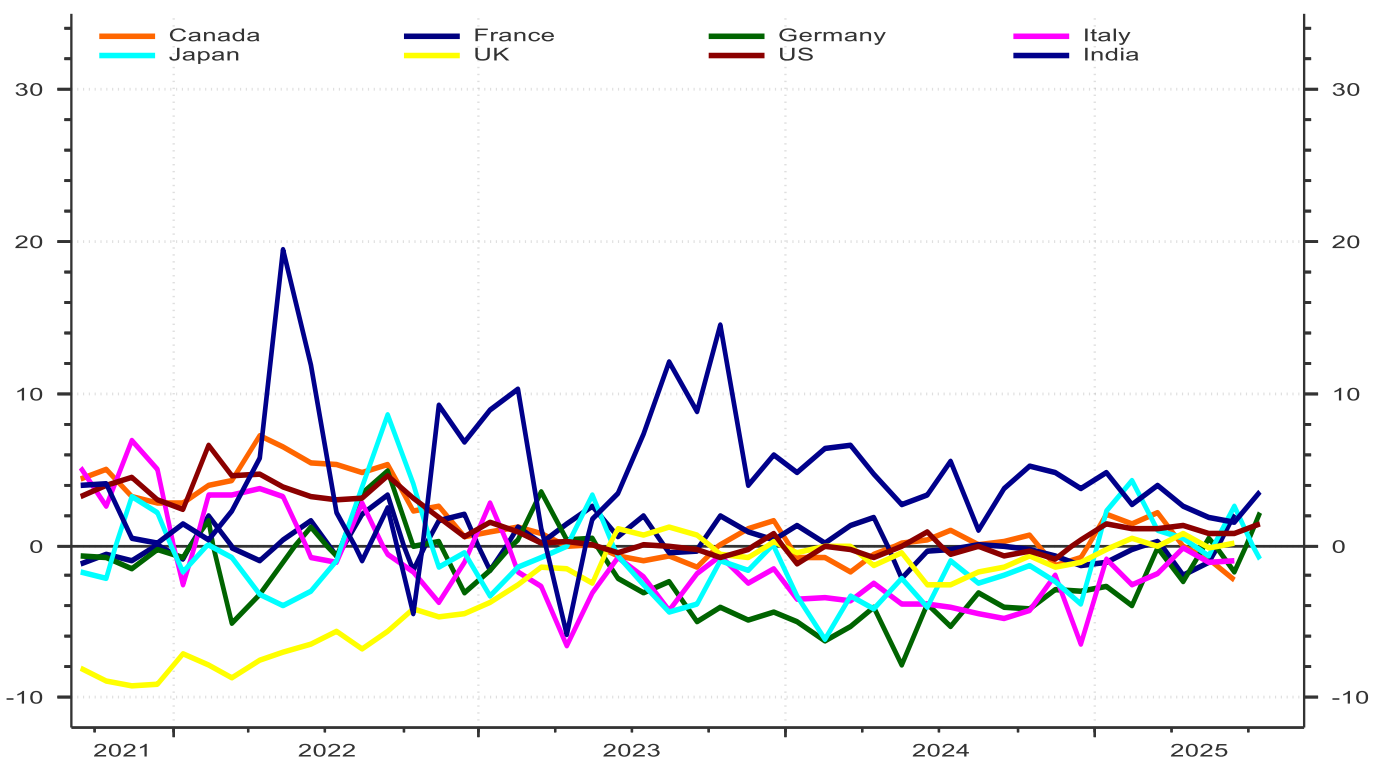
Source: LSEG Workspace, NSE EPR.

Figure 172: Trend in PMI manufacturing across countries

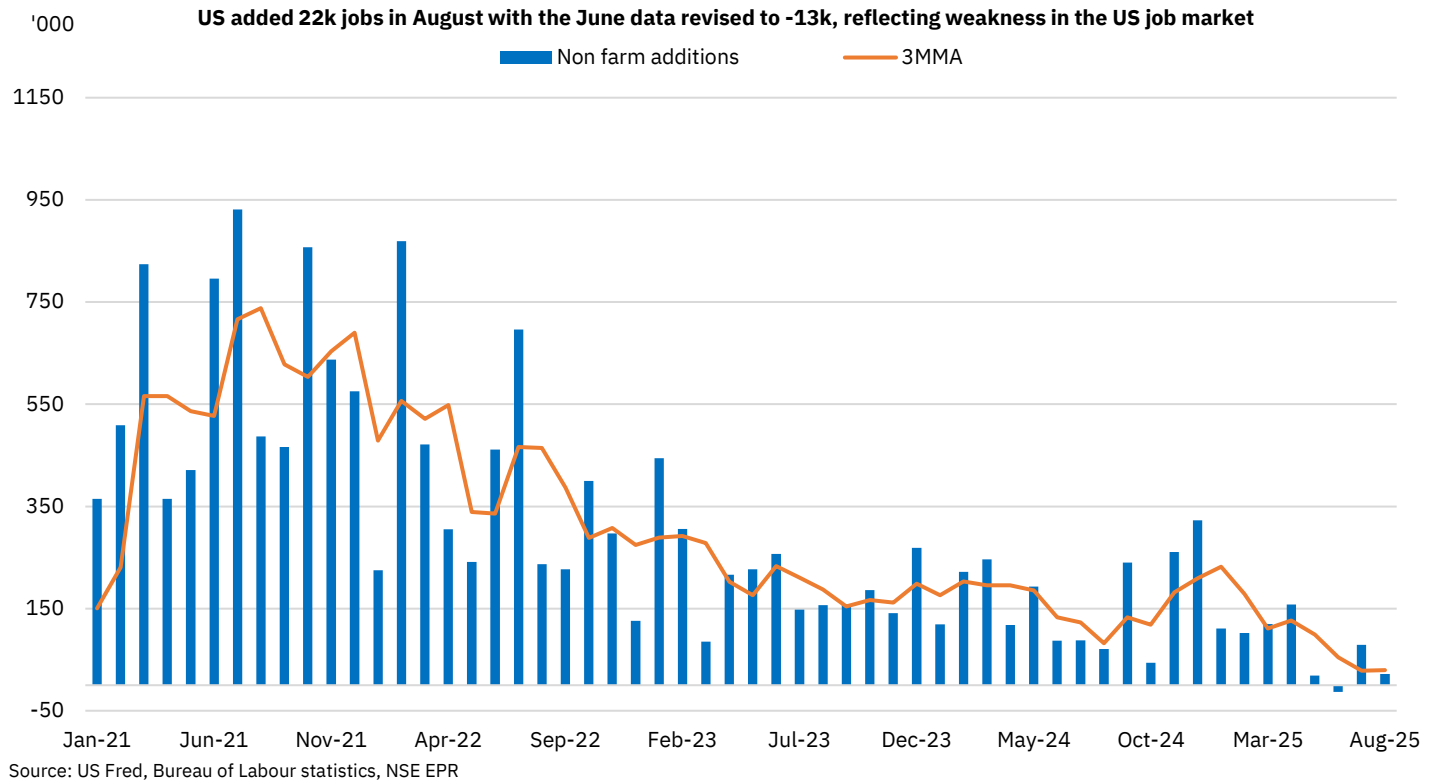
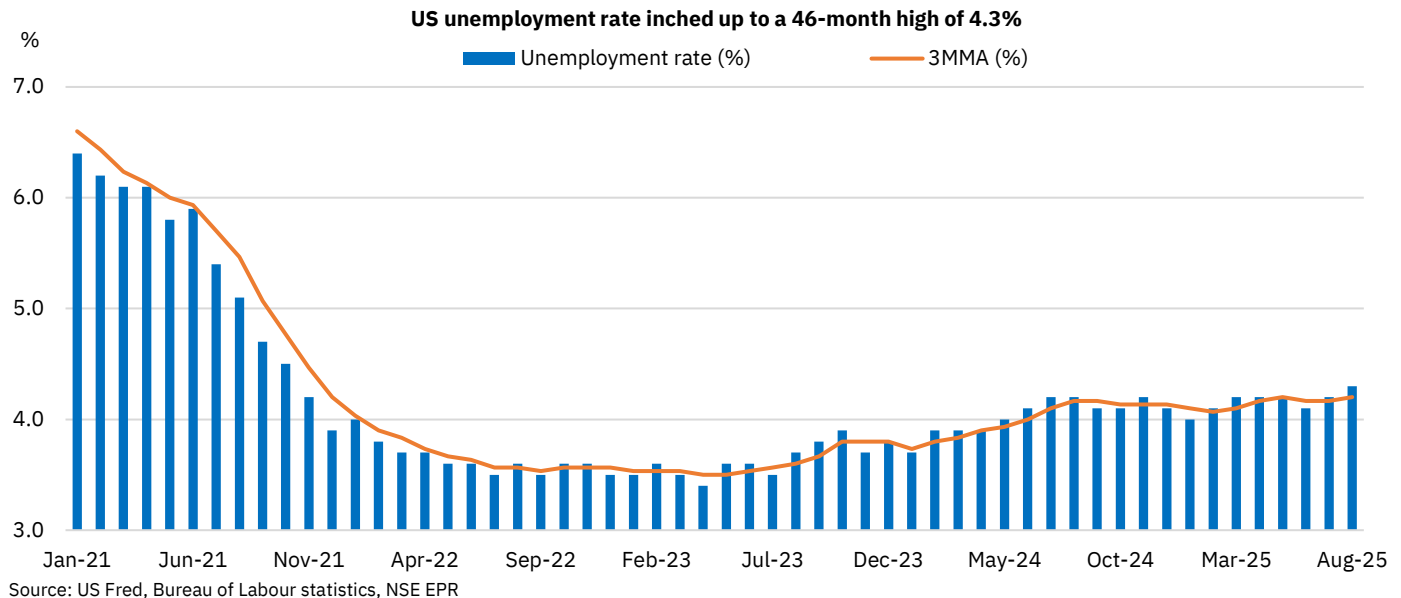
Manufacturing (SA) PMIs: Developed Markets



Source: LSEG Workspace, NSE EPR.

Figure 173: Consumer Confidence Index across major economies


Source: LSEG Workspace, NSE EPR

Figure 174: US Non-farm job role additions

Figure 175: US Unemployment rate


Insights

Corporate earnings, market reactions and economic implications

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

Few events garner market attention as strongly as corporate earnings announcements. They serve not only as report cards on firm performance, sparking shifts in investor sentiment, but also as windows into broader economic health with some forecasting power. By affecting trading activity, valuations, and risk perceptions, this recurring event influences asset prices, guides investor expectations, and informs macroeconomic interpretations.

Seminal research from the late 1960s established that reported earnings contain valuable information reflected in stock returns and trading activity. Since then, a large body of evidence has shown that the timing, content, and quality of earnings reports also influence markets in systematic ways. Three broad lines of inquiry dominate this literature. First, the information content of earnings—how sales, profits, and margins map into prices, volumes, and volatility. Second, the behavioural and risk channels—how investors process earnings news; do they underreact or overreact, and how announcement-related risk premia emerge. Third, the aggregate or macro dimension—how market-wide earnings growth embeds news about discount rates, inflation, and future GDP.

In this month's edition of NSE Market Pulse, insights from ten seminal and connected papers from the literature allow us to place the quarterly analysis of Indian 1QFY26 results in a deeper context.

Key takeaways from the papers

- **Earnings have information content:** Research beginning with Ball and Brown (1968) and Beaver (1968) showed that earnings announcements are accompanied by sharp moves in price, volume, and volatility—establishing their enduring information content.
- **Markets adjust slowly:** Evidence from Bernard and Thomas (1989) documents Post-Earnings-Announcement Drift (PEAD): a tendency for stock prices to underreact initially, with returns continuing in the same direction for weeks after the announcement.
- **Earnings quality matters:** Sloan (1996) demonstrated that accrual-driven profits are less persistent than cash-driven ones. This research underlines why not all earnings growth translates into durable market value.
- **Earnings-announcement premium:** More recent work (Savor and Wilson (2016); Barber et al. (2013)) shows that stocks earn higher returns in months when they announce results, both in the U.S. and across global markets. This premium is strongest in periods of heightened firm-specific volatility, highlighting the role of risk around disclosure dates.
- **Aggregate earnings link to the macroeconomy:** Studies by Kothari et al. (2006), Konchitchki and Patatoukas (2014), Shivakumar and Urcan (2017) and Savor and Wilson (2016) show that earnings are not just about individual firms but about the broader economy as well. Market-wide earnings growth predicts nominal GDP and producer-price inflation, while announcement dates resolve discount-rate uncertainty that moves bond yields.
- **Perspectives on quarterly earnings season:** For our quarterly analysis of 1QFY26 earnings, these perspectives help interpret patterns across sectors and indices.

Sales, EBITDA, and PAT growth can be seen not just as firm-level outcomes but as signals with potential market and macroeconomic resonance. Margin trends, upgrades, and downgrades across indices tie into the literature's central themes: the persistence of earnings, the risk premia around announcement periods, and the broader economic information embedded in corporate results.

Papers in brief

- Ball and Brown (1968) — **The information content of earnings:** This seminal paper examined a large sample of U.S. firms from 1946 to 1966 and demonstrated that accounting earnings have significant explanatory power for stock price movements. They found that about 85–90% of the information contained in earnings was already anticipated by the market, but the actual announcement date still produced abnormal returns, confirming the value-relevance of reported profits. The study also showed that earnings news continues to affect returns over a window of several months, not just on the announcement day, highlighting both immediate and lagged effects. For our context, it reinforces why quarterly disclosures across NIFTY50 and NIFTY500 companies remain pivotal events for asset pricing, sector rotation, and investor sentiment.
- Beaver (1968) — **Volume and volatility as signals of earnings news:** Beaver showed that earnings announcements matter because they change both investor behaviour and market dynamics. He extended the inquiry by focusing on market activity rather than just price direction. Using event-study methods, the study reported dramatic increases in trading volume—up to six times normal levels—around earnings announcements in the US markets, coupled with sharp increases in return variance. This established that earnings are not only about value changes but also about information asymmetry and investor heterogeneity, as traders rebalance portfolios in response to new signals.

The paper was among the first to document how liquidity and volatility patterns embed informational value, even when price changes are modest. In the Indian context, where thousands of firms release results within a short span, such liquidity spikes across sectoral indices during earnings season can possibly be read as a barometer of market attention and information flow.

- Bernard and Thomas (1989) — **Post-earnings-announcement drift (PEAD):** Building on the information-content tradition, Bernard and Thomas examined how markets respond to predictable earnings patterns and uncovered one of the most robust anomalies in finance: post-earnings-announcement drift. They showed that stocks with positive earnings surprises continue to earn abnormal positive returns for up to 60 trading days after the announcement, while negative surprises experience the reverse.

They found this persistence can be explained by investors underreacting to earnings news at the time of disclosure, adjusting prices only gradually rather than a competing explanation that relies on risk premium for some unmeasured factor with a mis-specified asset pricing model. The finding has since been replicated in multiple markets and remains a central puzzle for the efficient markets hypothesis. For our context, it highlights why earnings results are not only about the immediate reaction on announcement day but also about the trajectory of prices in the

following weeks—an important perspective when interpreting index moves through the earnings cycle.

- Sloan ([1996](#)) — **The accrual anomaly and earnings quality:** Sloan’s study represented a major shift in thinking about earnings by decomposing net income into two parts: cash flows from operations and accruals (non-cash adjustments such as receivables, inventories, and depreciation). Using U.S. data from 1962–1991, the paper showed that the market tends to treat all earnings components as equally persistent, when in fact accruals are far less durable than cash flows. Firms with the highest accruals subsequently delivered significantly lower stock returns, while low-accrual, cash-flow-rich firms outperformed. This mispricing—known as the accrual anomaly—was interpreted as evidence of investor over-optimism about accrual-driven earnings, with reversals appearing in future periods as these transitory elements unwound.

The paper became central to the literature on “earnings quality” and has influenced both asset-pricing tests and accounting standards. The key insight here is that headline growth in EBITDA or PAT is not equally reliable across firms or sectors, and markets often discount results they perceived as less cash-backed or more accounting-driven.

- Kothari et al. ([2006](#)) — **Aggregate earnings surprises, market returns and discount-rate news:** Kothari, Lewellen, and Warner shifted the focus from firm-level reactions to the behaviour of the market as a whole. They examined how aggregate earnings surprises—market-wide deviations of profits from expectations—map into stock returns and how the market responds to aggregate earnings surprises. They find a striking negative correlation between contemporaneous market returns and aggregate earnings: when aggregate earnings were “good,” market returns tended to be lower, and *vice versa*. This paradox was explained by discount-rate effects. Strong earnings are often interpreted as signals of higher discount rates (e.g., tighter monetary policy or higher required returns), which depress valuations even as cash-flow expectations rise. Importantly, no evidence of post-announcement drift emerges at the aggregate level, contrasting sharply with firm-level patterns.

This study highlighted how earnings embed both cash-flow news and discount-rate news, with the latter sometimes dominating at the aggregate level. However, standard discount-rate proxies explain only part of this effect, implying that unobserved discount-rate shocks also matter. Finally, while aggregate earnings co-move strongly with GDP, industrial production, and consumption, their incremental predictive power for future macroeconomic outcomes or returns is modest once broader macro-financial indicators are accounted for. This suggests that broad earnings growth across companies may not always translate into index gains, particularly if investors see stronger profits as precursors to policy tightening or higher financing costs.

- Cready and Gurun ([2010](#)) — **Market-level earnings news and inflation expectations:** Extending the aggregate perspective, Cready and Gurun examine how earnings announcements affect market-level returns. They find that market reactions are not always intuitive. When earnings across firms are generally strong,

stock indices often fall during the announcement window. This happens because good earnings can also signal rising discount rates – meaning investors expect higher required returns and adjust prices downward. In other words, earnings news shapes how investors perceive company profits and economy-wide risk, thereby influencing the cost of capital across the market.

- Barber et al. (2013) – **Earnings-announcement premia around the world:** Barber and co-authors extended the “announcement premium” concept globally, analysing data from over 40 countries, including emerging markets. They documented that stocks systematically earn higher returns in months when they announce earnings—equivalent to an annualized 11% spread relative to non-announcement months. This premium is especially pronounced where firm-specific idiosyncratic volatility jumps at the time of disclosure, pointing to risk-based explanations. The study shows that the effect is not limited to the U.S. but is a global phenomenon observable in both developed and emerging markets, including India.
- Konchitchki and Patatoukas (2014) – **Accounting earnings and GDP:** Konchitchki and Patatoukas established a direct link between aggregated firm-level accounting earnings and macroeconomic performance. Using U.S. data, they showed that aggregate corporate earnings growth is a statistically and economically significant leading indicator of nominal GDP growth, especially for one-quarter-ahead forecasts. Because corporate earnings are reported sooner and revised less frequently than GDP estimates, they provide timely real-time signals of economic activity. Importantly, the predictive power of aggregate earnings is incremental to traditional macro indicators such as Treasury yields, term spreads, and stock returns. Despite being publicly available in real time, professional macro forecasters underutilize this information, leading to predictable GDP forecast errors. Their work reframes earnings not just as microeconomic outcomes but as early-warning signals for macroeconomic performance, laying the groundwork for the emerging field of macro-accounting. This finding means that quarterly earnings aggregates contain incremental information potentially relevant for central banks, policymakers, and macro investors.
- Savor and Wilson (2016) - **How much do investors care about earnings news?** Savor and Wilson show that earnings announcements matter not just for firm-level information but for systematic risk in financial markets. They quantify this by documenting a distinct “announcement premium” in U.S. stocks. Firms scheduled to report earnings earned annualised abnormal returns of nearly 10% compared to non-announcing firms. The premium reflects systematic risk revealed at earnings dates, as macroeconomic and firm-specific shocks are jointly resolved when earnings are released. Their analysis suggests that this premium is not just a behavioural anomaly but compensation for bearing heightened risk.

In markets like India, where thousands of companies announce in a concentrated calendar in an earnings season, sectoral and index-level risk premia may be elevated during results months, and this relationship helps interpret the performance of benchmark indices relative to “quiet” months.

- Shivakumar and Urcan ([2017](#)) — **Why do aggregate earnings growth forecast inflation?** Shivakumar and Urcan advanced macro-accounting literature by examining the link between corporate earnings growth and inflation. Using U.S. data, they showed that aggregate earnings growth forecasts producer price inflation (PPI) but has little predictive power for consumer price inflation (CPI). The mechanism is rooted in an investment demand channel: strong earnings signal higher corporate investment, which in turn drives up input and producer prices; and a consumption demand channel: rising profits raise household wealth and spending.

This paper clarified why earnings news is systematically related to certain inflation measures but not others, resolving earlier ambiguities in the literature. For the Indian markets, where wholesale prices do affect corporate margins and sector performance, this paper underscores how aggregate PAT and EBITDA growth can feed into inflation expectations through the supply side of the economy, rather than through consumer demand.

An Empirical Evaluation of Accounting Income Numbers²²

Ray Ball and Philip Brown ([1968](#))

Summary

Ball and Brown ([1968](#)) is the seminal paper for capital-markets research in accounting. Using a large sample of U.S. firms (mid-1940s to mid-1960s), the paper showed that reported earnings contain value-relevant information: stock prices move systematically with the “surprise” component of accounting income. Crucially, much of this information is reflected in prices before the formal announcement—markets form expectations—but the announcement still generates abnormal returns. The paper introduced the event-study methodology, established the earnings–returns link as an empirical regularity, and framed later research on investor underreaction (PEAD), earnings quality (accruals vs cash), and announcement premia. Earnings are recurring, scheduled information events that move prices, volumes, and volatility in predictable ways.

Introduction

Before Ball & Brown ([1968](#)), accounting research largely catalogued reporting rules and firm practices; the discipline lacked a market-based test of whether accounting numbers mattered for investors. The 1968 paper changed the field by asking a capital-markets question: Do earnings contain information that is impounded into prices? If yes, how and when?

Ball & Brown ([1968](#)) proceeded from first principles. Investors value claims on future cash flows. Accounting income aggregates noisy signals about those cash flows. If the income number (relative to expectations) is informative, then abnormal returns should move together with the sign and magnitude of earnings news, and trading activity should reflect investor rebalancing around disclosure.

Two insights stand out from the paper. First, markets anticipated a large fraction of the year’s earnings information well before the release month; prices started moving months ahead, implying analysts and investors form reasonably accurate priors. Second, the announcement itself still triggered statistically and economically meaningful price adjustments. The combined picture is of a market that processes fundamentals continuously, but which updates discretely at scheduled disclosures.

These ideas seeded a segment of literature that now spans five decades: how prices, volumes, and volatility respond to accounting news; whether reactions are efficient or display predictable drift; how the composition of earnings (accruals vs cash) affects persistence; and how aggregate earnings load on macro variables (growth, inflation, discount rates).

Literature

The late 1950s and 1960s were formative years for modern finance: mean–variance portfolio theory had just been introduced, the market model was gaining ground, early versions of the CAPM were being debated, and event-study methodology was beginning to take shape. It was in this intellectual climate that Ball and Brown ([1968](#)) posed a simple but profound question: do accounting earnings—reported net income—convey genuine information, or are they mere noise? Their approach was straightforward: examine stock returns around annual earnings announcements, sort firms into “good news” and “bad news” groups based on unexpected earnings (actual outcomes relative to a naïve expectation) and track cumulative abnormal returns before and after the announcement month. Two constraints

²² <https://www.jstor.org/stable/2490232>

defined their design. First, there were no analyst-forecast databases in 1946–1966; expectations had to be built from simple time-series models of earnings persistence rather than consensus forecasts like I/B/E/S today. Second, with only annual accounting data and no precise timestamps, returns had to be aligned to the announcement month rather than to exact days or intraday releases.

Despite these limitations, the test was elegant: if earnings carry news, prices should adjust in a systematic and directional way. The same year, Beaver (1968) examined volume and variance around earnings and showed that disclosures triggered sharp spikes in both, complementing Ball and Brown by expanding the definition of “information content.” Taken together, the two papers formalised the idea that earnings announcements leave a joint imprint on prices, liquidity, and volatility, anchoring decades of empirical work in accounting and finance. For today’s setting—quarterly reporting, high-frequency timestamps, sector-level analysis—the core logic remains the same: realised earnings must be compared to prior beliefs, market reactions must be decomposed into cash-flow versus discount-rate channels, and analysts must ask whether the adjustment is instantaneous or whether drift and gradual incorporation persist.

Data & Methods

The study examines U.S. listed firms over the period 1946–1966, a long pre-electronic-trading era that offers ample cross-sectional and time-series variation to detect systematic patterns in stock price reactions to earnings news. Annual earnings announcement months are identified from public sources, and because precise timestamps were not uniformly available, returns are aligned by event month rather than intraday windows.

To capture expectations, the paper constructs a simple benchmark based on the time-series properties of income—for example, prior-year earnings or basic persistence rules—so that unexpected earnings are defined as the difference between actual and expected figures. Firms are then grouped into “good news” and “bad news” portfolios according to the sign and sometimes the magnitude of the earnings surprise. Abnormal returns are measured using market-adjusted or market-model approaches, with cumulative abnormal returns (CARs) tracing price adjustment from months before through months after the event.

Statistical tests evaluate whether CARs differ significantly from zero and whether the divergence between good- and bad-news portfolios matches theoretical predictions, with robustness confirmed through alternative windows and subsample checks. The central identification idea is straightforward: if accounting income conveys incremental information about future cash flows or discount-rate news, stock prices should adjust in line with earnings surprises. Accurate expectations would manifest as pre-announcement drift, while inaccurate expectations leave more adjustment to occur at the announcement itself. Although the study is limited by its period-specific constraints—no analyst forecast databases such as I/B/E/S, reliance on annual rather than quarterly earnings, and month-level rather than precise timing—the positive findings are especially compelling: if earnings news produces significant price reactions even under such coarse measures, the informational content of accounting income is economically meaningful.

Contribution

Ball & Brown delivers three enduring contributions:

1. **Earnings–returns linkage:** Firms with positive earnings news (actual minus expected > 0) exhibit positive abnormal returns around the announcement window; those with negative news show the reverse. This establishes the relevance of value: accounting earnings carry decision-useful information for investors.
2. **Anticipation vs announcement:** A large fraction of the total market adjustment occurs before the formal release. Prices move in the direction of the forthcoming earnings sign months ahead, indicating that markets

form prior expectations from interim signals (management guidance, order flows, macro cues). Yet, the announcement itself still produces statistically significant CARs, showing that the disclosure resolves residual uncertainty and compels portfolio rebalancing.

3. **Blueprint for event studies:** The paper makes the event-study feasible: select an event (earnings), define expectations, estimate abnormal returns via a benchmark (e.g., market model), and add up in event time. This template became the workhorse for later research on PEAD, earnings quality, disclosure, and corporate actions.

Conceptually, the joint role of expectations and revelation was shown for the first time. If the market were perfectly prescient, the announcement would do little; if it were entirely surprised, pre-announcement drift would be absent. Reality lies between: the market anticipates most of the signal (~85–90%), and the announcement supplies the incremental piece that triggers observable price and activity responses.

Implications

Asset pricing: Earnings are scheduled macro-micro events: they resolve uncertainty about firm cash flows and, in aggregate, about macro conditions. Prices incorporate much of the signal in advance, but announcement-window CARs remain material. This sets up later debates: is any post-announcement drift mispricing (behavioural underreaction), risk (compensation for exposure to systematic shocks revealed at earnings), or both?

Market microstructure: Even when price changes are modest, trading activity and volatility tend to spike at disclosure (Beaver (1968)). Liquidity demand and inventory risk for dealers/market makers rise around earnings, a point that matters for spreads, depth, and temporary price impact.

Corporate reporting: The paper confirms that accounting choices have capital-market consequences: the more credible and decision-useful the earnings process, the stronger the link to valuation. It also motivates attention to earnings quality—a theme later formalised by Sloan (1996), who shows that accrual-heavy profits are less persistent.

Empirical monitoring: In any earnings season, one should expect predictable patterns: (i) pre-announcement drift in the direction of the eventual surprise; (ii) announcement-day (or week) responses; (iii) cross-sectional dispersion tied to surprise magnitude and sector-specific information sets. The broad implication is that headline growth and margins are informative, but markets will weigh persistence and credibility when translating them into prices.

Conclusion

Ball & Brown initiated and influenced multiple streams of research, both directly and indirectly:

1. **Trading activity and variance:** Beaver (1968) documented six-fold surges in volume and elevated return variance in announcement weeks—evidence that earnings disclosures heighten attention and information asymmetry even when prices move little.
2. **Underreaction and drift:** Bernard and Thomas (1989) showed post-earnings-announcement drift (PEAD): abnormal returns continue in the direction of the surprise for weeks, challenging strict market efficiency and spawning research on investor attention, limits to arbitrage, and information diffusion.
3. **Earnings quality:** Sloan (1996) decomposed earnings into accruals and cash flows, finding that accrual-heavy firms subsequently underperform—the “accrual anomaly.” Markets appear to overestimate the persistence of accrual-driven profits.

4. **Announcement premia and risk:** Savor and Wilson ([2016](#)) and Barber et al. ([2013](#)) documented an announcement-month premium—reporting firms earn elevated returns when they disclose, in the U.S. and globally—consistent with higher systematic risk around disclosures.
5. **Macro-accounting:** Kothari et al. ([2006](#)) and Cready and Gurun ([2010](#)) showed that aggregate earnings news can be associated with lower market returns (discount-rate news) and moves bond yields/implicit inflation. Konchitchki and Patatoukas ([2014](#)) and Shivakumar and Urcan ([2017](#)) linked aggregate earnings growth to nominal GDP and producer-price inflation.

Collectively, these developments refine Ball & Brown’s core insight: earnings are information events whose price impact, risk profile, and macro content depend on expectations, composition, and the state of the economy.

Ball and Brown ([1968](#)) established, once and for all, that reported earnings matter for markets. Investors anticipate much of the news, yet the act of disclosure still produces abnormal returns and surges in trading—a clear signature that has held across different periods, geographies, and data frequencies. Their event-study design became the benchmark for analysing disclosure effects, spawning whole literatures on post-earnings-announcement drift, earnings quality, announcement premia, and macro-accounting. For anyone tracking quarterly results today, the message is practical: measure outcomes against expectations, study market reactions in the announcement window, and read sector patterns through both cash-flow and discount-rate channels.

The Ball and Brown framework is essentially one of expectations versus realisations, event-time versus calendar-time alignment, and the decomposition of market moves into cash-flow news versus changes in discount rates. It remains a straightforward, durable template for making sense of an earnings season at scale.

The Information Content of Annual Earnings Announcements²³

Beaver (1968)

Summary

Beaver (1968) built on Ball and Brown's (1968) pioneering work by shifting the focus from prices to market activity. His study showed that earnings announcements trigger surges in trading volume—often five to six times the norm—and sharp increases in return variance. Even when prices barely moved, the heightened activity and volatility revealed that investors were digesting the news, rebalancing portfolios, and disagreeing in their interpretations. In doing so, Beaver (1968) broadened what we mean by the “information content” of earnings: not just abnormal returns, but also the intensity of trading and the clustering of risk. This redefinition shaped entire literatures in accounting, finance, and market microstructure. For markets today, the lesson is clear—liquidity and volatility around results carry as much information as headline figures like sales, EBITDA, or PAT, offering a fuller view of how investors process disclosures.

Introduction

Ball and Brown (1968) had recently shown that stock prices respond to earnings news, establishing that accounting numbers influence investor decisions. At the same time, broader financial economics was evolving. Fama (1965) was formalizing the Efficient Market Hypothesis, which argued that markets rapidly incorporate information into prices, while Mandelbrot (1963) highlighted that stock returns display volatility clustering and “fat tails,” pointing to the uneven way information shocks affect markets. Within this context, Beaver (1968) pushed the conversation further. He argued that prices alone are incomplete indicators of information arrival and that other dimensions of market behaviour—such as trading volume and volatility—also reflect the informational value of earnings announcements.

The study tested two hypotheses: (1) if earnings reports contain information, trading volume should rise as investors rebalance portfolios around announcements; and (2) volatility should spike when uncertainty peaks, reflecting greater dispersion in beliefs, even without large directional price moves. In this way, Beaver (1968) broadened the lens from price reactions to multiple dimensions of market behaviour.

Contribution

Beaver (1968) study offers several enduring contributions, each supported by empirical evidence.

1. **Volume as an information proxy:** Trading volume rose five- to six-fold in weeks when earnings were announced, compared to baseline weeks. This was interpreted as investors with heterogeneous beliefs rebalancing their portfolios in response to new information.
2. **Variance as uncertainty measure:** Return variance spiked significantly during announcement weeks, confirming that earnings disclosures increase uncertainty and risk. This provided early evidence that volatility is event-driven, not constant.
3. **Price behaviour and permanence of reactions:** Average returns during announcement weeks were modest, but residual return variance (adjusted for market-wide factors) was markedly higher. These effects were not reversed later, implying genuine equilibrium price revisions rather than transitory noise.

²³ <https://www.jstor.org/stable/2490070>

4. **Redefinition of “information content”:** Prior work equated information with price changes. Beaver ([1968](#)) showed that announcements could move volume and variance even if price changes were small. Information, therefore, is revealed in multiple market dimensions.
5. **Methodological innovation:** Beaver ([1968](#)) normalized weekly trading volume by shares outstanding, allowing cross-firm comparisons, and directly tied variance analysis to disclosure windows. This provided a practical and robust framework for linking accounting events to market-wide behaviour.

Data & Methods

The study is based upon a sample of 506 annual earnings announcements released by 143 NYSE-listed firms during the period 1961-65. Beaver ([1968](#)) defined “announcement weeks” using public records and termed them as week zero, while the non-announcement weeks (eight weeks before the announcement week and eight weeks after) acted as control group. Normalised trading volume, computed by scaling raw volume by shares outstanding, ensured comparability across firms. Variance of weekly stock returns was measured relative to market benchmarks. The methodology of this event-based study was to compute average normalised volume and variance during announcement weeks and compare them against baseline non-announcement weeks.

Implications

Altogether, Beaver’s ([1968](#)) findings confirm that earnings announcements carry information content. The surge in trading activity captures the heterogeneous responses of individual investors, while the rise in return variability signals the adjustment of aggregate market expectations. This broadened the scope of event studies: researchers must examine not only price reactions but also volume and variance. From a market microstructure perspective, announcements act as natural stress tests—liquidity thins, spreads widen, and market depth contracts—patterns later formalised in studies of impact costs, resiliency, and order book behaviour.

The study’s influence extends beyond immediate market behaviour. Evidence that the same earnings trigger different interpretations among investors seeded modern theories of attention and heterogeneous beliefs, later developed by behavioural finance (e.g., Hirshleifer and Teoh ([2003](#))). For exchanges and regulators, Beaver’s ([1968](#)) framework suggested empirical tools for monitoring disclosure impacts, while risk managers found practical relevance in recognising volatility clusters around earnings when calibrating margins and VaR models.

Seen in hindsight, Beaver ([1968](#)) emerges as a foundational work that set the stage for decades of research. Karpoff’s ([1987](#)) price–volume survey formalised its insights within asymmetric information models; Engle’s ([1982](#)) ARCH and Bollerslev’s ([1986](#)) GARCH tied variance clustering to econometric models of volatility; derivatives studies showed how earnings drive option premia and implied volatility. By revealing that earnings announcements reshape not only prices but also liquidity, volatility, and investor behaviour, Beaver ([1968](#)) created a framework that continues to guide accounting, finance, and econometrics research to this day.

Conclusion

Beaver ([1968](#)) demonstrated that the information content of earnings cannot be judged by price changes alone. Dramatic spikes in trading volume and return variance during announcement weeks confirmed that investors actively process information, rebalance portfolios, and face heightened uncertainty. This broadened the definition of informational efficiency, showing that liquidity and volatility are intrinsic to how markets absorb news. The paper’s influence is lasting—today, event studies, volatility models, and market-microstructure analysis, all incorporate Beaver’s ([1968](#)) intuition.

Post-Earnings-Announcement Drift: Delayed Price response or Risk Premium²⁴

Victor Bernard and Jacob K Thomas ([1989](#))

Summary

Bernard and Thomas ([1989](#)) uncovered one of the most enduring and influential anomalies in financial economics: post-earnings-announcement drift (PEAD). While Ball and Brown ([1968](#)) showed that earnings announcements move prices, Bernard and Thomas evaluate competing explanations for this drift, a *delayed price response* or a *risk premium* resulting from a mis-specified asset pricing model. Firms with positive earnings surprises continue to earn abnormal returns for up to 60 trading days, while those with negative surprises underperform. This persistent drift contradicted the Efficient Market Hypothesis (EMH), which posits that prices should instantly and fully incorporate all available information. The paper finds that this drift cannot be reconciled with arguments build on risk mismeasurement but are to an extent explained with a delayed price response. The paper raised profound questions about investor behaviour, risk compensation, and information processing. PEAD reminds us that market reactions to earnings are not confined to the announcement window—post-event trajectories carry significant informational and trading value.

Introduction

By the late 1980s, event-study methodology was well established. Ball and Brown ([1968](#)) and Beaver ([1968](#)) had proved that earnings contained information, reflected in prices, volume, and variance. However, these studies implicitly assumed that markets efficiently and quickly absorbed that information. Bernard & Thomas challenged this assumption by documenting that the process is often slower and more systematic than theory predicted.

The Efficient Market Hypothesis, as articulated by Fama ([1970](#)), holds that new public information should be impounded into prices almost instantaneously. Any predictable drift would imply arbitrage opportunities. Yet practitioners had long observed that “earnings momentum” strategies—buying firms with good earnings news and selling those with bad news—were profitable. Bernard & Thomas formalised this intuition, showing that abnormal returns drift in the direction of the earnings surprise for weeks after the announcement.

This finding sparked an enduring debate. Was the drift evidence of market inefficiency (investor underreaction, attention constraints, or behavioural biases)? Or could it be explained as a risk premium, compensating investors for bearing systematic risks revealed by earnings surprises?

The paper’s significance lies not only in identifying a statistical anomaly, but also in forcing finance researchers to reconcile empirical regularities with theory. It catalysed entire literatures in behavioural finance, asset pricing, and investor psychology, while also influencing investment strategies that exploit earnings momentum. For modern markets, it established the principle that announcement-day returns do not tell the whole story: the aftermath is equally important.

Literature

Bernard & Thomas operated in a context shaped by three major streams:

1. **Efficient markets debate:** By 1989, the EMH dominated academic finance. Studies consistently showed that most anomalies disappeared after accounting for risk or transaction costs. PEAD, however, resisted such explanations: its persistence over decades and across markets suggested a fundamental puzzle.

²⁴ <https://www.jstor.org/stable/2491062>

2. **Empirical anomalies:** Other contemporaneous findings—size effects, January effects, value vs. growth spreads—were challenging EMH. PEAD fit into this broader class of anomalies but was especially important because it emerged from the core variable of interest: earnings. Unlike seasonal effects, PEAD was directly tied to fundamental information.
3. **Practitioner observations:** Analysts and portfolio managers had long noted that firms with positive surprises tended to outperform in the following quarter, but academic work had not systematically confirmed this. Bernard & Thomas bridged the gap, providing rigorous evidence for what was already suspected in practice.

The broader intellectual context also included advances in behavioural economics, with Kahneman & Tversky's work on judgment under uncertainty gaining traction. The notion that investors might underreact to earnings, updating too slowly, aligned with psychological evidence on conservatism and attention limits.

Bernard & Thomas placed at the intersection of theory and practice, delivering empirical results that directly challenged EMH and dovetailed with emerging behavioural insights. Their work laid the foundation for decades of subsequent inquiry into investor underreaction, earnings momentum, and limits to arbitrage.

Data & Methods

The paper used U.S. quarterly earnings and stock return data from 1974 to 1986, drawing primarily from the Compustat and CRSP databases. Their sample included thousands of firm-quarters across a broad cross-section of industries, ensuring representativeness.

The key variable was the earnings surprise, defined as the difference between actual quarterly earnings and the market's prior expectation. To proxy for expectations, they employed a seasonal random-walk model, assuming that this quarter's earnings would follow the same pattern as the same quarter last year. This yielded standardised unexpected earnings (SUEs) as their main metric.

They then conducted event studies, aligning stock returns around quarterly earnings announcements. Using portfolio sorts based on the magnitude of SUEs, they tracked cumulative abnormal returns (CARs) over windows extending up to 60 trading days after announcements. Statistical tests confirmed that stocks with high positive surprises earned significantly higher CARs than those with negative surprises.

The robustness of results was verified through alternative model specifications and sub-period analyses. Importantly, they showed that the drift was not confined to small firms or illiquid stocks, reducing the likelihood that it was purely an artifact of microstructure biases.

By focusing on predictable serial correlation in earnings and market underreaction, they provided clear evidence of an anomaly with real trading implications. PEAD today remains one of the most widely studied and cited anomalies in finance.

Contribution

Bernard & Thomas made three major contributions:

1. **Identification of PEAD:** They showed that firms with positive earnings surprises experienced statistically significant positive abnormal returns in the 60 days following the announcement, while firms with negative surprises experienced continued underperformance. This "drift" persisted long after the event window.
2. **Quantification of abnormal returns:** The study documented abnormal returns of around 2–3% over the drift horizon, economically meaningful given the short timeframe. For arbitrageurs, this implied substantial opportunities.

3. **Theoretical challenge:** PEAD was hard to reconcile with EMH. Either markets were inefficient (due to slow information diffusion or behavioural biases), or risk-based models were incomplete. The anomaly thus posed a deep challenge to asset-pricing theory. They found that PEAD is not a compensation for systematic risk but rather a manifestation of a protracted and predictable underreaction by market to the information contained in the earnings announcements.

Implications

The implications of PEAD are many. It provided one of the first robust challenges to EMH, paving the way for behavioural finance. It showed that even in highly scrutinised markets like the U.S., investors fail to process predictable information efficiently. For practitioners, PEAD suggested actionable strategies. Trading on earnings surprises offered non-trivial abnormal returns, spurring the growth of quantitative investment approaches. Although later studies questioned whether such strategies survive after accounting for costs, PEAD remained a central reference point for hedge funds and quant investors.

For policymakers and regulators, the anomaly highlighted the limitations of disclosure alone. Even when earnings are timely and accurate, markets may not process them efficiently. This raised questions about the sufficiency of disclosure-based regulation and the need for investor education. For emerging markets like India, PEAD underscores the importance of studying how quickly and fully earnings information is incorporated into prices. With growing retail participation and uneven analyst coverage, similar drifts may exist, offering both risks and opportunities.

Conclusions

Research following Bernard and Thomas (1989) has been extensive. Sloan (1996) extended the anomaly literature by showing that accruals versus cash flows predict returns, pointing again to investor underreaction to earnings quality. Hirshleifer and Teoh (2003) introduced psychology into the discussion, suggesting that cognitive biases drive persistent mispricing.

Fama (1998) defended market efficiency, arguing that anomalies like PEAD might reflect chance or risk-based explanations. Later work by Bernard and Thomas (1990) refined their original findings, reinforcing the robustness of drift.

More recently, PEAD has been re-examined in global contexts. Chordia et al. (2009) found evidence of drift internationally, though magnitudes varied across markets. For India, evidence is mixed: some studies find that analyst coverage and liquidity dampen drift, while others document persistence in less-followed stocks.

By the 2010s, attention turned to explaining why arbitrage did not eliminate PEAD. Limits to arbitrage, transaction costs, and institutional frictions (such as short-sale constraints) emerged as leading explanations. Behavioral theories, emphasising limited investor attention and slow learning, remain influential.

The consensus is that PEAD is one of the most robust anomalies in finance, enduring across decades, markets, and regulatory changes. Whether it reflects inefficiency or risk, its persistence has reshaped asset pricing research.

A recent review by Fink (2021) provides comprehensive review of more than fifty years of research on post-earnings-announcement drift (PEAD), examining theoretical explanations—such as behavioural biases, trading frictions, and risk mispricing—while noting that no single explanation fully accounts for the persistence of the anomaly.

A review by Chen (2025) highlights behavioural biases, sentiment, and risk-based factors as the current reasons, and finds that reflecting informational efficiency, the magnitude of PEAD has decreased across markets over the years. Kettell (2022) echoes these findings, noting that news today is less predictive of future performance.

The central lesson of Bernard and Thomas ([1989](#)) is that stock prices underreact to earnings news, creating predictable return patterns inconsistent with fully efficient markets. By documenting PEAD, the paper opened one of the most enduring debates in finance—whether anomalies are evidence of mispricing or hidden risk premia. For practitioners, the findings implied actionable strategies; for scholars, they highlighted the need to rethink investor behaviour; for regulators, they raised questions about whether disclosure alone guarantees market efficiency. PEAD remains a touchstone for discussions of market anomalies and behavioural finance.

Do Stock Prices Fully Reflect Information in Accruals and Cash flow about Future Earnings?²⁵

Richard G. Sloan (1996)

Summary

Sloan (1996) shifted the focus of earnings research from the level of reported profits to their composition. By decomposing net income into accruals and cash flows, Sloan showed that firms with high accruals subsequently underperform, while firms with cash flow-driven earnings outperform. This pattern—known as the accrual anomaly—implies that investors systematically overestimate the persistence of accrual-driven profits. The study provided robust evidence that not all earnings are created equal, and that markets fail to fully price differences in earnings quality. The paper highlights a consistent market inefficiency and provides insights that are both academically significant and practically useful for investors, sparking debates over efficiency, mispricing, and the role of fundamental analysis.

Introduction

The 1990s saw a growing recognition that while markets respond to earnings surprises, they may not fully grasp the quality of earnings. Earlier studies—Ball and Brown (1968), Beaver (1968), Bernard and Thomas (1989)—established that earnings matter and that reactions can be delayed (PEAD). Sloan (1996) advanced this agenda by asking: Do investors differentiate between cash-based earnings and accrual-based earnings?

The study begins by questioning a common assumption in financial markets: that earnings figures reported by companies equally represent sustainable performance. Investors and analysts often view earnings as the single most important measure of a firm's health. However, Sloan argues that not all components of earnings convey the same level of reliability about future profitability. While cash flows represent actual inflows and outflows of money, accruals involve estimates, deferrals, and accounting adjustments that may not translate into long-term gains.

Sloan's innovation was to formally test this intuition. Using U.S. data from 1962–1991, the paper demonstrated that accruals and cash flows have very different implications for future earnings, but that stock prices treat them similarly at the time of reporting. The result is a systematic mispricing: subsequent returns are predictably lower for high-accrual firms and higher for low-accrual, cash-rich firms.

The introduction sets the stage for exploring the relationship between accounting information and market behavior. It positions the study at the intersection of financial reporting and behavioral finance, aiming to uncover whether investor overreliance on reported earnings creates exploitable inefficiencies.

Context

Understanding the context of Sloan's study requires recognizing how financial analysts and researchers have traditionally interpreted earnings. For decades, textbooks and practitioners emphasized the importance of assessing the quality of earnings by focusing on their components. Analysts argued that accruals are prone to manipulation and short-term distortions, while cash flows reflect more concrete economic performance. Despite this established understanding, markets often behave as if investors overlook these nuances.

The paper also highlighted how the discretion allowed under U.S. GAAP introduces transitory elements into reported income—long suspected as “earnings management”—and quantified their market consequences. In doing so, it

²⁵ <https://www.jstor.org/stable/248290>

confirmed what many fundamental analysts had long believed: cash flows are a more reliable measure of performance than accruals. Finally, the study framed the central interpretive debate: does the anomaly reflect investor mispricing, or compensation for hidden risks such as illiquidity and default? By leaving this question open, Sloan's evidence bridged accounting practice, financial economics, and the anomaly literature, reshaping how both academics and practitioners think about earnings quality, and thus bridged accounting, finance, and practice, cementing the idea that the quality of earnings composition matters as much as the level.

The paper also challenges the assumption of complete market efficiency, which posits that prices instantly and accurately reflect all relevant information. If this assumption were true, high accrual firms should be priced lower to compensate for the lower persistence of their earnings, and low accrual firms should be priced higher. Yet Sloan hypothesizes that investors largely ignore this detail and treat all earnings as equally meaningful.

Contribution

The study makes significant contributions to both accounting and finance. First, Sloan introduces an accounting-based framework for evaluating earnings persistence, drawing directly from financial reporting principles rather than relying solely on statistical forecasting models. By separating accruals and cash flows, he provides a more nuanced understanding of earnings quality and its implications for future performance.

Second, the paper reveals a consistent mispricing pattern in capital markets. It shows that stock prices fail to adjust fully for the lower sustainability of accrual-driven earnings. This leads to predictable outcomes where firms with high accruals underperform in the future, while firms with low accruals experience positive abnormal returns. These findings challenge the assumption that investors behave rationally when interpreting financial statements.

Third, Sloan's work has practical relevance for investment strategies. By ranking firms based on their accrual levels, investors can develop profitable trading approaches. The study demonstrates that a long position in low-accrual firms combined with a short position in high-accrual firms yields superior returns over multiple years. This insight connects academic findings to real-world applications, making the research highly influential among portfolio managers and analysts.

Lastly, the paper contributes to the broader discussion on market efficiency. It highlights that even in highly monitored equity markets, certain pieces of accounting information are systematically underutilized. This inefficiency stems from behavioral tendencies, such as investor fixation on aggregate earnings, which open the door for informed investors to gain an advantage.

Data & Methods

Sloan bases his empirical analysis on a large dataset comprising 40,679 firm-year observations from 1962 to 1991, using financial statement data from Compustat and stock return data from CRSP. To isolate the effects of accruals and cash flows, earnings are defined as operating income after depreciation, excluding unusual items like discontinued operations or extraordinary gains, ensuring consistency across firms and periods.

Accruals are calculated using changes in balance sheet items such as receivables, inventories, and depreciation, while cash flows are derived by subtracting accruals from earnings. Firms are then ranked annually into ten portfolios based on the magnitude of accruals. This ranking allows Sloan to test how stock prices respond to different earnings compositions and whether future returns align with rational expectations.

Regression models are used to measure the persistence of earnings components and test the efficiency of stock pricing. The Mishkin (1983) framework provides the theoretical foundation, enabling simultaneous estimation of

earnings forecasts and stock price reactions. This approach ensures a rigorous evaluation of whether investors distinguish between the implications of accruals and cash flows for future earnings.

Finally, abnormal stock returns are calculated using two methods: size-adjusted returns and Jensen alphas. These approaches control for firm size and market risk, allowing Sloan to determine whether the observed return patterns are due to mispricing rather than systematic risk factors. The consistency of results across both measures strengthens the validity of the findings.

Interpretation. Sloan concluded that investors systematically fail to distinguish between accruals and cash flows, leading to predictable mispricing. Whether this reflected risk premia or behavioural underreaction was left open, but the evidence of abnormal returns was unambiguous.

Implications

The accrual anomaly had wide-ranging implications across finance and accounting. For asset pricing, it challenged the stronger forms of market efficiency by showing that a simple accounting split between accruals and cash flows could generate persistent and predictable return patterns, difficult to square with rational expectations. For accounting, it shifted the focus firmly onto earnings quality, pushing regulators and analysts to emphasis transparent cash flow reporting and reconciliation with accrual-based income. For investors, it offered a clear trading strategy: favour low-accrual, cash-rich firms while avoiding or shorting high accrual firms—an approach widely adopted by hedge funds and quantitative managers. And for corporate governance, the results exposed the risks of earnings management: while managers could temporarily boost reported earnings via accruals, markets would ultimately discount these transitory gains, reinforcing the need for sustainable performance over cosmetic accounting adjustments.

Conclusion

Following its publication, Sloan's paper became highly influential in both academic and professional circles. It laid the foundation for a significant body of research on earnings quality and market mispricing. Subsequent studies have confirmed the existence of the "accrual anomaly" across different markets and time periods, though some evidence suggests that the effect has weakened as investors have grown more aware of it. This breakthrough not only questioned market efficiency but also laid the foundation for the modern "earnings quality" literature. Portfolio managers and hedge funds quickly integrated Sloan's insights into trading strategies. By systematically identifying firms with unusually high accruals, they could avoid overvalued stocks and capitalize on undervalued ones. This practical application bridged the gap between theoretical research and investment practice.

The paper's influence extended far beyond replication. It sparked debates over whether the anomaly reflected behavioural biases—such as investor inattention to earnings composition—or hidden risk exposures in accrual-heavy firms, including lower liquidity or higher credit risk. Extensions of Sloan's framework soon uncovered related anomalies, such as cash component effects, working-capital accruals, and other quality-based predictors. The enduring lesson is that headline earnings growth is not equally reliable across firms or sectors; what matters most is the quality and sustainability of those earnings. For analysts, investors, and regulators alike, Sloan's insights shifted focus toward credibility in financial reporting, embedding "earnings quality" at the heart of modern finance and accounting research.

Stock Returns, Aggregate Earnings Surprises, and Behavioral Finance²⁶

S. P. Kothari, Jonathan Lewellen and Jerold B. Warne ([2006](#))

Summary

Kothari et al. ([2006](#)) asked a fundamental question: can corporate earnings, aggregated across firms, predict broader economic activity and stock market returns? Drawing on U.S. data, they found that while aggregate earnings growth co-moves strongly with GDP growth, industrial production and consumption, and provides signals about future stock market returns, its predictive power for future macroeconomic outcomes or stock returns is weaker than many expected. Importantly, they show that, unlike firm-level patterns, aggregate earnings surprises are negatively related to contemporaneous market returns, and there is no evidence of post-announcement drift in aggregate returns. This contrasts sharply with firm-level findings where positive earnings surprises typically boost prices over multiple quarters.

The authors interpret this through a discount-rate channel: strong earnings tend to coincide with higher expected discount rates (e.g., rising T-bill yields), which offset the positive cash-flow effects embedded in earnings. However, standard discount-rate proxies (such as T-bill changes, term spreads, and default spreads) only partially explain this relationship, suggesting that unobserved discount-rate shocks also play a role.

This framework reconciles the positive firm-level earnings reactions with the negative aggregate response and shows why behavioural explanations for post-earnings-announcement drift at the firm level do not scale up to the market level. The study reframes the macroeconomic role of corporate earnings, emphasising that they matter, but primarily as one component of a broader information set that also includes macroeconomic indicators, interest rates, and business-cycle variables

Introduction

The literature on earnings announcements has traditionally focused on firm-level reactions: how stock prices respond to news about individual companies. Yet corporate earnings are not only micro-level signals—they also serve as measures of the aggregate profitability of the corporate sector, which in turn reflects broader economic conditions.

By the early 2000s, macroeconomists were increasingly interested in whether firm-level accounting data could help forecast the business cycle. Corporate profits constitute a major share of GDP, and analysts often interpret earnings seasons as “real-time indicators” of economic momentum. Policymakers, investors, and researchers wanted to know: do aggregate earnings have predictive content for output growth, investment, or stock market returns?

Kothari et al. ([2006](#)) entered this debate by systematically testing the information content of aggregate earnings. Unlike earlier studies that focused narrowly on firms or industries, they examined the earnings of the corporate sector as a whole, aggregated across listed firms, and related them to macroeconomic outcomes. Their findings were nuanced. While aggregate earnings growth co-moves strongly with GDP, industrial production, and consumption, its incremental predictive power for future GDP growth and returns is modest once broader macro-financial variables — such as interest rates, term spreads, and consumption data — are considered. This suggests that while corporate profits matter, they should not be viewed in isolation: they are one piece of a much larger informational mosaic.

Literature

²⁶ <https://www.sciencedirect.com/science/article/abs/pii/S0304405X05001182>

Kothari et al.'s work sits at the intersection of three important debates. First, the macro–finance linkage: in the 1980s and 1990s, researchers increasingly explored how financial markets connect with the real economy. Studies such as Fama and French (1988) showed that aggregate variables could predict returns, raising the question of whether earnings—corporate profitability in its most direct form—might also contain such information. Second, the role of accounting aggregates: prior work had established that book-to-market ratios or dividend yields forecast returns, but whether earnings themselves held predictive power for the wider economy remained largely untested. Prior studies highlighted that earnings reflect underlying economic fundamentals, suggesting they might provide signals about the broader economy. Third, the issue of business cycle forecasting: policymakers have long monitored corporate profits as leading indicators, with corporate earnings forming part of accounts, yet the empirical link between firm-level reporting and macroeconomic performance was unclear.

Finally, the paper contrasts its findings with the firm-level post-earnings-announcement drift literature (Ball & Brown, 1968; Bernard & Thomas, 1990). While firm-specific earnings surprises lead to positive, persistent abnormal returns, Kothari et al. show that this effect does not scale up: at the aggregate level, earnings surprises are negatively related to contemporaneous market returns and show no drift.

Within this context, Kothari et al. examined whether aggregate firm-level earnings could forecast economic outcomes with statistical significance. Their findings bridged micro-level accounting research with macro-level forecasting, showing how corporate results don't just reflect firm performance but also signal broader economic dynamics.

Contribution

Kothari, Lewellen and Warner's core contributions were threefold—Measurements, Tests and Reframing. The paper builds market-wide earnings series from firm accounts using seasonal differencing and alternative scalings, with value-versus equal-weighting and disciplined sample screens—establishing a clean aggregate “earnings news” proxy. It then documented strong co-movement between aggregate earnings and macro activity (GDP, industrial production, consumption) and with discount-rate proxies (T-bill, term, default spreads), then asked whether the component of earnings news orthogonal to those discount-rate proxies predicts market returns. Contemporaneously, earnings growth is *negatively* related to returns; conditional predictability of future returns exists but is modest and works through discount-rate variation rather than pure cash-flow news. Aggregate earnings, therefore, add information but do not dominate macro- or asset-pricing forecasts—they complement broader indicators and discount-rate measures.

Data & Methods

Sample. The study used U.S. data on listed firms, covering several decades (1950s–2000s). Firm-level accounting data were aggregated to construct corporate earnings series.

Macroeconomic variables. GDP growth, industrial production, and NIPA corporate profit measures were used as benchmarks. Financial variables like interest rates and consumption growth were also included as controls.

Forecasting regressions. The authors ran predictive regressions of the form:

$$Y_{t+k} = \alpha + \beta \Delta E_t + \gamma X_t + \epsilon_t$$

where Y_{t+k} is future GDP or return, ΔE_t is aggregate earnings growth, and X_t includes control variables like lagged output or interest rates.

Implications

The implications of Kothari et al. (2006) span macroeconomics, asset pricing, and practice.

1. Earnings and macro activity: Aggregate earnings growth correlates strongly with GDP, industrial production, and consumption, but adds limited incremental forecasting power once broader macro indicators are included.
2. Earnings and returns: Positive earnings surprises are associated with lower contemporaneous market returns because they often coincide with rising discount rates. Some conditional predictability of future returns exists but is economically modest and largely overlaps with other predictors like dividend yields and credit spreads.
3. Interpretation: Aggregate earnings are informative but not decisive. They enhance understanding of business-cycle dynamics and time-varying discount rates but cannot reliably time markets or forecast GDP in isolation. For macro forecasters, investors, and policymakers, earnings work best when combined with broader business-cycle indicators like interest-rate spreads, consumption, and other macro indicators.

For practitioners, the lesson is cautionary. Market commentary often labels earnings seasons as “leading indicators,” but the paper demonstrated that they are only one part of the business cycle puzzle. Analysts and strategists should integrate earnings data with wider macro-financial indicators, and regulators should avoid overstating their systemic role. The enduring implication is balance—earnings enrich the picture, but they are neither sufficient nor decisive.

Conclusion

Kothari, Lewellen & Warner clarify the macro-financial role of aggregate corporate earnings: they are informative signals of sector-wide profitability and discount-rate dynamics but not decisive predictors on their own. While aggregate earnings co-move strongly with GDP, industrial production, and consumption, their incremental forecasting power for output or stock returns is modest once broader macro variables are considered.

This insight reshaped subsequent research. Later studies explored whether combining earnings with other indicators—such as consumption growth, credit spreads, and investment—could improve forecasts of GDP and industrial production. Cross-country analyses showed that the predictive content of aggregate earnings is context-dependent, stronger where institutional quality and accounting standards are robust.

In asset pricing, the paper encouraged work linking aggregate profitability to time-varying risk premia, reinforcing the idea that earnings belong in the broader macro-finance toolkit rather than serving as standalone predictors. Even policy institutions, including central banks, began monitoring corporate profits as complementary signals within real-time dashboards. The key takeaway is balance: Aggregate earnings matter, but not in isolation. They enrich macroeconomic analysis and asset-pricing models but are most valuable when interpreted alongside wider business-cycle indicators and financial variables.

Aggregate Market Reaction to Earnings Announcements²⁷

William M. Cready and Umit G. Garun ([2010](#))

Summary

Cready and Gurun ([2010](#)) extended the earnings literature by following on from studies such as Bernard and Thomas ([1989](#)) and Ball and Brown ([1968](#)), which focus on firm level return 'drift' (lagged response), post earnings announcement, which invalidates the Efficient Market Hypothesis (EMH). These studies introduce the notion of lagged firm-level return response to earnings announcements. Cready and Gurun ([2010](#)) identify a definite and contemporaneous period negative relation between earnings announcement surprises and aggregate market returns. They posit that market participants use embedded information within earnings 'surprises' to form expectations about expected discount rates. They also delineate that this negative relationship persists beyond the announcement period. The authors have demonstrated in earlier work (Cready and Gurun ([2009](#))) that the positive aggregate earnings surprise effects in the time period immediately preceding the earnings quarter. In the present study, they try and observe the effect of earnings disclosure 'surprises' on market returns in a much narrower window.

Introduction

The study of corporate earnings has long emphasised their effect on stock prices (Ball and Brown ([1968](#)), Bernard and Thomas ([1989](#)), Sloan ([1996](#))). Yet financial markets are not driven by price alone. Trading volume—who buys and sells, how intensely, and in what magnitude—offers complementary insight into how investors process new information.

Historically, most studies in the earning announcement -market returns domain have failed to establish a positive disclosure period relationship between earnings news and market return. Some like Penman ([1987](#)) demonstrate that market returns peak in the initial weeks of calendar quarters, since positive earnings surprises are generally disclosed earlier than negative earnings surprises.

Cready and Gurun ([2010](#)) entered this debate by explicitly trying to model a negative announcement period relation between market returns and aggregate earnings surprises.

Literature

Classic studies such as Campbell ([1991](#)) have demonstrated that a surprise decrease in discount rate causes future discounted cash flows to rise- favourable earnings news increases discount rates, which leads to market return dropping in the announcement period. Cready and Gurun ([2010](#)) is also relevant in the context of studies that have tried to estimate the directional effects of earnings news for discount rates. Cochrane ([2009](#)) for instance demonstrates that discount rates could be high in peaks and low in the troughs of a business cycle, if risk-averse investors seek to consume more during market booms and must therefore be offered higher rates of return. Similarly, Shivakumar ([2007](#)) posits that discount rates could move inversely with earnings news, given the latter contains embedded information about real output values, consistent with the general trend of countercyclical behaviour of aggregate market returns.

An alternate strand of work in the field has focused upon linking aggregate earnings surprises and unexpected inflation rate movements. Flannery and Protopapadakis ([2002](#)) work on estimating short interval effects to macro surprise measures and find significant market moving capabilities within CPI, the producer price index and narrow money

²⁷ <https://www.jstor.org/stable/40784950>

metric (M1). Studies such as Kothari et al. (2006) and Cready and Gurun (2009) differ from the present study in the fact that the negative relation between aggregate earnings news (which moves future discount rates upward) and market returns is observed in periods beyond the month of earnings disclosure. The authors try and explain this mechanism by hypothesizing that these studies have isolated a delayed market response to earnings news- market returns are affected mostly by post-earning disclosure information.

There is a strand of literature that has developed from the mechanisms underlying the expected market return term (ERMKT), in Campbell's return estimation framework. The authors have demonstrated that the advantage of a restricted window-based event study analysis is that predictable ERMKT and earnings correlations can be separated with ease from earnings discount rate and cash-flow "shock" effects. Ball et al (2009) and Sadka and Sadka (2009) demonstrate that earnings related ERMKT effects can be a plausible explanation for the negative relations between aggregate earnings movements and market returns, observed over longer time windows. Additionally, they demonstrate that the observed negative relationship between aggregate earnings changes and market return depend crucially upon economic fundamentals. Kothari et al. (2006) demonstrate that factors including short-term interest rates and yield spreads between long- and short- term corporate debt are related to aggregate earnings changes and market returns.

Contribution

Whilst acknowledging the presence of several other studies that try and evaluate the interconnected nature of aggregate market information and firm-level earnings information, Creedy and Gurun (2010) focus upon isolating the relationship between the surprise component of earnings releases and aggregate market returns. Unlike studies like Kothari et al. (2006), which focuses on establishing the negative relationship between periodic variations in aggregate earnings changes and market returns over the course of an earnings announcement quarter and which do not focus on causality between market movements and actual earnings disclosure events, Creedy and Gurun (2010) focus firstly upon explaining daily market returns and therefore eliminate the confounding effects of alternative earnings measures being correlated with market returns. Secondly, the authors derive earnings surprise, while conditioning on past earnings information preceding the announcement days, which allows them to account for structural macro-level influences on earnings. Thirdly, the authors try to differentiate between a correlation present between returns and expected earnings present in the period around the announcement and an expectation driven earnings/returns relationship present at the immediate announcement period.

Data & Methods

The paper used U.S. quarterly earnings data from January 3rd, 1973 to June 21st, 2006, reporting net income before extraordinary items per share, which are standardized by lagged share price., drawing primarily from the Compustat and CRSP databases.

The lagged earnings vector of observations accounts for seasonality in the data. The authors make their analysis comparatively more robust by accounting for firm-specific components. Their sample included thousands of firm-quarters across a broad cross-section of industries, ensuring representativeness. Market return indices data is taken from NYSE and CRSP value and equal-weighted return indices. Data for the equal-weighted indices, VIX and EIX are available for the vast majority of the days in our stipulated sample period.

Research Design: The authors control for future return implications associated with past earnings realizations, which allows them to estimate market return above and beyond past surprises/ earnings. The present research design is especially helpful when earnings surprise is correlated with post-surprise market returns. This arises either earnings surprise contains discount rate shocks or if the computed earnings surprise is correlated with other drivers of expected

market returns, which leads to the author's earlier result that discount rate shocks affect market returns in later periods. The key explanatory variable in the analysis is VIX_0 , the three-day index used as an indicator of market returns.

For robustness, the authors also introduce additional market return expectation controls including the risk-free rate, lagged market return and bond yield spreads. The intent of including them is to verify whether earnings surprise is indeed orthogonal to alternate determinants of expected market return in the same period.

Results and implications

The authors demonstrate conclusively that positive correlations between past earnings indices, both announcement firm-specific and aggregate and announcement period market returns- high past earnings signal higher future period equal-weighted market returns. They note additionally that the one quarter lagged value of VIX is vital for the market to estimate the surprise component of newly announced earnings announcements.

Cready and Gurun (2009) had earlier found that excluding the high inflation periods in 1973 to 1983 yields substantial improvements in the explanatory power of the aggregate earnings-based models for future monthly and quarterly market returns. They find that exclusion of the pre-1984 sample does not affect the short window negative association between earnings' surprises and market returns.

The authors' main finding regarding unexpectedly high earnings moving market values lower and vice versa is best explained by the discount rate news impact channel, where upside earnings surprises cause discount rates applied to future cash flows to rise, while negative earnings surprises lead to a reduction in discount rates. The authors note that the variations in discount rate seem consistent with earnings shocks, which have embedded information about future inflation rates (Shivakumar (2007)), which has spurred off some work on feedback effects of inflation news events and market returns and earnings movements and future inflation (Flannery and Protopapadakis (2002) and Shivakumar(2007)).

Cready and Gurun (2010) are the first to conclusively demonstrate clearly the channels that allow the arrival of earnings news to affect market valuation and they observe that the effect is sizeable. Also, in line with Cready and Gurun (2009), the authors find that the adverse impact of earnings surprises extends beyond the initial quarterly earnings disclosure period- that is, market returns respond to immediate earnings announcements in a lagged fashion.

Conclusion

The authors go on to demonstrate that the short window-based correlation between earnings announcements and market returns affects analyses like Zhang (2007), which postulates that contemporaneous earnings news may account for the negative aggregate market impacts of the adoption of the Sarbanes-Oxley Act (SOX). The data does not validate this hypothesis in Zhang (2007)'s case, since most of the earnings news around the time period of SOX adoption contain positive earnings surprise and these are not necessarily positively correlated with aggregate market impacts. The authors contradict this premise in the present study by demonstrating the aggregate market implications of negative earnings news surprises.

The authors go on to demonstrate that the short-window correlation between earnings announcements and market returns affects analyses such as Zhang (2007). She attributed negative aggregate market reactions during the SOX adoption period to factors other than earnings news, since announcements in that window typically showed positive surprises. Their conclusion assumes that positive surprises should translate into positive aggregate market returns. The evidence here challenges that assumption, showing instead that positive aggregate earnings surprises can coincide with negative market impacts, and therefore earnings news itself remains a plausible explanation for Zhang (2007)'s findings.

The authors also go on to evaluate the result implicit in the literature on correlation between earning information and stock returns at the individual firm level, which is based on the premise that market returns affect firm level returns completely distinct from earning's news. Standard studies in the domain have attempted to estimate supernormal returns based on overall market returns in a first stage regression and then the residual returns from this exercise are correlated to some earnings-related metric, in the second stage. If the firm-level earnings surprises affect market returns, then it would also affect other "exogenous" expected return measures, which would affect the interpretation of the negative announcement period impact of earnings surprises upon market returns.

The Earnings Announcement Premium around the Globe²⁸

Brad M. Barber, Emmanuel T. De George, Reuven Lehavy, and Brett Trueman ([2013](#))

Summary

For decades, research emphasised how earnings announcements move prices. But a puzzle persisted: do markets systematically reward or penalise firms *for simply announcing* earnings? Barber et al. ([2013](#)) provide the answer. They document a global “earnings-announcement premium” (EAP): in any given month, firms that announce earnings earn ~0.96% higher returns than firms that do not ($\approx 11.46\%$ annualised) after controls, while the raw long-short is ~0.60% per month. This effect is robust across 46 countries and over most years (1991–2010), persists after controlling for momentum, size, and book-to-market with country fixed effects, and is strongest when uncertainty (idiosyncratic volatility) peaks; the paper finds no support that investor attention drives the premium. The EAP points to elevated returns around earnings months linked to heightened idiosyncratic (firm-specific) volatility; the paper finds little evidence that the premium reflects increased systematic risk. For today’s analysts, it highlights the importance of monitoring calendar timing of disclosures, not just their content.

Introduction

Every quarter, trillions of dollars across the world hinge on the release of corporate earnings. Markets pause, investors speculate, and stock prices swing. Here’s the paradox, however: while much is known about *how surprises* in earnings affect returns, far less was understood about the calendar effect of announcing itself. Why do announcing firms in a given month seem to earn higher returns than their non-announcing peers? Is this a quirk of U.S. markets, or a universal risk phenomenon?

Barber et al. ([2013](#)) enter this conversation with a bold claim: the earnings-announcement premium is not local, but global. Their evidence spans thousands of firms across continents (46 countries in all), accounting systems, and regulatory regimes. Whether in developed or emerging markets, announcers earn economically significant excess returns in their reporting months.

What’s at stake is more than just an anomaly. If the EAP reflects compensation for higher conditional risk during announcement windows, then earnings months are riskier than others—an insight with implications for asset pricing, portfolio construction, and regulatory oversight. If, on the other hand, the EAP arises from attention-driven trading, it highlights behavioural limits in how markets absorb scheduled information.

By showing the premium is robust and tied to heightened idiosyncratic volatility (uncertainty), Barber et al. argue the premium is driven by firm-specific risk around disclosures; they find little evidence for investor-attention or systematic-risk explanations.

Background

The Barber et al. paper builds on decades of earnings research. As we have seen in the earlier papers in the Insights section, Ball and Brown ([1968](#)) first showed that earnings carry value-relevant information, with prices reacting quickly but not completely. Beaver ([1968](#)) confirmed their informational role by documenting sharp trading volume spikes around announcements. Bernard and Thomas ([1989](#)) then uncovered post-earnings announcement drift (PEAD), showing markets underreact systematically to earnings news. Sloan ([1996](#)) distinguished between accruals and cash flows, demonstrating that earnings quality predicts future returns. Cready and Gurun (2010) document aggregate market reactions to earnings announcements and the relation between aggregate earnings news and market returns

²⁸ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1872183

(not trading-volume/attention per se). Savor and Wilson (2016) added that firms announcing earnings earn a premium, interpreted as risk compensation.

Despite these advances, two gaps remained. First, nearly all evidence was U.S.-centric, raising doubts about generality across markets. Second, the focus was on returns around surprises, not whether the act of announcing itself carried a premium. Barber et al. (2013) addressed both by using a multi-country sample to test whether announcers in a given month outperform non-announcers, and by probing mechanisms—risk, via volatility jumps, and attention, via firm visibility. In reframing the inquiry, they shifted earnings research from narrow event studies to a broader asset pricing insight: announcing itself is a priced risk factor.

Contribution

Barber et al. (2013) deliver four headline findings, viz., a global premium exists for announcements, these premia are larger around volatility spikes, stronger for smaller firms, and robust across countries and years.

They provide the first systematic global evidence on what they term the earnings announcement premium (EAP) — the excess return earned by firms in months when they release earnings relative to those that do not. Their analysis, covering 46 countries, shows that announcers earn on average 0.96% more per month (11% annualised) than non-announcers in Fama–MacBeth regressions that control for momentum, size, book-to-market and include country fixed effects. This establishes the EAP as a persistent, cross-market phenomenon rather than a U.S.-specific anomaly.

The authors argue that the risk channel is central: returns are higher when idiosyncratic volatility spikes around earnings announcements, consistent with compensation for higher conditional risk. Crucially, the premium is robust across markets, sectors, and after controlling for confounds, including other corporate events. The paper does not portray the EAP as a behavioural free lunch; instead, it frames the premium as predominantly risk-based, and finds **no support** for investor attention as a driver. In doing so, Barber et al. situate earnings announcements as globally priced information events, bridging the literature on asset pricing, information risk, and investor attention.

Our earlier paper, Cready and Gurun (2010) and this paper approach the same economic event — earnings announcements — from complementary angles. Cready and Gurun focus on trading volume, showing that announcements are catalysts for shifts in investor activity, with volume reflecting the interplay of disagreement and attention. Their contribution lies in demonstrating that volume is not mere noise but an informative channel through which markets process earnings news.

Barber et al. shift the lens to returns, documenting that announcers globally earn an economically significant premium relative to non-announcers. They attribute this primarily to compensation for heightened idiosyncratic volatility; their tests do not support an investor-attention explanation. Taken together, the two papers highlight the dual nature of earnings announcements: they not only realign prices to new information but also redistribute risk-bearing and trading activity across investors. One underscores liquidity and behavioural frictions, the other risk premia in global asset pricing — jointly deepening our understanding of how information events shape markets.

Data & Methods

Category	Details
Sample	200,711 annual earnings announcements across 46 countries; expected-announcement-month tests cover 1991–2010 (announcement dates from 1990–2009 are used to form expectations).
Data sources	Earnings dates primarily from Bloomberg (IBES as backup); returns and firm data from Datastream (USD-denominated); market-cap coverage from the World Bank. Attention is proxied by abnormal trading volume (no analyst-coverage or media variables).

Category	Details
Method	Monthly announcer vs. non-announcer portfolios; value-weighted at the firm level (and, separately, value-weighted within and across countries); plus Fama–MacBeth cross-sectional regressions controlling for momentum, size, and book-to-market with country fixed effects.
Mechanism tests	<p>Risk: Compare idiosyncratic volatility pre vs. during announcements => higher conditional risk explains premium.</p> <p>Attention: pre-announcement abnormal volume is <i>negatively</i> related to the premium and post-announcement abnormal volume is <i>positively</i> related, a pattern inconsistent with an attention-driven explanation.</p> <p>Robustness: Excludes non-common equity, ADRs, and very small firms (< \$1 million market cap), and requires required return/accounting data; results are documented across many countries and years.</p>
Key results	EAP ~ 0.9% monthly (~11% annualised). Stronger when volatility rises sharply. Amplified by attention. Present across many countries (significantly positive in 9 of 20 countries with sufficient data) and over time (significant in 16 of 20 years), indicating generalizability.

Implications

For policymakers: The paper documents spikes in idiosyncratic volatility around announcement windows but does not make policy recommendations. Regulators could monitor volume and volatility spikes more closely during reporting clusters.

For businesses/issuers: Firms should understand that announcing earnings is not just compliance; it places them in a higher-risk, higher-return window. The paper does not study managerial timing/clarity choices; its tests rely on expected announcement months based on prior-year timing.

For investors/asset managers: Conditioning on earnings calendars historically produced a significant long-announcer/short-non-announcer return (≈ 59.7 bps per month raw; $\approx 0.955\%$ per month after controls) and a monthly Sharpe ratio (~ 0.20) that exceeded a global benchmark, but turnover is $\sim 100\%$ per month and international round-trip trading costs (often $> 1\%$) may eliminate profits.

For individuals/retail investors: Earnings season is a double-edged sword: higher return potential comes with higher volatility. Retail investors should avoid interpreting announcement-month rallies as “free gains” and recognize the embedded risk premium.

Postscript

Since Barber et al. (2013), subsequent research has reinforced and broadened their central message, U.S. evidence by Savor & Wilson (2016, *Journal of Finance*) supports a risk-based view, and related work links aggregate earnings to macro outcomes (e.g., Konchitchki & Patatoukas, 2014).

Savor and Wilson (2016) show that in the U.S. the earnings announcement premium is primarily risk-based, with announcement months resolving macroeconomic uncertainty that investors demand compensation to bear. Konchitchki and Patatoukas (2014) demonstrate that aggregated earnings growth helps forecast key macro variables, further linking earnings to economy-wide risk.

Other strands have drilled into the microstructure of announcements. Evidence is mixed across studies: some work supports a risk-based view (especially in U.S. settings), while other work links the premium to volume/attention; this paper’s international tests do not support an attention-based explanation.

Conclusion

The key takeaway from Barber et al. ([2013](#)) is that the earnings announcement premium (EAP)—higher returns for stocks in announcement months versus non-announcement months—is a global phenomenon beyond the U.S. In a sample of 46 countries (1991–2010), a long-announcers/short-non-announcers strategy yields 59.7 basis points monthly, rising to 95.5 basis points after controls for size, book-to-market, momentum, and country effects. The premium is pervasive (significant in 16/20 years, 9/20 countries), stronger for smaller stocks and linked to elevated idiosyncratic volatility from earnings uncertainty; the paper finds little evidence for systematic-risk or investor-attention explanations. Thus, earnings seasons represent heightened risk exposure, with transaction costs (>1% internationally) preventing arbitrage elimination.

Accounting Earnings and Gross Domestic Product²⁹

Yaniv Konchitchki and Panos N. Patatoukas ([2014](#))

Summary

Konchitchki and Patatoukas ([2014](#)) provide the first systematic evidence that aggregate accounting earnings growth is a leading indicator of U.S. nominal GDP growth. Using 93 quarterly observations from 1988–2011, they construct a real-time index of aggregated GAAP earnings and show that it predicts future GDP growth—especially one quarter ahead—with incremental power beyond standard predictors such as Treasury yields, term spreads, and stock market returns. A key contribution is the timeliness advantage: corporate earnings are released earlier and revised less frequently than GDP statistics, making them a valuable real-time signal of macroeconomic momentum.

The study further shows that professional macro forecasters do not fully incorporate this information: future GDP growth forecast errors are predictable using the aggregate earnings index available to them at the time. The contribution is therefore twofold—identifying a new leading indicator of nominal GDP and documenting a forecasting inefficiency—thereby reshaping how financial reporting data can inform real-time macroeconomic analysis for markets, policy, and research. This reframes quarterly earnings from purely firm-level valuation inputs into a timely macroeconomic signal, supplying a concrete micro-to-macro bridge.

Introduction

Corporate earnings research and macroeconomic forecasting traditionally evolved along parallel but separate tracks. Accounting scholars emphasized the valuation relevance of earnings, focusing on firm-level outcomes such as returns, anomalies, or persistence of accruals. Meanwhile, macroeconomists relied on national accounts, surveys, and financial variables to predict output growth. Despite their shared interest in information about the state of the economy, the two literatures rarely intersected.

This separation left a puzzle: could corporate earnings, when aggregated, provide a window into future GDP growth? The question matters because GDP is published with a lag and subject to multiple revisions, whereas corporate earnings are available quarterly, often within weeks of period close. If aggregate earnings carry reliable signals of macro trends, then investors and policymakers could use them as leading indicators.

Konchitchki and Patatoukas ([2014](#)) directly address this puzzle. They argue that firms' revenues and profits are micro-reflections of macro activity; when these reports are aggregated, they should correlate with—and even anticipate—movements in GDP. The novelty of the paper is in systematically testing this proposition and documenting robust evidence that aggregate earnings indeed predict nominal GDP growth. Their findings elevate corporate earnings season from a narrow capital-markets ritual to a macro-relevant information event, making it central not only to equity investors but also to economists and policymakers.

Literature

Several streams of research set the stage for Konchitchki & Patatoukas.

First, Ball and Brown ([1968](#)) demonstrated that earnings announcements move stock prices, cementing the role of accounting numbers in capital markets. Yet their scope was microeconomic, with no exploration of macro linkages.

²⁹ https://www.sciencedirect.com/science/article/pii/S016541011300058X?ref=pdf_download&fr=RR-2&rr=97c3f9edd951c66c

Second, Beaver ([1968](#)) showed that trading volume and volatility spike around earnings releases, reflecting information arrival. This early work hinted at a broader economic relevance but stopped short of connecting to GDP.

Third, macroeconomic forecasting studies (e.g., Stock and Watson ([1989](#))) formalised the use of leading indicators like industrial production, interest rates, and surveys. But they ignored corporate accounting data, treating it as too noisy or firm-specific.

Fourth, finance research on investment and profits (e.g., Lamont ([2001](#))) suggested that corporate performance and macro cycles were intertwined, but empirical bridges between firm earnings and GDP remained thin. Finally, accounting studies in the 1990s (Easton and Harris ([1991](#))) focused on the value-relevance of earnings for stock prices, not macro outcomes.

The gap was clear: no study had rigorously tested whether aggregated corporate earnings data could improve GDP forecasts. Konchitchki & Patatoukas advanced the frontier by recognizing that corporate reports are essentially decentralised data points on economic activity. Their approach combined accounting insights on earnings with econometric models of macro forecasting, producing a synthesis across disciplines.

Contribution

The paper’s contribution can be summarized in four main insights, viz., Predictive Power, Timeliness Advantage, Information Channels, and Robustness Across Time. Konchitchki and Patatoukas ([2014](#)) demonstrate that aggregate accounting earnings growth is a leading indicator of U.S. nominal GDP growth, especially one-quarter-ahead. Using 93 quarters of data from 1988–2011, they show that aggregated firm-level earnings provide incremental predictive power for GDP beyond traditional predictors such as lagged GDP, Treasury yields, and stock returns. The predictive relationship is both statistically robust and economically meaningful, positioning corporate earnings as more than firm-specific signals—they carry forward-looking information about the macroeconomy.

A key advantage is timeliness. Corporate earnings are reported quarterly and typically available within weeks of period end, while GDP statistics are published with delays and subject to repeated revisions. By systematically testing the forecasting role of aggregated earnings, the paper establishes that accounting data enriches the macro forecaster’s toolkit. It also shows that professional macro forecasters underutilise this information, since GDP forecast errors are predictable using the earnings data available to them in real time. The contribution is to reframe earnings season as a macro-relevant information event, bridging accounting research with macroeconomics and highlighting that corporate reporting contains signals about the broader economy’s trajectory. In doing so, the paper opens a new line of inquiry that situates financial reporting at the intersection of firm-level accounting, market-based information, and macroeconomic forecasting.

Data & Methods

Category	Details
Sample	U.S. data, 1988Q1–2011Q2 (93 quarters). Firm-level data from Compustat, aggregated into quarterly measures of total accounting earnings growth. GDP data from the Bureau of Economic Analysis (BEA).
Key variables	Aggregate earnings growth (quarterly net income aggregated across firms). Nominal GDP growth (not real). Controls include lagged GDP growth, Treasury yields, term spreads, and stock returns.
Empirical strategy	Predictive regressions of the form: $\Delta GDP_{t+h} = \alpha + \beta \Delta E_t + \gamma' X_t + \epsilon_{t+h}$ Forecast accuracy benchmarked against standard macro models using mean squared error tests. Robustness checks: alternative definitions of earnings (per-share vs. total, industry-weighted), and VAR specifications to capture dynamic interactions.

Category	Details
Findings	Coefficient on aggregate earnings growth (β) is positive and highly significant, confirming that higher earnings growth predicts stronger future nominal GDP growth. Including earnings reduces forecast errors by 10–20% relative to baseline models.
Interpretation	Aggregate earnings serve as a timely, micro-based proxy for aggregate economic activity, available sooner than BEA GDP estimates. They provide incremental predictive information that enhances the macro forecaster's toolkit.

Implications

- Leading Indicator Role:** Aggregate earnings growth predicts future nominal GDP growth with both statistical robustness and economic significance, especially at the one-quarter horizon.
- Timeliness:** Corporate earnings are available faster than GDP estimates and less prone to revisions, giving policymakers and forecasters early signals of macro momentum.
- Forecasting Inefficiency:** Despite this, professional forecasters systematically underutilise these signals—GDP forecast errors remain predictable using earnings available in real time.
- Macro Relevance:** These findings elevate earnings season from a firm-centric disclosure ritual to a macro-relevant information event, providing early warnings about aggregate economic activity.
- Broader Impact:** The study expands accounting's role beyond firm valuation, placing financial reporting data alongside survey expectations and financial indicators in the macro forecaster's toolkit.

Conclusion

Konchitchki and Patatoukas establish that aggregate accounting earnings growth is a timely, incremental, and statistically robust leading indicator of U.S. nominal GDP growth. Using 93 quarterly observations from 1988–2011, they show that aggregated firm-level earnings provide predictive power beyond standard macro variables — such as Treasury yields, term spreads, and stock returns — and improve forecast accuracy by 10–20% relative to benchmark models. Their findings create a micro-to-macro bridge, showing that firm-level accounting outcomes, when aggregated, illuminate the near-term trajectory of the overall economy. The key takeaway is: Aggregate earnings are not just micro signals; they are powerful, timely inputs to macroeconomic forecasting.

By positioning financial reporting data alongside established leading indicators, this paper reshaped forecasting research and practice, embedding accounting numbers firmly within the macro information environment.

Since Konchitchki and Patatoukas (2014), the macro-accounting literature has widened substantially. Konchitchki & Patatoukas (2016) extended their original work by showing that aggregate accounting earnings also predict future inflation, deepening the macro relevance of corporate reports. Complementing this, Savor and Wilson (2016) tied earnings announcement months to elevated macro risk premia, reinforcing the link between corporate reporting and macroeconomic risk. In parallel, Hassan et al. (2019) demonstrated that textual disclosures in US MD&A and 10-K filings embed signals about macroeconomic conditions — firms' language conveys economy-wide information.

Another vein of research has tested the framework across countries. Studies across Europe and Asia (Sumiyana (2020)) confirm similar predictive links between aggregated earnings and GDP growth, albeit with variation in magnitude depending on disclosure practices and market development. Recent work, e.g., by Yoshinaga (2025), even shows the informativeness of aggregated earnings in forecasting regional GDP, suggesting that disaggregated spatial application is feasible. Over time, a consensus has solidified: accounting numbers are not purely micro, but integral components of the macro information environment — a shift now reflected in both research agendas and forecasting technology.

Earnings Announcements and Systematic Risk³⁰

Pavel Savor and Mungo Wilson ([2016](#))

Summary

Savor and Wilson ([2016](#)) demonstrate that earnings announcement premium – the well-documented finding that stock returns are higher during earnings announcement periods – is not a behavioural anomaly but a manifestation of systematic risk. Using a large sample of U.S. firms, they show that excess returns cluster around earnings announcements because these periods are times when the market is exposed to greater macroeconomic risk. The paper shows that these elevated returns are compensation for bearing macro risk. In doing so, Savor and Wilson ([2016](#)) connect the timing of corporate disclosures with the timing of risk premium in financial markets, providing a risk-based explanation for what had previously been treated as anomaly. The insight is that earnings announcements are aggregate risk events, and the premium reflects the pricing of that risk.

Introduction

Savor and Wilson ([2016](#)) revisit one of the oldest and most significant asset pricing anomalies: the earnings announcement premium, the well documented pattern of stock returns being systematically higher during periods when firms report earnings. While this premium has been documented for decades, its underlying cause remained unresolved. Prior explanations often relied on behavioural or informational stories but struggled to reconcile the magnitude of excess returns with standard risk-based models. Savor and Wilson ([2016](#)) set out to provide a new interpretation—one rooted in systematic risk rather than investor biases. They hypothesize that if returns are higher in announcement periods, this must reflect compensation for greater systematic risk borne by investors, not mispricing.

Using a large panel of U.S. firms over several decades, they show that conditional betas rise during announcement windows, meaning stock returns become more sensitive to aggregate risk factors at precisely the time when earnings are released.

Literature

The study builds on a long line of research dating back to Beaver ([1968](#)), who first showed that firms experience stock price increases around earnings reports. Subsequent studies extended this to dividends and other corporate announcements, often interpreting the results through behavioural or informational channels. For example, Bernard and Thomas ([1989](#)) established post-earnings announcement drift, attributing it to investor underreaction, while Cready and Gurun ([2010](#)) documented spikes in trading volume around announcements, reflecting heterogeneous beliefs and investor attention. These studies reinforced the informational importance of reporting seasons but did not explain why average returns should be systematically higher in announcement windows.

At the same time, asset-pricing theory emphasized that excess returns should represent compensation for risk. Scholars such as Cochrane ([1999](#)), Lettau and Ludvigson ([2001](#)) emphasized that risk premia are central to asset pricing, yet they did not explicitly link such frameworks to firm-level disclosure cycles. The connection between earnings announcements and systematic risk therefore remained underexplored.

Savor and Wilson ([2016](#)) position their paper at this intersection, arguing that earnings announcements should be understood as aggregate risk events rather than anomalies or behavioural quirks. By bridging accounting event studies

³⁰ <https://www.jstor.org/stable/43869096>

with mainstream asset-pricing theory, they shift the debate from underreaction or attention-based explanations toward a framework that highlights the temporal concentration of risk premia.

Contribution

Prior research was often criticized for the indirect way cash flows were measured, which made it difficult to establish a clear link between earnings announcements and fundamental risk. By providing a more direct and plausible measure of cash flows, Savor and Wilson address this methodological weakness.

The central contribution of the study is to reinterpret the earnings announcement premium as compensation for systematic risk rather than as a behavioural anomaly. Savor and Wilson (2016) argue that earnings announcements reveal not just firm-specific information but also insights about peers and the broader economy. Since investors observe only total firm earnings, they face a signal extraction problem, inferring macroeconomic news from noisy firm-level reports. This process spikes the covariance between firm and market cash flow news during announcement periods. As a result, announcing firms “super load” on revisions to aggregate expectations, becoming temporarily riskier, and must offer higher returns as compensation.

In doing so, the study contributes to both accounting and asset-pricing literatures. From an accounting perspective, it demonstrates that even typical earnings announcements—those with little or no surprise—can generate excess returns through risk-based channels, shifting the focus away from explanations rooted in underreaction or trading frictions. From an asset-pricing perspective, the paper reframes disclosure cycles as systematic risk-timing events rather than isolated firm-level occurrences. The effect is especially pronounced for firms in cyclical industries and those with high betas, highlighting the macroeconomic link between earnings announcements, aggregate consumption and output risk, and the pricing of returns.

Methodology

The authors analyse a large panel of NYSE, NASDAQ, and AMEX firms on a quarterly basis for the period 1974–2012. They construct portfolios of announcing versus non-announcing firms, comparing returns across the two groups. Their empirical strategy is threefold: (1) compare average returns in announcement months versus non-announcement months, (2) estimate conditional betas to test whether firms’ risk exposure is higher during announcement periods, and (3) examine the relation between announcement-period returns and aggregate risk factors such as consumption growth and GDP volatility.

Results

Applying this framework yields several robust findings that highlight both the magnitude of the announcement premium and its connection to systematic risk and macroeconomic expectations.

1. **Long run abnormal returns:** The study shows that firms announcing earnings earn annualized abnormal returns of about 9.9%. This effect is persistent, lasting up to two decades, suggesting the announcement premium reflects more than a short-term anomaly.
2. **Timing of announcement matters:** Firms that announce early in the quarter earn significantly higher returns than those announcing later, consistent with the idea that early announcements are more informative for updating aggregate expectations. This timing effect underscores that the announcement premium is not just a statistical oddity but a reflection of how information about fundamentals diffuses into markets.
3. **Spillovers to non-announcing firms:** Non-announcing firms also react in predictable ways - those with older earnings reports respond more strongly to peer announcements than those with more recent disclosures,

supporting the hypothesis that announcements serve as critical signals helping investors fill gaps in market-level information.

4. **Strength of daily premium:** Returns on earnings announcement days are two to three times higher than in non-announcement periods. The magnitude underscores how strongly markets respond when fundamental information is revealed.
5. **Connection to macroeconomic risk:** Firm earnings are tightly linked to aggregate risk factors such as consumption growth, GDP volatility, and broader macroeconomic uncertainty. The effect is strongest among firms with the greatest macro sensitivity, particularly those in cyclical industries and those with high betas, reinforcing the idea that the announcement premium scales with macroeconomic risk.
6. **Predictive power for the real economy:** A one-standard-deviation increase in announcement returns forecasts a 105% rise in aggregate earnings growth the following quarter. This forecasting ability is strongest among large firms and those with low idiosyncratic volatility, suggesting that markets rely more heavily on the announcements of stable, representative firms to update macro expectations.

Implications

Since Savor and Wilson ([2016](#)), research has broadened the risk-timing perspective on disclosure. Studies on management guidance show that forward-looking statements make markets more volatile, suggesting that even these disclosures carry a risk premium. In the case of earnings, options-based methods now measure the “announcement premium” directly from option prices, showing that it varies over time and helps predict actual stock returns (Liu et al. ([2023](#))). At higher frequency, macro news and earnings windows can coincide and jointly shape order flow, spreads and volatility, pointing to concentrated risk repricing rather than pure trading noise; related research on earnings clusters documents sizeable market moves around days when many prominent firms report, adding nuance to the risk-timing narrative (Jurdi ([2020](#)); Chen et al. ([2021](#))). Finally, asset-pricing models are now explicitly accounting for this type of “announcement risk,” and survey evidence shows that doing so improves how well these models explain actual returns (Ai et al. ([2023](#))).

Conclusion

Savor and Wilson’s ([2016](#)) study changes the way we think about the earnings announcement premium. Instead of seeing it as a market quirk or investor mistake, they show it is better understood as a reward for taking on extra risk. Earnings announcements reveal more than a company’s individual performance — they also give investors clues about the broader economy. Due to this, announcement periods become moments when risk across the market is concentrated and repriced, and investors require higher returns to bear that extra risk.

Why Does Aggregate Earnings Growth Reflect Information about Future Inflation?³¹

Lakshmanan Shivakumar and Oktay Urcan ([2017](#))

Summary

Shivakumar and Urcan ([2017](#)) investigate why U.S. aggregate corporate earnings growth predicts future inflation, assessing two channels—an investment-demand channel and a consumption-demand channel. Using U.S. Compustat firms aggregated to market-level earnings and U.S. macro/price data (1980–2013), they show that aggregate earnings growth leads *aggregate investment* and *Producer Price Index (PPI)* innovations in the near term. The pattern supports the investment-demand mechanism: profitability growth lifts near-term demand for production goods when supply is relatively inelastic, pushing up prices of production goods (PPI). They find, at best, weak short-run links to consumption and to consumer-price inflation (CPI).

The authors emphasize that aggregate profitability has real, near-term macro effects and contains information useful for inflation/GDP forecasting. They document that macro-forecasters under-incorporate the investment/PPI information in aggregate earnings. While prior work shows aggregate earnings predict GDP growth, this study explains *why* via the investment channel and shows related forecast-error evidence (investment and PPI). The study bridges firm-level earnings news to macro price dynamics and cautions that conclusions depend on whether one looks at PPI (production) versus CPI (consumption).

Introduction

Earnings reporting is central to price discovery, but recent macro-accounting work shows that aggregated accounting signals carry economy-wide content. Following Konchitchki and Patatoukas ([2014](#)) on GDP growth predictability and forecast inefficiency from aggregate earnings, Shivakumar and Urcan ([2017](#)) ask why aggregate GAAP earnings growth predicts future inflation. They propose two channels: an investment-demand channel (profitability growth lifts near-term investment demand; with short-run inelastic supply, production-goods prices rise) and a consumption-demand channel (wealth/income effects raise household spending; with inelastic supply, consumer-goods prices rise).

They then take the question to data. Using VARs and complementary OLS tests, the paper shows that aggregate earnings innovations lead macro investment up to three quarters ahead, and lead PPI innovations in the next few months (months 2–3 for finished goods; up to month 4 for intermediate/crude), while links to consumption and CPI are weak. Further, aggregate earnings help explain investment and PPI forecast errors, indicating under-incorporation by macro forecasters. The upshot: the investment-demand mechanism dominates in the short run, explaining why aggregate earnings contain inflation news, and providing a unifying driver for both inflation (this paper) and GDP predictability (Konchitchki and Patatoukas ([2014](#))).

Literature

Two strands underpin the paper. First, “macro-accounting” shows that aggregate earnings growth predicts GDP, and that accounting data can improve nowcasts and forecasts in real time (e.g., Konchitchki and Patatoukas ([2014](#)); more recently, dynamic-factor “nowcasting” with accounting flows by Abdalla et al. ([2021](#))). Second, work on inflation and accounting suggests earnings embed price-level information and that agents may under-adjust to inflation news (e.g., Basu et al. ([2010](#))). Shivakumar and Urcan ([2017](#)) link these by articulating and testing explicit mechanisms from aggregate earnings to inflation.

³¹ <https://www.jstor.org/stable/26551286>

Related context matters: differences between GAAP³² and NIPA³³ earnings and their macro coverage (e.g., Dichev and Zhao (2021)) speak to what “aggregate earnings” capture, while classic disclosure/cost-of-capital studies (Botosan (1997), Francis (2004)) rationalise firm-level channels without, by themselves, explaining inflation predictability. Shivakumar and Urcan (2017) thus sits at the intersection: it keeps the micro-to-macro aggregation of accounting signals but moves from GDP to price dynamics, asking—correctly—about cause rather than just correlation.

Contribution

The paper delivers three contributions, viz., (i) Mechanism identification: aggregate earnings growth primarily leads investment and PPI, not consumption/CPI—pinning the inflation predictability on the investment-demand channel. (ii) Forecast-inefficiency evidence: aggregate earnings help explain investment and PPI forecast errors, showing professional forecasters under-use this information. (iii) Unifying macro-content: by tracing an investment-driven demand effect, the paper provides a common driver for the documented links between aggregate earnings and GDP (Konchitchki and Patatoukas (2014)) and between aggregate earnings and inflation (this paper).

Equally important is what the paper does not claim: it does not evaluate cross-country reporting-transparency regimes, nor does it estimate macro growth effects of transparency regimes. Those (firm-level) channels and institutional links belong to the disclosure/earnings-quality and law-and-finance literatures (e.g., Botosan (1997), Francis (2004); La Porta (1998); Bushman and Piotroski (2006). Shivakumar and Urcan (2017) is about aggregate earnings and inflation mechanisms, not cross-country transparency *per se*.

Data & Methods

Category	Details
Sample	U.S. NYSE/AMEX/NASDAQ firms (Compustat), April 1980–June 2013. Quarterly sample: 133 quarters; monthly sample: 399 months. Aggregate earnings constructed over firm-level data and rolled up to market level.
Data Sources	<ul style="list-style-type: none"> - Compustat (firm earnings). - BLS/BEA/FRED (PPI/CPI; investment/consumption series). - CRSP / Federal Reserve (S&P 500; rates/spreads).
Key Variables	<ul style="list-style-type: none"> - Aggregate earnings growth (value-weighted VCOMP; equal-weighted ECOMP), where firm-level growth = seasonally differenced quarterly earnings before extraordinary items scaled by earnings four quarters ago . - Investment proxies: AGPDI (gross private domestic investment), APNFI (private non-residential fixed investment), ACINV (change in private inventories). - Consumption proxies: APCE (personal consumption expenditures), APO (personal outlays). - Inflation proxies (monthly): headline PPI (finished, intermediate, crude) and headline CPI. - Financial controls: changes in default spread (AAA–BAA), yield spread (fed funds – risk-free), term spread (10-year – risk-free), and S&P 500 returns.
Empirical Strategy	<ul style="list-style-type: none"> - VARs: quarterly systems with one lag (per Schwarz BIC) to study investment/consumption responses to earnings; monthly systems with two lags to study PPI/CPI responses. IRFs with 95% bands. - OLS predictive regressions with lags of dependent variables and financial controls.

³² Generally Accepted Accounting Principles are used by companies to report to investors under accounting standards. They are firm-level, designed mainly for valuation and contracting. They cover listed companies and reflect accounting conventions (e.g. revenue recognition, accruals, impairment).

³³ National Income and Product Accounts. Used by government statisticians (in the U.S., the BEA) report, They are economy-wide, designed to measure national income and GDP. They cover all corporations, not just listed ones, and follow economic accounting rules instead of GAAP.

	- Forecast-error tests: Survey of Professional Forecasters (investment/consumption, quarterly) and Money Market Services (PPI/CPI, monthly).
Robustness Checks	- Subsamples: financial vs non-financial; retail vs non-retail; low vs high investment-capital-ratio; states of industrial production; small vs large earnings changes. - Alternative frequency/definitions (e.g., finished vs intermediate/crude PPI).
Findings	Investment and PPI respond; consumption and CPI do not, once controls are included; earnings predict investment and PPI forecast errors.
Interpretation	Aggregate profitability growth shifts near-term <i>investment</i> demand, affecting <i>PPI</i> ; consumption/CPI effects are weak in the short run.

Implications

The study shows that aggregate corporate profitability growth has near-term real effects by shifting investment demand, which in turn moves producer prices (PPI) when short-run supply is relatively inelastic. This means monetary authorities and regulators can improve their pursuit of organized growth and controlled inflation by tracking aggregate earnings as a timely signal about upcoming investment activity and PPI pressures. Because aggregate earnings growth predicts subsequent investment and PPI forecast errors (but not consumption or CPI errors), macro-forecasters should incorporate aggregate earnings information to reduce inefficiencies in their investment and PPI projections—an adjustment that also helps explain previously documented GDP forecast inefficiencies.

The results reinforce that aggregate profits have macroeconomic consequences: they anticipate near-term changes in firms' investment plans and in the prices of production goods. Market participants can therefore use aggregate earnings to gauge short-horizon investment conditions and producer-price dynamics, while recognizing that immediate consumption/CPI effects are weak. Conclusions are sensitive to the inflation measure. The paper finds robust links to PPI (finished, intermediate, crude) but, once controls are included, little incremental power for CPI. The evidence pertains to the short run; other channels (including eventual effects on consumption) may matter over longer horizons.

Postscript

The influence of Shivakumar and Urcan (2017) extends beyond its immediate setting. Subsequent research has reinforced the view that financial reporting quality has macroeconomic consequences. Dichev and Zhao (2021) compare GAAP with NIPA earnings and show how differences in coverage and volatility affect the extent to which accounting aggregates capture the macroeconomy, refining the scope of accounting signals. Similarly, Abdalla et al. (2021) use a dynamic factor model to demonstrate that firm-level accounting flows improve real-time nowcasts of macro indicators, providing direct evidence that corporate disclosures enhance macro forecasting accuracy.

Other studies have deepened the institutional dimension. Work building on La Porta (1998) and Bushman and Piotroski (2006) continues to show that disclosure rules, investor protection, and governance regimes jointly shape capital-market efficiency. At the same time, macro-accounting research following Konchitchki and Patatoukas (2014) and studies such as Cready & Gurun (2010) and Gallo, Hann & Li (2016) situate aggregate earnings within broader discount-rate and inflation dynamics, and Savor & Wilson (2013) connect macro surprises to asset-price reactions. Together, these literatures support the idea that aggregate accounting information contains macro-relevant signals.

Conclusion

The central lesson of Shivakumar and Urcan (2017) is that aggregate accounting earnings growth predicts future inflation because it reflects shifts in investment demand. The evidence shows that earnings growth leads aggregate investment (up to three quarters) and PPI innovations (months 2-3 for finished goods; up to month 4 for

intermediate/crude) but had little relation to consumption or CPI in the short run, identifying the investment-demand channel as the driver. Moreover, the finding that aggregate earnings explain investment and PPI forecast errors underscores that professional forecasters under-incorporate this information. For researchers and policymakers, the study highlights that corporate earnings, when aggregated, are not only valuation tools but also forward-looking signals about price dynamics in production markets—making them valuable inputs for inflation (PPI) and nominal-GDP forecasting.

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Market performance

Market round-up

Indian equity markets navigating tariff pressures

Global equity markets extended gains in August 2025, building on the positive momentum from July, supported by strong corporate earnings, resilient growth data, and expectations of a sizeable Fed rate cut in the coming months. Developed markets (MSCI World Index) rose about 2.5% during the month (YTD: 13.0%; As of September 5th, 2025), led by the US where all major flagship indices including S&P 500, Nasdaq and Dow Jones surged to fresh record-high levels, while small caps (Russell 2000) rallied nearly 7% as investors rotated into broader segments. Japanese equities also advanced, aided by supportive monetary policy and a weaker yen. Emerging markets (MSCI EM) also ended in green, even as they underperformed the broader developed market pack with a return of 1.2% in August 2025 (YTD: +18.7%, As of September 5th, 2025). The gains were led by a softer US dollar and strong rebound in Chinese equities (Shanghai SE Composite up 8% in Aug), supported by pause in tariffs for another 90 days.

Indian equities remained under pressure in August, marking the second month of negative returns and underperforming the broader developed and emerging market packs, as trade headwinds weighed on sentiments. Imposition of 50% tariffs on Indian imports by the US—among the steepest globally—triggered heavy foreign selling, with FPIs recording their sharpest monthly outflows in seven months. The benchmark Nifty 50 Index fell 1.4% in August, following a 2.9% decline in July, eroding much of the YTD gains. The impact of persistent FPI outflows was partly offset by sustained DII inflows, with August marking the 25th straight month of net buying, thereby providing downside support. Markets, however, took some breather in the first week of September and partly recovered the recent losses, aided by the announcement of GST rationalisation measures aimed at boosting consumption.

Global fixed income markets showed diverging trends in August. US treasury yields eased across most of the curve as weak early-month jobs data and dovish remarks from the Fed Chair reinforced expectations of imminent rate cuts. Short-dated maturities (under 5 years) fell by 27–33 bps in August, while the long end (30-year) inched marginally higher on fiscal concerns, resulting in further steepening of the US yield curve. By contrast, yields in the EU, UK, and Japan moved modestly higher, reflecting a combination of persistent fiscal pressures in Europe and stronger-than-expected inflation in the UK and Japan, which kept investor sentiment cautious. In India, bond markets came under renewed pressure last month. The sell-off was driven by: a) the RBI's hawkish pause, b) concerns over fiscal slippage following significant GST rationalisation, and c) a stronger-than-expected GDP print that tempered hopes of early easing. On the positive side, a sovereign rating upgrade and easing domestic inflation offered some cushion. However, external headwinds dominated sentiment. The imposition of punitive US tariffs weighed on India's growth outlook and triggered heavy portfolio outflows, leading to a sharp bout of rupee weakness. The currency depreciated 0.7% MoM (–3.1% over the past three months), touching record lows in late August and closing at 88.2 per US dollar.

- Indian equities sold off further in August:** Indian equities extended the losses in August, underperforming the broader emerging and developed market packs for yet another month. The imposition of aggressive 50% tariffs on Indian imports by the US and the consequent selling by FPIs weighed heavily on investor sentiments. However, resilience in the domestic economy—evident in Q1 GDP growth that significantly outpaced expectations, robust PMI readings, and a benign inflation trajectory—helped limit the downside. Further, sustained buying by DIIs, for the 25th month in a row in August, continued to provide a counterbalance to FPI selling and provided much-needed support to Indian markets. That said, the announcement of GST measures—entailing a reduction and consolidation of tax slabs—aimed at boosting domestic consumption, provided some breather room to equities in the first week of September.

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 the month of August 1.4% lower, on top of 2.9% decline in the previous month, resulting in the YTD return being pulled down to 3.3% by month end, much lower than 17% return generated by the MSCI EM Index during this period. Notwithstanding near-term weakness, Indian equities have generated strong returns in the medium to long-term. Over the last 25 years ending August 2025, Nifty 50 Index has gained 12.1% on an annualised basis, much higher than 4.4% return generated each by the MSCI World and MSCI EM Index. The August sell-off was sharper in the broader market, with the Nifty Midcap 150 and Nifty Smallcap 250 declining by 2.9% and 3.7%, respectively.

Activity in the equity cash segment fell for the second month in a row, with the daily turnover (ADT) falling by 1.5% MoM, on top of a 16.3% decline in the previous month, to a six-month low of Rs 93,545 crore. ADT in the equity options segment, on the other hand, rose by 8.6% MoM to Rs 47,337 crore in August, partly reversing the steep decline seen in the previous two months. In the equity futures segment, the ADT rose by 5.8% in August to Rs 1.47 lakh crore.

- Indian bond markets came under renewed pressure in August:** Global fixed income markets saw a mixed performance in August. In the US, weaker labour market data and dovish signals from the Fed Chair bolstered expectations of rate cuts, pushing yields lower at the front end of the curve, with maturities of up to five years falling by 27–33 bps. At the longer end, however, 30-year yields edged higher on fiscal concerns, accentuating the steepening of the US yield curve. Meanwhile, sovereign yields in the EU, UK, and Japan drifted modestly higher by 3-15bps. Investors in Europe remained wary of persistent fiscal pressures, while stronger-than-expected inflation readings in the UK and Japan tempered hopes of near-term policy easing.

In India, bond markets came under renewed pressure through August. The sell-off was driven by a combination of factors: the RBI's hawkish pause, concerns over fiscal slippage and consequently higher-than-budgeted market borrowings following significant GST rationalisation, and a stronger-than-expected GDP print that tempered hopes of early easing. On the positive side, the sovereign rating upgrade by S&P and easing domestic inflation offered some cushion. The sell-off was particularly stronger at the belly and long-end of the curve, with an increase of 22-29bps seen across papers with maturities north of five years. The short end, however, remained relatively stable, resulting in further steepening of the yield curve. The 10-year g-sec yield ended the month 22bps higher at 6.6%, marking—the steepest monthly increase in the last 39 months.

- FPI remained strong sellers of Indian equities in August; DIIs continued to provide cushion through sustained buying:** After three months of net buying, FPIs turned net sellers of Indian equities in July due to rising trade tensions following the imposition of steep US tariffs, which raised concerns over growth and export competitiveness. The selling spree intensified in August, with net outflows amounting to US\$6 bn over the two-month period, more than offsetting the inflows recorded in the preceding three months, taking the net FPI outflows in the first five months of FY26 (Apr-Aug'25) to US\$1.5bn. August alone saw net outflows of US\$4 bn—the highest in the last seven months. DIIs, by contrast, continued to provide a counterbalance to FPI selling. August marked the 25th consecutive month of net DII

inflows, with purchases of Rs 94,829 crore (US\$10.8 bn)—the highest in the last ten months. In the first five months of FY26, DIIs have invested a net Rs 3.24 lakh crore (US\$37.6 bn), already accounting for 53% of the total net investment made during the entirety of the previous fiscal year.

On the debt side, FPIs remained strong buyers for the second month in a row, with net inflows of US\$1.4bn each in July and August, more than reversing the net outflows seen in June. Notwithstanding the recent buying, FPIs still remain net sellers in the Indian debt market in this fiscal thus far, with net outflows of US\$1.2bn in the first five months of FY26.

- Global equity markets rallied further in August:** Global equity markets extended gains in Aug'25, building on the positive momentum from July, supported by strong corporate earnings, resilient growth data, and expectations of a sizeable Fed rate cut in the coming months. Developed markets (MSCI World Index) rose about 2.5% during the month, led by the US where all major flagship indices including S&P 500, Nasdaq and Dow Jones surged to fresh record-high levels, while small caps (Russell 2000) rallied nearly 7% as investors rotated into broader segments. Japanese equities also advanced, aided by supportive monetary policy and a weaker yen. Emerging markets (MSCI EM) also ended in green, even as they underperformed the broader developed market pack with a return of 1.2% in August 2025 (YTD: +18.7%, As of September 5th, 2025). The gains were led by a softer US dollar and strong rebound in Chinese equities (Shanghai SE Composite up 8% in Aug), supported by pause in tariffs for another 90 days.

US: The US equities surged to record high levels, ending the month of August with robust gains, despite weak jobs data. The gains were supported by dovish commentary by the US Fed and consequent increase in rate-cut expectations as well as robust corporate earnings. The S&P 500, and Dow Jones rose 1.9% and 3.2% in August, taking the YTD (As of August 31st, 2025) to 10.2% and 6.7% respectively. Nasdaq, however, underperformed with a 0.85% gain in August (YTD: 12.6%), impacted by the sell-off in tech stocks on the back of the MIT (Massachusetts Institute of Technology) report that suggested limited positive impact of the AI projects implemented by corporates on their revenues. Small caps (Russell 2000) rallied nearly 7% as investors rotated into broader segments.

US economic data for August 2025 presented a mixed picture. The non-farm payrolls rose by 22k in August, undershooting July's print (79k) and market estimates (75k) by a wide margin. This, along with a pick-up in unemployment rate to 4.3% in August 2025—the highest since October 2021—signaled weakness in the labour market. Retail sales growth moderated to 0.5% MoM in July, while industrial production rose by a six-month high of 1.4%. On the positive side, the revised Q2 GDP growth pointed to a 30bps upward revision to 3.3%, and the Manufacturing PMI surged to 53 in August—the highest since May 2022. The Fed Chair comments in late August about weakening labour market have strengthened rate cut expectations, with the CME FedWatch signaling over 90% probability of a 25bps cut in the September policy.

Europe: European equities recorded modest gains in August, benefiting from resilient economic data, partly offset by underperformance of French equities amid rising political uncertainty. The benchmark Euro Stoxx 50 Index rose by 0.6% in

August, translating into a return of 8.6% in 2025 thus far (As of September 5th, 2025). France's CAC Index, however, ended the month 0.9% lower, after political uncertainty got accentuated following the no-confidence vote in the government. The UK equities posted modest gains in August, weighed down by weakening economic backdrop and hawkish BoE comments. The FTSE 100 Index rose 0.6% during the month, bringing YTD gains to 12.7% (As of September 5th, 2025).

Euro area macro data in August pointed to resilience. The Eurozone Manufacturing PMI moved into the expansion zone at 50.7 in August for the first time since June 2022, while the Services PMI declined to 50.5 from a four-month high of 51 in the previous month. Headline inflation inched up marginally to 2.1% in August, surpassing market expectations and July's print of 2%.

In the UK, Manufacturing PMI declined to 47 in August from 48 in the previous month, marking the 11th consecutive month of contraction in manufacturing output. Services PMI, however, expanded to a 16-month high of 54.2. Headline inflation jumped to 3.8% in July—the highest in 18 months—overshooting market expectations. This resulted in Bank of England turning hawkish in the August policy despite a 25bps cut, thereby tapering future rate cut expectations.

Asia: Asian equities ended August in positive territory, led by strong gains in China (Shanghai Composite: +8%), Malaysia (FTSE Bursa Malaysia: +4.1%), and Indonesia (IDX Composite: 4.6%). Chinese stocks continued to benefit from the government's anti-involution campaign aimed at reducing excess capacity and curbing competition. The equity gains in the region were partly offset by underperformance of Indian, Taiwan and Korea markets. Indian stocks were weighed by the increase in US tariff rates to 50%, while Taiwan and Korea were impacted by global sell-off in tech stocks.

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 surged to 59.3 in August—the highest reading in the last 17.5 years, while the Services PMI jumped to 62.9, marking the strongest expansion since June 2010. Headline inflation fell to 1.6% in July, undershooting market expectations and falling below the RBI's tolerance band of 2-6% for the first time since 2019. On the policy front, the RBI's MPC kept the policy rate unchanged as it assessed the transmission of earlier rate reductions.

- August 2025 saw divergences across global commodity markets:** The month of August saw diverging performances across commodities, with precious and industrial metals gaining, while crude oil and select agri commodities declined. The benchmark S&P GSCI Index fell by 0.8% in August. Crude oil prices fell as OPEC+ rolled back production cuts and U.S. demand weakened. Precious metals mostly strengthened, with gold, platinum, and silver supported by safe-haven flows, supply constraints, and strong clean-technology demand, while palladium declined on softer automotive use. Industrial metals saw broad gains, aided by tariffs, supply shortages, and firm Chinese demand, though increases were moderate for some. Agricultural commodities showed a mixed picture, with soybeans and corn rising, wheat and cotton easing, and sugar remaining broadly stable.

The S&P GSCI Index fell by 0.8% MoM in August 2025.

- **INR hit all-time low amid trade tensions:** In Aug'25, the INR breached the 88-level mark for the first time ever, ending the month at a record low of 88.2. This decline was driven by the announcement of steep 50% tariffs on Indian imports, despite the Fed's dovish stance on impending rate cuts. A sharp widening of the merchandise trade deficit largely due to surge in gold and crude oil imports added to the depreciating bias. This situation was exacerbated by capital outflows (-US\$2.3 bn), especially from equities owing to lackluster earnings season. Meanwhile, RBI's foreign exchange reserves at US\$690.8 bn provided some cushion. Globally, major currencies broadly appreciated against the softening dollar amid a shift in investor risk appetite and growing concerns over the impact of tariffs on the US economy. INR's annualized volatility rose for the eighth consecutive month to 3.9%, remaining elevated compared to most EM peers. The one-year forward premium inched up to 2.0%, reflecting increased market volatility but supported by India's robust macro fundamentals and forex reserves.

Performance across asset classes

Table 60: Benchmarks across equity, fixed income, currency, and commodity markets (As on Aug 31st, 2025)

Indicator Name	Aug-25	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Equity Indices									
NIFTY 50	24,427	24,768	24,751	25,236	-1.4	-1.3	10.4	-3.2	3.3
NIFTY 500	22,463	22,915	22,802	23,735	-2.0	-1.5	13.0	-5.4	0.4
MSCI INDIA	2,871	2,921	2,916	3,059	-1.7	-1.6	11.5	-6.2	0.9
India Volatility Index (%)	12	12	16	13	1.8	-26.9	-15.5	-12.3	-18.7
MSCI WORLD	4,178	4,076	3,863	3,661	2.5	8.1	9.8	14.1	12.7
S&P 500 COMPOSITE	6,460	6,339	5,912	5,648	1.9	9.3	8.5	14.4	9.8
DOW JONES INDUSTRIALS	45,545	44,131	42,270	41,563	3.2	7.8	3.9	9.6	7.1
HANG SENG	25,078	24,773	23,290	17,989	1.2	7.7	9.3	39.4	25.0
FTSE 100	9,187	9,133	8,772	8,377	0.6	4.7	4.3	9.7	12.4
NIKKEI 225	42,718	41,070	37,965	38,648	4.0	12.5	15.0	10.5	7.1
Fixed Income									
India 10YR Govt Yield (%)	6.59	6.38	6.22	6.86	22bps	38bps	-13bps	-27bps	-59bps
India 5YR Govt Yield (%)	6.35	6.10	5.86	6.77	25bps	49bps	-29bps	-42bps	-71bps
India 1YR Govt Yield (%)	5.64	5.60	5.68	6.74	3bps	-4bps	-94bps	-111bps	-147bps
India 3Month T-Bill Yield (%)	5.64	5.52	5.75	6.82	12bps	-12bps	-97bps	-118bps	-145bps
US 10YR Govt Yield (%)	4.22	4.36	4.39	3.92	-14bps	-16bps	3bps	30bps	36bps
Germany 10YR Govt Yield (%)	2.72	2.69	2.51	2.29	3bps	22bps	34bps	43bps	70bps
China 10YR Govt Yield (%)	1.79	1.73	1.70	2.18	6bps	9bps	0bps	-40bps	-79bps
Japan 10YR Govt Yield (%)	1.61	1.56	1.50	0.89	5bps	11bps	24bps	73bps	99bps
Currency									
USD/INR	88.2	87.6	85.6	83.9	0.7	3.1	0.8	5.2	3.0
EUR/USD	1.2	1.1	1.1	1.1	2.3	3.1	12.5	5.7	13.0
GBP/USD	1.4	1.3	1.3	1.3	2.1	0.2	7.3	2.8	7.9
USD/YEN	146.8	150.5	144.3	145.6	-2.4	1.8	-2.6	0.8	-6.6
USD/CHF	1.3	1.2	1.2	1.2	1.6	2.8	12.9	6.2	13.4
USD/CNY	7.1	7.2	7.2	7.1	-0.8	-0.9	-2.1	0.6	-2.3
Commodities									
Brent Crude Oil (US\$/bbl)	68.2	72.6	63.9	78.9	-6.1	6.6	-7.4	-13.6	-8.8
LME Aluminium (US\$/MT)	2,618.5	2,562.4	2,438.3	2,423.7	2.2	7.4	-0.1	8.0	3.6
LME Copper (US\$/MT)	9,821.7	9,560.2	9,548.1	9,118.1	2.7	2.9	5.2	7.7	13.5
LME Lead (US\$/MT)	1,949.9	1,929.6	1,933.7	2,021.3	1.1	0.8	-0.9	-3.5	1.3
LME Nickel (US\$/MT)	15,246.8	14,735.8	15,041.4	16,538.7	3.5	1.4	-0.1	-7.8	0.9
LME Tin (US\$/MT)	35,193.0	32,694.0	30,328.0	32,506.0	7.6	16.0	13.0	8.3	22.0
LME Zinc (US\$/MT)	2,825.1	2,753.9	2,596.6	2,846.7	2.6	8.8	2.3	-0.8	-4.4
SHC Iron Ore Spot (US\$/MT)	104.5	102.0	97.5	102.5	2.5	7.2	-1.4	2.0	1.5
Gold Spot Price (US\$/troy ounce)	3,441.4	3,296.0	3,285.3	2,505.3	4.4	4.8	20.7	37.4	31.1
Silver Spot Price (US\$/troy ounce)	39.7	36.8	33.0	28.9	8.0	20.3	27.4	37.6	37.4
Platinum Spot Price (US\$/ounce)	1,347.0	1,306.0	1,071.0	940.0	3.1	25.8	42.8	43.3	47.4
Palladium Spot Price (US\$/ounce)	1,094.0	1,217.0	964.0	980.0	-10.1	13.5	19.2	11.6	20.4
Soyabeans (US\$/bushel)	10.3	9.5	10.3	9.7	7.8	0.0	4.3	6.3	4.8
Corn (c/lb)	398.3	394.0	443.5	378.5	1.1	-10.2	-12.1	5.2	-13.2
Wheat (US\$/bushel)	4.9	5.0	5.3	4.7	-2.6	-9.2	-11.2	3.9	-13.9
Cotton (US\$/lb)	0.6	0.6	0.6	0.7	-0.6	1.1	1.2	-2.0	-3.0
Raw Sugar (c/lb)	16.7	16.7	17.3	19.3	0.2	-3.6	-10.8	-13.5	-8.2

Source: LSEG Workspace, Cogencis, NSE EPR

Table 61: Performance (total returns) across global asset classes (As on September 11th, 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 38.3
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 \$ 24.7
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 23.7
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 17.1
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	MSCI World 16.3
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	SSE Comp 15.6
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	Nasdaq 100 14.8
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	Russell 1000 13.1
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 13.0
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	STOXX 600 12.6
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 9.7
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 6.9
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 4.2
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 -13.4

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 62: Performance across NSE equity indices (As on August 31st, 2025)

August-25 Index Name	PR Index Returns (%)					TR Index Returns (%)				
	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Broad Market Indices										
Nifty 50	-1.4	-1.3	-3.2	11.2	16.5	-1.2	-0.7	-2.0	12.5	17.9
Nifty Next 50	-2.0	-1.5	-12.7	14.6	19.6	-1.8	-1.0	-11.8	15.4	20.6
Nifty 100	-1.5	-1.4	-4.8	11.4	16.8	-1.3	-0.8	-3.7	12.5	18.2
Nifty 200	-1.7	-1.6	-5.0	12.7	18.2	-1.6	-1.1	-4.0	13.8	19.5
Nifty 500	-2.0	-1.5	-5.4	13.6	19.1	-1.8	-1.0	-4.4	14.7	20.4
Nifty Midcap 50	-3.1	-1.8	-5.4	22.5	27.7	-3.0	-1.6	-5.0	23.3	28.8
Nifty Midcap 100	-2.9	-3.0	-6.0	21.0	27.3	-2.8	-2.7	-5.5	21.7	28.3
Nifty Midcap 150	-2.9	-1.8	-5.4	20.5	26.7	-2.8	-1.5	-4.8	21.2	27.6
Nifty Midcap Select	-3.2	-2.1	-5.4	18.9	24.4	-3.2	-1.9	-4.9	19.7	25.4
Nifty Smallcap 50	-4.7	-3.5	-9.9	23.4	25.1	-4.6	-3.1	-9.2	24.4	26.2
Nifty Smallcap 100	-4.1	-3.7	-10.8	21.4	25.3	-3.9	-3.3	-10.1	22.3	26.3
Nifty Smallcap 250	-3.7	-1.9	-9.2	21.1	27.8	-3.6	-1.7	-8.6	21.9	28.8
Nifty LargeMidcap 250	-2.2	-1.6	-5.0	16.0	21.8	-2.1	-1.2	-4.2	16.9	22.9
Nifty MidSmallcap 400	-3.2	-1.8	-6.7	20.7	27.0	-3.1	-1.6	-6.2	21.4	28.0
Nifty500 Multicap 50:25:25	-2.4	-1.6	-5.8	16.2	22.2	-2.2	-1.2	-5.0	17.2	23.3
Nifty Microcap 250	-3.9	-2.1	-8.4	29.1	38.5	-3.8	-1.9	-8.1	29.7	39.3
Nifty Total Market	-2.1	-1.5	-5.5	14.0	19.5	-1.9	-1.0	-4.5	15.1	20.8
Thematic Indices										
Nifty India Consumption	2.7	5.9	-0.2	14.9	19.0	2.9	6.5	0.9	16.0	20.3
Nifty MidSmall India Consumption	-1.8	1.8	-2.1	19.6	24.5	-1.7	2.1	-1.6	20.2	25.2
Nifty Non-Cyclical Consumer	1.4	4.5	-4.3	14.7	18.5	1.5	4.9	-3.4	15.8	19.7
Nifty India Manufacturing	0.1	0.6	-6.2	19.3	23.7	0.3	1.1	-5.5	20.1	24.9
Nifty Infrastructure	-2.1	-1.1	-5.9	20.1	22.9	-2.0	-0.6	-5.1	21.0	24.3
Nifty Services Sector	-3.0	-2.6	-0.9	9.3	16.2	-2.8	-2.0	0.4	10.6	17.6
Nifty Commodities	-2.0	-0.1	-9.6	13.5	22.1	-1.7	0.4	-8.7	14.4	23.7
Nifty CPSE	-3.8	-4.8	-17.0	31.0	32.6	-3.3	-4.3	-15.2	33.5	36.9
Nifty PSE	-5.0	-6.7	-19.9	29.5	29.2	-4.5	-6.2	-18.3	31.7	33.0
Nifty Energy	-4.2	-6.2	-23.1	6.2	16.6	-3.8	-5.8	-22.1	7.4	18.8
Nifty MNC	2.1	4.4	-5.3	14.1	16.2	2.4	5.1	-4.0	15.3	17.7
Nifty India Digital	-0.3	1.2	-7.4	17.5	19.3	-0.3	1.6	-6.3	18.7	20.7
Nifty India Defence	-4.7	-14.7	7.0	56.1	55.6	-4.6	-14.6	7.6	57.4	57.6
Nifty Mobility	2.3	5.0	-4.5	23.5	26.5	2.6	5.6	-3.8	24.3	27.6
Nifty100 Liquid 15	-0.1	-0.3	-1.2	15.0	18.8	0.1	0.1	-0.3	15.9	20.0
Nifty Midcap Liquid 15	-2.4	-2.0	3.0	24.1	29.3	-2.4	-1.8	3.5	25.1	30.6
Nifty Corp. Grp Index - Aditya Birla Group	1.9	9.1	-2.8	16.8	24.7	2.1	9.6	-2.4	17.3	25.3
Nifty Corp. Grp Index - Mahindra Group	0.0	3.7	4.1	25.0	28.7	0.0	4.3	4.9	26.1	30.6
Nifty Corp. Grp Index - Tata Group	1.1	-6.8	-24.3	7.2	17.0	1.1	-6.1	-23.0	8.5	18.5
Nifty Corp Grp Index - Tata Group 25% Cap	1.4	-5.1	-20.4	11.9	24.5	1.4	-4.6	-19.5	12.8	25.7
Nifty Shariah 25	2.1	1.3	-11.7	9.2	13.1	2.2	2.0	-10.2	10.8	14.9
Nifty50 Shariah	0.7	-1.6	-17.2	5.6	11.3	0.8	-0.9	-15.7	7.4	13.3
Nifty500 Shariah	-0.7	-0.7	-13.7	10.2	16.8	-0.6	-0.2	-12.7	11.5	18.3
Nifty SME EMERGE	-0.4	5.5	-5.4	40.9	63.1	-0.4	5.5	-5.3	41.0	63.4
Nifty100 ESG	-0.9	-0.3	-4.7	11.5	16.9	-0.8	0.3	-3.7	12.6	18.3
Nifty100 Enhanced ESG	-0.9	-0.3	-4.7	11.5	16.9	-0.7	0.3	-3.6	12.6	18.3
Nifty100 ESG Sector Leaders	-1.2	-0.7	-2.5	11.7	16.1	-1.1	0.0	-1.4	12.8	17.3

August-25	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty IPO	2.6	6.2	-7.0	13.3	13.7	2.7	6.4	-6.8	13.6	14.2
Nifty REITs & InvITs	0.8	6.9	11.4	3.7	7.0	2.0	8.1	16.5	8.9	14.1
Nifty Core Housing	-0.2	4.3	-6.6	13.7	19.8	-0.1	4.7	-6.1	14.3	20.6
Nifty500 Multicap India Mfg. 50:30:20	-1.2	0.8	-5.6	19.2	25.1	-1.0	1.3	-5.0	20.0	26.2
Nifty500 Multicap Infra 50:30:20	-3.2	-2.5	-8.7	19.8	25.5	-3.0	-2.1	-8.0	20.6	26.8
Nifty EV & New Age Automotive	2.8	2.2	-12.1	18.8	31.1	2.9	2.8	-11.5	19.7	32.1
Nifty India Tourism	-1.2	1.4	1.9	19.7	27.6	-1.2	1.5	2.2	20.0	27.9
Nifty Rural	1.1	2.6	-4.0	14.4	19.9	1.2	3.0	-2.9	15.6	21.3
Nifty Capital Markets	-5.8	-3.8	26.1	44.4	32.8	-5.6	-3.6	27.0	45.8	34.5
Nifty India New Age Consumption	2.0	4.8	-1.9	21.7	25.0	2.2	5.2	-1.4	22.3	25.7
Nifty India Select 5 Corp Groups (MAATR)	-0.6	-0.2	-10.4	8.5	25.6	-0.4	0.3	-9.8	9.2	26.5
Nifty India Railways PSU	-7.6	-13.8	-31.5	34.7		-7.4	-13.6	-30.6	36.6	
Nifty India Internet	0.7	10.1	8.3	28.3		0.7	10.1	8.5	28.8	
Nifty Waves	-1.7	-4.0	-26.8	-2.5	7.9	-1.6	-3.9	-26.5	-2.0	8.4
Nifty India Infrastructure & Logistics	-3.3	-3.6	-10.6	19.5	30.0	-3.2	-3.3	-9.9	20.4	31.3
Strategy Indices										
Nifty Alpha 50	-6.0	-4.1	-18.6	17.9	26.0	-5.9	-4.0	-18.1	18.7	26.9
Nifty100 Alpha 30	-1.0	1.5	-15.5	12.1	18.7	-0.9	2.0	-14.8	13.1	19.9
Nifty Alpha Low-Volatility 30	-1.2	-1.1	-13.9	15.4	17.8	-1.0	-0.7	-13.0	16.6	19.2
Nifty Alpha Quality Low-Volatility 30	0.7	0.5	-11.2	16.2	17.9	0.9	1.1	-10.0	17.8	19.7
Nifty Alpha Quality Value Low-Volatility 30	1.2	1.8	-8.4	22.3	22.5	1.5	2.7	-6.9	24.2	24.7
Nifty200 Alpha 30	-2.0	0.2	-17.1	23.1	25.4	-2.0	0.4	-16.5	24.0	26.5
Nifty Dividend Opportunities 50	-0.9	-3.0	-15.7	16.3	19.1	-0.8	-2.5	-13.8	18.5	21.9
Nifty Growth Sectors 15	1.4	3.9	-8.3	9.8	16.0	1.5	4.5	-6.7	11.6	17.9
Nifty High Beta 50	-5.3	-7.0	-17.0	17.3	24.1	-5.1	-6.7	-16.2	18.2	25.2
Nifty Low Volatility 50	0.0	0.4	-3.3	15.4	17.7	0.1	0.9	-2.3	16.6	19.3
Nifty100 Low Volatility 30	1.3	3.0	-2.0	15.1	17.6	1.5	3.7	-0.8	16.4	19.5
Nifty100 Quality 30	1.4	0.6	-8.6	12.2	15.9	1.7	1.3	-7.2	13.7	17.7
Nifty Quality Low-Volatility 30	1.3	1.1	-8.4	11.1	15.1	1.7	1.9	-7.0	12.5	16.8
Nifty200 Quality 30	0.9	-0.8	-10.7	11.3	15.1	1.1	-0.1	-9.1	13.0	17.1
Nifty50 Equal Weight	0.3	0.6	-4.2	15.2	21.3	0.5	1.1	-3.2	16.4	22.9
Nifty100 Equal Weight	-0.9	-0.3	-7.2	15.1	20.3	-0.7	0.2	-6.4	16.0	21.6
Nifty50 Value 20	-0.2	-2.2	-13.0	12.0	17.7	0.1	-1.7	-11.1	14.1	20.3
Nifty500 Value 50	-2.1	-1.8	-12.1	28.7	33.2	-1.7	-1.3	-10.7	30.2	35.9
Nifty Midcap150 Quality 50	-3.4	-2.9	-7.3	11.6	16.8	-3.3	-2.5	-6.5	12.5	17.9
Nifty200 Momentum 30	-2.0	-2.9	-20.1	15.2	20.5	-1.8	-2.6	-19.5	16.1	21.6
Nifty Midcap150 Momentum 50	-3.0	-2.5	-10.6	21.5	30.9	-2.9	-2.3	-10.2	22.2	31.7
Nifty Smallcap250 Quality 50	-3.4	-3.0	-14.7	19.5	28.2	-3.1	-2.6	-13.7	20.8	29.7
Nifty Smallcap250 Momentum Quality 100	-3.7	-3.9	-17.7	16.2	25.6	-3.4	-3.6	-17.0	17.1	26.7
Nifty MidSmallcap400 Momentum Qtly 100	-3.9	-5.5	-14.8	18.0	24.4	-3.7	-5.2	-14.2	19.0	25.5
Nifty500 Equal Weight	-2.6	-1.6	-7.7	19.9	25.4	-2.5	-1.3	-7.1	20.7	26.5
Nifty500 Momentum 50	-3.4	-4.3	-20.5	16.8	25.6	-3.3	-4.2	-20.2	17.5	26.5
Nifty500 LargeMidSmall Equal-Cap Wgtd	-2.7	-1.7	-6.3	17.8	23.8	-2.6	-1.3	-5.5	18.7	24.9
Nifty200 Value 30	-3.2	-3.1	-12.8	28.7	32.5	-2.8	-2.6	-11.5	30.3	35.4
Nifty Top 10 Equal Weight	-2.1	-4.6	-4.5	9.0	15.2	-2.0	-4.1	-3.2	10.4	16.7

August-25		PR Index Returns (%)					TR Index Returns (%)				
Index Name		1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Nifty500 Multicap Momentum Quality 50		-2.8	-5.3	-19.2	17.7	22.1	-2.6	-4.8	-18.3	18.9	23.4
Nifty Top 15 Equal Weight		0.2	-0.7	0.5	11.9	18.2	0.4	-0.1	1.8	13.2	19.6
Nifty Top 20 Equal Weight		0.5	-1.0	-2.6	12.1	18.5	0.6	-0.4	-1.3	13.4	19.9
Nifty500 Quality 50		-3.2	-4.4	-10.4	16.7	19.4	-2.8	-3.9	-9.4	18.1	21.1
Nifty500 Low Volatility 50		1.4	2.0	0.0	18.8	19.8	1.7	2.5	0.8	19.9	21.4
Nifty500 Multifactor MQVLv 50		-2.2	-2.4	-12.1	21.4	23.4	-1.8	-1.8	-11.1	22.8	25.4
Nifty500 Flexicap Quality 30		-0.5	-2.6	-15.9	10.4	22.1	-0.3	-1.9	-14.5	11.8	23.7
Sectoral Indices											
Nifty Auto		5.5	7.0	-4.6	23.6	26.1	5.9	7.9	-3.7	24.6	27.3
Nifty Bank		-4.1	-3.8	4.5	10.7	17.7	-3.9	-3.2	5.3	11.7	18.6
Nifty Private Bank		-3.8	-5.5	1.4	8.6	14.8	-3.6	-5.0	2.0	9.4	15.5
Nifty PSU Bank		-1.4	-3.2	-3.3	31.0	34.7	-1.4	-3.1	-2.7	32.0	36.0
Nifty Financial Services		-4.1	-3.5	8.2	11.9	17.6	-3.9	-2.8	9.2	13.0	18.6
Nifty Financial Services Ex-Bank		-3.1	-3.1	5.3	18.0	20.2	-2.9	-2.9	6.2	19.1	21.3
Nifty Financial Services 25/50		-3.9	-3.4	4.1	15.2	19.7	-3.7	-2.9	5.1	16.4	20.8
Nifty MidSmall Financial Services		-2.4	-1.5	13.2	29.5	25.9	-2.3	-1.3	13.7	30.4	27.1
Nifty FMCG		0.6	1.6	-11.0	8.6	12.9	0.8	2.0	-9.2	10.5	15.1
Nifty IT		-0.3	-5.7	-17.8	7.4	14.4	-0.3	-5.2	-15.9	9.6	16.7
Nifty MidSmall IT & Telecom		-3.6	-6.2	-19.6	15.0	27.6	-3.6	-5.8	-19.1	15.9	28.7
Nifty Media		-0.9	-5.8	-23.4	-8.0	0.5	-0.7	-5.6	-22.8	-7.4	1.1
Nifty Metal		-1.4	-0.4	-2.7	15.6	30.5	-1.2	0.1	-1.8	16.2	32.3
Nifty Pharma		-4.3	1.7	-6.1	19.7	14.5	-4.2	2.2	-5.4	20.6	15.4
Nifty Realty		-4.6	-8.3	-17.3	23.4	31.4	-4.5	-8.0	-17.1	23.8	31.8
Nifty Consumer Durables		0.9	3.3	-6.6	12.0	21.3	0.9	3.6	-6.3	12.5	21.8
Nifty Oil & Gas		-4.2	-5.3	-19.8	8.9	16.2	-4.0	-4.9	-18.9	9.7	18.0
Nifty Healthcare Index		-3.6	3.3	-1.1	21.4	17.2	-3.5	3.7	-0.5	22.2	18.0
Nifty MidSmall Healthcare		-4.3	5.0	4.5	27.7	20.2	-4.2	5.3	4.9	28.3	20.9
Nifty Transportation & Logistics		3.4	7.7	-3.2	24.3	28.3	3.6	8.4	-2.5	25.1	29.3
Nifty Housing		-1.9	-0.2	-5.0	11.1	21.2	-1.8	0.3	-4.3	11.9	22.4
Nifty Chemicals		-5.1	-2.3	0.7	6.6	22.1	-5.0	-1.9	1.2	7.2	22.7
Nifty500 Healthcare		-3.5	3.4	1.6	22.9	17.8	-3.4	3.8	2.1	23.6	18.5

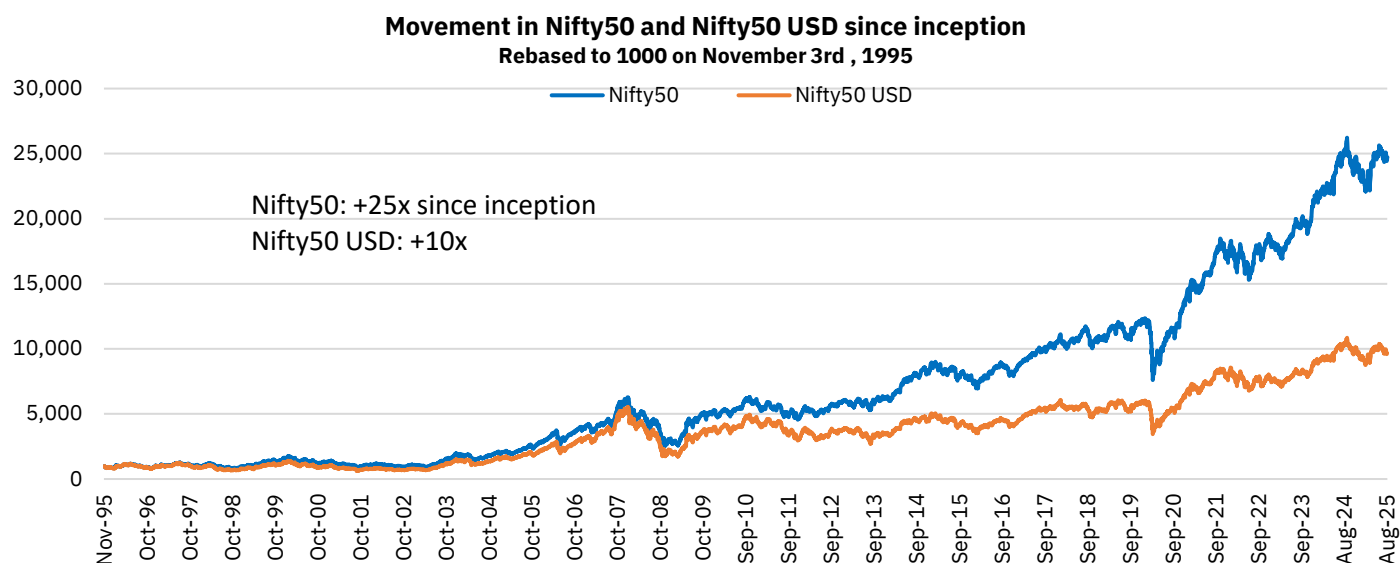
Source: NSE Indices, NSE EPR

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

Table 63: Performance across NSE sector indices based on Price Return Index (As on August 31st, 2025)

Indicator Name	August-25	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Sector indices									
Auto	24,961	23,656	23,326	26,173	5.5	7.0	21.8	-4.6	9.3
Bank	53,656	55,962	55,750	51,351	-4.1	-3.8	11.0	4.5	5.5
Energy	33,639	35,116	35,879	43,757	-4.2	-6.2	12.1	-23.1	-4.4
FMCG	56,142	55,812	55,283	63,060	0.6	1.6	10.8	-11.0	-1.2
IT	35,181	35,302	37,322	42,788	-0.3	-5.7	-5.7	-17.8	-18.8
Infrastructure	8,873	9,066	8,970	9,426	-2.1	-1.1	15.8	-5.9	4.8
Media	1,612	1,626	1,711	2,105	-0.9	-5.8	16.2	-23.4	-11.3
Metals	9,155	9,285	9,193	9,405	-1.4	-0.4	11.4	-2.7	5.8
Pharma	21,804	22,771	21,442	23,218	-4.3	1.7	10.1	-6.1	-6.9
Real Estate	871	912	949	1,053	-4.6	-8.3	9.1	-17.3	-17.3
Thematic Indices									
CNX PSE	9,202	9,683	9,868	11,494	-5.0	-6.7	14.1	-19.9	-3.5
CNX Consumption	12,059	11,739	11,383	12,078	2.7	5.9	18.7	-0.2	6.1
CNX Services	31,771	32,739	32,630	32,057	-3.0	-2.6	8.0	-0.9	1.1

Source: Cogencis, NSE EPR.

Figure 176: Nifty 50 and Nifty 50 USD since inception


Source: Nifty Indices, NSE EPR.

The Nifty 50 Index, launched on April 22, 1996 (with a rebasing on November 3, 1995), completed 29 years in April 2025, having delivered substantial long-term growth. From its rebasing date, the index surged to an all-time high of 26,216 on September 26, 2024—a 26-fold increase—translating into an annualised return of 12%.

After a sharp sell-off between October 2024 and February 2025, the index staged a four-month rebound before giving up part of those gains in the past two months. Market sentiment has recently been weighed down by heightened trade policy uncertainty and the imposition of a 50% tariff by the US on Indian imports. As a result, the Nifty 50 declined by 4.3% over this period, while the Nifty 50 Dollar Index fell more sharply by 6.9%, reflecting rupee depreciation.

Even so, history shows Indian equities have consistently generated robust medium- to long-term returns, outpacing developed and emerging market peers. Over the last 25 years (as of August 31, 2025), the Nifty 50 has delivered annualised returns of 12.1% in rupee terms and 9.2% in dollar terms, outperforming the S&P 500 (+6.0%), MSCI World (+4.4%), and MSCI EM (+4.4%). This underscores the sustained strength of Indian equities in a global context.

Figure 177: Annualised return of major indices across different time periods (As of August 31st, 2025)

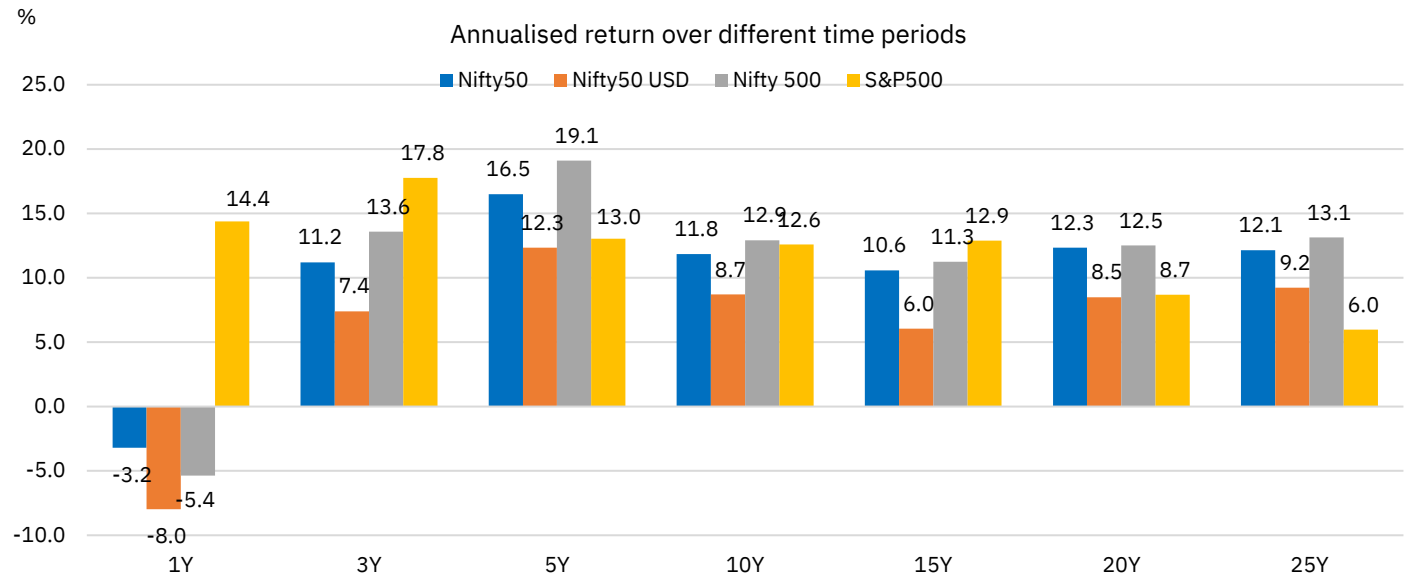
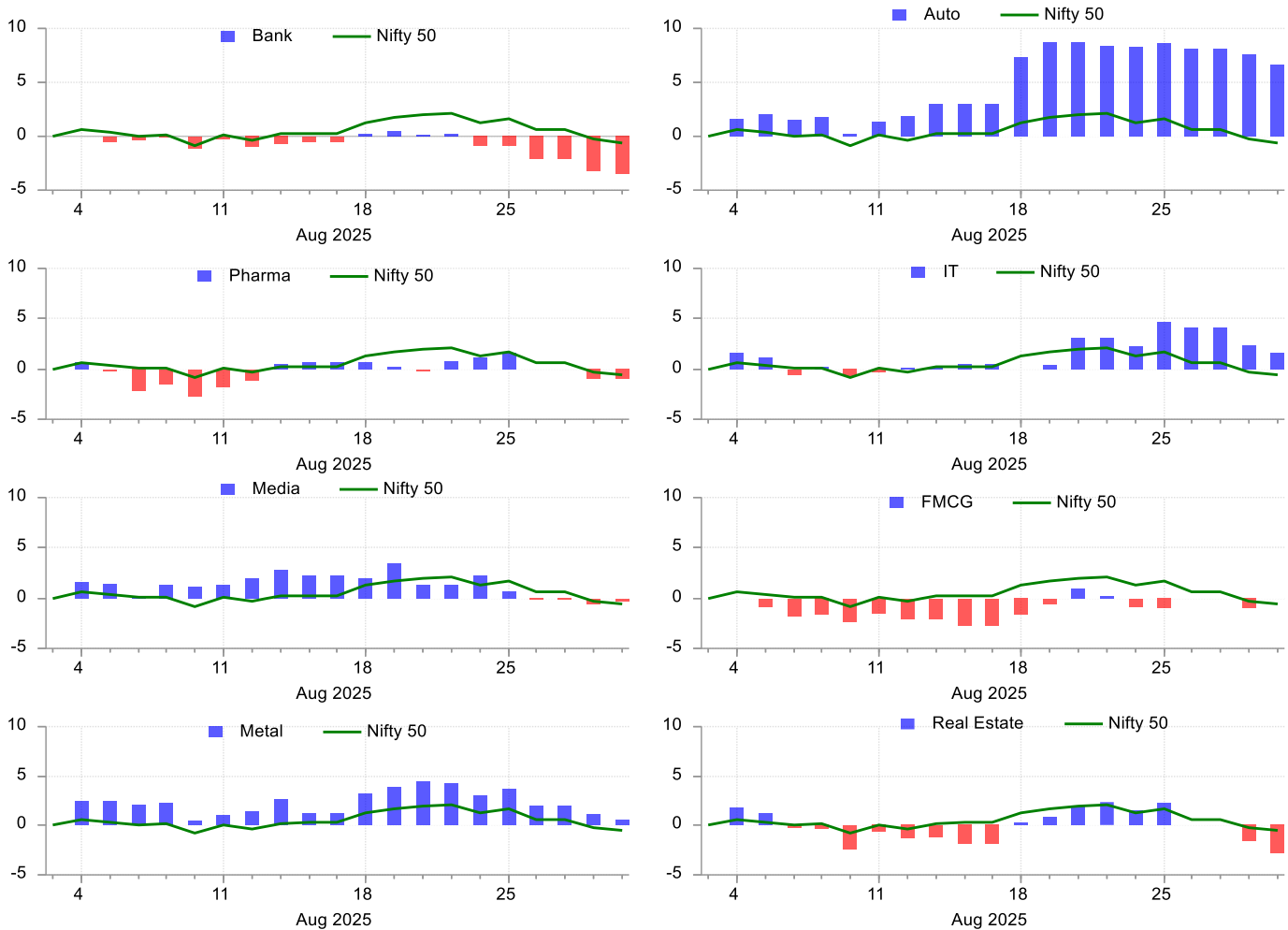


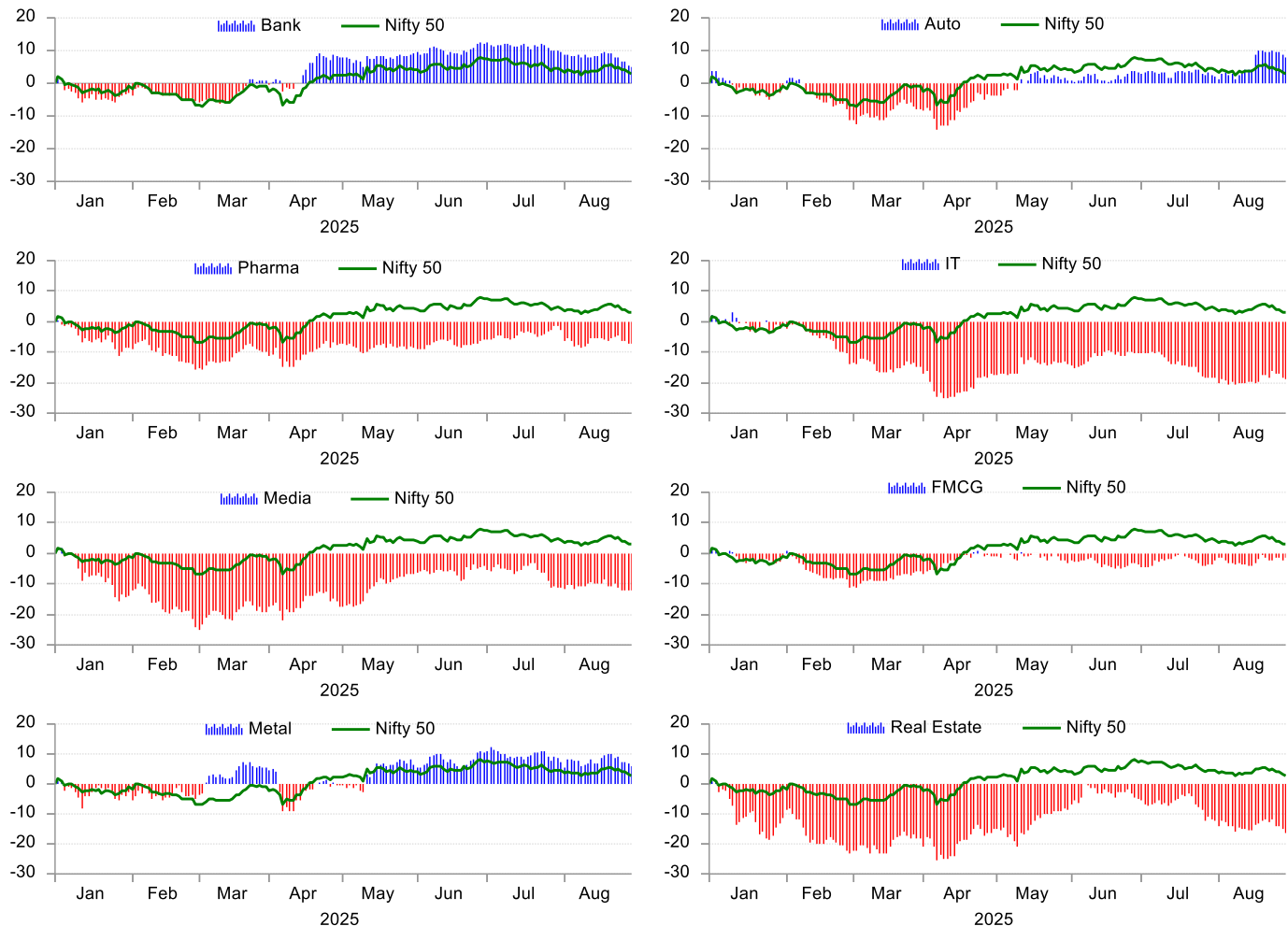
Figure 178: NIFTY sector performance in August 2025

Rebased to 0 on August 1st, 2025


Source: LSEG Workspace, NSE EPR.

Figure 179: NIFTY sector performance in 2025 till date (Jan-Aug'25)

Rebased to 0 on January 1st, 2025



Source: LSEG Workspace, NSE EPR.

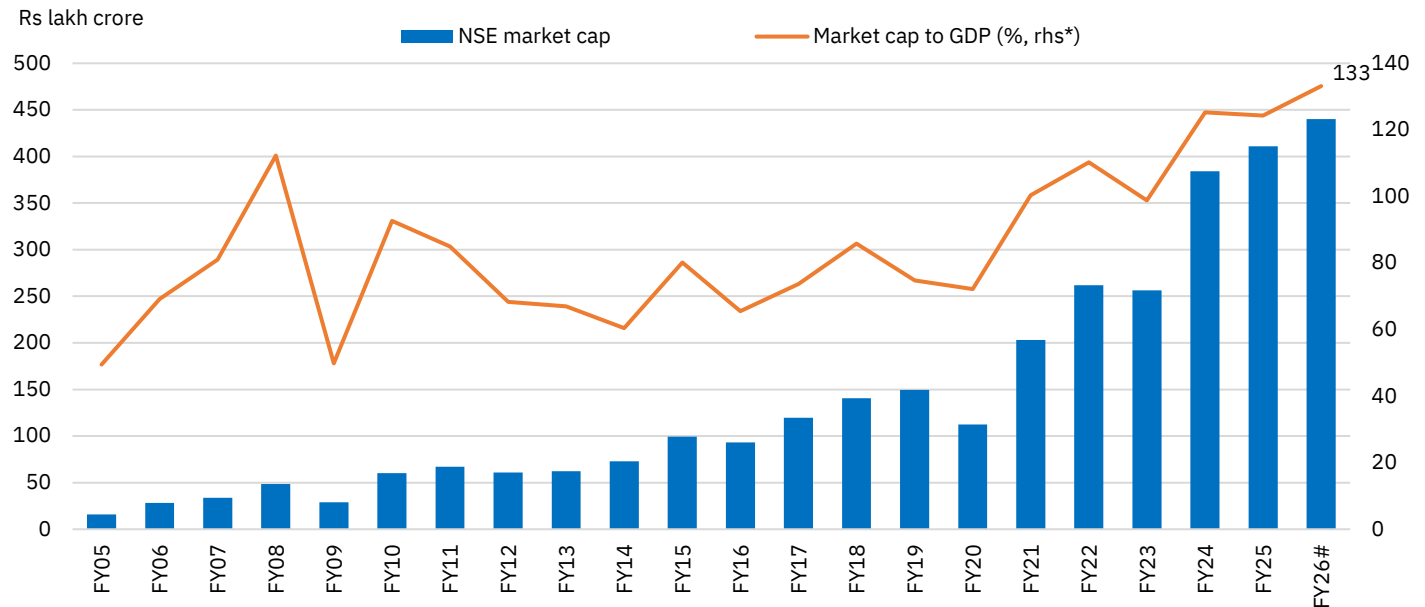
Market growth and concentration

Market capitalisation of NSE listed companies declined for the second consecutive month in August: Following a sharp correction of 19.5% in rupee terms (23% in USD) between September 27th, 2024—when markets touched an all-time high—and February 28th, 2025, when market capitalisation bottomed at Rs 382 lakh crore (US\$4.36 tn), NSE-listed companies staged a strong recovery over the next four months. By June 30th, 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 rebound, however, proved short-lived. Over the past two months, markets corrected again amid escalating US tariff uncertainty, sustained FPI outflows, and weaker corporate earnings. In August 2025, NSE's market capitalisation fell 1.5% MoM, following a 2.7% decline in July, to Rs 440 lakh crore. In dollar terms, the drop was steeper at 2.2% in August and 4.7% in July, reflecting an additional 2.9% rupee depreciation during the two-month period.

Despite recent volatility, NSE's aggregate market capitalisation has expanded at a healthy CAGR of 16.8% in rupee terms and 12.9% in dollar terms over the past 20 years (as of August 31, 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 133% in August.

Figure 180: Market cap to GDP ratio trend (NSE listed companies)



Source: CMIE Economic Outlook, NSE EPR. # As of August 31st, 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 Nifty50 Index in total market capitalization recovered marginally in August

2025: After three consecutive months of decline, the share of the Nifty 50 in the total market capitalisation of NSE-listed companies inched up marginally to 43.9% in August 2025, as risk-off sentiment led to a sharper sell-off in mid- and small-cap stocks. In August, the Nifty 50 fell by 1.4%, while the Nifty Midcap 50 and Nifty Smallcap 50 declined by 3.1% and 4.7%, 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 2,819 by August 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 27.7% and 25.1%, respectively, far outpacing the 16.5% 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.

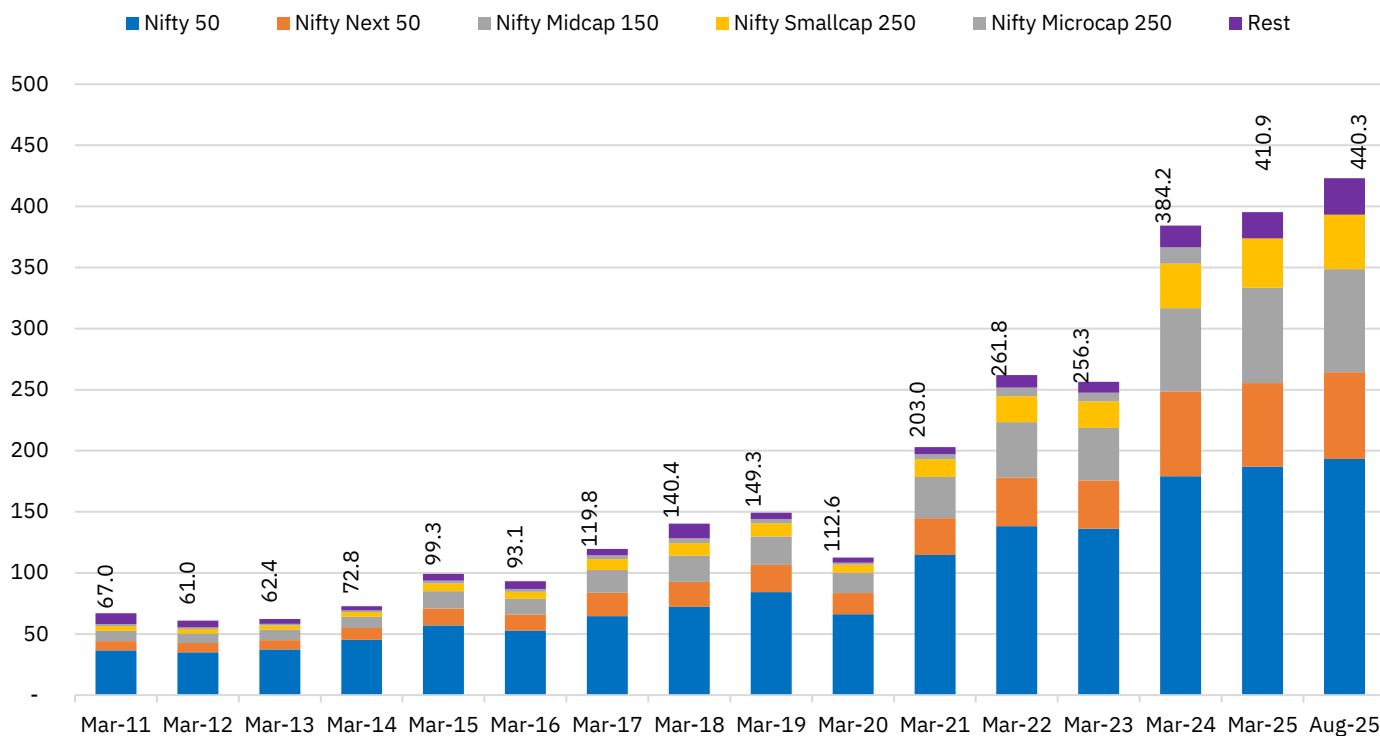
Table 64: Index-wise distribution of total market cap of NSE listed companies (Rs lakh crore)

Year	Nifty 50	Nifty Next 50	Nifty Midcap 150	Nifty Smallcap 250	Nifty Microcap 250	Rest	Total
Mar-11	36.7	7.6	8.4	3.9	1.5	9.0	67.0
Mar-12	35.2	7.4	8.0	3.7	1.3	5.4	61.0
Mar-13	37.5	7.5	8.6	3.5	1.2	4.2	62.4
Mar-14	45.3	9.6	9.3	4.0	1.3	3.3	72.8
Mar-15	56.9	14.0	14.1	6.3	2.3	5.6	99.3
Mar-16	52.8	13.2	12.7	5.8	2.4	6.2	93.1
Mar-17	64.6	19.1	18.5	9.0	3.1	5.4	119.8
Mar-18	72.3	20.3	21.5	10.2	4.0	12.1	140.4
Mar-19	84.3	22.2	23.3	10.8	3.3	5.4	149.3
Mar-20	66.2	17.4	16.7	6.4	1.7	4.1	112.4
Mar-21	114.6	30.2	34.0	14.3	4.1	5.8	203.0
Mar-22	138.3	39.9	45.3	21.0	7.1	10.2	261.8
Mar-23	136.2	39.4	43.1	21.6	7.3	8.7	256.3
Mar-24	179.1	69.1	68.4	36.6	13.2	17.8	384.2
Mar-25	186.9	68.5	77.9	40.4	15.5	21.7	410.9
Aug-25	193.3	71.1	84.2	44.6	17.2	29.9	440.3
Aug growth (% MoM)	-0.7	-2.1	-2.8	-3.5	-3.7	2.9	-1.5
CAGR (FY15-FY25)	12.6	17.2	18.6	20.4	20.8	14.5	15.3

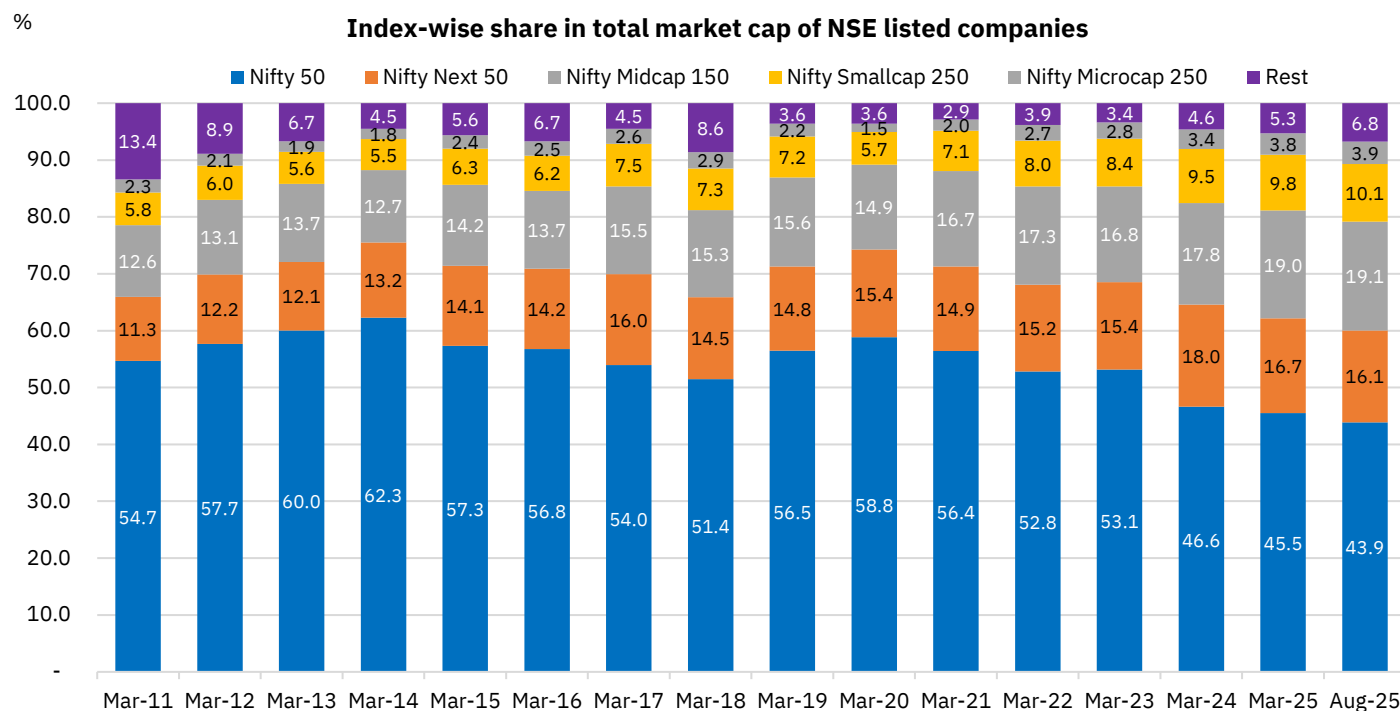
Source: Nifty Indices, NSE EPR. * As of August 31st, 2025.

Figure 181: Index-wise distribution of total market cap of NSE listed companies (Rs lakh crore)

Rs lakh crore

Index-wise market cap distribution of NSE listed companies


Source: Nifty Indices, NSE EPR.

Figure 182: Index-wise share in total market cap of NSE listed companies


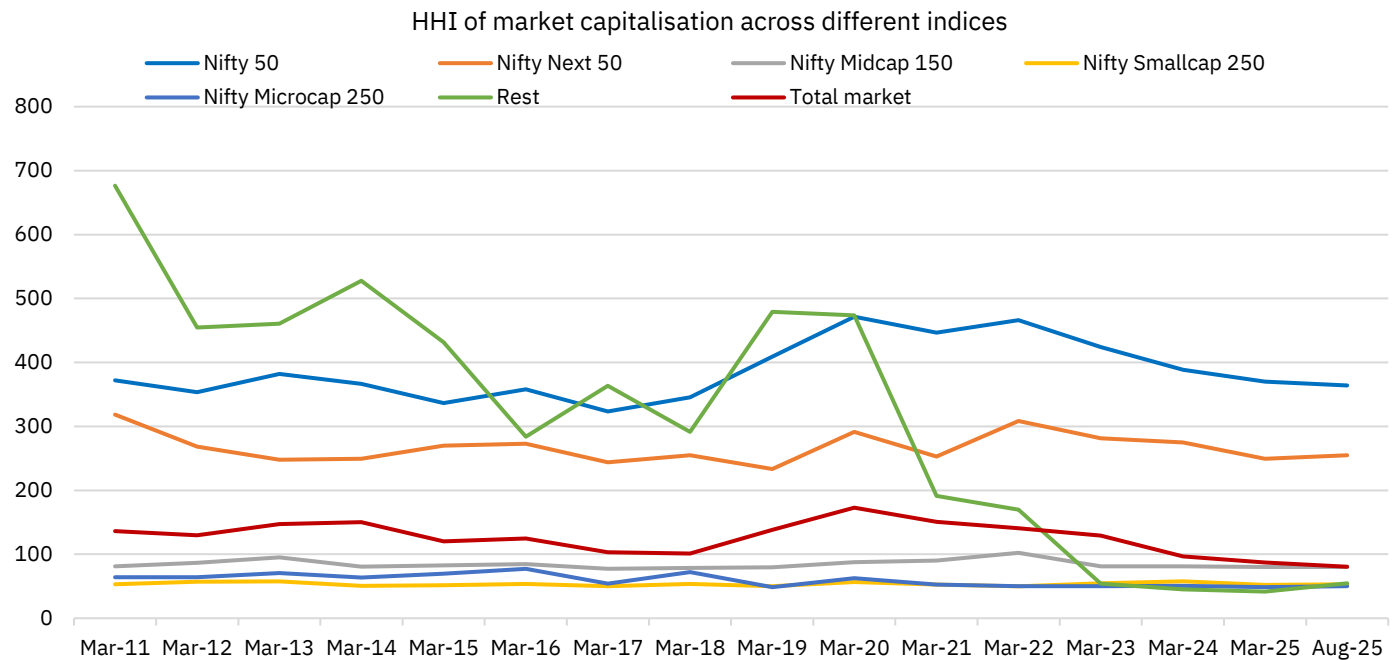
Source: Nifty Indices, NSE EPR.

Market HHI remained stable in August: To assess market concentration, we examine 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 disproportionately lifted the relative weight of large-cap stocks. Since then, the index has moved lower, reflecting a broadening of market participation. As of August 2025, the HHI for all NSE-listed companies held steady month-on-month at an eight-month low of 81, even as segment-level indices showed modest variation.

Within the top 750 stocks, the Nifty 50 continues to display the highest degree of concentration, with an HHI of 364 as of July 31, 2025—an 11-month low and well below its peak of 476 in March 2009. By comparison, the HHIs for the Nifty Next 50, Nifty Midcap 150, and Nifty Smallcap 250 stood stable at 255, 80, and 53, respectively. The Nifty Microcap 250 and the remainder of the listed universe inched up marginally to 50 and 55, though both remain within the narrow range seen over recent quarters.

Taken together, these readings underscore a structurally more fragmented equity market—one 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 183: 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 analyse the distribution of total market capitalisation across deciles within the NSE-listed universe. The share of the top decile peaked at an all-time high of 86.8% in FY20, as pandemic-induced risk aversion concentrated investor flows into large-cap stocks. By March 2020, the top two deciles together accounted for over 95% of total market capitalisation, highlighting the extent of concentration during the crisis.

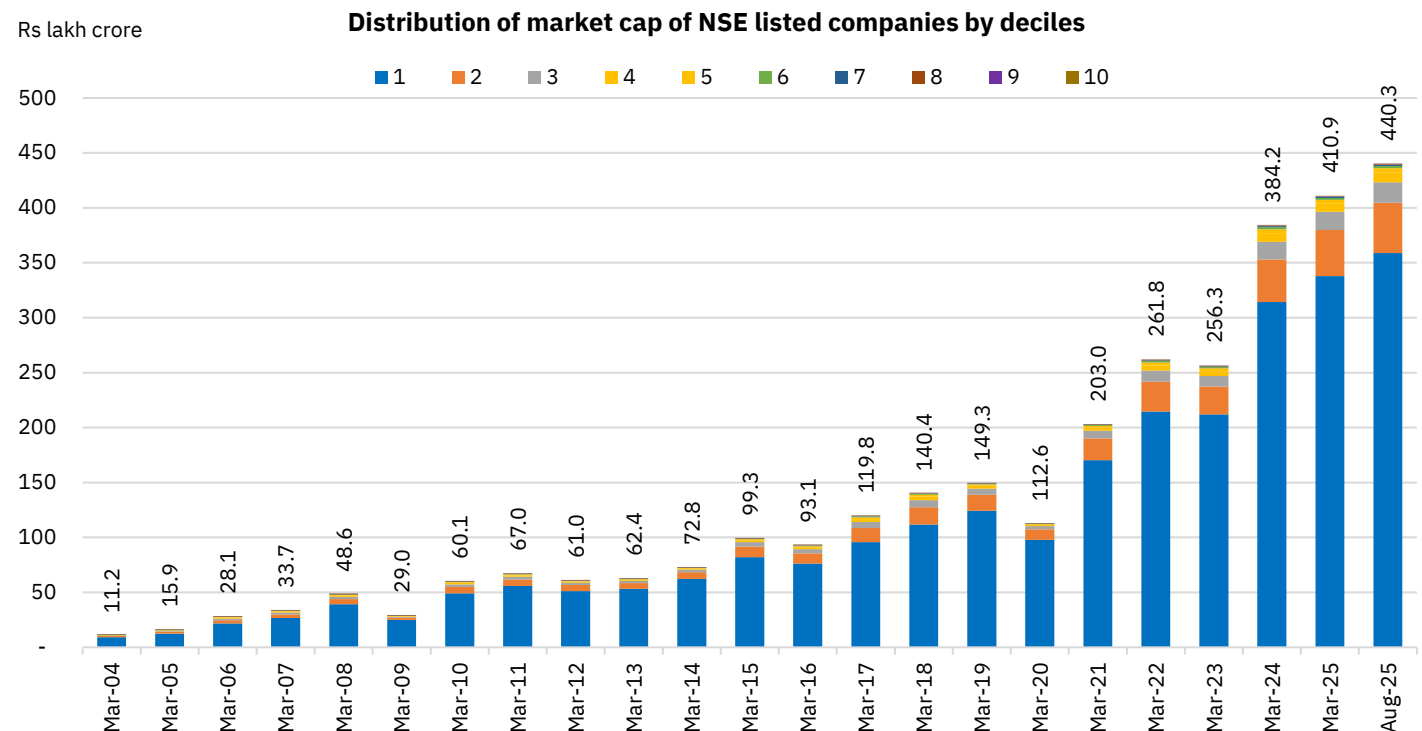
Since then, the dominance of the top decile has gradually declined, broadly in line with the fall in the market-cap-based HHI. Its share fell to 81.8% by March 2024 and further to 80.1% by December 2024—the lowest level since March 2018—before rebounding to 82.5% in April 2025 amid a temporary rotation back to large-caps on the back of heightened trade policy and geopolitical risks. This reversal, however, proved short-lived: the top decile’s share eased again over the following three months before inching up by a modest 30bps month-on-month to 81.5% in August 2025.

At the other end of the spectrum, the bottom five deciles’ share remained stable month-on-month at a six-month high of 0.96% in August 2025. Although still below the recent peak of 1.1% in December 2024, this level is nearly double the pandemic low of 0.47% seen in FY20—underscoring the gradual broadening of market participation beyond the largest firms.

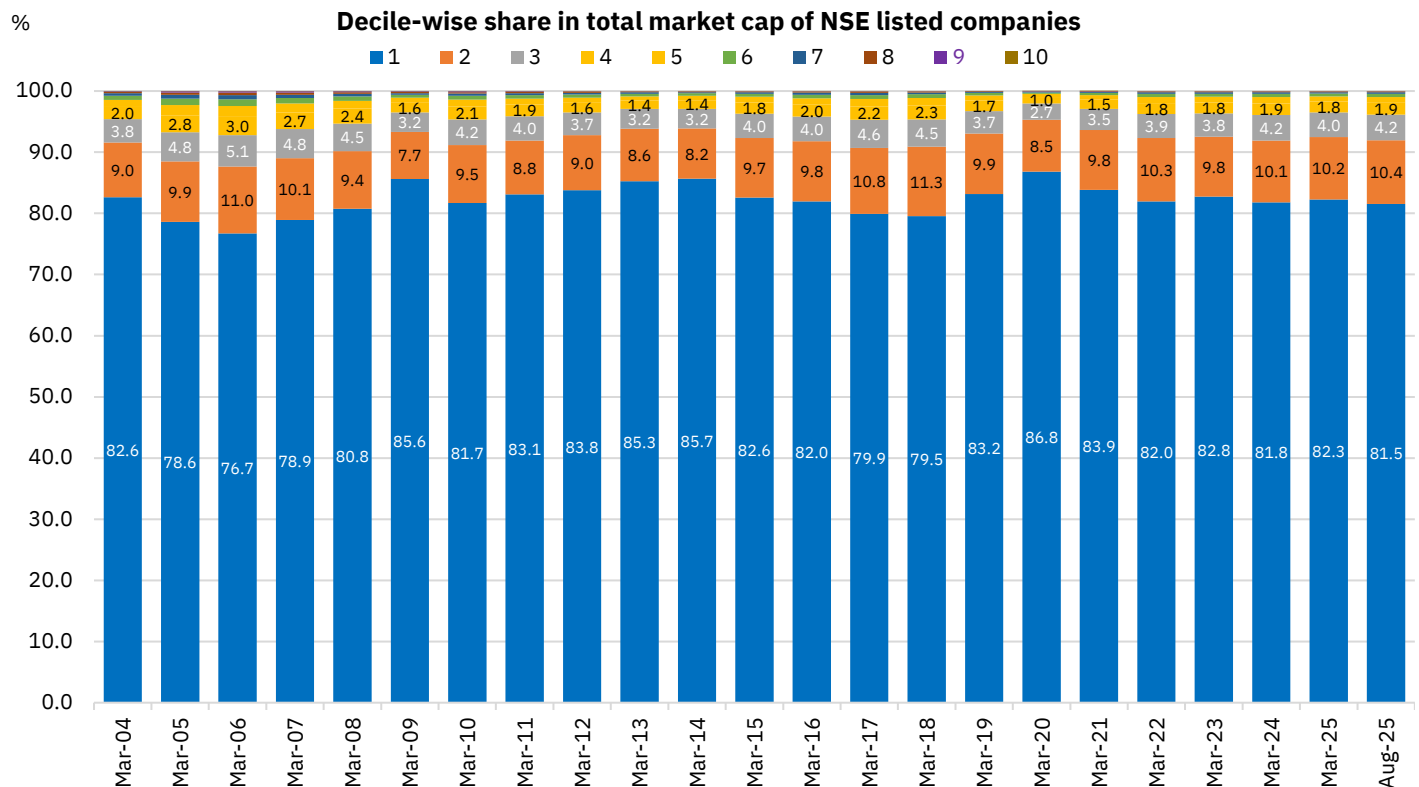
Table 65: Decile-wise distribution of total market cap of NSE listed companies (Rs lakh crore)

Year	D1	D2	D3	D4	D5	D6	D7	D8	D9	D10	Total
Mar-04	9.3	1.0	0.4	0.2	0.1	0.1	0.0	0.0	0.0	0.0	11.2
Mar-05	12.5	1.6	0.8	0.4	0.3	0.2	0.1	0.1	0.0	0.0	15.9
Mar-06	21.6	3.1	1.4	0.8	0.5	0.3	0.2	0.1	0.1	0.0	28.1
Mar-07	26.6	3.4	1.6	0.9	0.5	0.3	0.2	0.1	0.1	0.0	33.7
Mar-08	39.2	4.6	2.2	1.2	0.6	0.3	0.2	0.1	0.1	0.0	48.6
Mar-09	24.8	2.2	0.9	0.5	0.2	0.1	0.1	0.1	0.0	0.0	29.0
Mar-10	49.1	5.7	2.5	1.3	0.7	0.4	0.2	0.1	0.1	0.0	60.1
Mar-11	55.7	5.9	2.7	1.3	0.7	0.4	0.2	0.1	0.1	0.0	67.0
Mar-12	51.1	5.5	2.3	1.0	0.5	0.3	0.2	0.1	0.0	0.0	61.0
Mar-13	53.2	5.3	2.0	0.9	0.4	0.3	0.1	0.1	0.0	0.0	62.4
Mar-14	62.3	6.0	2.3	1.0	0.5	0.3	0.1	0.1	0.0	0.0	72.8
Mar-15	82.0	9.7	4.0	1.8	0.9	0.5	0.2	0.1	0.1	0.0	99.3
Mar-16	76.3	9.2	3.7	1.8	1.0	0.5	0.3	0.2	0.1	0.0	93.1
Mar-17	95.7	12.9	5.5	2.7	1.4	0.8	0.4	0.2	0.1	0.0	119.8
Mar-18	111.7	15.9	6.3	3.2	1.7	0.9	0.4	0.2	0.1	0.0	140.4
Mar-19	124.2	14.8	5.5	2.6	1.2	0.6	0.3	0.1	0.1	0.0	149.3
Mar-20	97.6	9.6	3.0	1.2	0.6	0.3	0.1	0.1	0.0	0.0	112.4
Mar-21	170.2	19.8	7.0	3.0	1.5	0.7	0.3	0.2	0.1	0.0	203.0
Mar-22	214.6	27.1	10.3	4.7	2.5	1.4	0.7	0.3	0.2	0.0	261.8
Mar-23	212.2	25.1	9.7	4.5	2.4	1.2	0.6	0.3	0.2	0.0	256.3
Mar-24	314.4	38.8	16.1	7.3	3.9	2.0	1.0	0.5	0.3	0.1	384.2
Mar-25	338.0	42.0	16.5	7.3	3.5	1.8	0.9	0.5	0.2	0.1	410.9
Aug-25	358.9	45.9	18.6	8.5	4.2	2.2	1.1	0.6	0.3	0.1	440.3
% MoM	-1.2	-2.4	-3.8	-4.1	-4.6	-2.0	-3.0	-0.4	-0.2	-1.5	-1.5
20Y CAGR (FY05-25, %)	17.9	17.9	16.7	15.1	13.9	12.6	11.9	11.0	10.9	11.0	17.7

Source: NSE EPR.

Figure 184: Decile-wise distribution of total market cap of NSE listed companies


Source: NSE EPR.

Figure 185: Decile-wise share of total market cap of NSE listed companies


Source: NSE EPR.

Nifty50 performance attribution analysis

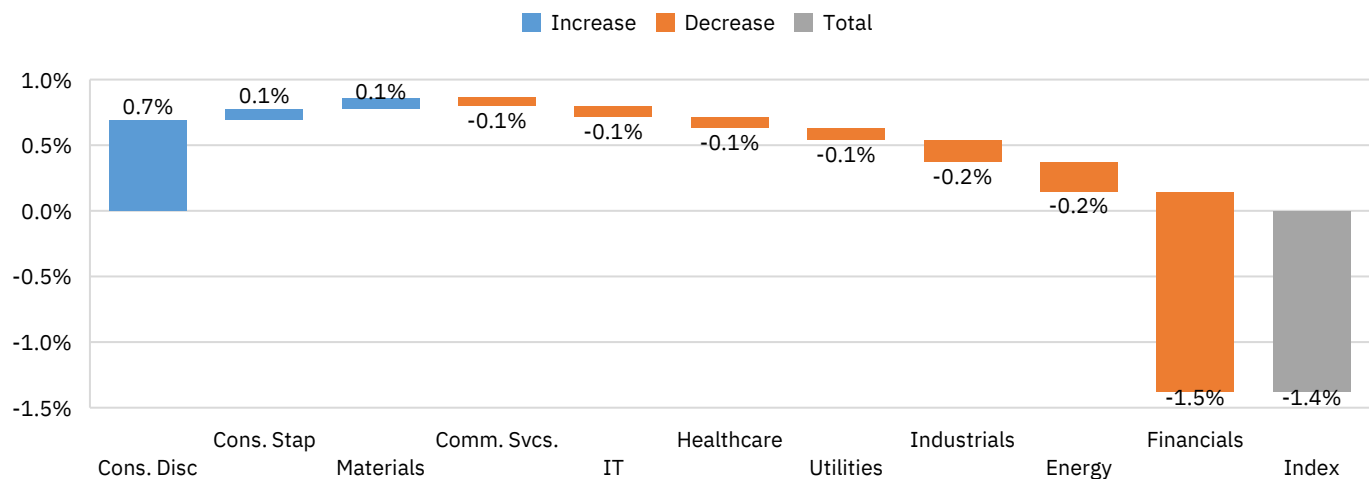
Equity markets sold off further in August: The Indian equity market extended its sell-off for another month, pressured by the imposition of aggressive tariffs by the US and the consequent selling by FPIs. However, resilience in the domestic economy—evident in Q1 GDP growth that significantly outpaced expectations, robust PMI readings, and a benign inflation trajectory—helped limit the downside. After three months of steady inflows, FPIs turned net sellers of Indian equities in July, with the selling pressure intensifying in August. Net outflows amounted to US\$6 bn over the two-month period, more than offsetting the inflows recorded in the preceding three months. August alone saw net outflows of US\$4 bn—the highest in the last seven months. DIIs, by contrast, continued to provide a counterbalance to FPI selling. August marked the 25th consecutive month of net DII inflows, with purchases of Rs 94,829 crore (US\$10.8 bn)—the highest in the last ten months. In the first five months of FY26, DIIs have invested a net Rs 3.24 lakh crore (US\$37.6 bn), already accounting for 53% of the total net investment made during the entirety of the previous fiscal year.

The benchmark Nifty 50 Index ended August 1.4% lower but regained nearly all of those losses in the first five trading sessions of September (YTD: +4.6%; as of September 5, 2025). Investor sentiment received a timely lift from the GST reforms announced earlier this month, particularly the rationalisation of tax slabs, which is expected to boost domestic consumption. The August sell-off was sharper in the broader market, with the Nifty Midcap 150 and Nifty Smallcap 250 declining by 2.9% and 3.7%, respectively. Sectoral performance was broadly weak: all sectors, except Automobiles and Consumer Staples, closed in the red. Losses were led by Financials, Energy, and Industrials, which

together accounted for almost the entire decline in the Nifty 50 during the month. On a 12-month basis, the Nifty 50 is down 3.2%. Gains in Financials, Consumer Discretionary, and Communication Services have been more than offset by steep losses in Information Technology, Energy, and Consumer Staples, reflecting the uneven sectoral dynamics that have characterised the market over the past year.

Figure 186: Sector-wise contribution to Nifty 50 price return in August 2025

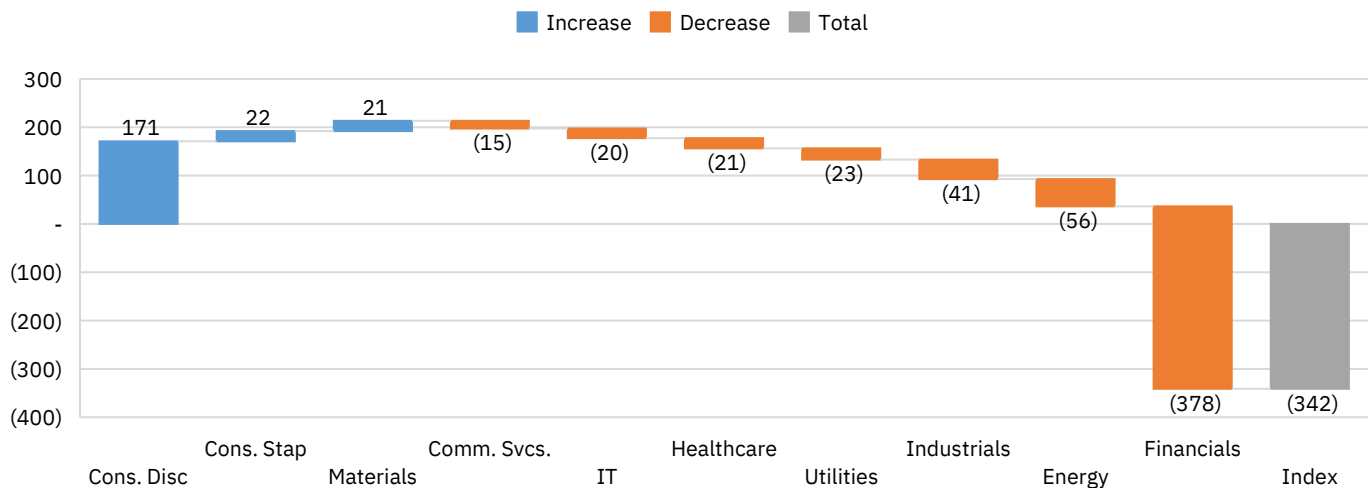
Contribution to Nifty50 Index percentage change (August 2025)



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

Figure 187: Sector-wise contribution to absolute Nifty 50 Index change (points) in August 2025

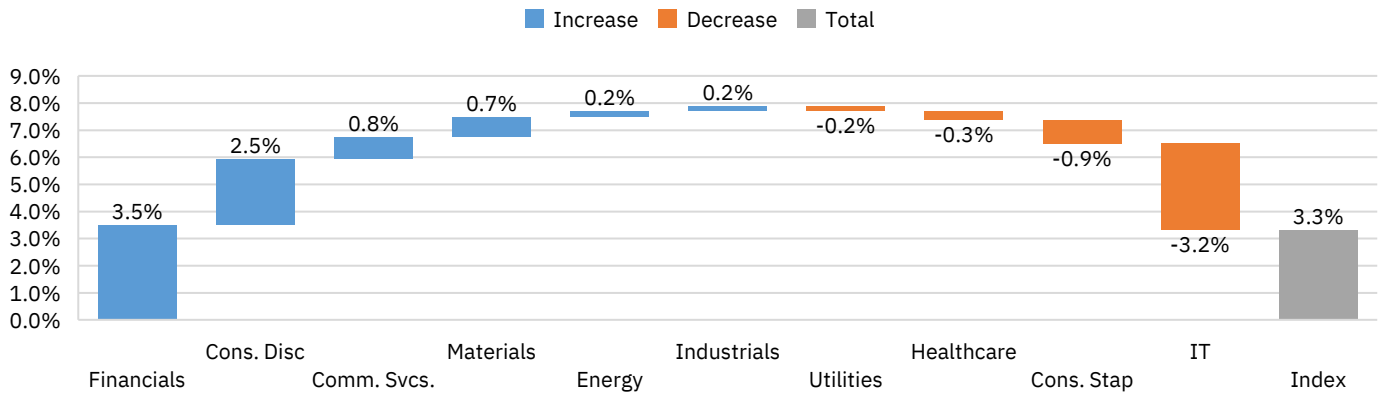
Contribution to absolute Nifty50 Index change (August 2025)



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

Figure 188: Sector-wise contribution to Nifty 50 price return in 2025 till date (Jan-Aug'25)

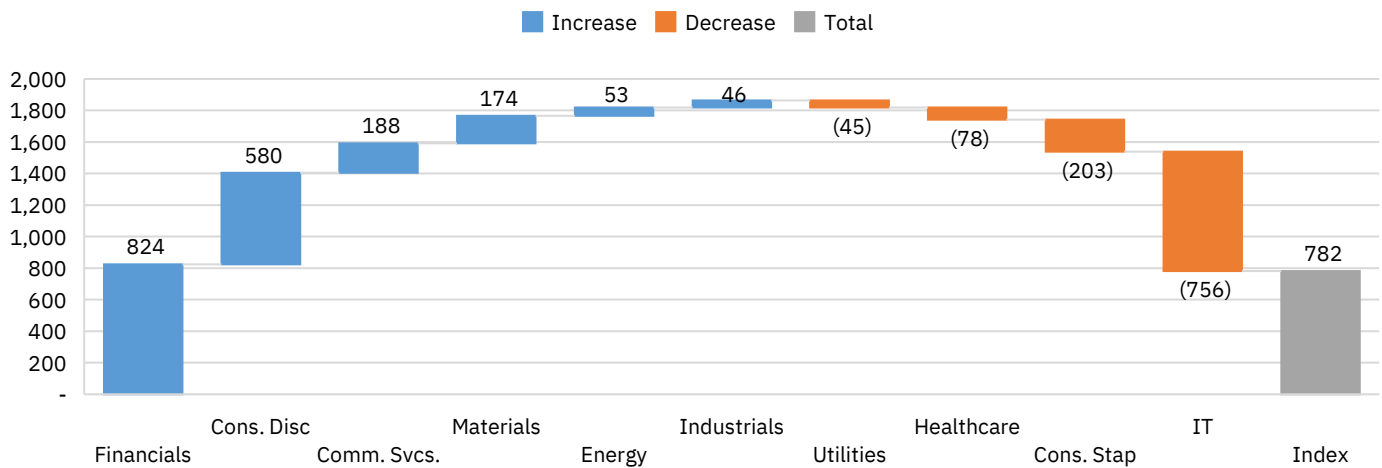
Contribution to Nifty50 Index percentage change (YTD)



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

Figure 189: Sector-wise contribution to Nifty 50 Index change (points) in 2025 thus far (Jan-Aug'25)

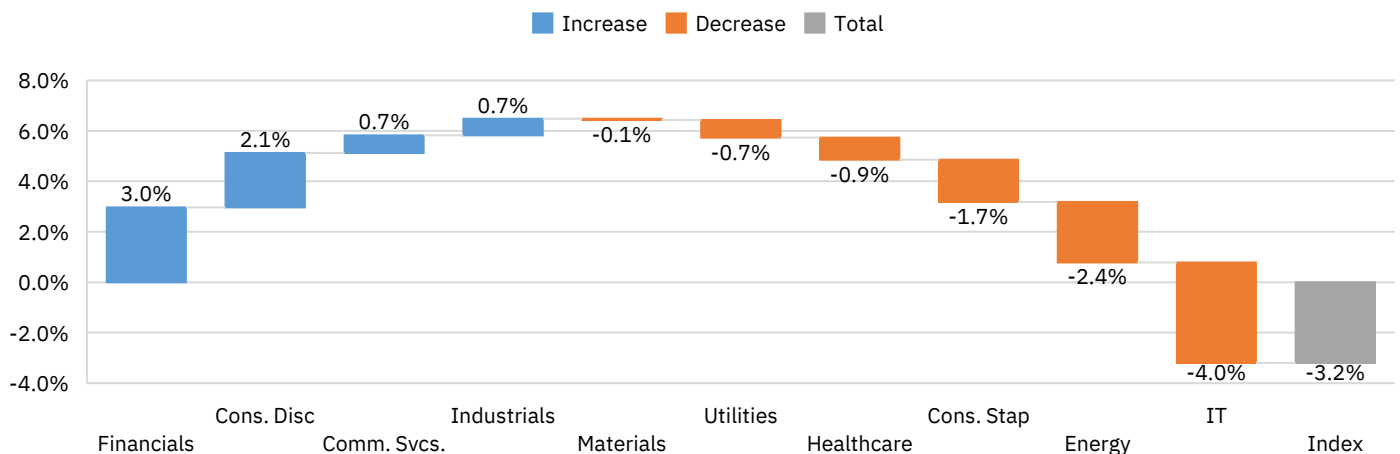
Contribution to absolute Nifty50 Index change (YTD)



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

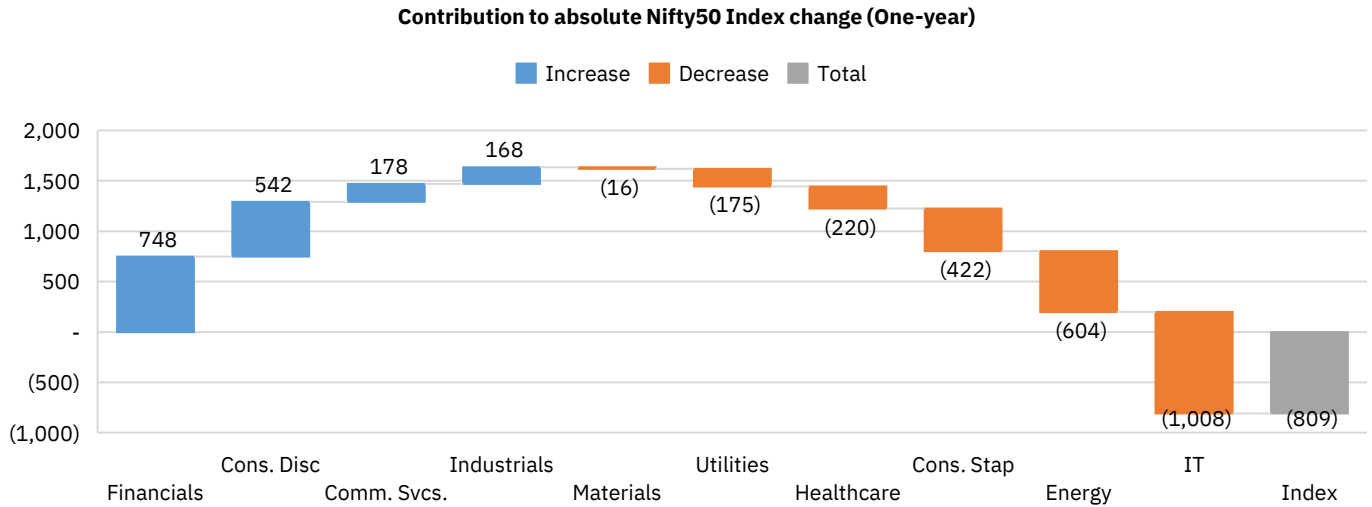
Figure 190: Sector-wise contribution to Nifty 50 price return in last one year (Sep'24-Aug'25)

Contribution to Nifty50 Index percentage change (One-year)



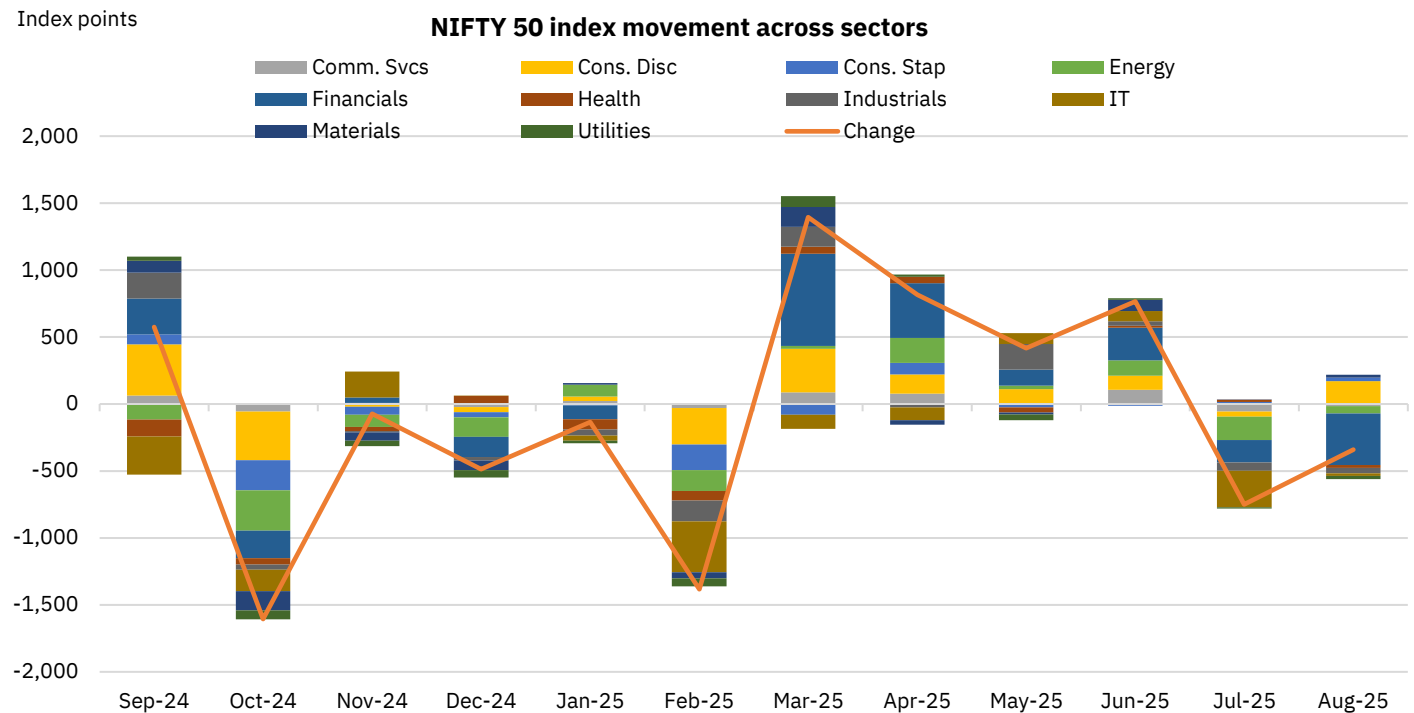
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 191: Sector-wise contribution to Nifty 50 Index change (points) in last one year (Sep'24-Aug'25)



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

Figure 192: Nifty 50 Index monthly movement across sectors over the last 12 months



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

Figure 193: Nifty 50 Index monthly return across sectors over the last 12 months

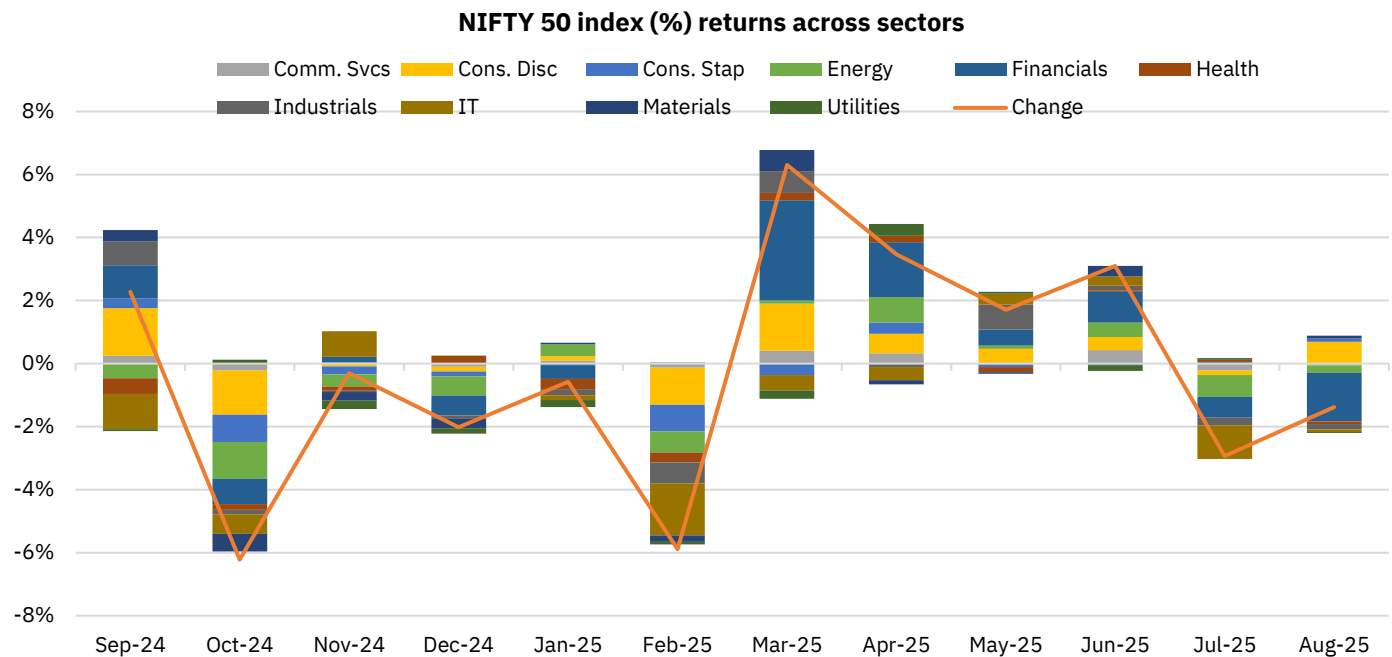
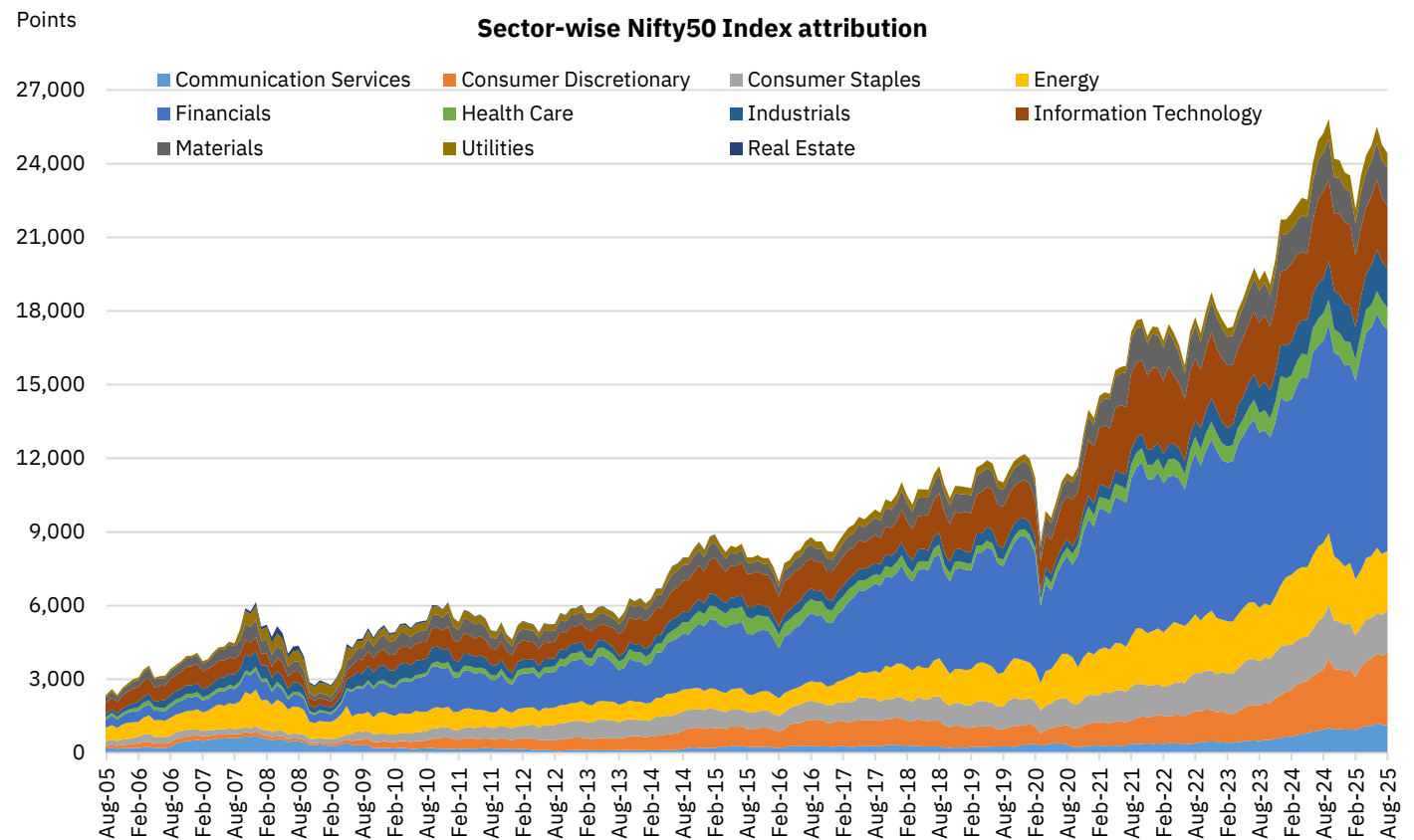
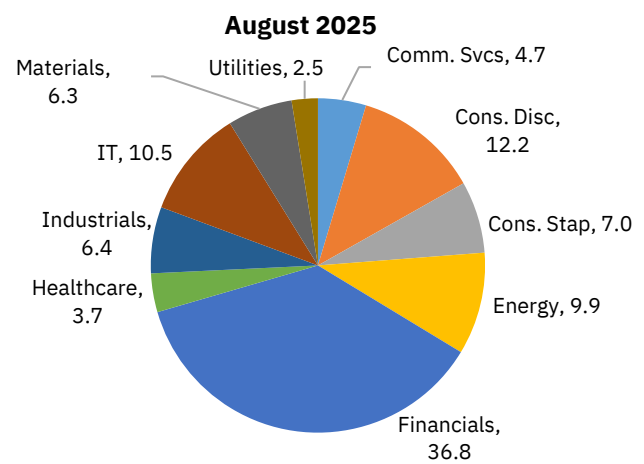
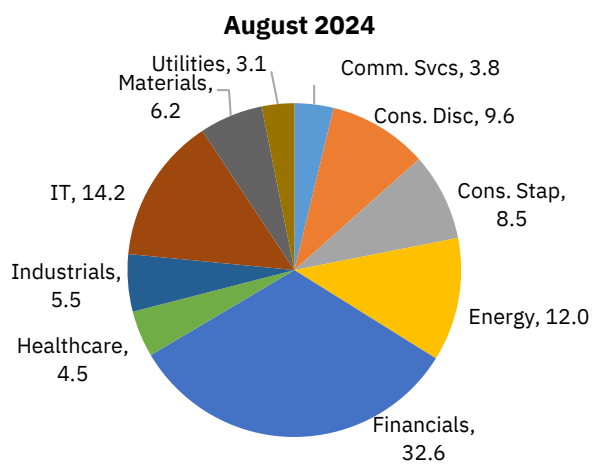


Figure 194: Sector-wise Nifty50 Index attribution (2004-)

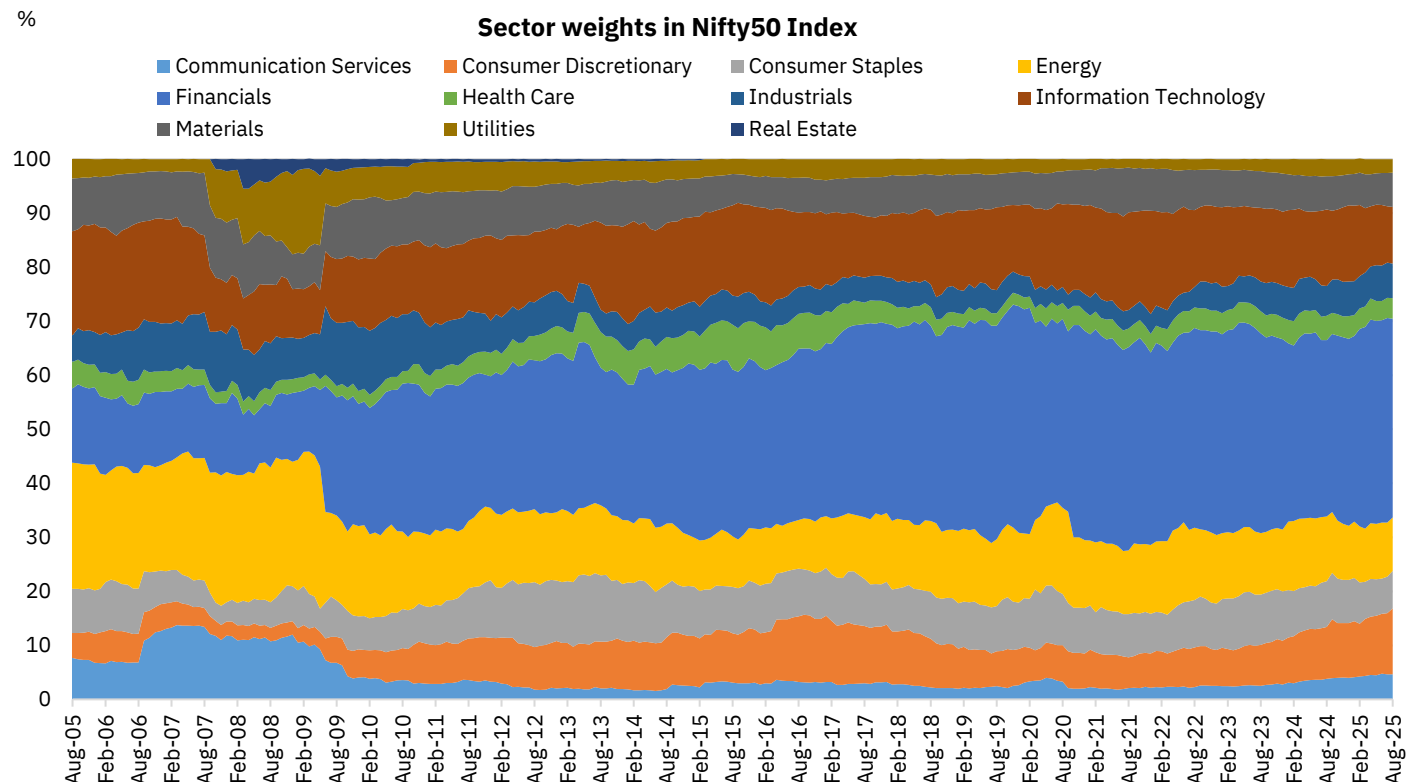


The continued outperformance of Consumer Discretionary over recent months has pushed its weight in the Nifty 50 Index higher for the sixth month in a row, up by 2.4pp since end-February. Financials have also enjoyed a strong run in the first five months of

2025, though the latest month saw some profit-taking. Even so, the sector's weight has risen by 246bps over the past six months to 36.8% as of August 2025, down slightly from a 26-month high of 37.9% in July. This shift has come at the expense of IT and Consumer Staples, which have seen notable declines. IT's weight has dropped by 3.5pp so far in 2025, to a near 12-year low of 10.5%, while Consumer Staples have lost 105bps this year, falling to 6.95%. Looking over a 12-month horizon, the sectoral rotation is even more apparent. The weights of Financials, Consumer Discretionary, Industrials, and Communication Services have risen by 422bps, 254bps, 87bps, and 85bps, respectively. In contrast, all other GICS sectors have ceded ground, underscoring the increasing dominance of a narrower set of outperforming sectors within the index.

Figure 195: Nifty 50 sector weightage (August 2024)
Figure 196: Nifty 50 sector weightage (August 2025)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Figure 197: Sector weights in the Nifty 50 Index (2005-)


Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 66: Top five Nifty 50 Index gainers in August 2025

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Maruti Suzuki India Ltd.	MARUTI	12.9	0.3	63
Hindustan Unilever Ltd.	HINDUNILVR	4.4	0.1	27
Titan Company Ltd.	TITAN	7.6	0.1	26
Hero Motocorp Ltd.	HEROMOTOCO	11.7	0.1	24
Eicher Motors Ltd.	EICHERMOT	19.0	0.1	19
Total			0.6	159
Nifty 50 Index	NIFTY 50	-1.4	-1.4	-342

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 67: Top five Nifty 50 Index gainers in 2025 till date (Jan'25-Aug'25)

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Eternal Ltd.	ETERNAL	12.9	2.0	482
Jio Financial Services Ltd.	JIOFIN	4.4	1.0	225
H D F C Bank Ltd.	HDFCBANK	7.6	0.8	200
Reliance Industries Ltd.	RELIANCE	11.7	0.8	192
Bharti Airtel Ltd.	BHARTIARTL	19.0	0.8	188
Total			5.4	1,286
Nifty 50 Index	NIFTY 50	3.3	3.3	782

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 68: Top five Nifty 50 Index losers in August 2025

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
H D F C Bank Ltd.	HDFCBANK	-21.8	-0.8	-193
I C I C I Bank Ltd.	ICICIBANK	-23.5	-0.5	-131
Reliance Industries Ltd.	RELIANCE	-10.4	-0.2	-49
Infosys Ltd.	INFY	-23.9	-0.1	-31
Sun Pharmaceutical Inds. Ltd.	SUNPHARMA	-25.6	-0.1	-27
Total			-1.7	-432
Nifty 50 Index	NIFTY 50	-1.4	-1.4	-342

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 69: Top five Nifty 50 Index losers in 2025 till date (Jan'25-Aug'25)

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Infosys Ltd.	INFY	-21.8	-1.4	-340
Tata Consultancy Services Ltd.	TCS	-23.5	-1.0	-237
I T C Ltd.	ITC	-10.4	-0.7	-160
H C L Technologies Ltd.	HCLTECH	-23.9	-0.5	-112
Trent Ltd.	TRENT	-25.6	-0.4	-92
Total			-4.0	-941
Nifty 50 Index	NIFTY 50	3.3	3.3	782

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Earnings and valuation analysis

Consensus earnings estimates cut further amid heightened trade uncertainty:

Considering tariff-induced threat to corporate profitability, consensus earnings forecasts for both the current and next fiscal year have been revised further downwards. According to LSEG Workspace, Nifty 50 earnings estimates for 2025 and 2026 were cut by 1.0% and 0.8% in August, taking year-to-date downgrades to 8.6% and 6.7%, respectively. As of August 31st, 2025, projected earnings growth stands at 9.9% for 2025 and 14.9% for 2026, implying a two-year (2024–26) CAGR of 12.4%—slightly below 12.6% a month earlier and 14.2% as of March 31st, 2025. Nevertheless, this still exceeds the expected nominal GDP growth for the current year.

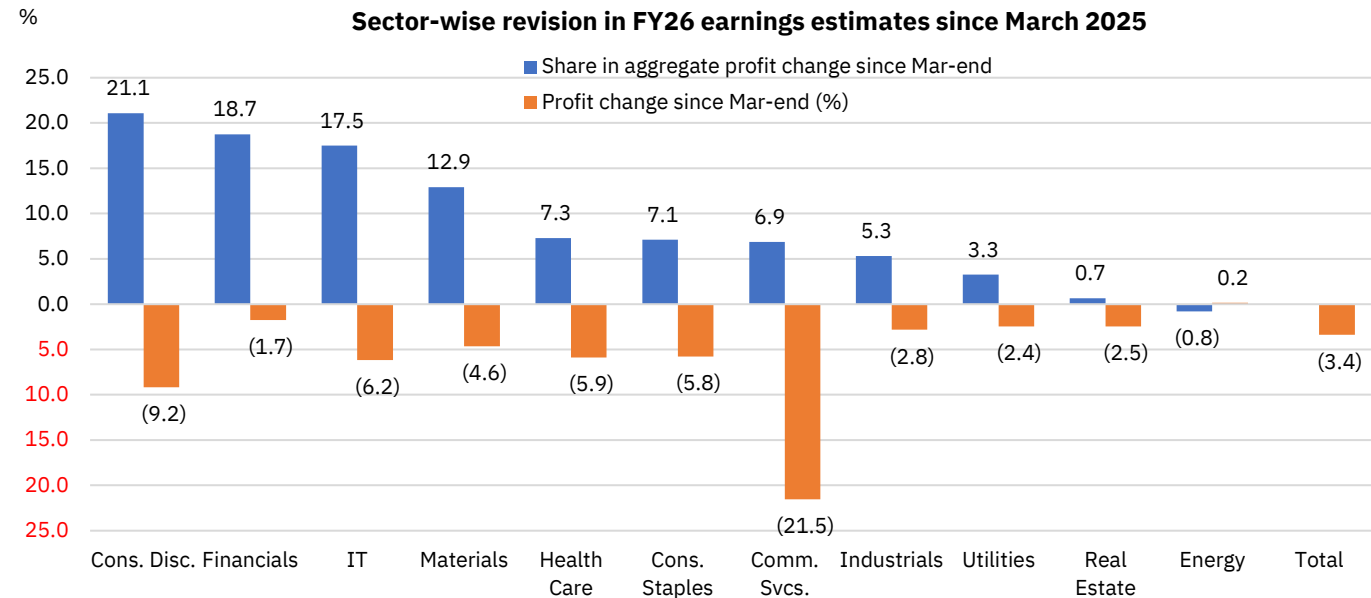
A broader analysis of the top 200 companies by market capitalisation tells a similar story. Consensus estimates for this universe have been reduced by 0.5% for FY26 and 0.9% for FY27 since end-June, translating into cumulative downgrades of 6.2% and 5.2% so far in 2025 (as of September 5th, 2025).

Earnings downgrades for FY26 since December have been broad-based across sectors, led by Financial Services, Consumer Discretionary, IT, and commodity-linked sectors such as Materials and Energy. Commodity sectors were pressured by escalating geopolitical and trade risks, which dampened global demand. Financials felt the impact of slowing credit offtake, while IT faced weaker global demand for services amid a subdued growth outlook. Meanwhile, cuts to consumption-oriented sectors such as Consumer Discretionary reflected the drag from softening urban demand.

Table 70: Earnings growth and forward-looking multiples for Nifty 50 Index

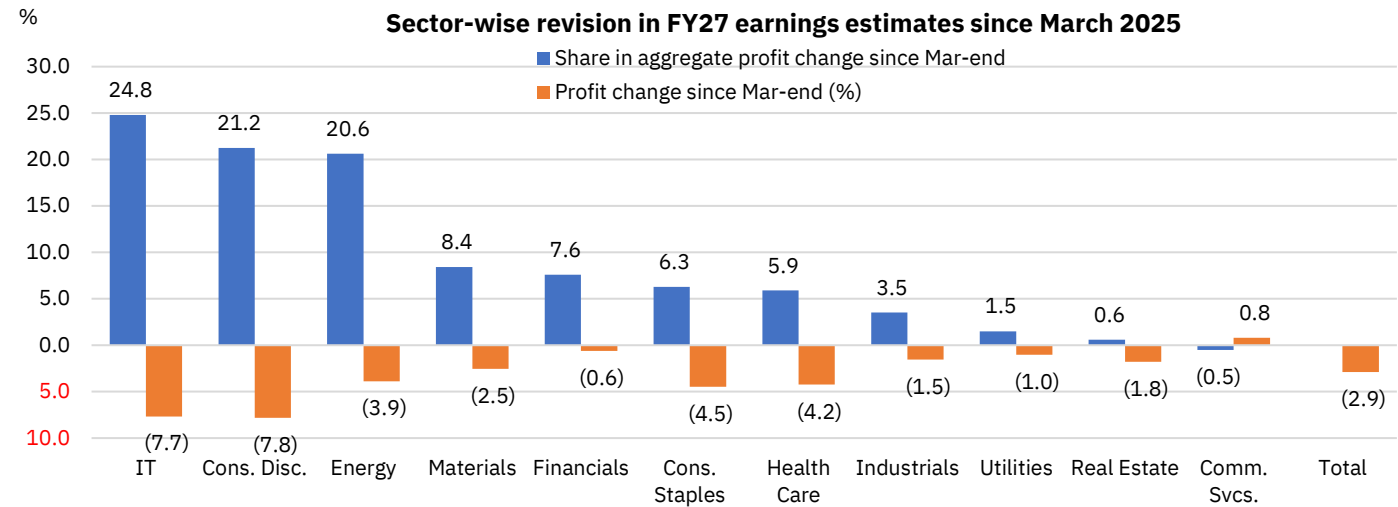
Metric	Periods	As on	Change (%/bps)				
		31-Aug-25	1M	3M	6M	YTD	1Y
EPS (Rs)	12-month forward	1173.1	0.2%	2.6%	1.1%	0.5%	3.8%
	2024	1004.9	-0.5%	0.5%	-1.5%	-3.6%	-5.4%
	% YoY	0.6%	-53bps	53bps	-158bps	-374bps	-726bps
	2025	1104.5	-1.0%	-1.1%	-5.8%	-8.6%	-9.9%
	% YoY	9.9%	-55bps	53bps	-158bps	-374bps	-726bps
	2026	1269.2	-0.8%	-0.6%	-4.4%	-6.7%	-8.0%
	% YoY	14.9%	22bps	47bps	164bps	234bps	234bps
Price to earnings (P/E) (x)	12-month forward	21.1	-0.7%	-3.0%	8.4%	3.5%	-4.8%
	2024	24.6	0.1%	-1.0%	11.3%	7.9%	4.4%
	2025	22.4	0.6%	0.6%	16.4%	13.9%	9.6%
Price to Book value (P/B) (x)	12-month forward	3.1	-0.9%	-2.8%	3.7%	-2.8%	-11.5%
	2024	3.9	0.4%	-0.8%	15.3%	9.7%	3.5%
	2025	3.3	-0.1%	-0.2%	9.4%	4.6%	-0.8%

Source: LSEG Workspace, NSE EPR. NTM = Next Twelve Months.

Figure 198: Sector-wise revision in FY26 earnings estimates for top 200 companies since March 2025


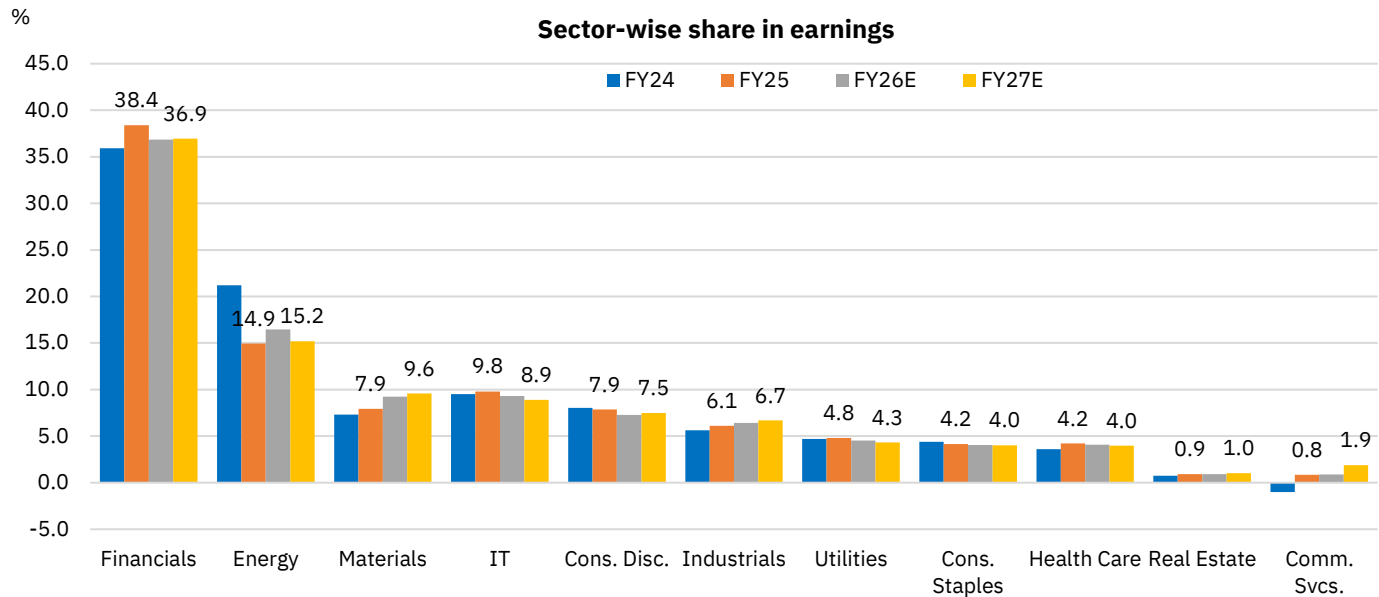
Source: LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. Data is as on September 5th, 2025.

Figure 199: Sector-wise revision in FY27 earnings estimates for top 200 companies since March 2025


Source: LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. Data is as on September 5th, 2025.

Figure 200: Sector-wise share in earnings


Source: LSEG Workspace, NSE EPR.

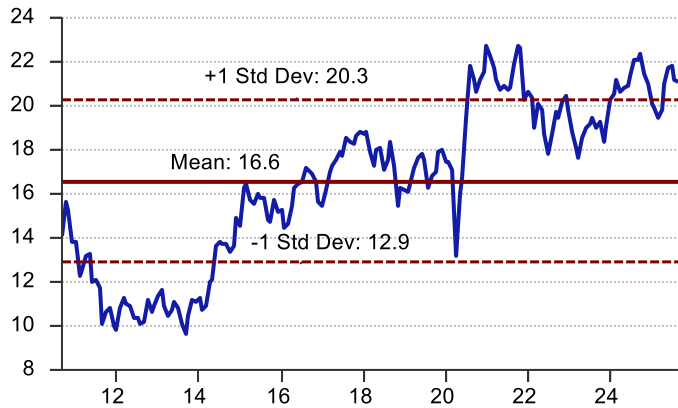
Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2025, covered by at least five analysts at any given point of time over the last one year. Data is as of September 5th, 2025.

Market valuations came off further in August amid broad-based sell-off: 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 in July and August to 21.1x at present. Despite this moderation, current valuations remain elevated—27% above the long-term (15-year) average multiple of 16.6x and 4% 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 24.6% 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 four 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 67% premium to its EM peers—down from 91% at the end of April, though still above the 15-year average of 55%. On a forward P/B basis, the adjustment has been even sharper: the premium has dropped from 128% in April to 86% currently, bringing it broadly in line with its long-term average. The narrowing premium suggests Indian equities remain attractive but less stretched relative to history, leaving scope for earnings delivery to play a greater role in sustaining valuations

Figure 201: Nifty 50 NTM P/E trend for last 15 years

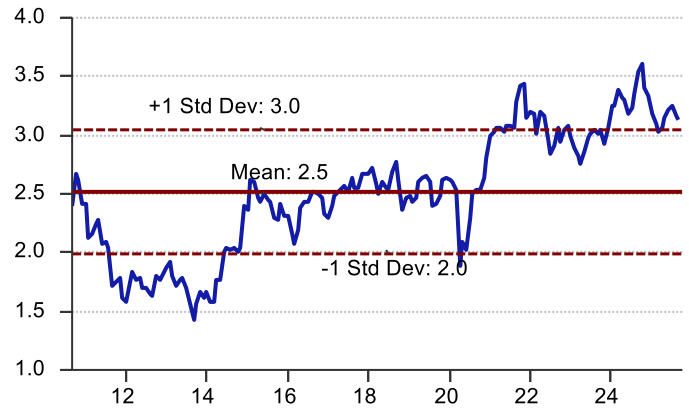
Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 202: Nifty 50 NTM P/B trend for last 15 years

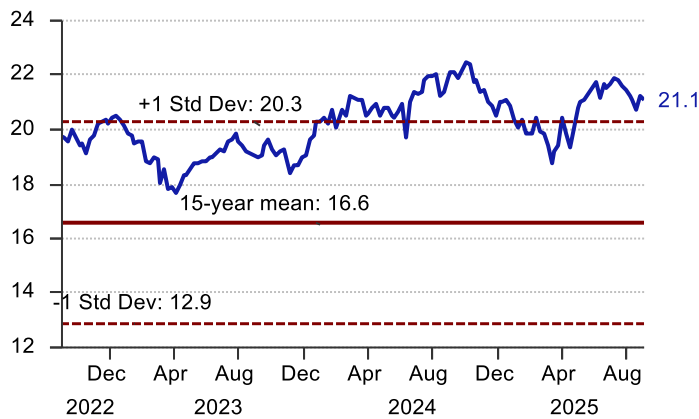
Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 203: Nifty 50 NTM P/E (Last three-year trend)

Nifty 50 12-month forward P/E



Source: LSEG Workspace, NSE EPR.

Figure 204: Nifty 50 NTM P/B (Last three-year trend)

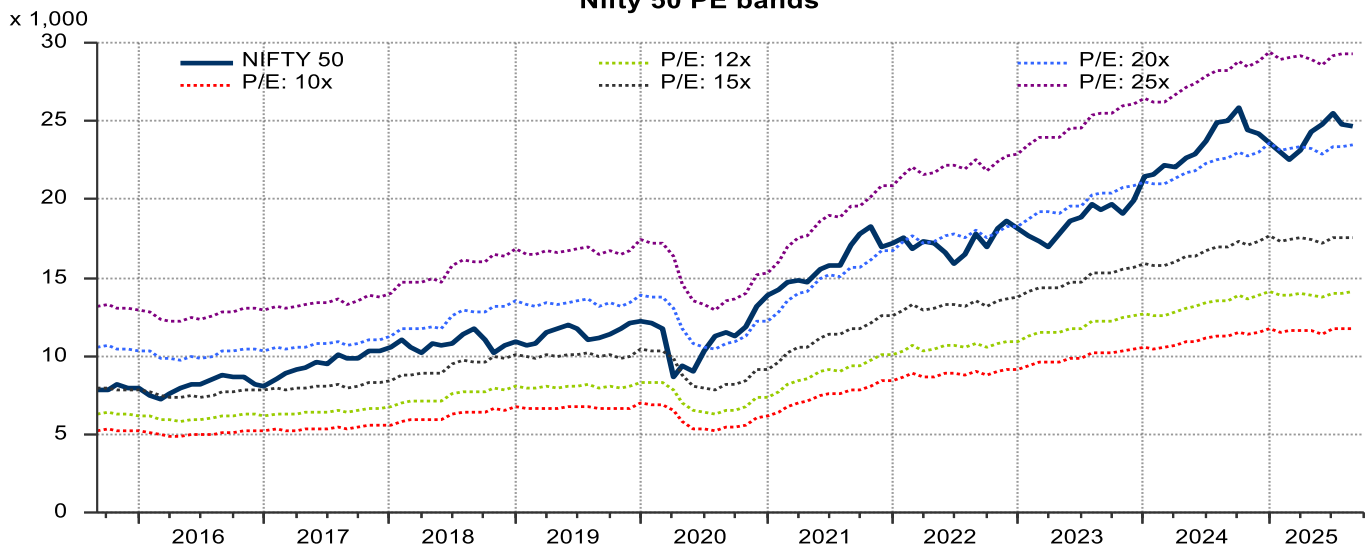
Nifty 50 12-month forward P/B



Source: LSEG Workspace, NSE EPR.

Figure 205: Five-year trend of Nifty 50 values at different 12-month forward P/E bands

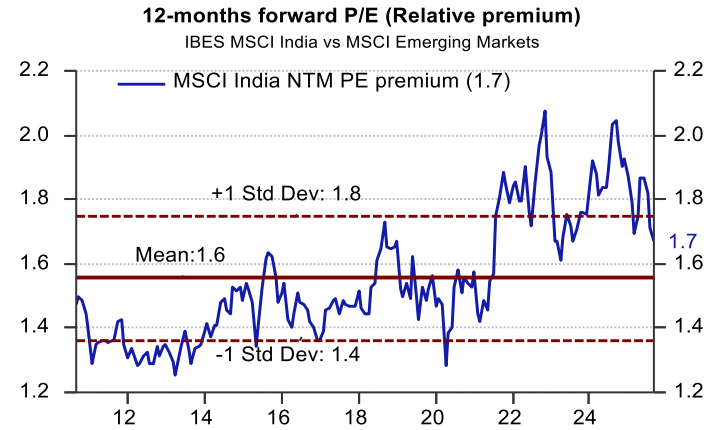
Nifty 50 PE bands



Source: LSEG Workspace, NSE EPR.

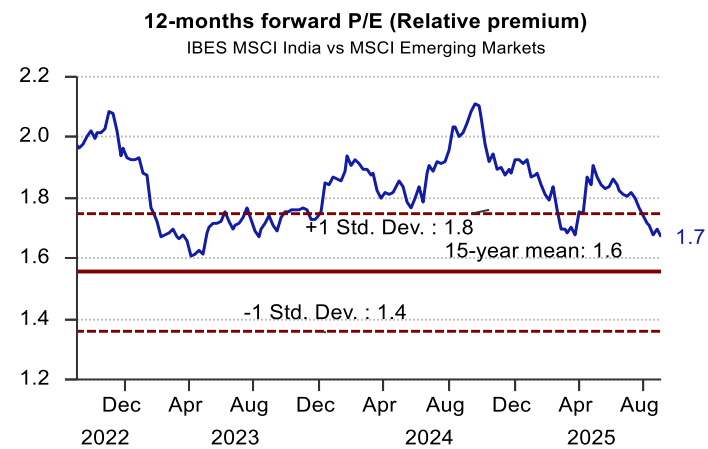
Figure 206: NTM P/E of MSCI India vs. MSCI EM (15-year trend)

MSCI India currently trades at a premium of 67% to MSCI EM on 12-month forward P/E, falling from 91% in April-end, but still higher than the long-term average premium of 55%.



Source: LSEG Workspace, NSE EPR

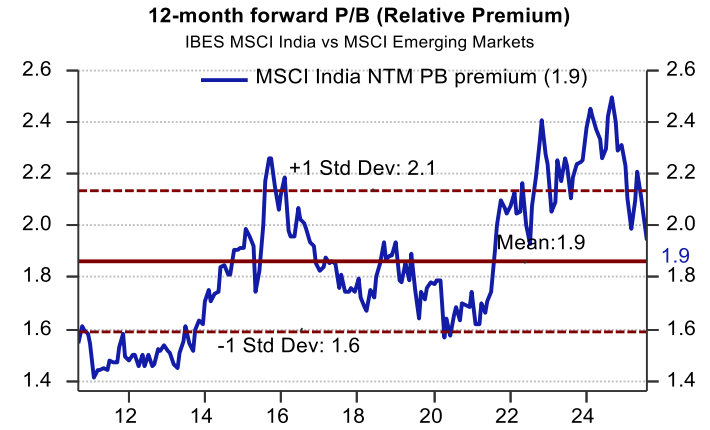
Figure 208: NTM P/E of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR

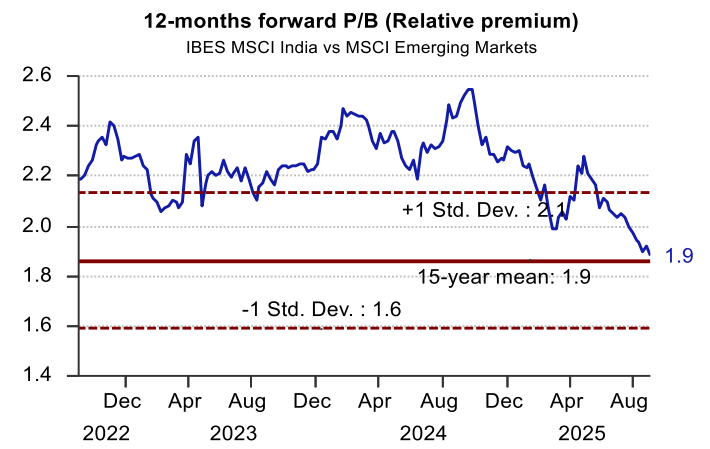
Figure 207: NTM P/B of MSCI India vs. MSCI EM (15-year trend)

On 12m forward P/B as well, India's valuation premium to MSCI EM has fallen quite sharply from 128% by April-end to 86% currently and is now at par with the long-term average premium.



Source: LSEG Workspace, NSE EPR

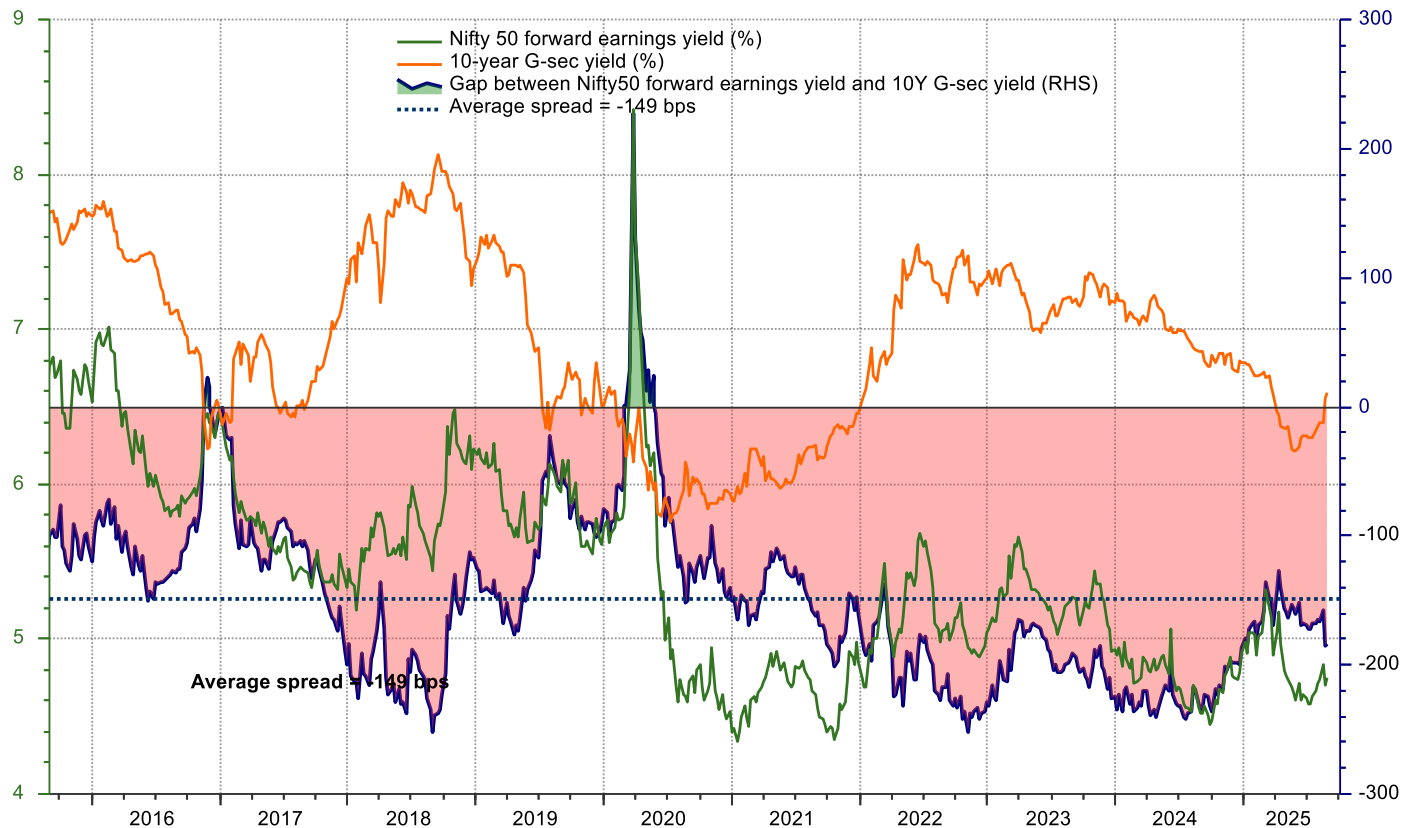
Figure 209: NTM P/B of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR

Figure 210: Nifty 50 forward earnings yield* vs. 10-year G-sec yield

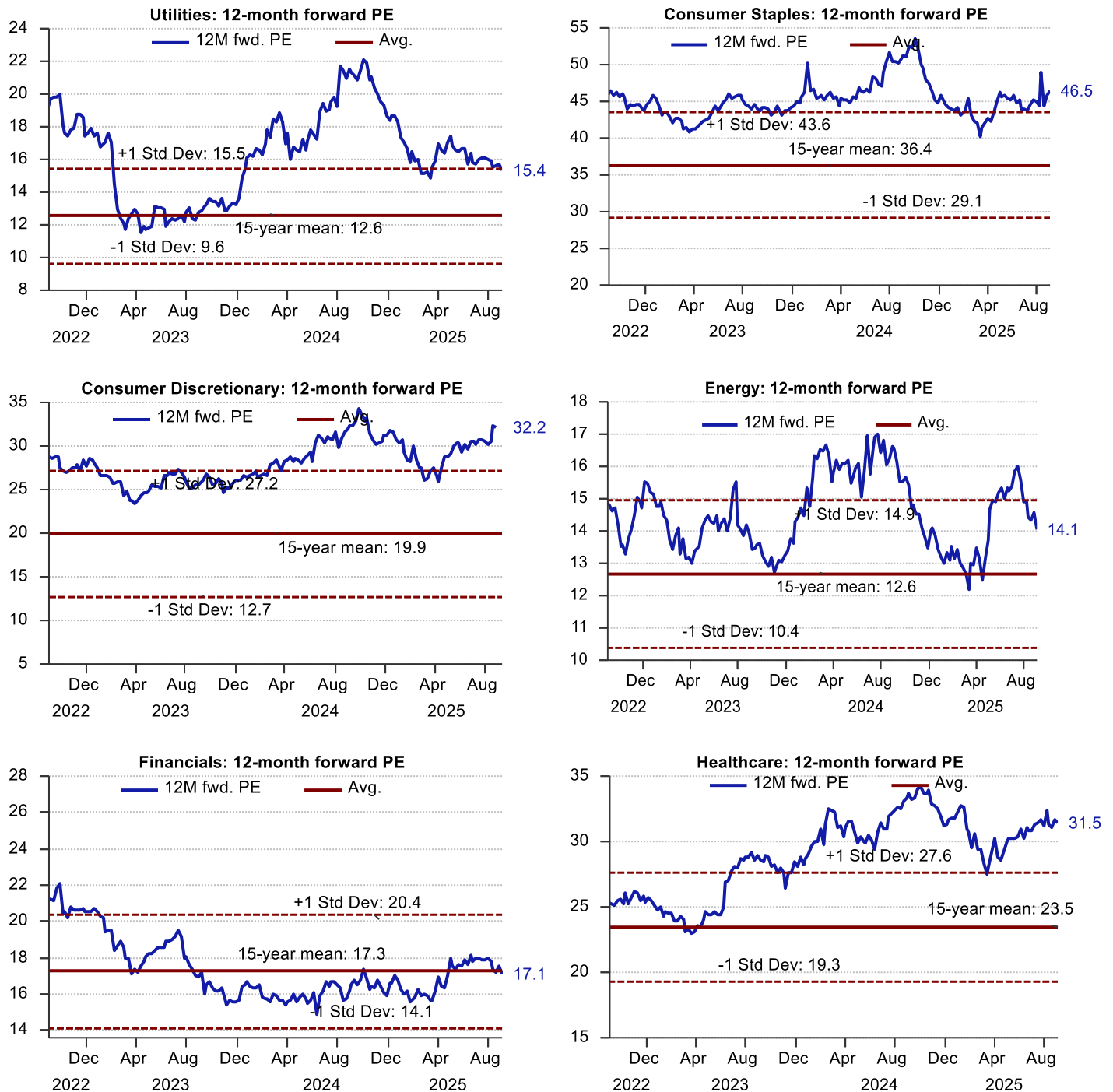
Spread between Nifty 50 forward earnings yields and 10-year G-sec yield

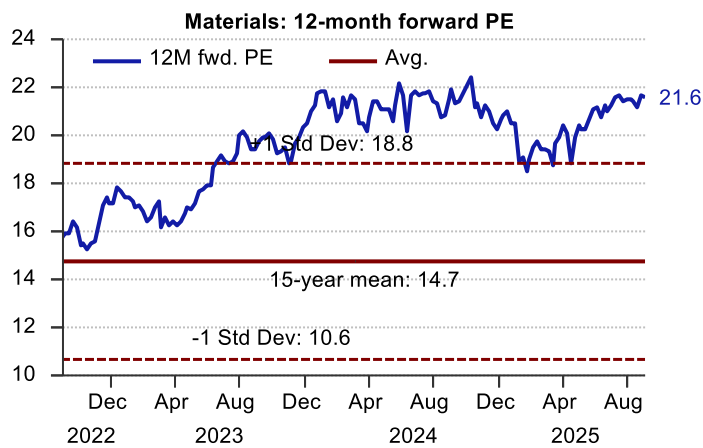
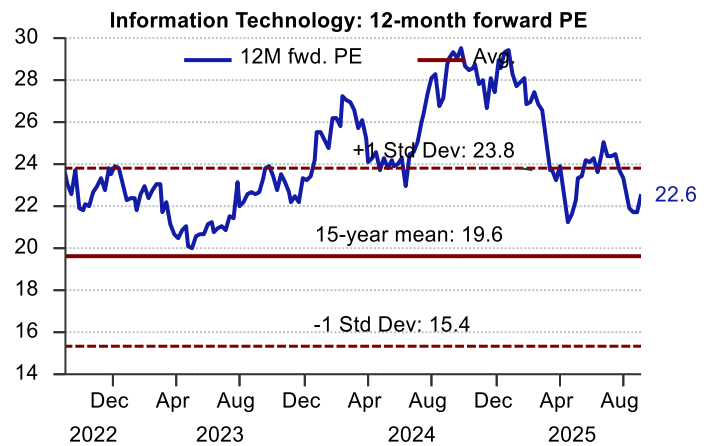
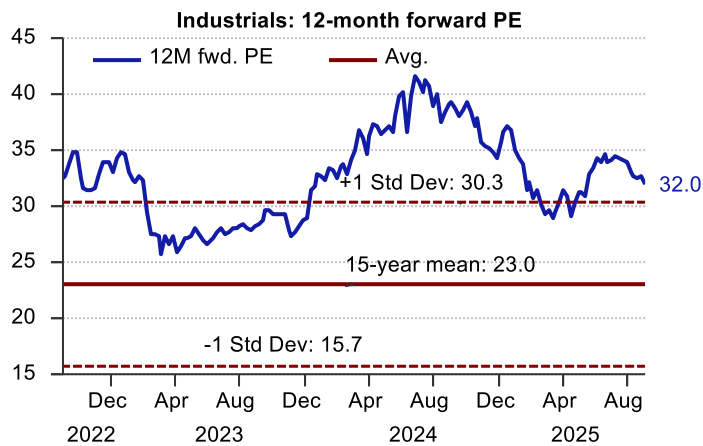


Source: LSEG Workspace, NSE EPR. * Forward earnings yield for Nifty 50 is calculated as (1/12-month forward PE).

Valuation decline was broadly seen in Energy and Information Technology: We also examined long-term trends in 12-month forward P/E and P/B multiples across MSCI India sector indices. After a broad-based improvement in the first quarter of FY26, forward multiples came off for a few sectors in July following a sharp sell-off, partly offset by continued earnings downgrades. The de-rating was fairly prominent in Information Technology, Energy, Utilities and Industrials, while Consumer Discretionary, Financials, Healthcare and Materials saw continued improvement. Despite the recent sell-off, forward multiples of all sectors, barring Financials, remain above their long-term levels, with some of them trading well above one standard deviation from their long-term averages including Consumer Discretionary, Healthcare, Industrials and Materials.

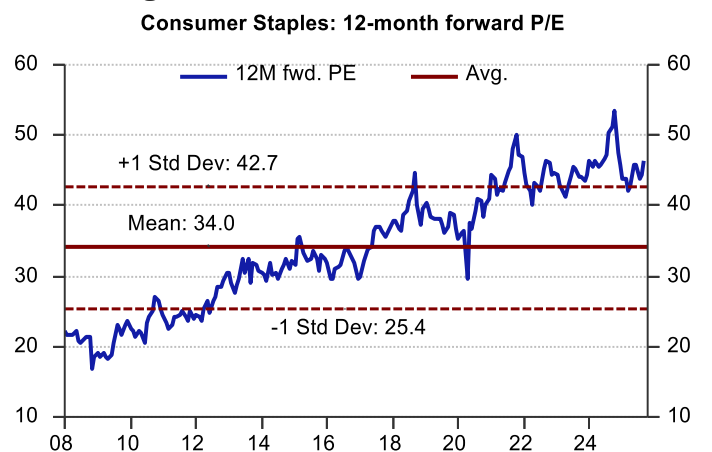
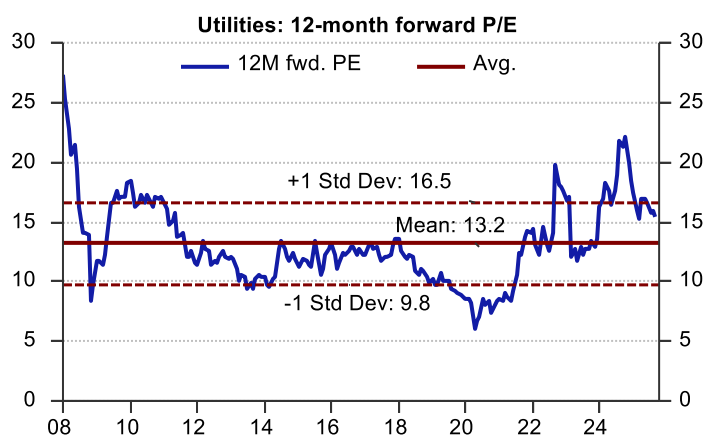
Figure 211: 12-month forward P/E for MSCI India sector indices (Three-year trend)

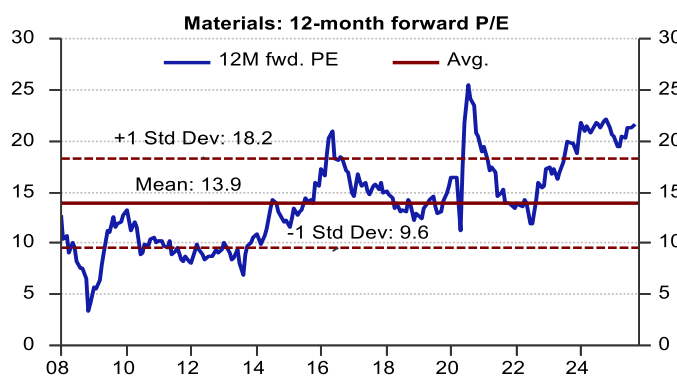
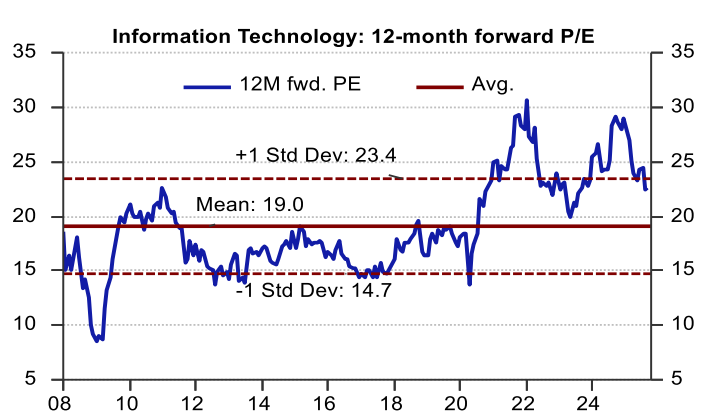
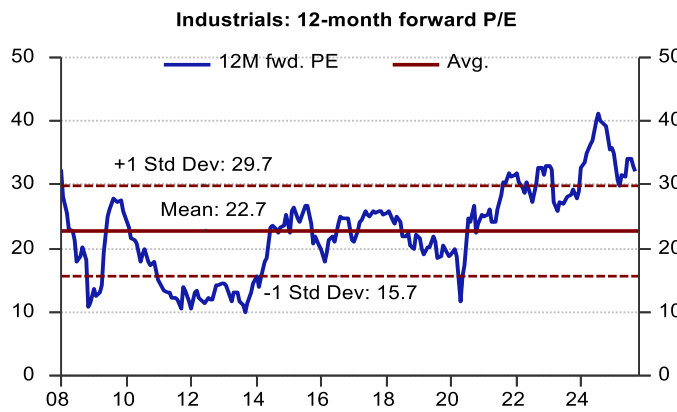
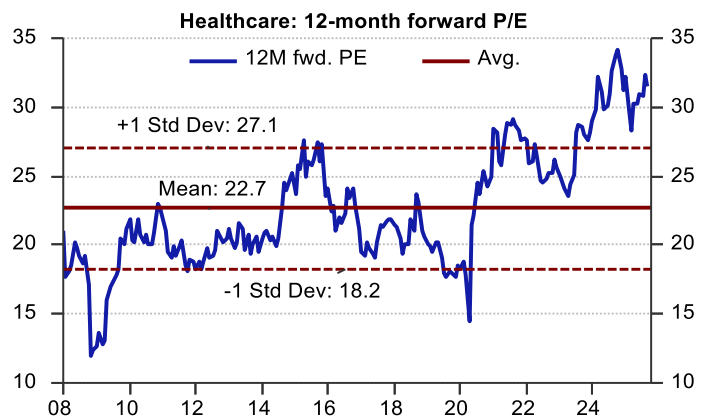
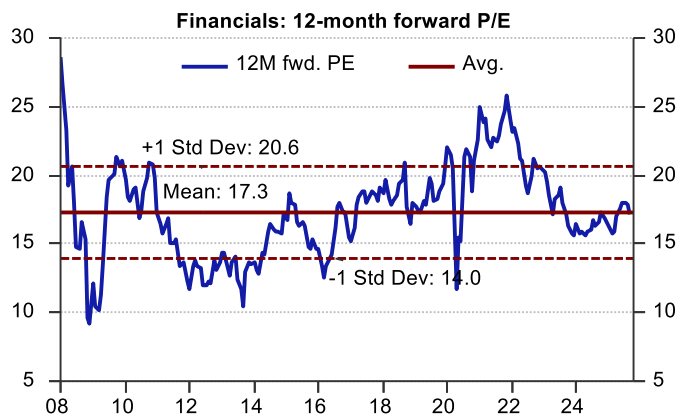
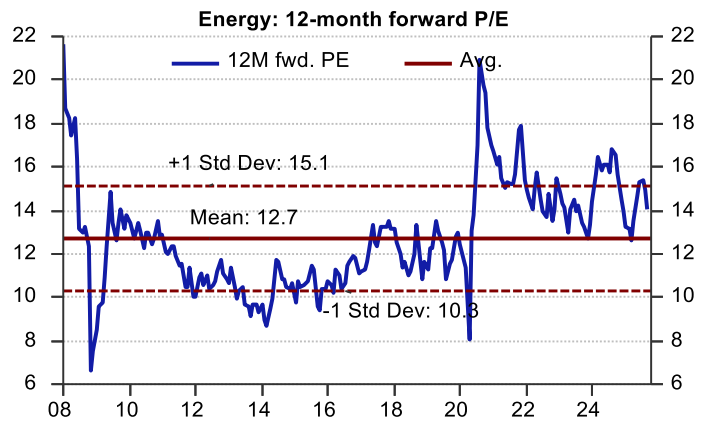
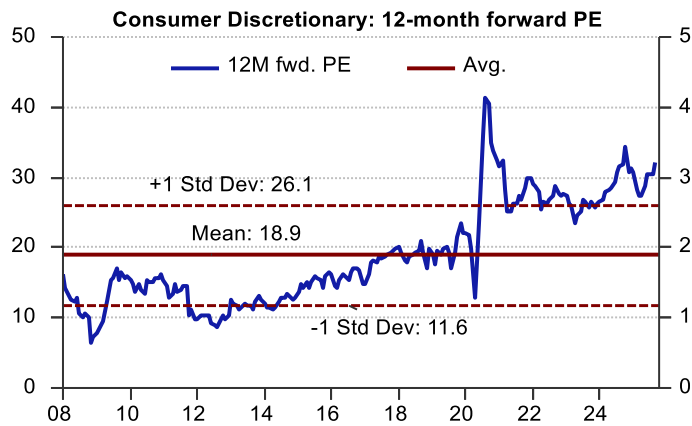




Source: LSEG Workspace, NSE EPR.

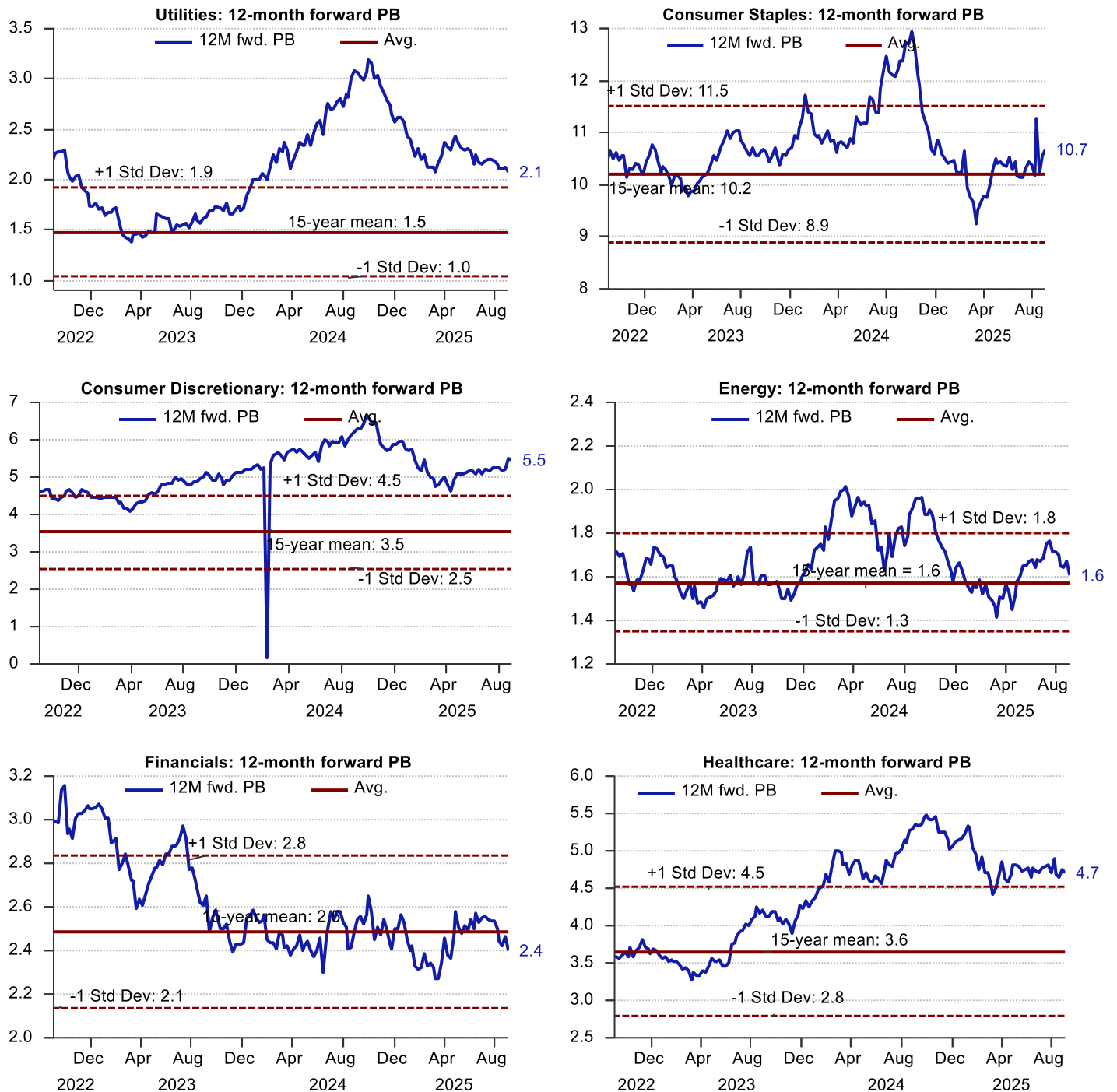
Figure 212: 12-month forward P/E for MSCI India sector indices (Long-term trend)

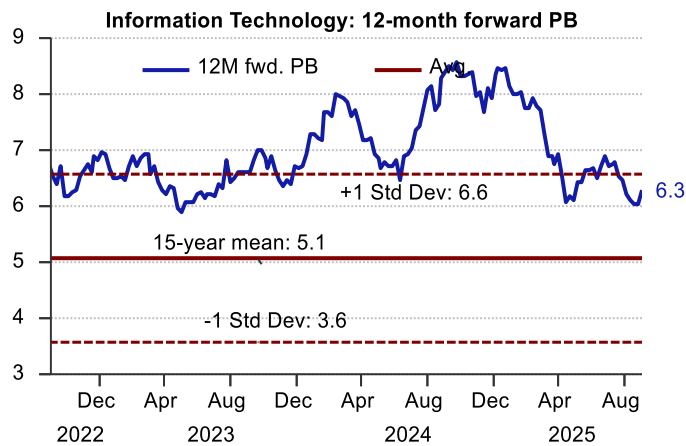
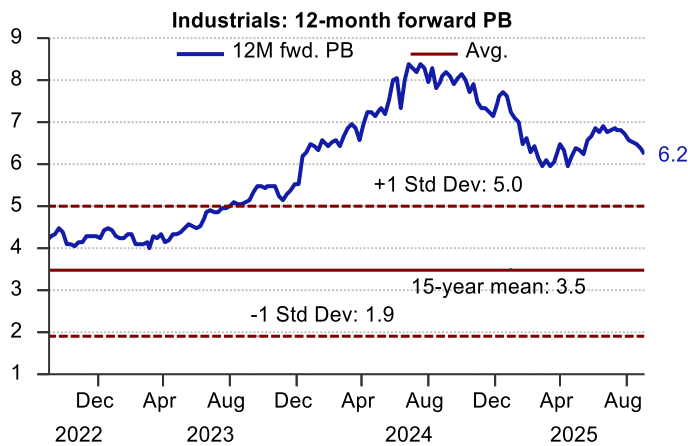




Source: LSEG Workspace, NSE EPR

Figure 213: 12-month forward P/B for MSCI India sector indices (Three-year trend)





Source: LSEG Workspace, NSE EPR.

Fixed income market performance

Table 71: Performance of key debt indices (As of August 31st, 2025)

Category	Index name	Absolute returns (%)					CAGR returns (%)		
		1M	3M	6M	1Y	YTD	2Y	3Y	5Y
G-sec	Nifty 5yr Benchmark G-sec Index	(0.5)	(0.2)	4.7	8.7	6.2	8.8	8.0	6.3
	Nifty 10 yr Benchmark G-Sec	(1.0)	(1.1)	3.8	8.0	5.2	8.4	8.0	5.6
	Nifty Composite G-sec Index	(1.4)	(1.8)	3.2	7.0	4.3	8.3	7.9	6.1
SDL	NIFTY 10 Year SDL Index	(3.2)	(5.0)	0.1	3.8	1.0	6.3	6.9	5.7
AAA credit	NIFTY AAA Ultra Short Duration Bond Index	0.5	1.6	3.8	7.6	5.0	7.7	7.6	6.2
	NIFTY AAA Short Duration Bond Index	0.2	1.0	4.5	8.3	5.7	7.7	7.2	6.0
	NIFTY AAA Low Duration Bond Index	0.4	1.5	4.0	7.7	5.1	7.5	7.2	5.9
	NIFTY AAA Medium Duration Bond Index	(0.2)	0.2	4.5	7.5	5.5	7.6	7.0	5.8
	NIFTY AAA Medium to Long Duration Bond Index	(0.3)	(0.5)	4.0	7.5	4.9	7.5	6.9	5.9
	NIFTY AAA Long duration Bond Index	(0.9)	(2.2)	1.8	4.0	1.1	6.0	6.1	5.0
Composite	NIFTY Liquid Index	0.5	1.5	3.3	7.0	4.5	7.2	7.1	5.8
	NIFTY Money Market Index	0.5	1.6	3.7	7.6	5.0	7.6	7.4	6.0
	NIFTY Ultra Short Duration Debt Index	0.5	1.7	3.8	7.8	5.1	7.8	7.7	6.3
	NIFTY Short Duration Debt Index	0.2	1.1	4.4	8.2	5.6	7.8	7.4	6.2
	NIFTY Low Duration Debt Index	0.4	1.6	4.0	7.8	5.2	7.7	7.5	6.1
	NIFTY Medium Duration Debt Index	(0.3)	0.2	4.3	7.8	5.5	7.8	7.3	6.2
	NIFTY Medium to Long Duration Debt Index	(0.9)	(1.1)	3.5	7.2	4.5	7.7	7.3	6.2
	NIFTY Long Duration Debt Index	(1.8)	(3.1)	1.7	4.6	2.1	7.1	7.1	5.9
	NIFTY Composite Debt Index	(0.8)	(0.9)	3.4	6.9	4.4	7.6	7.3	6.2
	NIFTY Corporate Bond Index	0.1	0.9	4.5	8.1	5.6	7.8	7.4	6.4

Source: NSE Indices, NSE EPR.

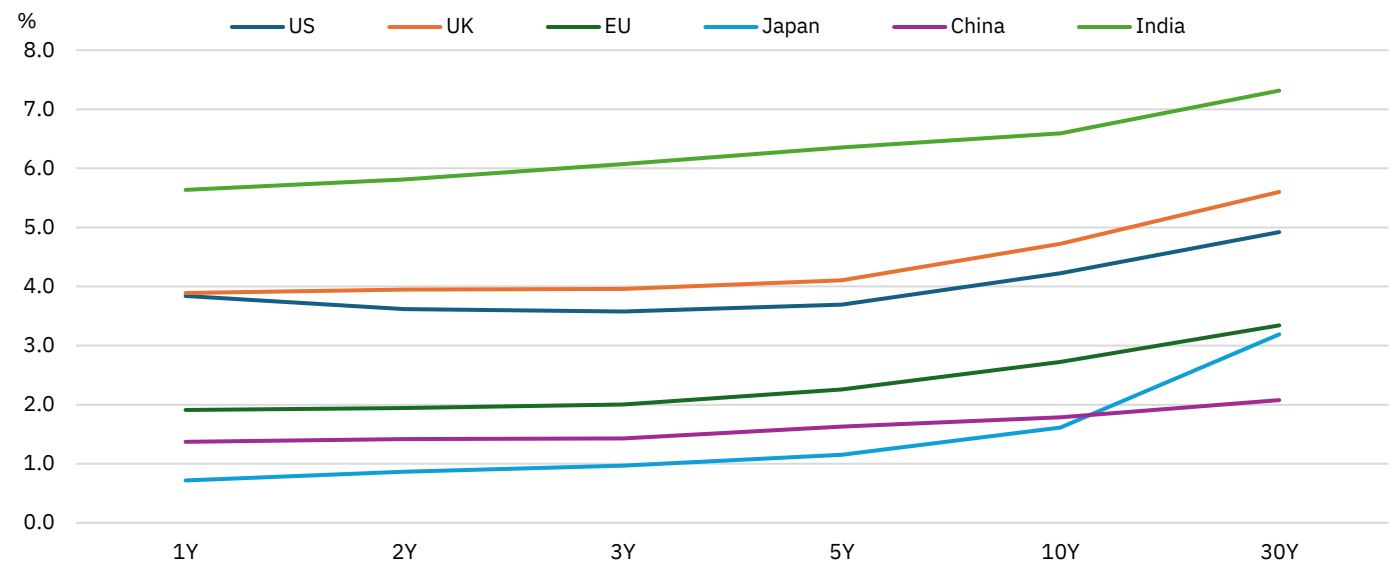
Global bond yields surged during the month of August: Global fixed income markets saw persistent broad-based selling in August, driven by inflation concerns and mounting fiscal deficit. In the United States, 10-year treasury yields rose to 4.34% by mid-August, from 4.20% in end-July, before moderating and ending lower by the month-end, as softer economic data bolstered investor expectation of Federal Reserve rate cuts. By first week of September, yields settled at 4.09% (As on September 5th, 2025) – the lowest since April 2025, driven by weaker-than-expected jobs report, tariff-related growth challenges and shifting Federal Reserve rate expectations.

In the UK, the long-dated bonds hit 30-year highs, as rising concerns over public finances spurred a sell-off. The 10-year gilt yield rose 17bps to 4.74% by mid-August, before settling at 4.65% by first week of September. Across the euro area, benchmark yields ticked up as well, driven by market expectations that the European Central Bank will keep interest rates unchanged. Germany's 10-year gilt ended August at 2.7%, about 3bps higher than July. In Japan, long-dated government yield touched record highs, as the Bank of Japan dialed back its bond-buying support. The ongoing political instability in Japan and fiscal worries have also contributed to the increased selloffs.

India's sovereign bond markets came under pressure in August: India's government bond yields jumped significantly in August 2025; the benchmark 10-year G-sec yield surged 22bps reaching a five-month high of 6.59% by end of the month from 6.38% in July, as the RBI's MPC, contrary to market expectations, kept its policy rate unchanged at 5.5% during its August meeting, citing a cautious tone amid ongoing uncertainties related to tariffs. The August selloff was also driven by growing fiscal concerns due to

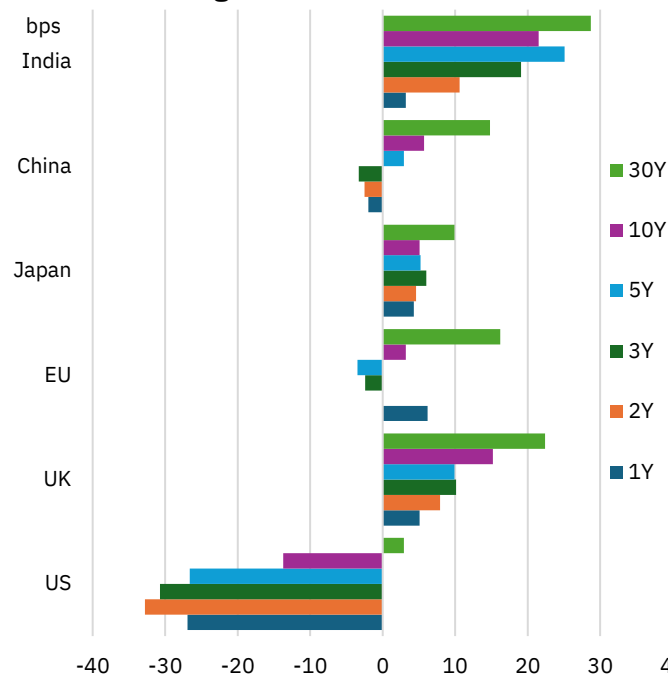
sweeping GST reform, as investors anticipated weaker tax revenues and increased government borrowing. However, G-Sec yields eased in September to 6.46%, slightly below the late-August peak but still higher than the lows seen in June 2025. The moderation came as concerns over increased government borrowing subsided, markets anticipated a liquidity boost from upcoming CRR cuts, and sentiment improved following a better-than-expected Q1FY26 GDP print. In CY25TD (As on August 31st, 2025), Indian G-sec yields have declined across the curve ranging from 17bps for the 10-year paper and 104bps for 1-year paper, while yields on 30-year paper surged by 29bps. G-sec issuances rose 8.1% in the first five months of the current fiscal year (Apr-Aug'25) to Rs 6.42 lakh crore, compared to Rs 5.94 lakh crore in the corresponding period last year.

Figure 214: Sovereign yields curve across major economies as on August 31st, 2025



Source: NSE Cogencis, NSE EPR, LSEG Workspace.

Figure 215: Change in sovereign yields across major economies in August 2025



Source: NSE Cogencis, NSE EPR, LSEG Workspace.

Figure 216: Change in sovereign yields across major economies in CY25 (As on August 31st, 2025)

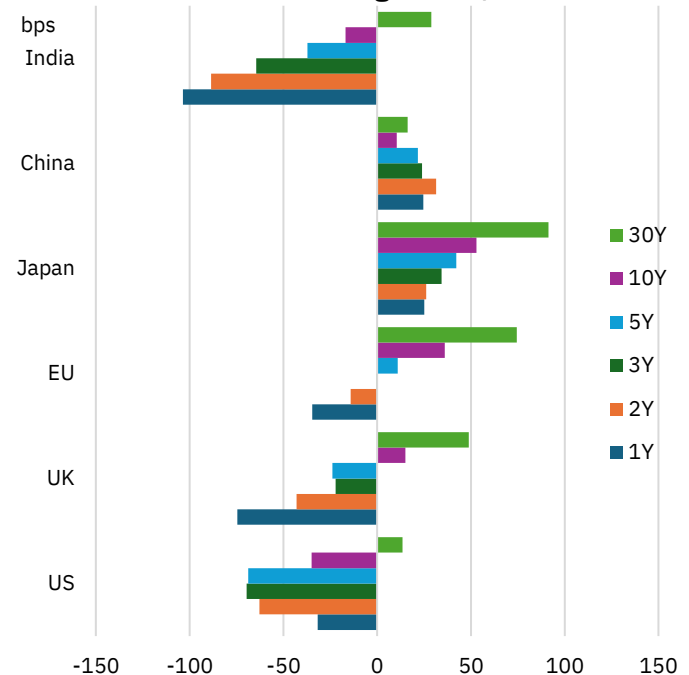
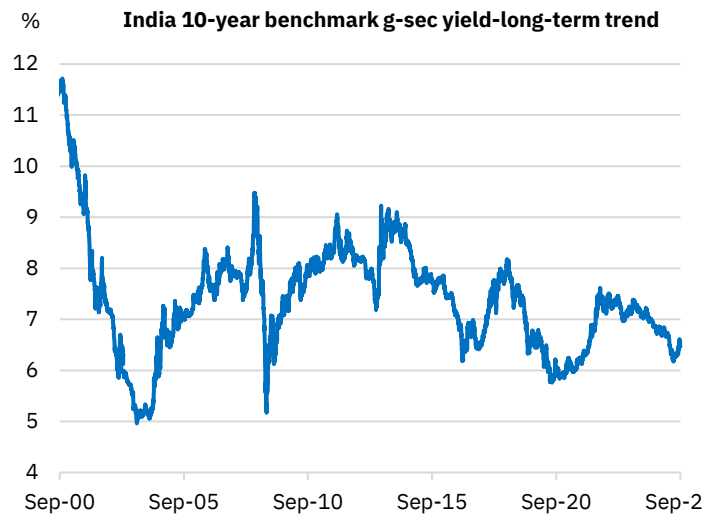
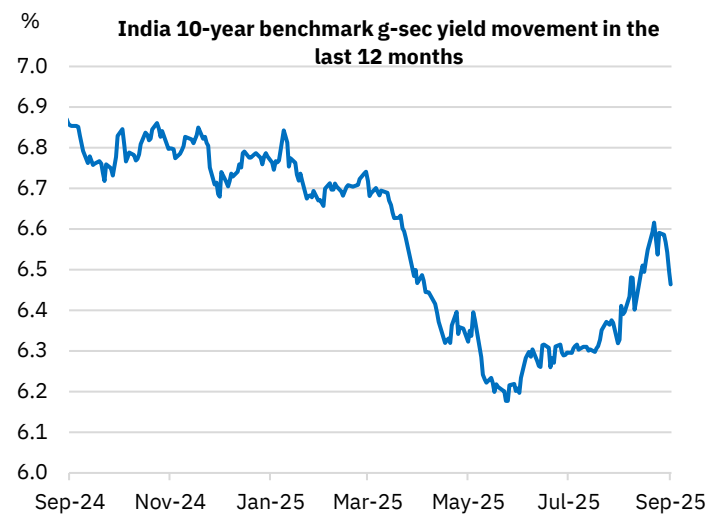


Figure 217: India 10Y G-sec yield—long-term trend

Figure 218: India 10Y G-sec yield—last one-year trend


Term premia registered a marked uptick in the last three months: The term premium on 10-year G-Secs continued to rise in August. The average spread between 10-year and 1-year yields increased to 84 bps, up from 72 bps in July, while the spreads between 10-year and 2-year, and 10-year and 3-year bonds remained relatively stable during the month. However, the broader trend of the average term premium has risen sharply over the past three months (June to August 2025), resulting in steepening of the yield curve. The 10Y-1Y, 10Y-2Y, and 10Y-3Y spreads averaged 74bps, 61bps, and 47bps respectively during this period—substantially higher than the average of 28bps, 27bps, and 25bps recorded during the March to May 2025 period, reflecting growing market concerns amid volatile global and domestic conditions.

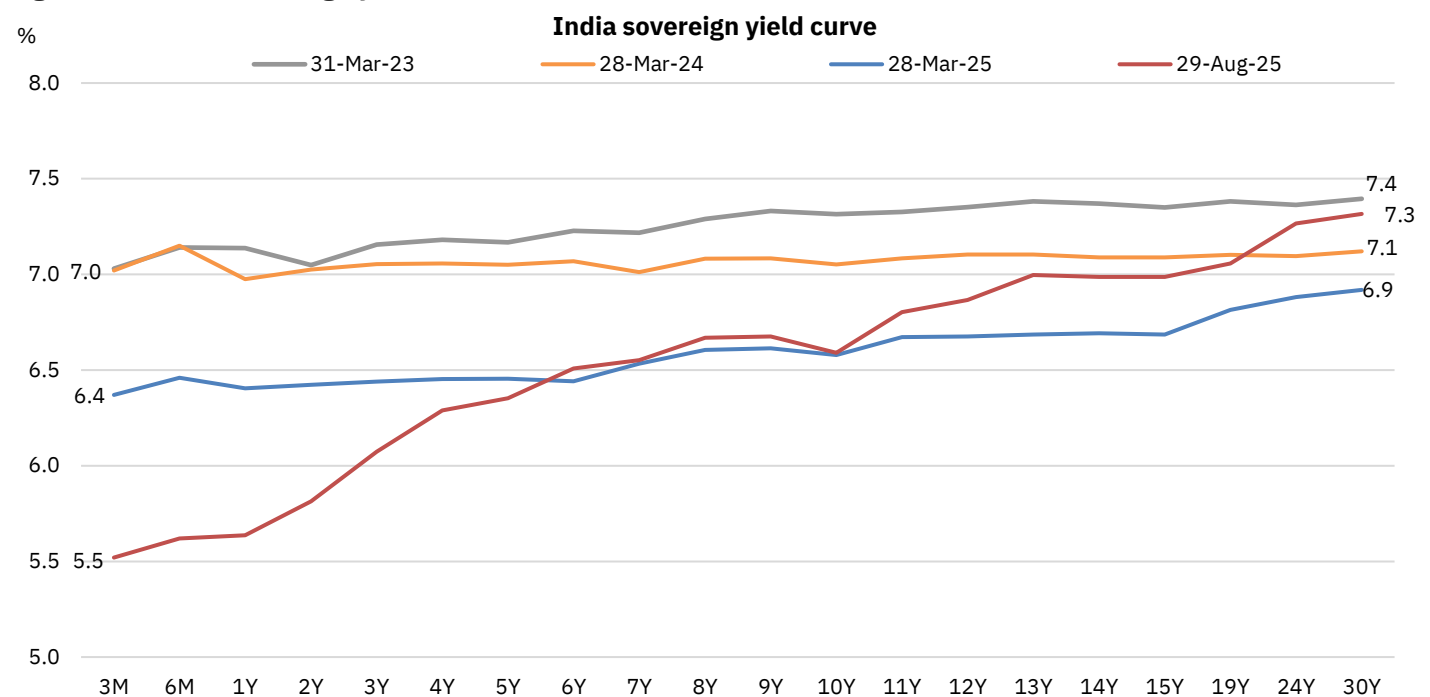
Figure 219: India sovereign yield curve


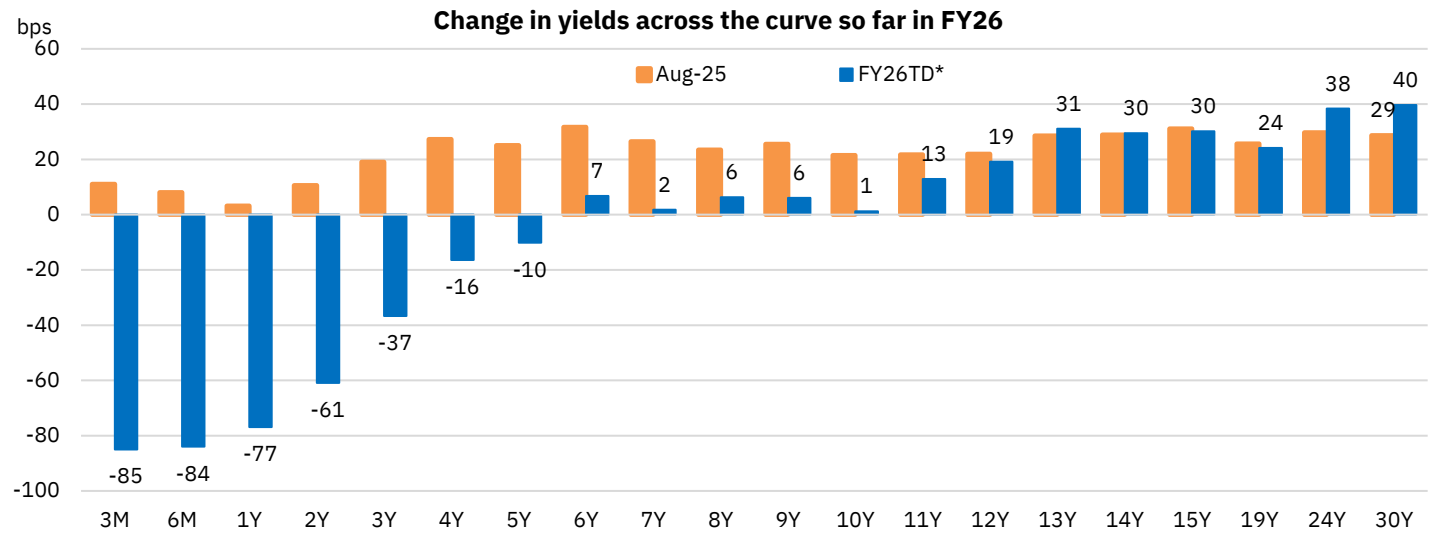
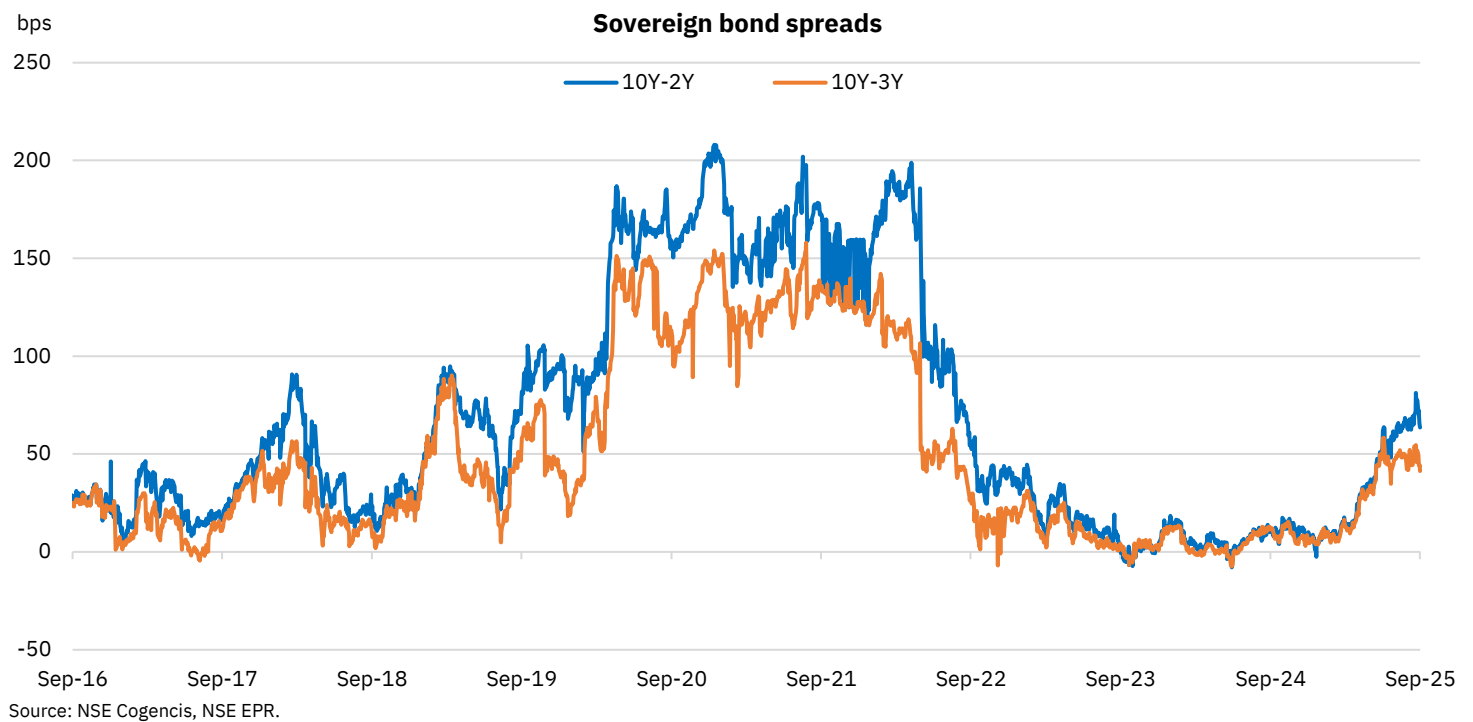
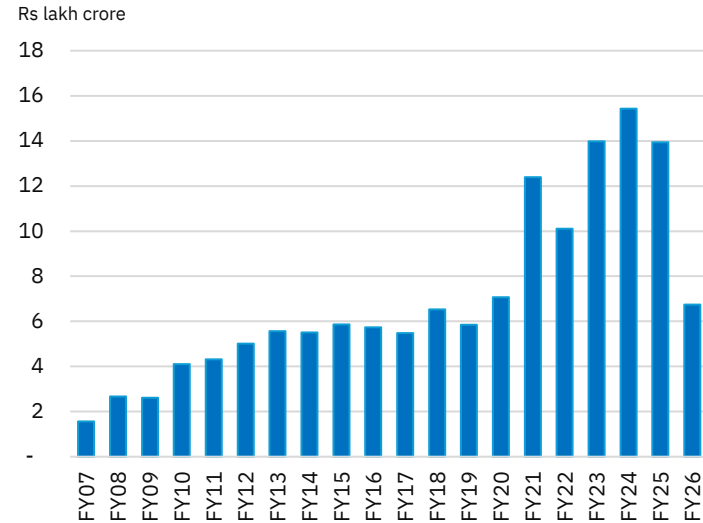
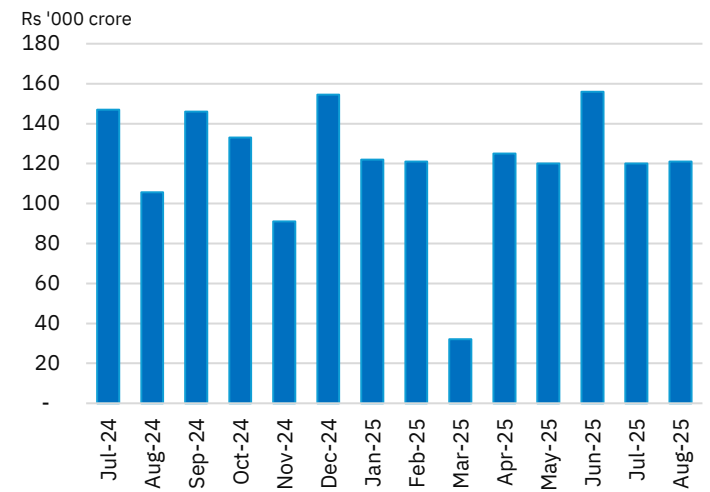
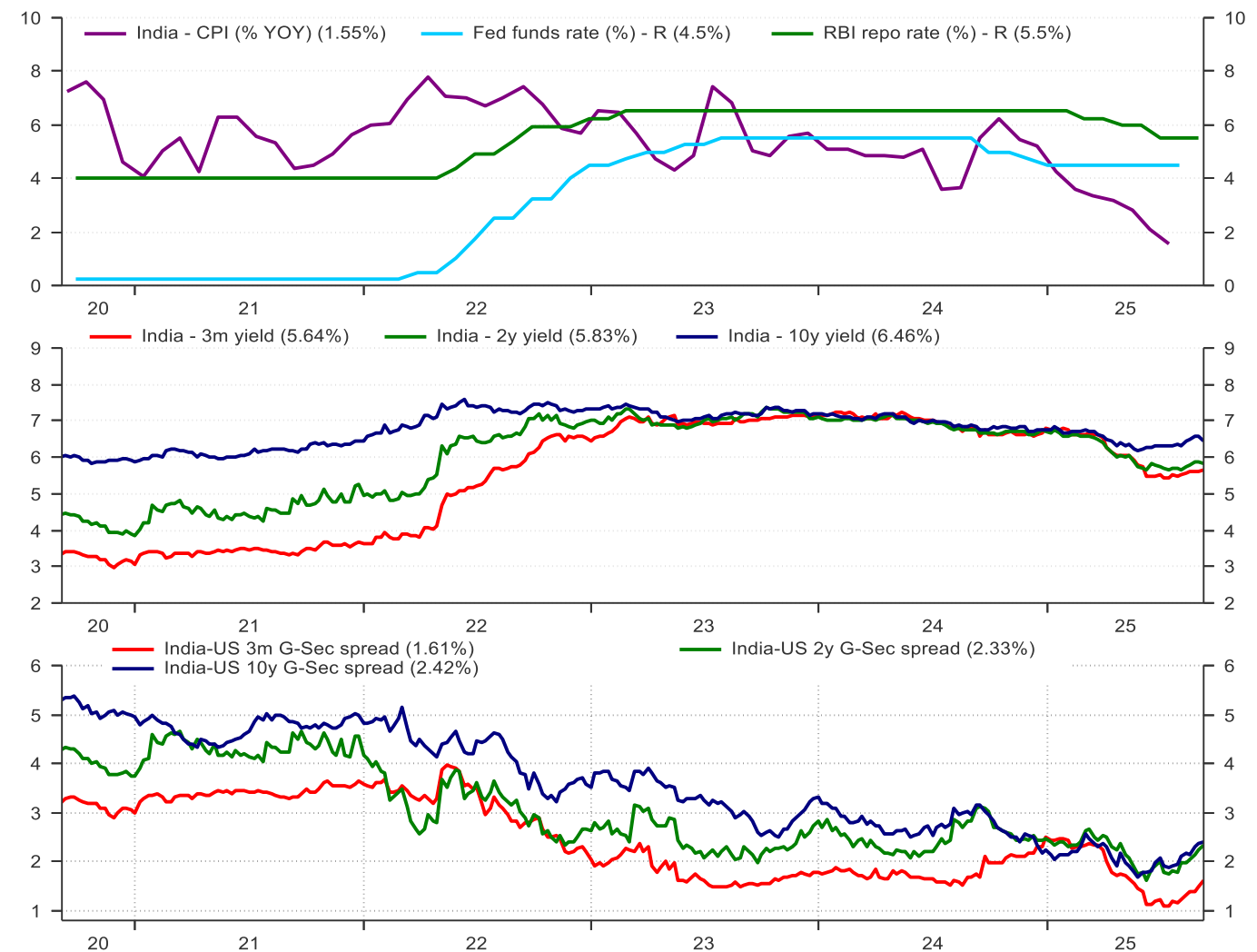
Figure 220: Change in sovereign yields across the curve

Figure 221: India sovereign bonds term premia


Figure 222: Annual trend of Centre's market borrowings


Source: RBI, NSE EPR. Note: Data as on August 31st, 2025.

Figure 223: Centre's market borrowings in the last 12 months

Figure 224: Inflation, yields and spreads in India vs. US


Source: LSEG Workspace, NSE EPR.

SDL yields increased more sharply than G-secs in August: In August, 10-year G-Sec yields increased by 22 bps, while 10-year SDL yields rose more sharply by 44 bps. This widened the average spread between the two to 69 bps from 60 bps in July, pushing SDL yields above the 7% mark for the first time since April 2025. The rise reflects growing concerns about fiscal pressures faced by state governments, particularly after the recent GST rejig. After four consecutive months of steady increases, SDL issuance slowed in August due to higher borrowing costs, declining 16% MoM to Rs 81,692 crore. Nevertheless, in FY26, SDL issuance surged 25% during the first five months of the current fiscal year (Apr-Aug'25), reaching Rs 3.79 lakh crore compared to Rs 3.03 lakh crore in the same period last year.

Figure 225: Spreads between 10-year SDL and G-sec yields

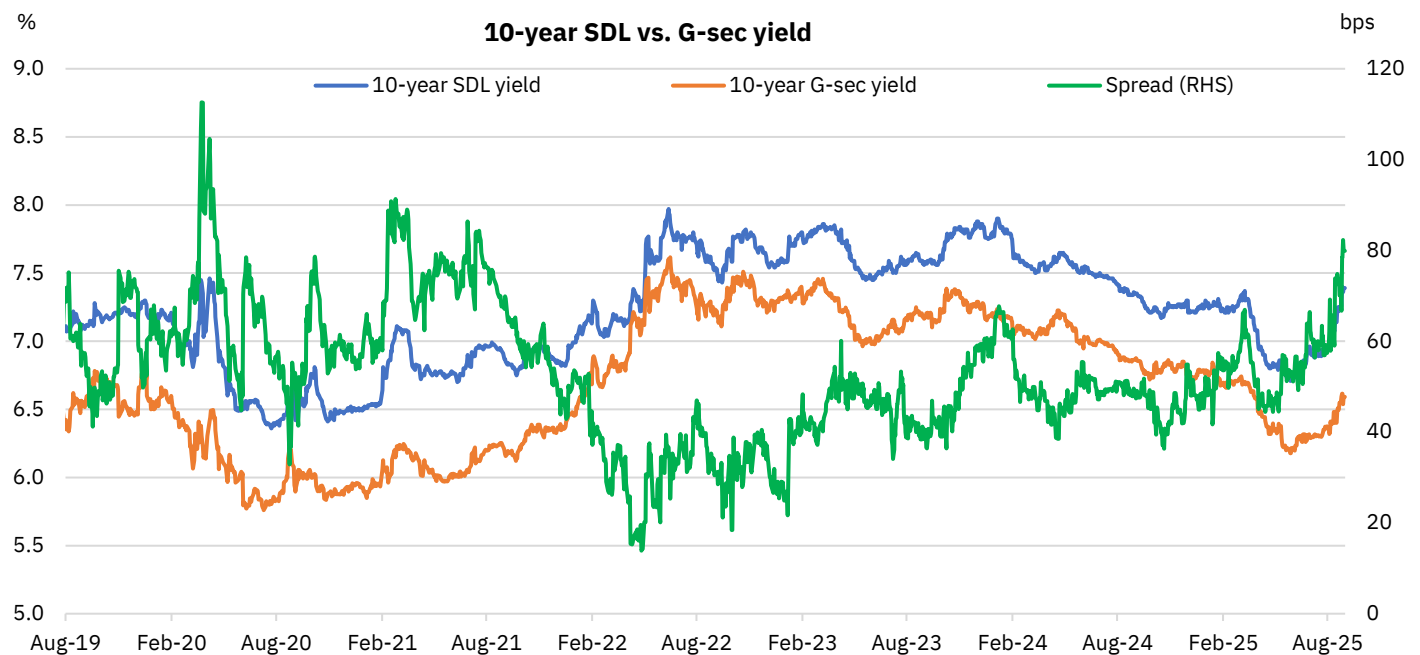


Figure 226: Annual state government borrowings

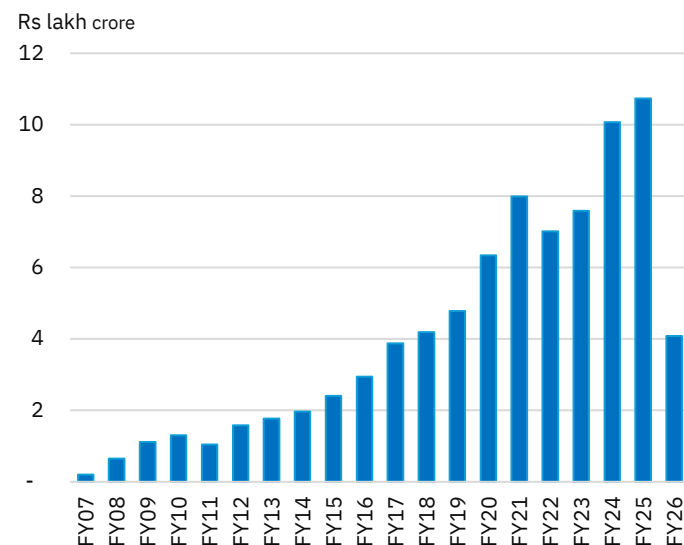
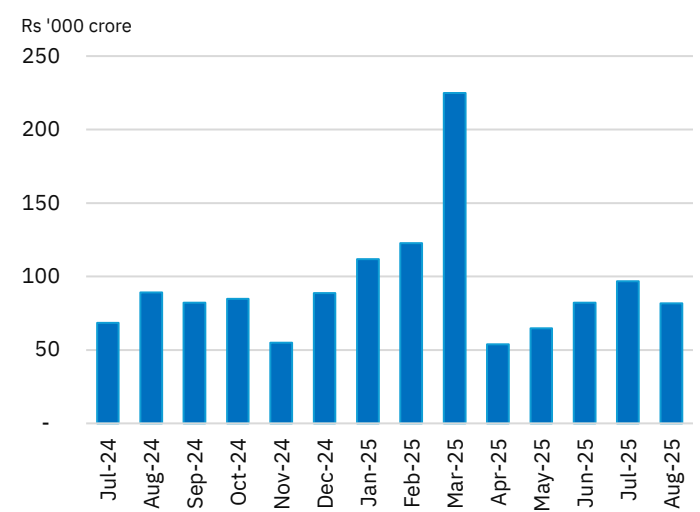


Figure 227: State government borrowings in the last 12 months



Corporate bond market performance

Corporate bond issuances fell for the third consecutive month: Bond issuances nearly halved in August 2025, totaling Rs 29,737 crore across 174 issues, down from Rs 62,751 crore in July and the FY26 peak of Rs 79,625 crore recorded in May. This MoM decline was largely driven by the public sector, which registered one of its lowest fundraising levels, resulting in the private sector's share rising sharply to 80%, compared to 67% in the previous month and 23% in Q1FY26 in overall corporate bond issuances in August.

Average spreads for AAA-rated and AA+ rated bonds widened significantly as yields increased by approximately 4-18 bps during the month, reflecting similar upward pressure in G-Sec and SDL yields. The rapid rise in rates prompted many companies to scale back or postpone bond issuances. Nonetheless, Indian companies have raised Rs 3.7 lakh crore (+3.2% YoY) in the first five months of FY26, compared to Rs 3.6 lakh crore during the same period last year. Overall, August was marked by higher yields and reduced issuance volumes in the Indian corporate bond market.

Figure 228: Spreads for one-year AAA-rated corporate bonds across segments

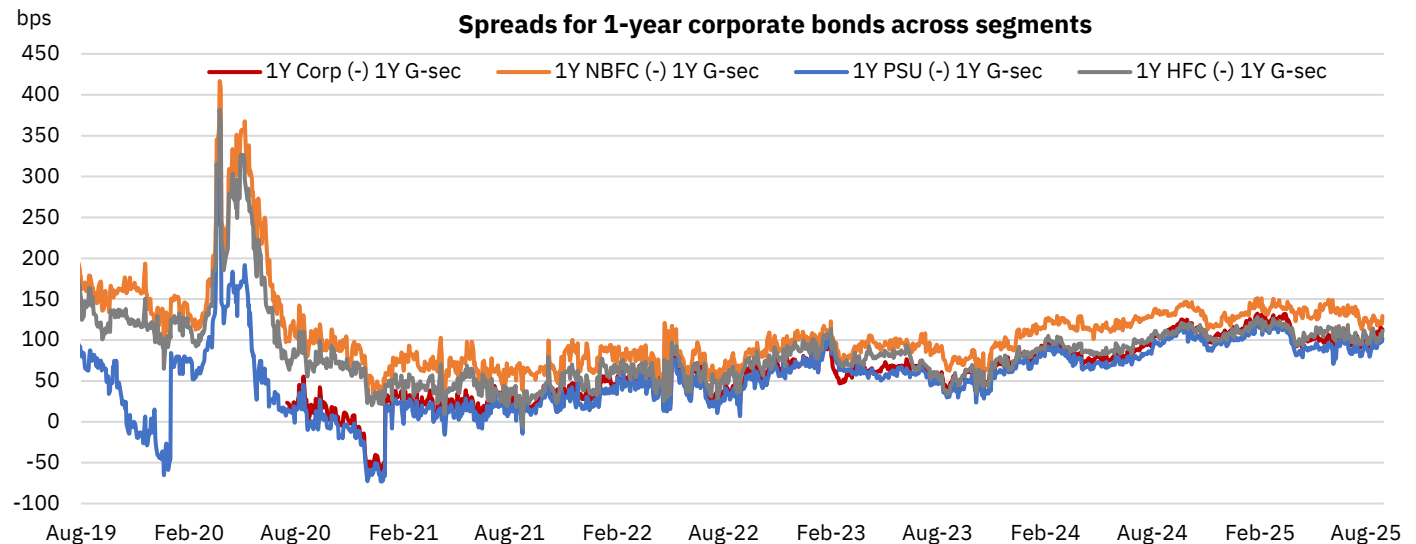


Figure 229: Spreads for three-year AAA-rated corporate bonds across segments

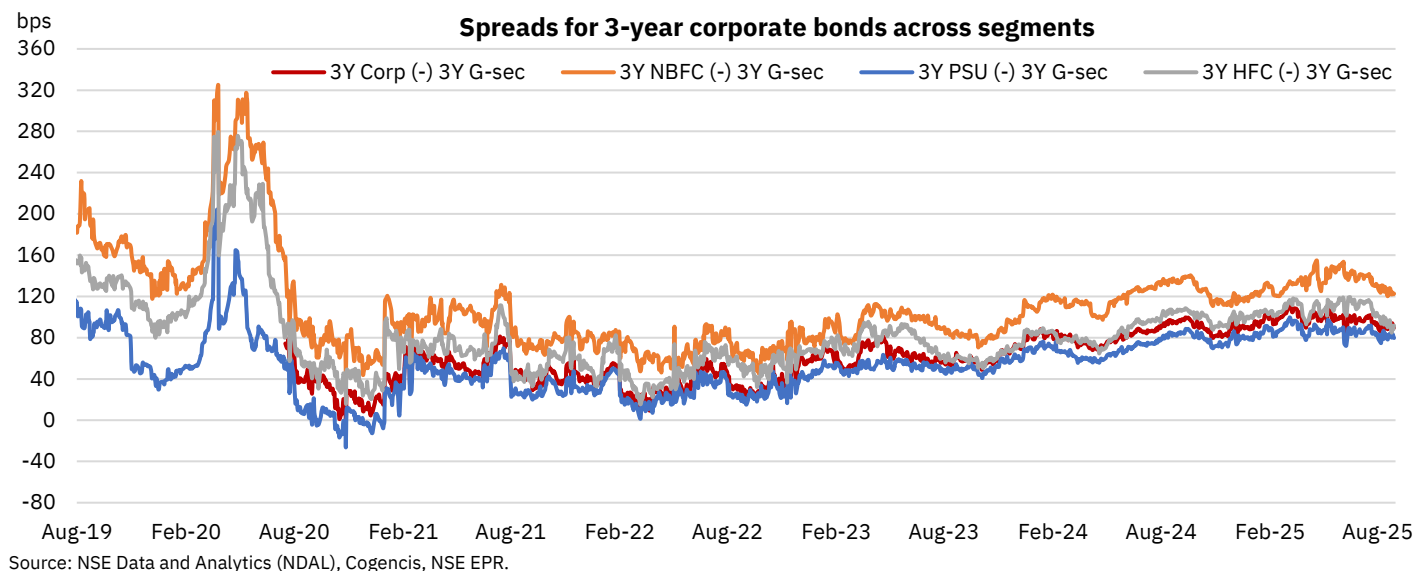
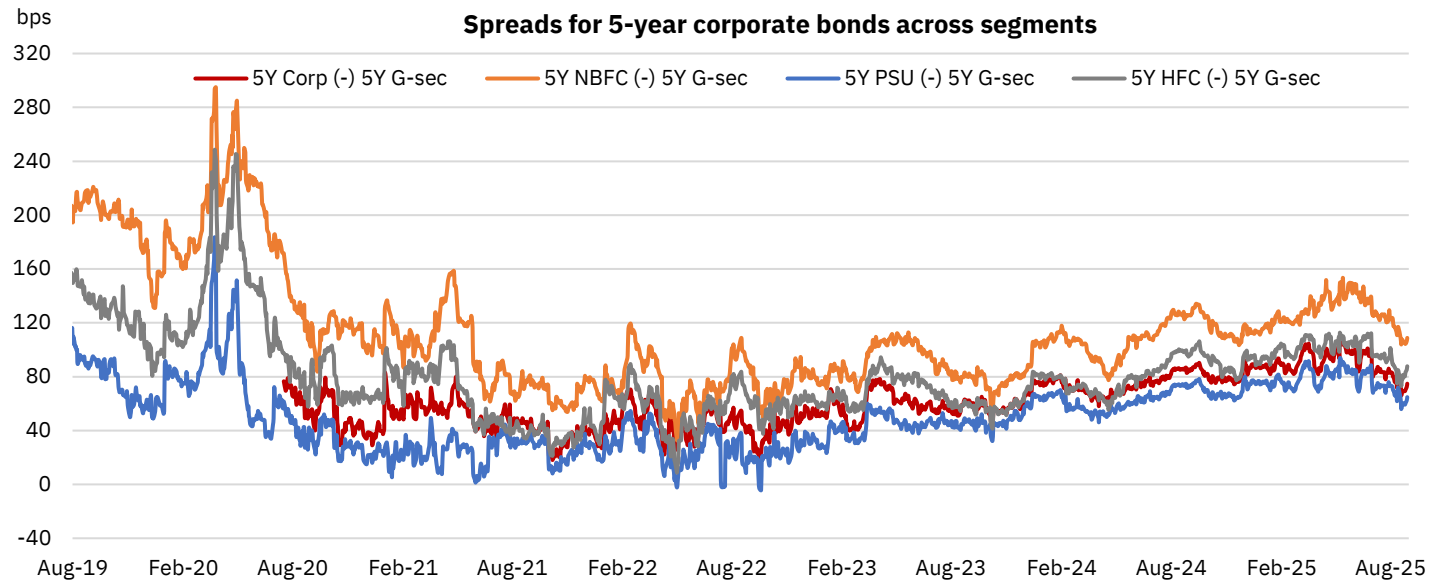
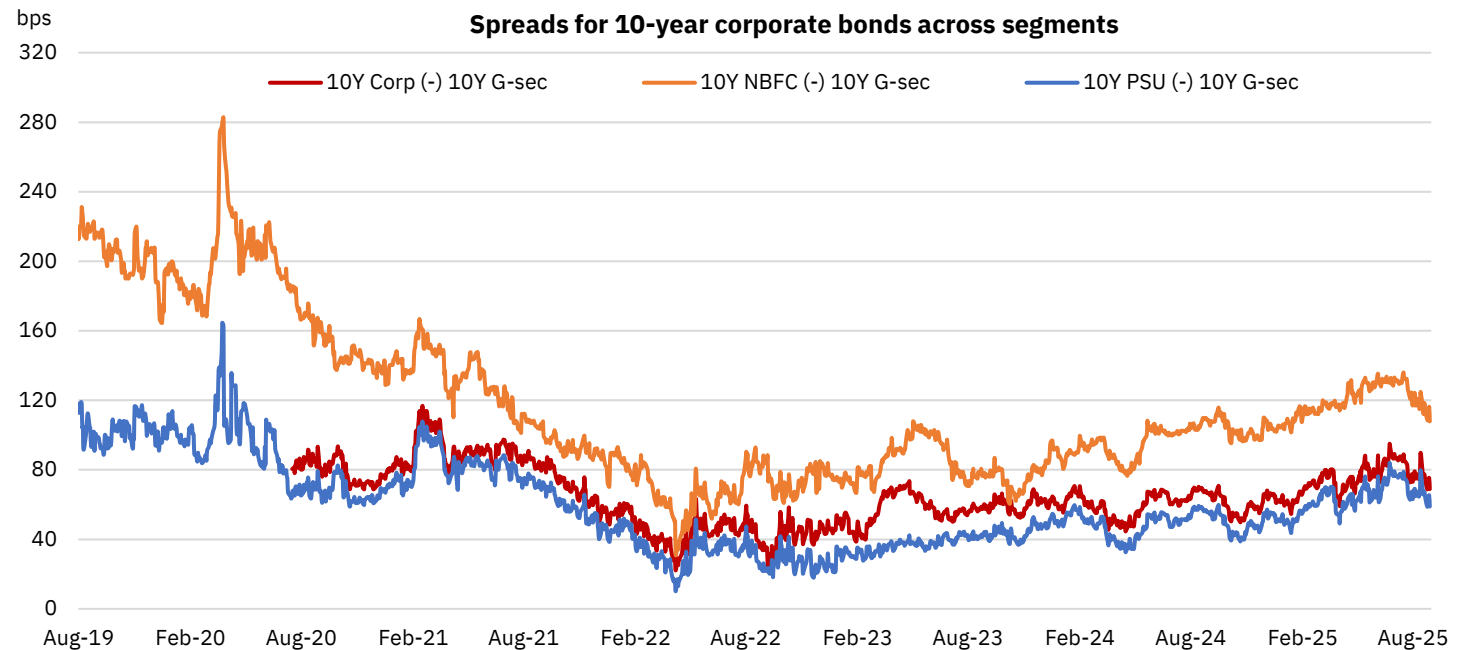
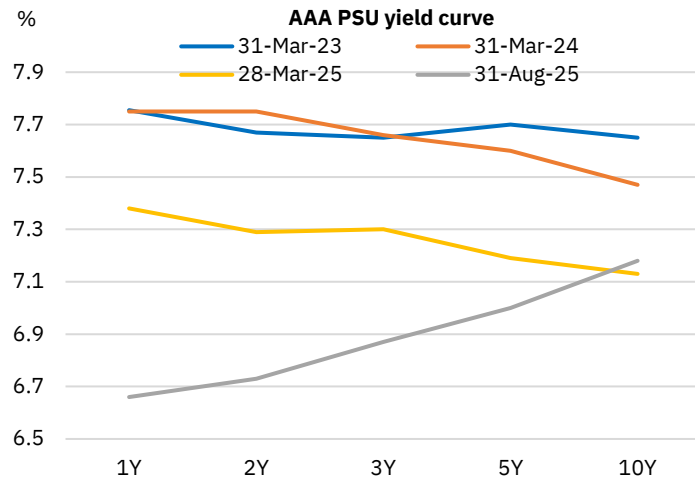


Figure 230: Spreads for five-year AAA-rated corporate bonds across segments


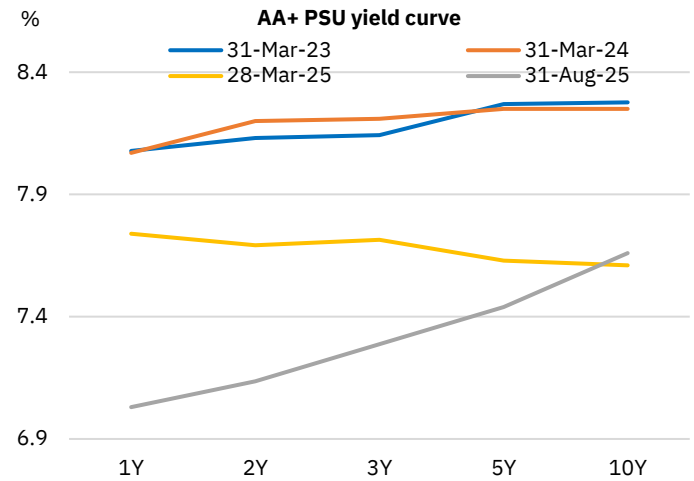
Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR.

Figure 231: Spreads for 10-year AAA-rated corporate bonds across segments


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

Figure 232: AAA-rated corporate bond yield curve


Source: NSE Data and Analytics (NDAL).

Figure 233: AA+ rated corporate bond yield curve


Source: NSE Data and Analytics (NDAL).

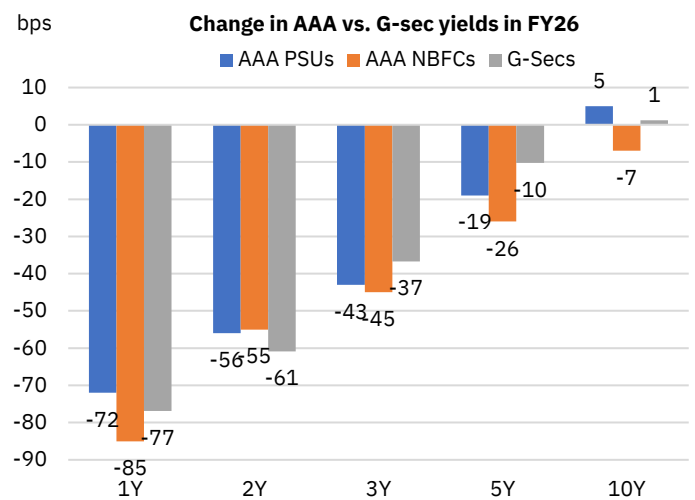
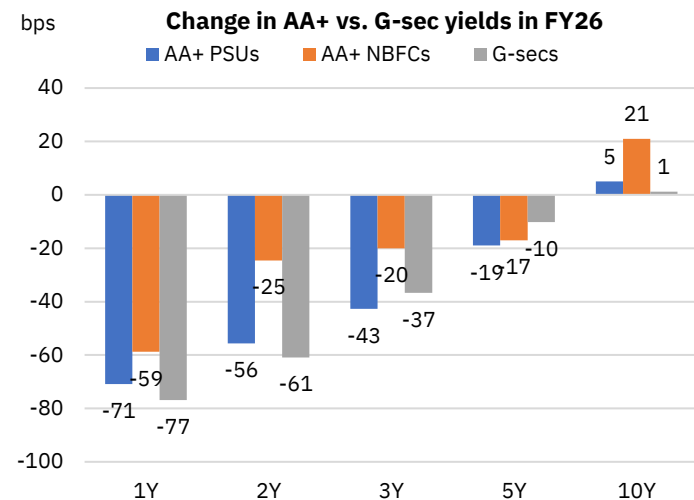
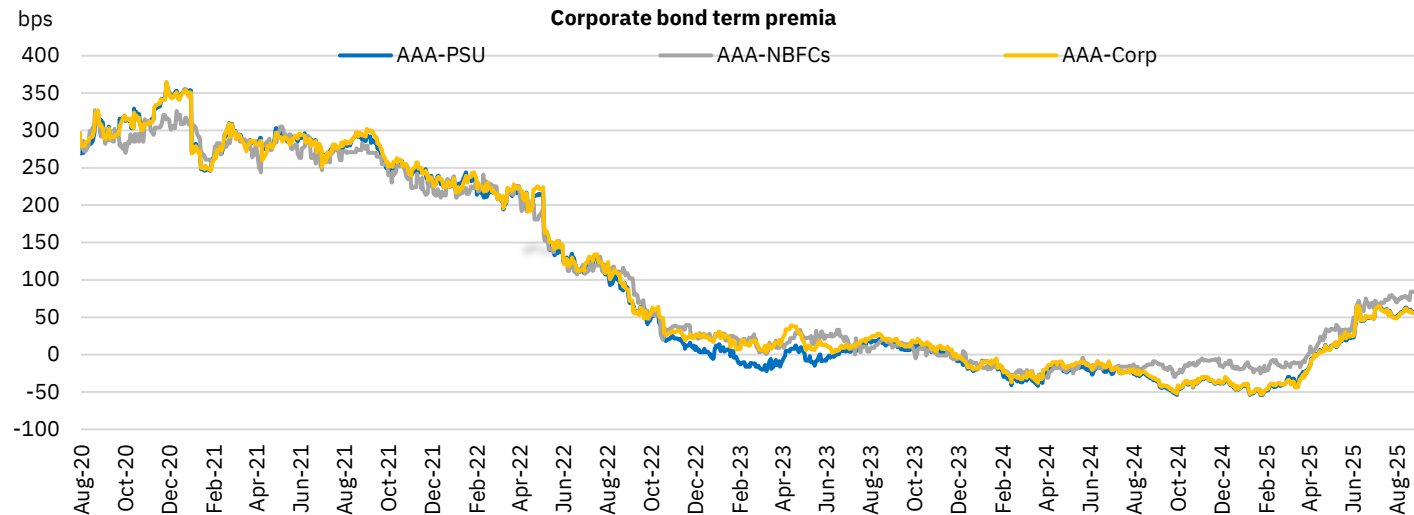
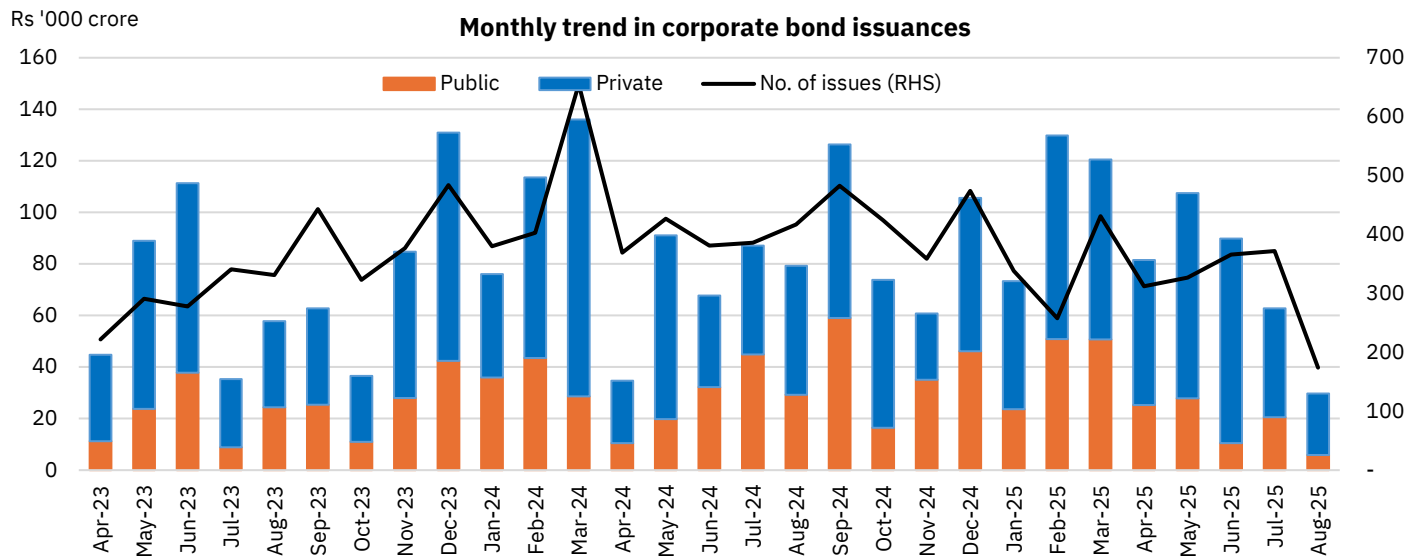
Figure 234: Change in AAA corporate bond and G-sec yields in FY26TD

Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR. Data is as of August 31st, 2025

Figure 235: Change in AA+ corporate bond and G-sec bond yields in FY26TD

Figure 236: Corporate bond term premia between 10-year and 1-year yields


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

Figure 237: Monthly trend in corporate bond issuances



Source: NSDL India Bond Info, NSE EPR.

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

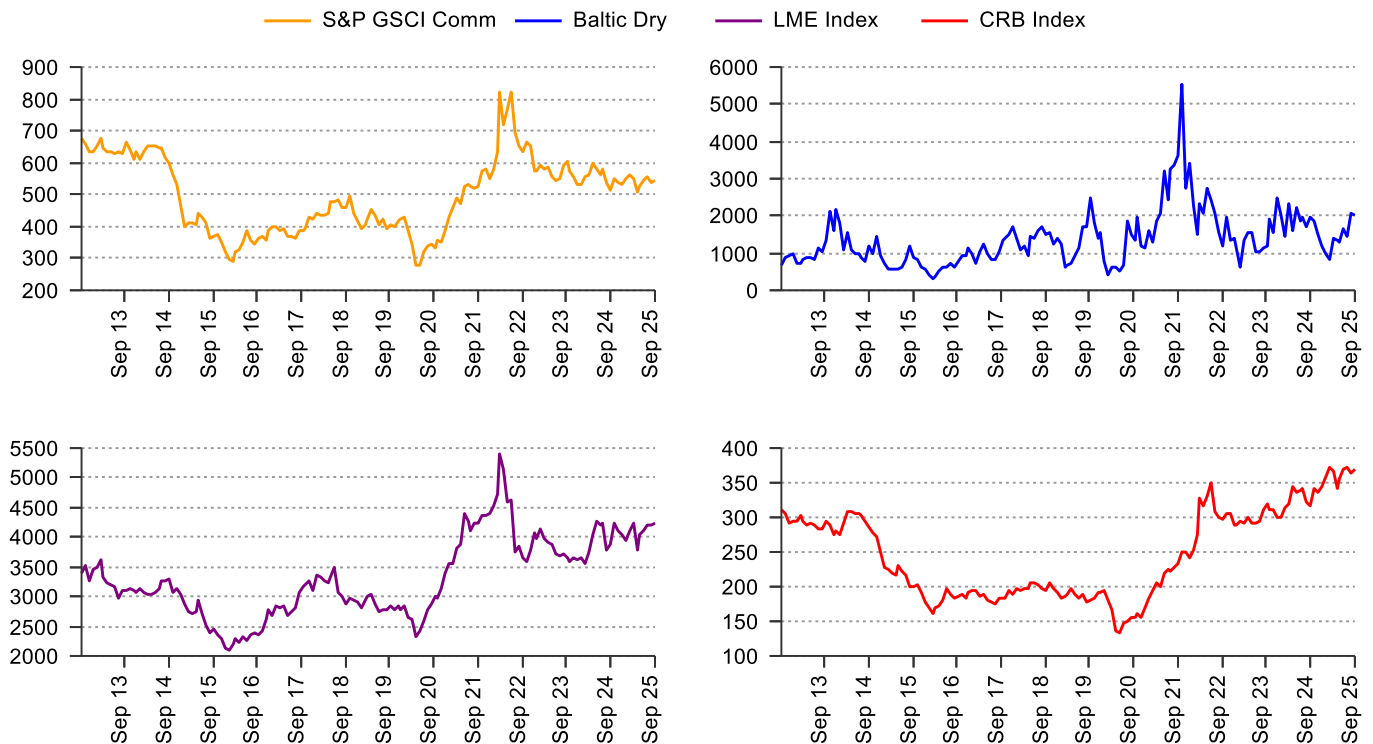
Commodity market performance

Mixed performance in the commodity market: In August 2025, global commodity markets displayed a mixed performance across sectors, with the benchmark S&P GSCI Commodity Index falling by a modest 0.8% during the month (YTD: -1.2%; As of September 5th, 2025). Energy prices weakened on the back of production cuts, and subdued US demand, while precious metals rallied, benefiting from strong safe-haven demand amid accentuated global uncertainty. Industrial metals posted broad gains, supported by supply deficits, tariffs and stronger demand. In agriculture, performance was uneven, with soybeans and corn rising, while wheat and cotton declined, and sugar remained broadly stable.

- **Energy Sector:** Crude oil prices fell by 6.1% MoM, driven by the rollback of OPEC+ production cuts, which signaled a likely increase in supply. Additionally, subdued demand in the US further weighed on prices.
- **Precious Metals:** Precious metal prices revealed a rising trend in August 2025, barring Palladium, which fell by 10.1% MoM on account of weak automotive demand amid surging EV adoption and stable supply. Gold prices shot up by 4.4% MoM due to weak dollar, rising geopolitical uncertainty and aggressive buying by central banks. Platinum prices increased by 3.1% MoM on account of supply constraints in South Africa and surge in jewellery, automotive and investment demand. Silver prices increased sharply by 8.0% MoM due to persistent supply deficits and surging demand from Clean Technology sector (Solar Panels, EVs)
- **Industrial Metals:** Aluminium prices shot up by 2.2% MoM due to stronger demand and weakened US dollar. US tariffs also contributed to the surge as import costs increased. Copper prices increased by 2.7% MoM due to imposition of 50% tariff effective from August 1 and supply constraints in major producer countries. Tin prices jumped by 7.6% MoM due to persistent supply deficits from Myanmar, while Zinc prices registered an increase of 2.6%. Nickel prices shot up by 3.5% MoM, propelled by softened dollar and increased demand from China. Meanwhile, Lead prices increased by 1.1% MoM due to supply side constraints and elevated raw material costs of production.
- **Agricultural Sector:** Prices of agricultural commodities displayed a mixed trend in August 2025. Soyabean prices rose sharply by 7.8% MoM while wheat prices fell by 2.6% MoM respectively. Corn prices increased moderately by 1.1% MoM. Cotton prices declined modestly by 0.6% MoM while raw sugar prices increased moderately by 0.2% MoM.

Figure 238: Movement in key commodity indices

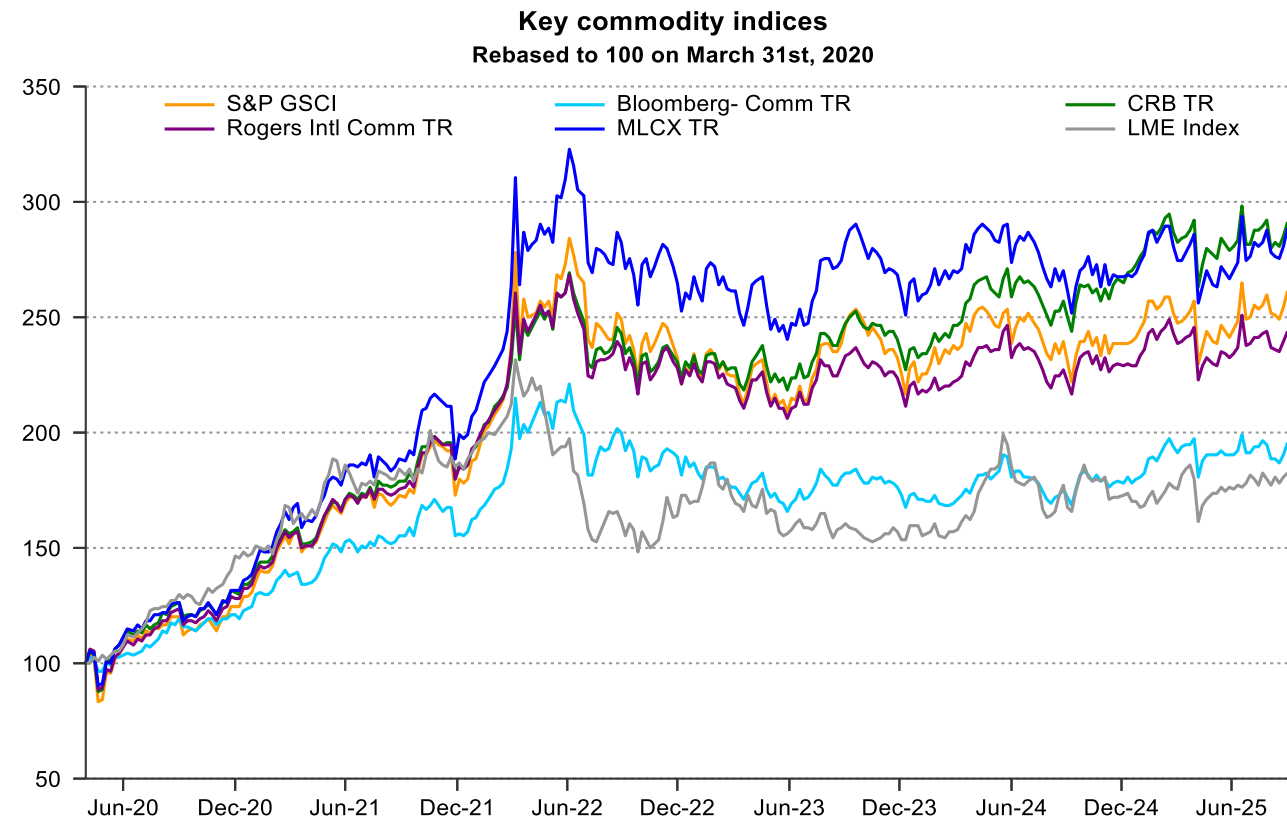
(As of September 9th, 2025)



Source: LSEG Workspace, NSE EPR.

Figure 239: Movement in key commodity indices since 2020

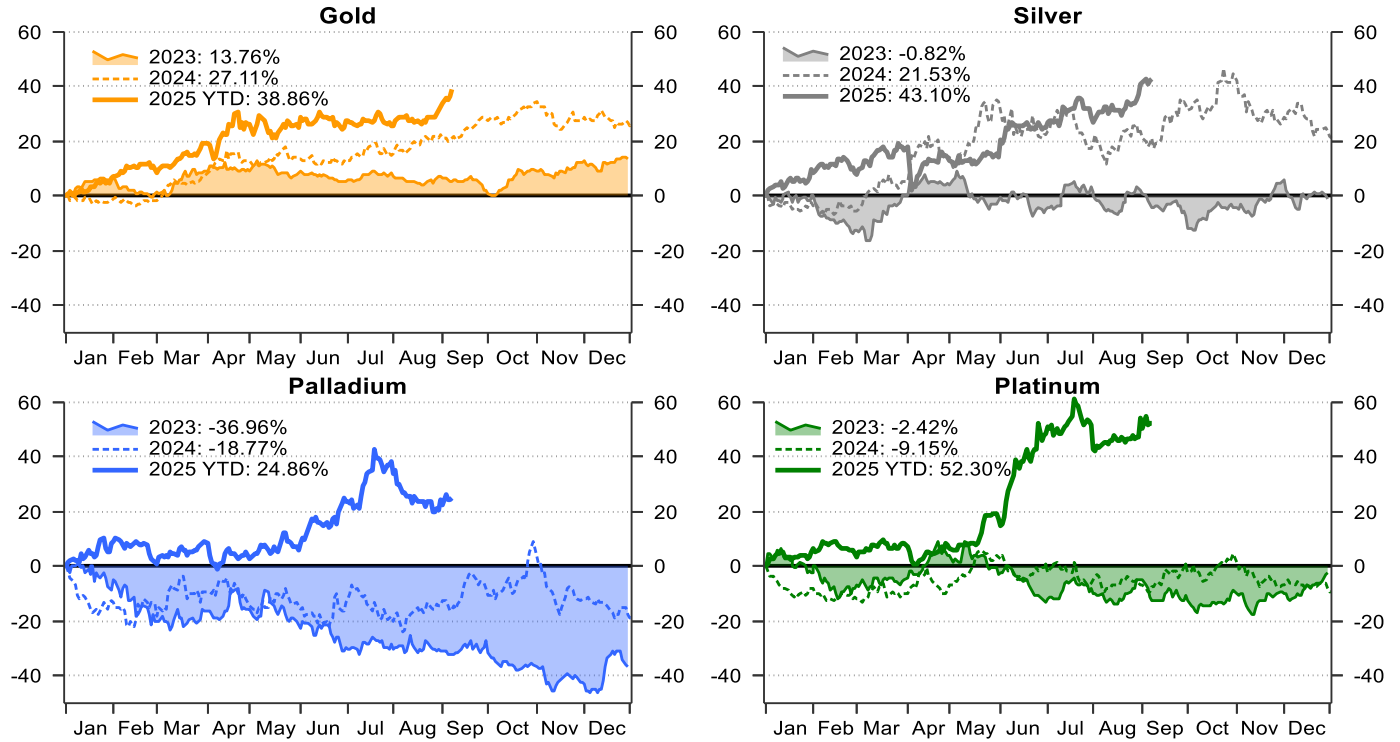
Rebased to 100 on March 31st, 2020 (As of September 9th, 2025)



Source: LSEG Workspace, NSE EPR.

Figure 240: Returns of key precious metals in 2023, 2024 and 2025 till date
(As of September 9th, 2025)

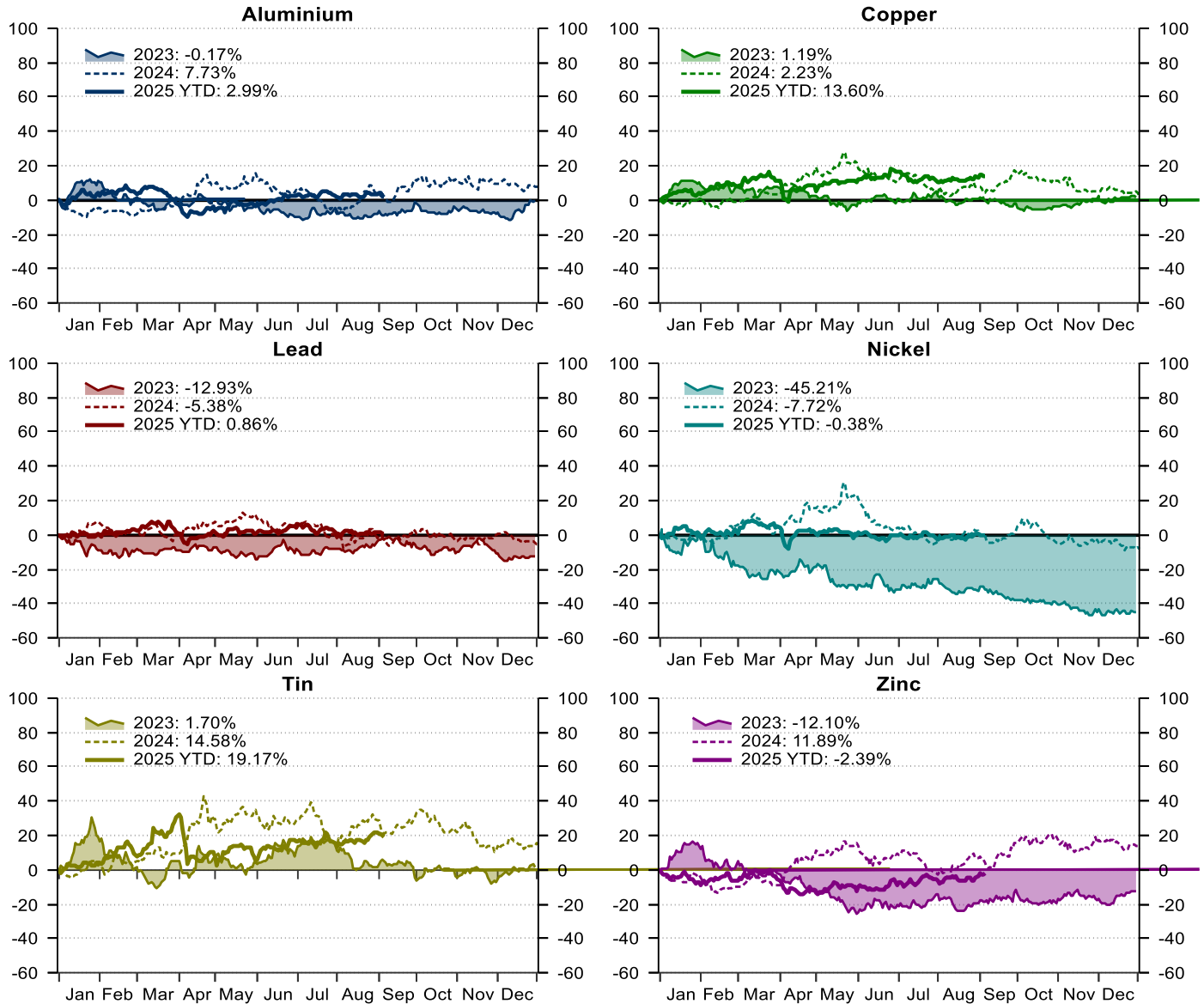
Returns of key Precious Metals



Source: LSEG Workspace, NSE EPR.

Figure 241: Returns of key industrial metals in 2023, 2024 and 2025 till date
(As of September 9th, 2025)

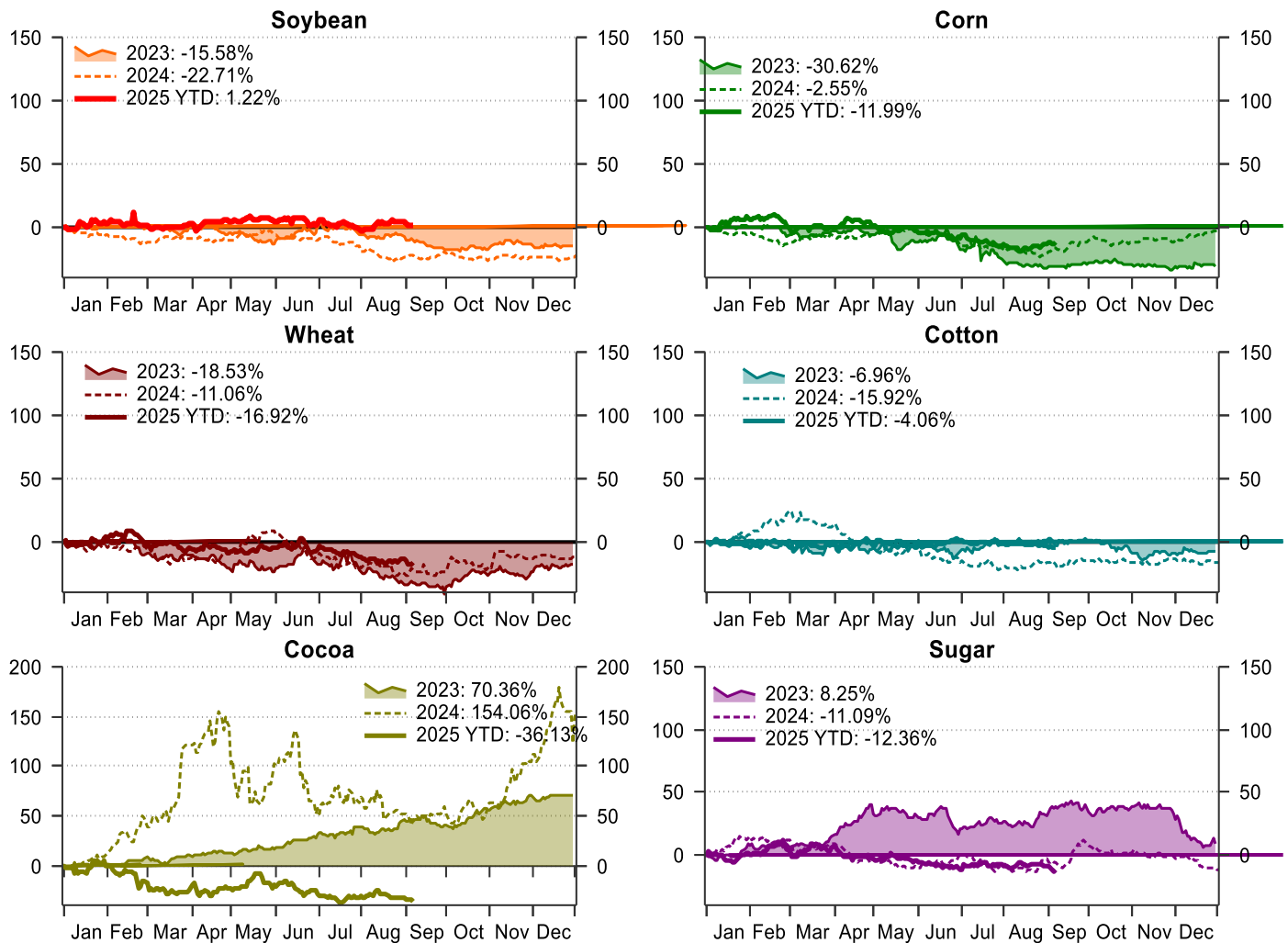
Returns of key Industrial Metals



Source: LSEG Workspace, NSE EPR.

Figure 242: Returns of key agricultural commodities in 2023, 2024 and 2025 till date
(As of September 9th, 2025)

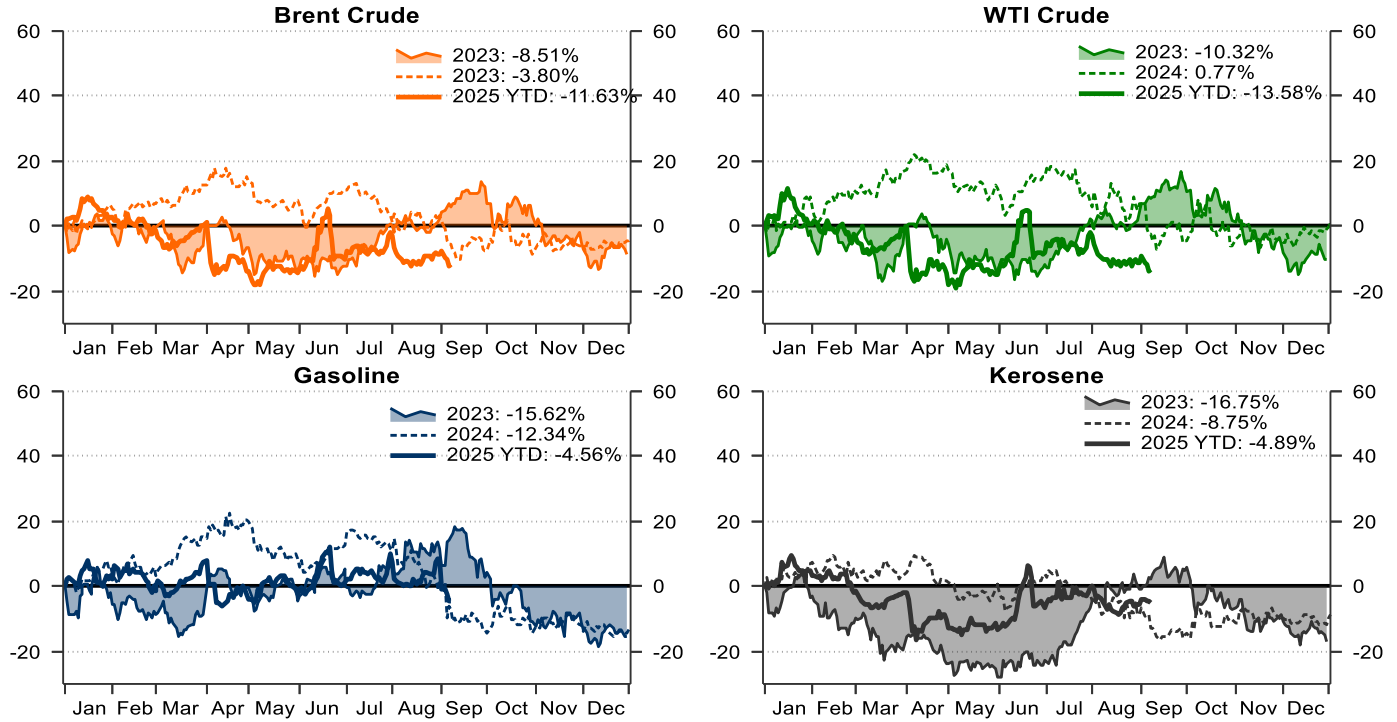
Returns of key agri commodities



Source: LSEG Workspace, NSE EPR.

Figure 243: Returns of key energy commodities in 2023, 2024 and 2025 till date
(As of September 9th, 2025)

Returns of key energy commodities



Source: LSEG Workspace, NSE EPR.

Table 72: Annual performance across commodities

(As of September 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 52.0
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 52.0
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 42.5
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 39.0
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 20.1
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 15.1
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 4.0
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	Lead 0.9
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	Nickel -1.0
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	Zinc -1.5
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 -9.7
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 -11.6

Source: LSEG Workspace, NSE EPR.

Currency market performance

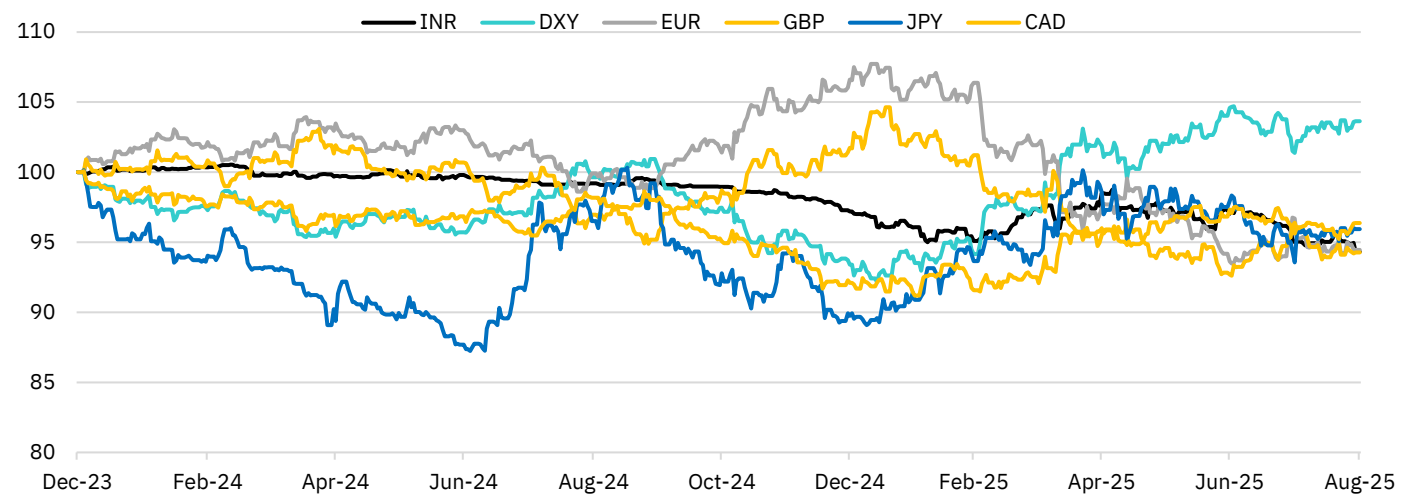
INR hit all-time low amid trade tensions: The INR extended its losing streak in Aug'25, depreciating by 0.7% against the US Dollar despite a softening greenback. It surged past the 88-level mark for the first time ever, ending the month at a record low of 88.2. The currency's weakness was primarily driven by the announcement of steep 50% tariffs on Indian imports despite the Fed's dovish stance on impending rate cuts. On the domestic front, a sharp widening of the merchandise trade deficit, which expanded to US\$27.4 bn in July'25 from US\$18.8 bn in Jun'25 largely due to a surge in crude oil and gold imports, added to the depreciating bias. This situation was exacerbated by capital outflows (-US\$ 2.3 bn, Aug'25), particularly originating from equity segment, amid heightened trade-related uncertainty. While the debt segment saw some intermittent support, recent flows have failed to offset the broader risk-off sentiment.

Going forward, the INR may find support from an expected rebound in domestic GDP growth and cooling oil prices ((US\$3.5/b decline since Jun'25), driven by oversupply and subdued demand resulting from U.S. tariffs. That said, the RBI's foreign exchange reserves continue to provide a cushion and support to the external economy, although they eased to US\$690.8 bn as of Aug 22nd (vs US\$698.2 bn in July'25). The INR's slide to a record low reflects a complex interplay of global and domestic pressures - from shifting geopolitical winds and U.S. trade policy to widening trade imbalances and capital market volatility. While India's macro fundamentals remain broadly intact, further currency stability will depend on how quickly trade tensions ease and whether domestic growth can reassert itself as a driver of investor confidence.

Major currencies rebound as the dollar eases: After broadly depreciating in July, major global currencies reversed course and gained at the cost of the depreciating dollar (-2.2% MoM) in Aug'25. The dollar weakness was influenced by easing US Treasury yields, a shift in investor risk appetite even as the S&P 500 posted strong gains, and growing concerns over the impact of tariffs on the US economy coupled with a weakening labour market. Among the DMs, the Japanese Yen strengthened significantly (+2.5% MoM), followed by the Euro (+2.4% MoM), Pound Sterling (+2.2% MoM), Swiss Franc (+1.5% MoM) and Canadian Dollar (+0.8% MoM). Emerging market currencies showed a more mixed picture: the Chinese Yuan witnessed the lowest growth (0.8% MoM), followed by the South African Rand (2.2% MoM), and the Brazilian Real (3.1% MoM). The Indonesian Rupiah (-0.2% MoM), the Russian Ruble (-0.4% MoM) and the Turkish Lira (-1.4% MoM) were notable exceptions, witnessing depreciation in the preceding month driven primarily by domestic economic and political challenges. Overall, while US tariff pressures and monetary policy divergence initially supported dollar strength, recent shifts in Fed guidance have led to mixed currency movements. Some major currencies rebounded on improved local fundamentals and rate expectations, whereas others continued to face headwinds from lingering trade uncertainties and local factors.

Figure 244: Movement in INR and major DM currencies against dollar since end of 2023

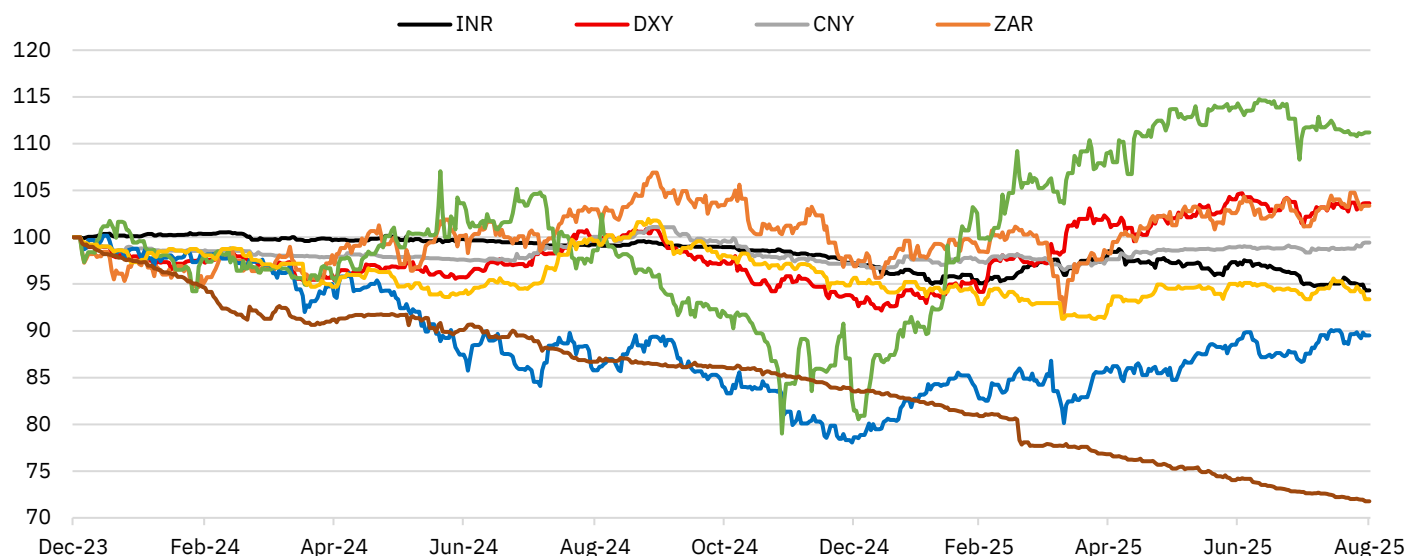
(Rebased to 100 on December 29th, 2023)



Source: LSEG Workspace, NSE EPR.

Figure 245: Movement in INR and major EM currencies against dollar since end of 2023

(Rebased to 100 on December 29th, 2023)



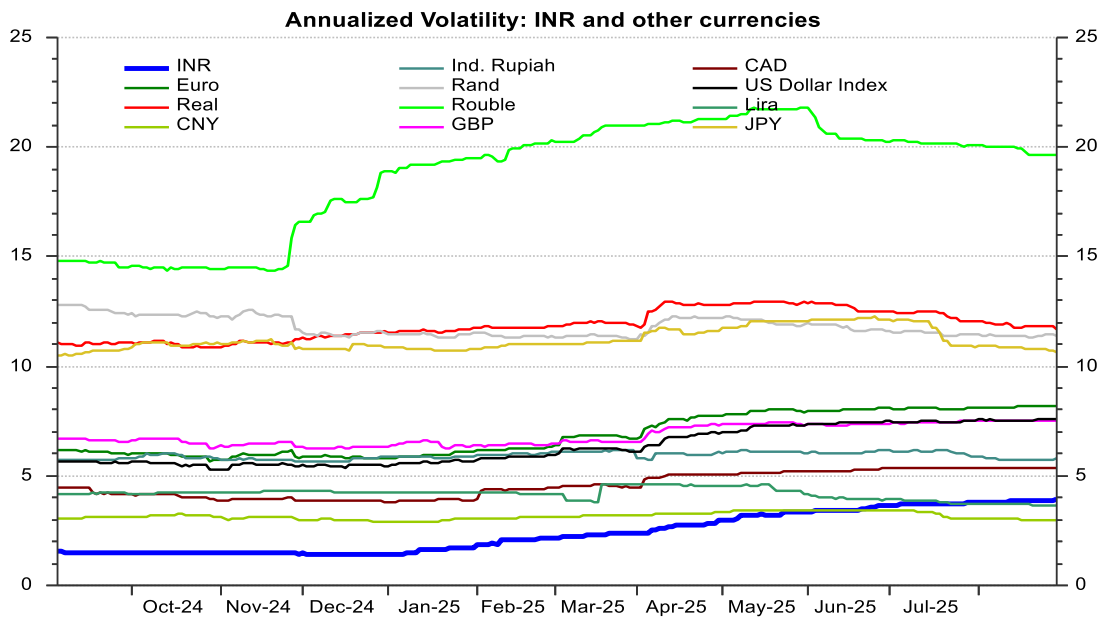
Source: LSEG Workspace, NSE EPR.

INR annualized volatility rose for the eighth consecutive month: In August, INR volatility continued its upward trend for the eighth consecutive month, with the rupee's average annualized volatility rising to 3.9% (+12 bps MoM). Although the increase was comparatively smaller than in July'25 (+28 bps), the upward bias in INR volatility remained among the highest across both major tracked DM and EM currencies. The RBI resumed intervention in the non-deliverable forwards (NDF) market in Aug'25 to manage rupee volatility amid rising US trade tensions, marking a return to a tool largely unused for the past seven months.

Among EM currencies, the Russian Ruble was the most volatile at 19.9%, despite a remarkable decline (-32 bps MoM), followed by the Brazilian Real at 11.9%, the South African Rand at 11.4%, the Indonesian Rupiah at 5.8%, the Turkish Lira at 3.7%, and the Chinese Yuan at 3.0%. Among developed market currencies, the Japanese Yen continued

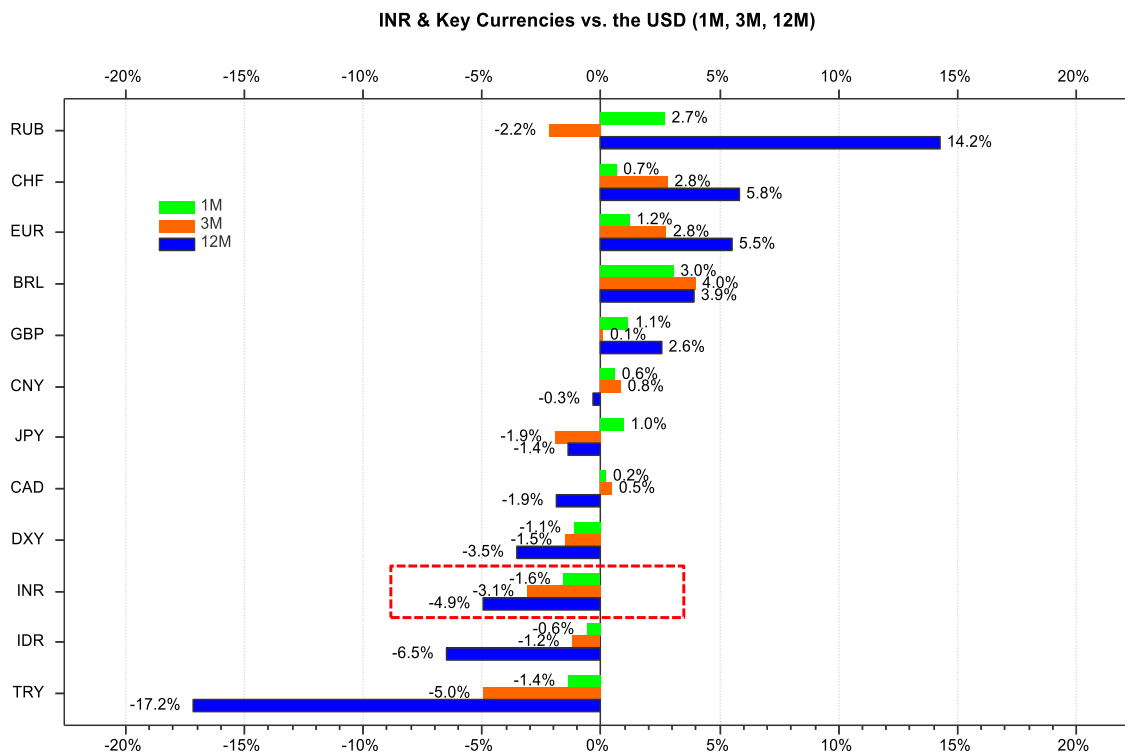
to exhibit the highest volatility at 10.8% (-76 bps MoM), followed by the euro at 8.2%, the Pound Sterling at 7.5%, and the Canadian Dollar at 5.3%. Notably, most EM currencies continued to display lower average annualized volatility in Aug'25 compared to their DM peers, likely reflecting the market's ongoing adjustment to prolonged global trade tensions, shifting central bank policies, and geopolitical realignments.

Figure 246: Annualized volatility of INR and other DM & EM currencies

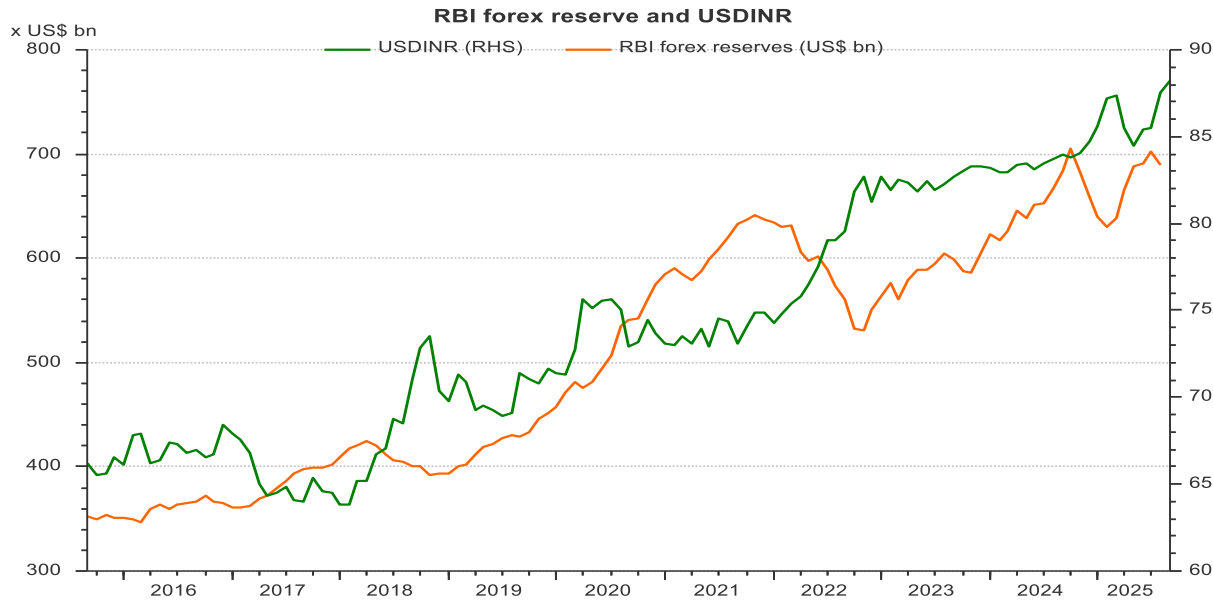


Source: LSEG Workspace, NSE EPR.

Figure 247: Change in INR and major DM & EM currencies (as on August 29th, 2025)

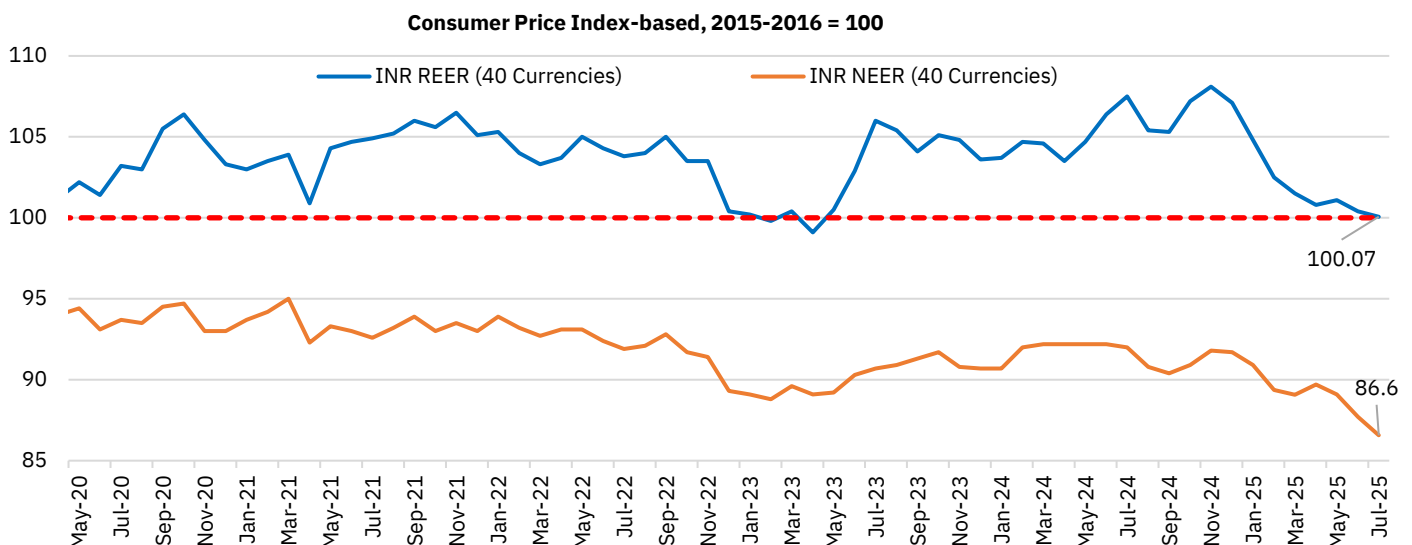


Source: LSEG Workspace, NSE EPR.

Figure 248: RBI forex reserves and USDINR


Source: LSEG Workspace, NSE EPR.

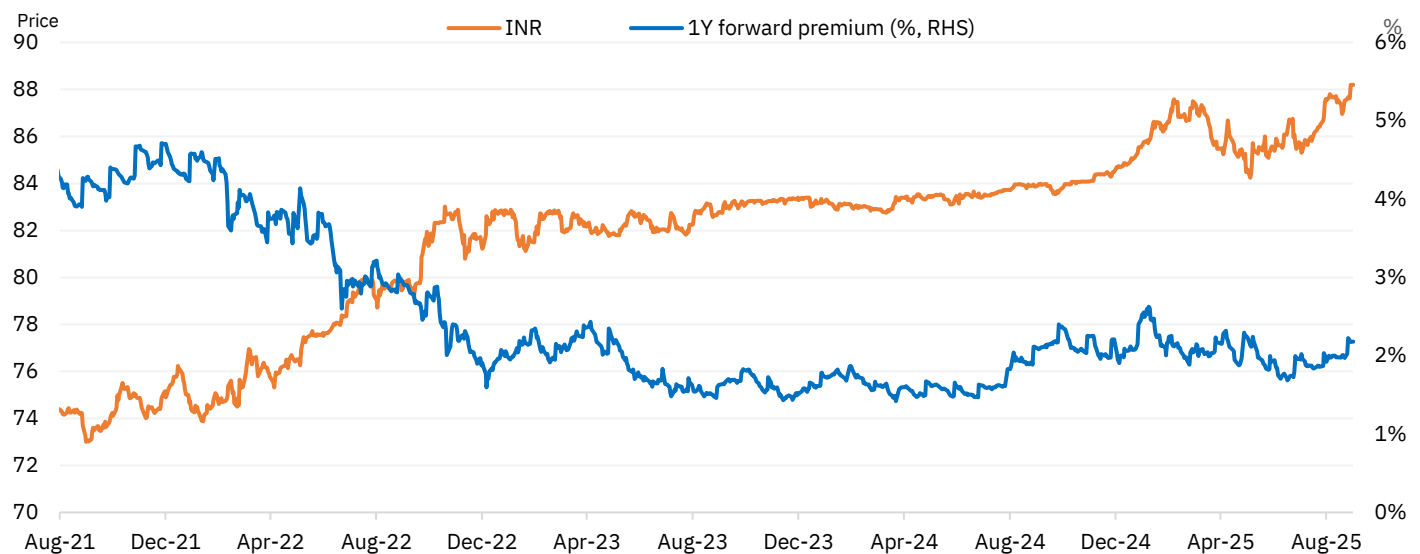
INR's overvaluation narrowed but remains persistent: The valuation dynamics of the INR continued to evolve in recent months. The Real Effective Exchange Rate (REER) has moderated, even though the currency remains in the overvalued zone. Despite a gradual depreciation, the INR has continued to remain overvalued for the 27th month in a row, albeit with signs of easing pressure. The REER, calculated against a basket of 40 currencies, declined to 100.1 in the latest reading (-33 bps MoM), showing a notable drop from its recent high of 108.1 seen in Nov'24. This sustained moderation reflects a gradual unwinding of real exchange rate pressures, even though the INR continues to trade above its historical fair value benchmark. On the other hand, the Nominal Effective Exchange Rate (NEER) reversed its previous trend and continued its downward slide, falling to 86.6 in Jul'25 from 89.7 over the preceding three months, signaling growing pressures in the forex market, likely driven by trade imbalances and sustained global headwinds.

Figure 249: Real and nominal effective exchange rates of INR


Source: CMIE Economic Outlook, NSE EPR.

One-year forward premia rebounded in August....: After three consecutive months of decline, the one-year forward premium on the INR edged higher in August 2025, rising to 2.0% from 1.9% in July'25. Although this marks a modest recovery, the premium remains slightly below its historical average, reflecting ongoing caution among market participants amid persistent geopolitical risks and trade uncertainties. The uptick in the one-year forward premia was driven by a softer U.S. dollar, easing U.S. Treasury yields, and increased global appetite for Indian debt in Aug'25 relative to the previous month. The forward premium witnessed significant intra-month volatility fluctuating between 168.5 and 195 paise before settling at 192 paise against the dollar by the month-end. While earlier concerns over new U.S. tariffs on Indian imports and potential penalties related to Russian crude had weighed on market sentiment, the Fed's dovish shift signaling possible rate cuts helped stabilize rate differentials. This, in turn, reduced pressure on the rupee and supported forward premia recovery. Meanwhile, India's robust foreign exchange reserves continued to act as a crucial buffer, helping anchor the forward curve despite lingering global uncertainties. Despite recent fluctuations, the premium remains significantly below its post-pandemic peak of 5.3%, underscoring the strength of India's macro fundamentals and the resilience of its external sector.

Figure 250: USDINR and 1-year forward premium



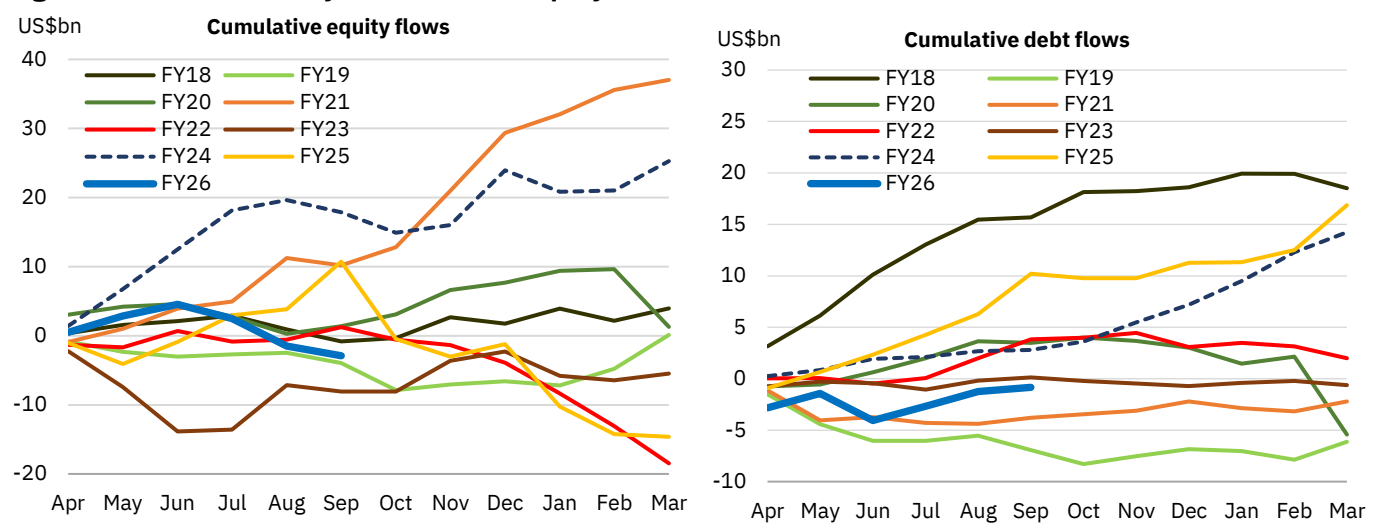
Source: NSE Cogencis, NSE EPR.

Institutional flows across market segments in India

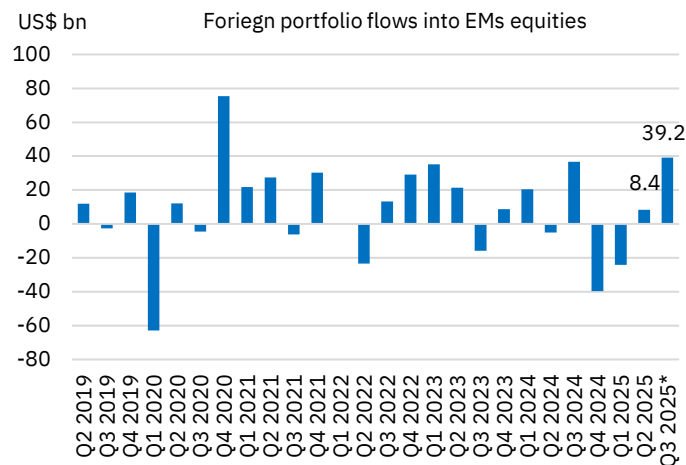
FPIs remained net sellers of Indian equities in August....: Continuing the selling streak from July 2025, FPIs remained net sellers in the Indian equities market in August 2025. Renewed flare-up in trade tensions, particularly around the India-US deal, muted Q2 corporate earnings and depreciation in the INR prompted a sharp reversal in sentiment. Outflows in August stood at US\$4.0 bn compared to an inflow of US\$0.9 bn last year and US\$4.5 bn in Q1FY26 (Apr-Jun). This was the largest sell-off in FY26 till date. The trend continued into September, with FPIs pulling out another US\$ 1.4 bn (as of September 4th, 2025), amid the announcement of higher US tariffs and heightened bilateral trade uncertainty. The cumulative net FPI outflows in Indian equities in the fiscal year thus far stand at US\$2.9 bn (as of 4th September 2025).

...But were net buyers in the debt market: While FPI flows in equity markets remained volatile, the debt market saw steady inflows in Aug'25 of US\$1.4bn. A large part of these were through the Fully Accessible Route (FAR) (US\$0.8bn). This was largely driven by surplus liquidity conditions, softening in inflation, favourable yield spreads between India and the US and INR stability. Investors sought relatively safer assets amid escalating geopolitical concerns and the softening of the US Dollar Index. As of September 4th, 2025, net FPI inflows stand at US\$402m. Cumulatively, for the fiscal year to date (up to September 4th, 2025), net FPI inflows in the debt market totaled US\$ 839m.

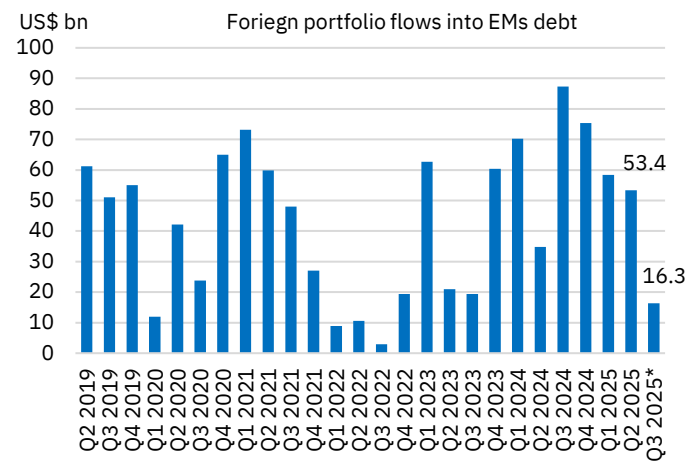
Figure 251: Net inflows by FPIs in Indian equity and debt markets



Source: NSDL, NSE EPR.

Figure 252: Foreign portfolio flows into EM equities


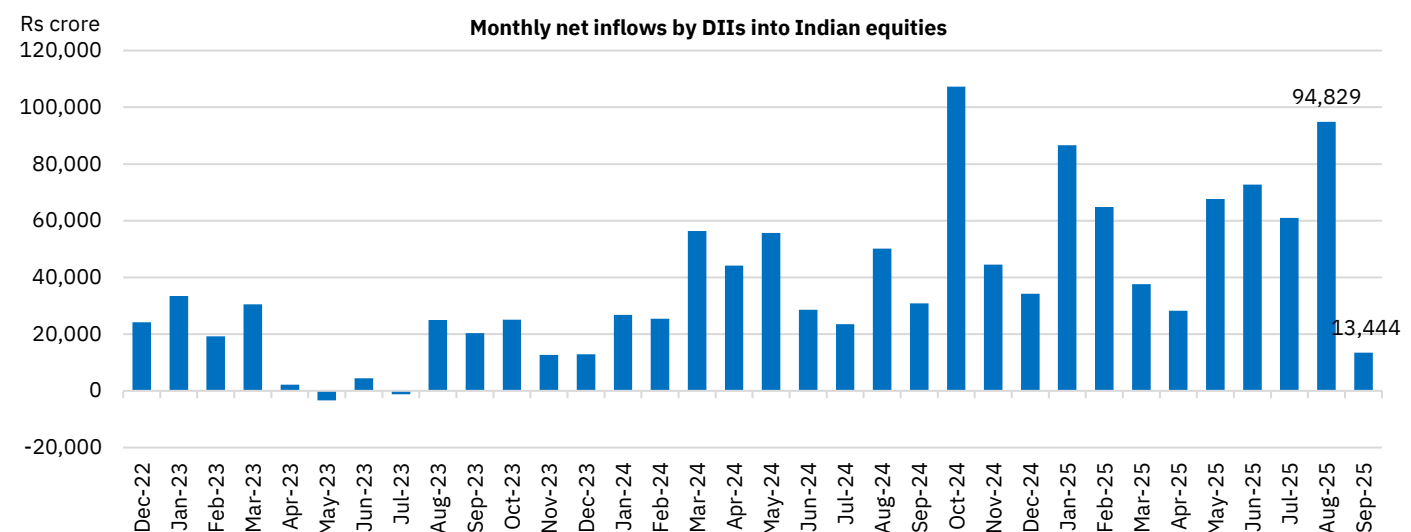
Source: Institute of International Finance, NSE EPR. Note: *Data for Q3 2025 corresponds to July 2025

Figure 253: Foreign portfolio flows into EM debt


Source: Institute of International Finance, NSE EPR. Note: *Data for Q3 2025 corresponds to July 2025

DIIs remained consistent buyers in Indian equities but net sellers in Indian debt: In Aug'25, DIIs continued to act as a stabilizing force in Indian equities, stepping up their buying amid persistent FPI outflows. They recorded a net purchase of Rs 94.8k crore in equities in August—the highest in 10 months. Robust domestic macro fundamentals, consistent SIP-led inflows, and valuation opportunities amid sustained FPI selling collectively enabled this record high purchase. Inflows continued in Sept'25, with Rs 13.4k crore added up to September 5th, taking total DII net inflows in FY26 so far (as of September 5th, 2025) to Rs 3.4 lakh crore (US\$ 39.1 bn).

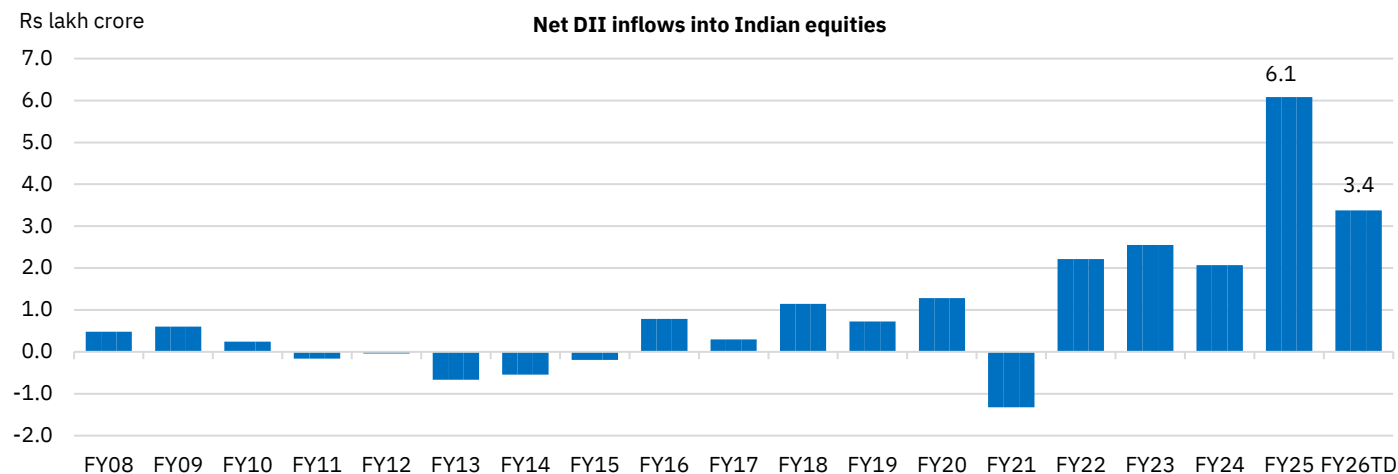
Among DIIs, DMFs (domestic mutual funds) remain primary drivers of equity inflows, investing Rs 70.5k crore (US\$ 8.1bn). This brought cumulative FY26TD equity investments to Rs 2.4 lakh crore (US\$ 27.2bn). DMFs continued to be net sellers in debt, with outflows nearly tripling in Aug'25 to Rs 65.3k crore (US\$ 7.5bn) since the start of the fiscal year, underscoring persistent investor caution. In FY26TD (till September 2nd), net DMF outflows in the debt market stood at Rs 2.3 lakh crore (US\$ 26.2bn).

Figure 254: Monthly net inflows by DIIs in Indian equity markets


Source: LSEG Workspace, NSE EPR. Data for August is as of September 5th, 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.

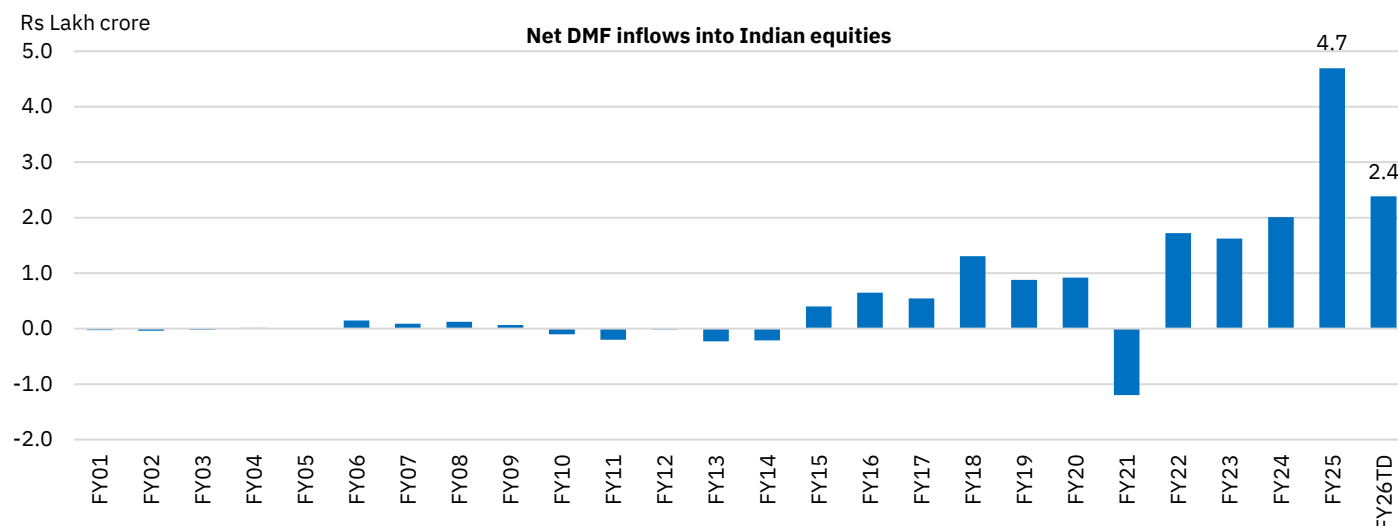
Figure 255: Annual net inflows by DIIs in Indian equity markets



Source: LSEG Workspace, NSE EPR. *Data for FY26TD is as of September 5th, 2025

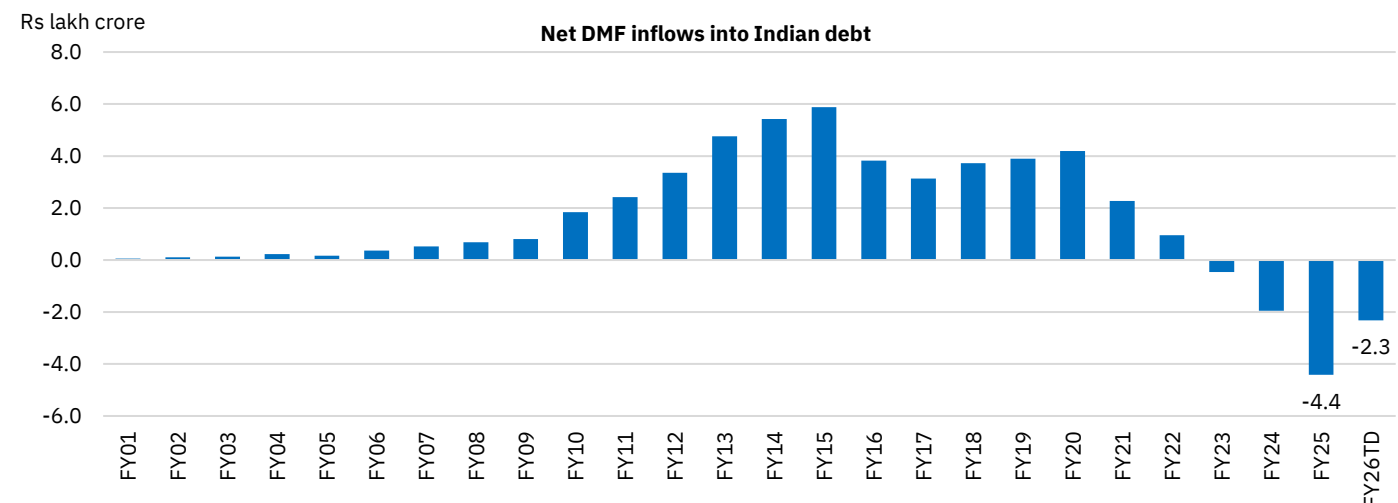
Note: The figure above shows total traded value executed by DIIs across exchanges, compiled based on trading codes entered by Trading Members at the time of order entry and corresponding client category classification provided by trading members.

Figure 256: Annual net inflows by domestic mutual funds in Indian equity markets



Source: CMIE Economic Outlook, NSE EPR. *Data for FY26TD is as of September 2nd, 2025.

Figure 257: Annual net inflows by domestic mutual funds in Indian debt markets



Source: CMIE Economic Outlook, NSE EPR. *Data for FY26TD is as of September 2nd, 2025.

Markets in depth

Activity drops, investor participation moderates, skewness in turnover distribution widens

August was characterised by a rise in equity listings but with lower capital raised, a slowdown in debt mobilisation as higher yields and investor caution prompted issuers to scale back or defer offerings, and weaker secondary market activity. Cash market turnover moderated, while derivatives saw a selective revival alongside strong traction in emerging products such as electricity futures. New investor additions tapered off even as the registered base approached the 12-crore milestone, participation declined with only 1.8% of the registered investor base trading exclusively in derivatives, and trading activity became increasingly concentrated across both cash and derivatives.

- **Equity listings pick up; debt slows down:** Fund raising slowed across equity and debt after strong prints in prior months. Equity fundraising showed mixed trends—SME IPOs surged 40% MoM to Rs 843 crore, the second highest in 2025, while mainboard IPO proceeds fell even as the pipeline is healthy. Debt fundraising fell to a 16-month low, dominated by commercial papers. Notably, 31 listings in August—the highest in 11 months—added over Rs 84,000 crore in market capitalisation. During Apr-Aug 2025, 90 companies listed on NSE platforms, raising over Rs 54,000 crore, led by Consumer Discretionary, Financials, and Industrials.
- **NSE investor base nears 12 crore, but pace slows:** As of August 2025, NSE's registered investor base reached 11.9 crore, with Maharashtra (1.9 crore) and Uttar Pradesh (1.4 crore) leading. New additions moderated to 12.3 lakh in August (–18.3% MoM) after two months of strong growth, though UP continued to top registrations for the 31st straight month. In the first four months of FY26, 49 lakh investors were added, with younger cohorts (≤ 30 years) making up 56.2%, while women accounted for about one-fourth of the base as of July 2025.
- **Secondary market activity softens in cash, steadies in derivatives:** Equity cash turnover fell in August, with ADT sliding to a six-month low of Rs 93,545 crore. Derivatives remained steady—futures' ADT rose 6% MoM and options premiums 9%—though both stayed well below last year's levels. Commodity futures hit a record Rs 100 crore, almost entirely from electricity contracts. Foreign investors and DIIs gained share in cash turnover, while proprietary traders remained dominant in derivatives. Trading patterns showed greater use of co-location in cash and futures, and mobile trading in options climbed to a record 27.7%.
- **Individual investors' participation moderates...:** Individual participation in the equity cash segment fell for the first time in five months to ~1.07 crore in August, well below the Sep'24 peak of 1.57 crore. Participation in equity derivatives also fell to 31.9 lakh, down from the Jun'24 peak of 52.6 lakh, reflecting the impact of SEBI's Nov'24 curbs to protect small investors. Notably, around 78% of derivative traders over the past year also traded in cash equities, while just 20 lakh investors—barely 1.8% of the base—traded exclusively in derivatives. This underscores that retail participation in derivatives is far smaller than often perceived.
- **...With rising skewness:** In the cash segment, turnover fell sharply, led by the top 0.2% of investors, while participation dropped by 20 lakh MoM—50% of which was led by investors in the sub-Rs 1 lakh turnover bracket. In derivatives, options turnover declined for the third straight month, with small investors hit hardest, likely due to regulatory changes. Futures showed a similar skew, with activity concentrated among top investors as participation fell both MoM and YoY.

Primary markets: Equity listings pick up; debt sees moderation

Fund mobilisation in value terms moderates across equity and debt in August, after robust activity in prior months. Equity fundraising showed contrasting trends: SME IPOs on the Emerge platform surged 40% MoM to Rs 843 crore, marking the second highest print in 2025 thus far, highlighting strong issuers confidence and investors' appetite, while mainboard IPO proceeds moderated even as the pipeline remains robust. On the debt side, fundraising stood at a 16-month low, with commercial papers contributing to 76% of the funds raised. Investor allocation patterns revealed diverging dynamics. While the mainboard IPOs saw the share of Qualified Institutional Buyers (QIBs) increasing at the expense of reduced allocation to Retail Individual Investors (RIIs), SME IPOs were more retail-driven. Remarkably, the listing activity was strong, with 31 companies debuting on NSE in August, the highest in 11 months—adding over Rs 84,000 crore in market capitalisation. The first five months of FY26 saw 90 companies getting listed across mainboard and SME platforms, mobilising over Rs 54,000 crore, led by the Consumer Discretionary, Financials, and Industrials sectors.

Fund mobilisation

August sees healthy SME IPO surge amid broader fundraising moderation: Fund mobilisation activity through equity and debt moderated to Rs 1.1 lakh crore in August, as sentiments took a beating amid heightened global headwinds emerging from the imposition of additional tariffs by the US. However, equity capital raising through IPOs on the Emerge platform remained a bright spot, recording a healthy 40% MoM increase to Rs 843 crore, marking the second highest fund raising in 2025 thus far and reaffirming the strong appetite for SME listings. On the mainboard, though IPO proceeds were lower MoM, the broader pipeline remains robust. Further issuances through equity recorded 78% MoM decline to Rs 8,029 crore in August, the lowest in last three months. Nonetheless, the successful listing of NSDL, raising over Rs 4,000 crore, albeit listed on another exchange, reflects the growing confidence of marquee institutions in tapping the public markets.

The resilience of India's macro fundamentals—with a strong 7.8% GDP print for the recent quarter and encouraging GST reforms—provides a supportive backdrop for capital raising to accelerate going forward.

On the debt side, fundraising declined by 16% MoM to a 16-month low of Rs 86,593 crore in August. Commercial paper (CP) issuances accounted for 76% of overall debt mobilisation at Rs 65,826 crore (-12% MoM). Overall, while August reflected a phase of moderation, the continued strength of SME IPOs, the demonstrated ability of large institutions to raise funds, and supportive policy and growth trends support the enduring robustness of Indian capital markets.

Table 73: Monthly fund mobilisation (Rs crore) through equity and debt during the year

Segments	Modes	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Equity (Main Board) - Primary markets	Fresh listing	1,204	525	-	-	4,921	7,078	7,464	7,803
	OFS	874	13,380	-	-	355	1,497	17,096	5,115
	IPO (Fresh + OFS)	2,078	13,905	-	-	5,276	8,575	24,559	12,918
	FPO	-	-	-	-	-	-	-	-
	Rights	143	617	1,016	48	1,008	6,030	1,698	3,149
	Preferential allotment	3,997	2,439	5,360	42,644	2,370	3,649	4,028	2,763
	QIPs	3,961	-	5,368	5,969	110	10,106	30,539	1,202
Equity (SME) - Primary markets`	Fresh listing	295	519	266	121	218	837	565	791
	OFS	48	87	12	37	3	11	40	53
	IPO (Fresh + OFS)	342	607	278	157	222	848	604	843
	FPO	-	-	-	-	-	-	-	-
	Rights	-	-	-	7	-	49	40	-
	Preferential allotment	263	190	72	90	268	199	161	86
	QIPs	-	-	-	25	-	-	70	-
Secondary markets	OFS	5,407	-	23	4,086	3,860	354	35	828
Total equity raised		16,191	17,756	12,117	53,026	13,114	29,810	61,733	21,790
InvITS	Fresh listing	1,578	-	-	-	-	-	1,300	-
	Rights	-	-	-	-	-	-	-	-
	Preferential allotment	5,501	-	3,286	-	-	-	-	-
	QIPs	-	-	5,455	-	-	-	-	-
REITs	Fresh listing	-	-	-	-	-	-	-	4,800
	Rights	-	-	-	-	-	-	-	-
	Preferential allotment	-	-	613	-	-	-	-	-
	QIPs	-	-	-	-	-	-	-	-
Total business trusts raised		7,079	-	9,353	-	-	-	1,300	4,800
Debt	CPs	42,634	73,052	96,055	87,828	67,395	88,460	74,483	65,826
	NCDs (Private)	44,380	49,875	88,649	55,299	58,408	62,952	27,879	20,593
	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
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

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

Table 74: Annual trend of fund mobilisation (Rs crore) during the last five years

Segment	Modes	FY22	FY23	FY24	FY25	FY26TD
Equity	Initial Public Offering	1,12,124	53,770	65,995	1,69,628	54,002
	Further issuances	1,15,312	99,000	1,15,476	2,27,305	1,16,308
	OFS (Secondary Markets)	14,210	11,033	21,769	29,077	9,163
Business Trusts	InvITs and REITs	16,075	3,470	38,230	24,471	6,100
Debt	CPs and NCDs (private and public)	11,95,428	12,17,436	11,42,077	14,18,443	6,10,997
Total fund mobilization		14,53,148	13,84,709	13,83,547	18,68,924	7,96,569

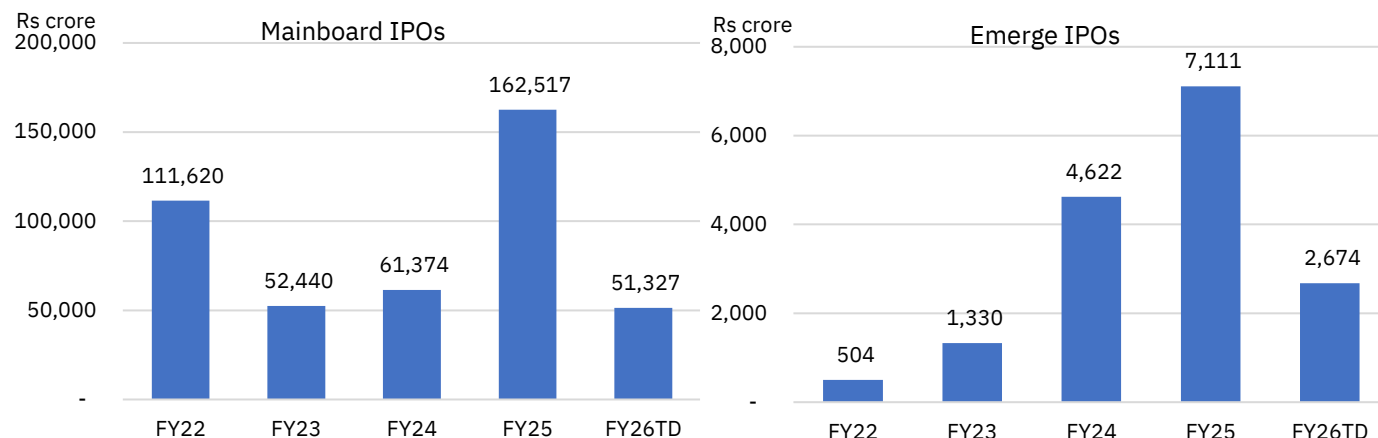
Source: NSE EPR.

Notes:

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

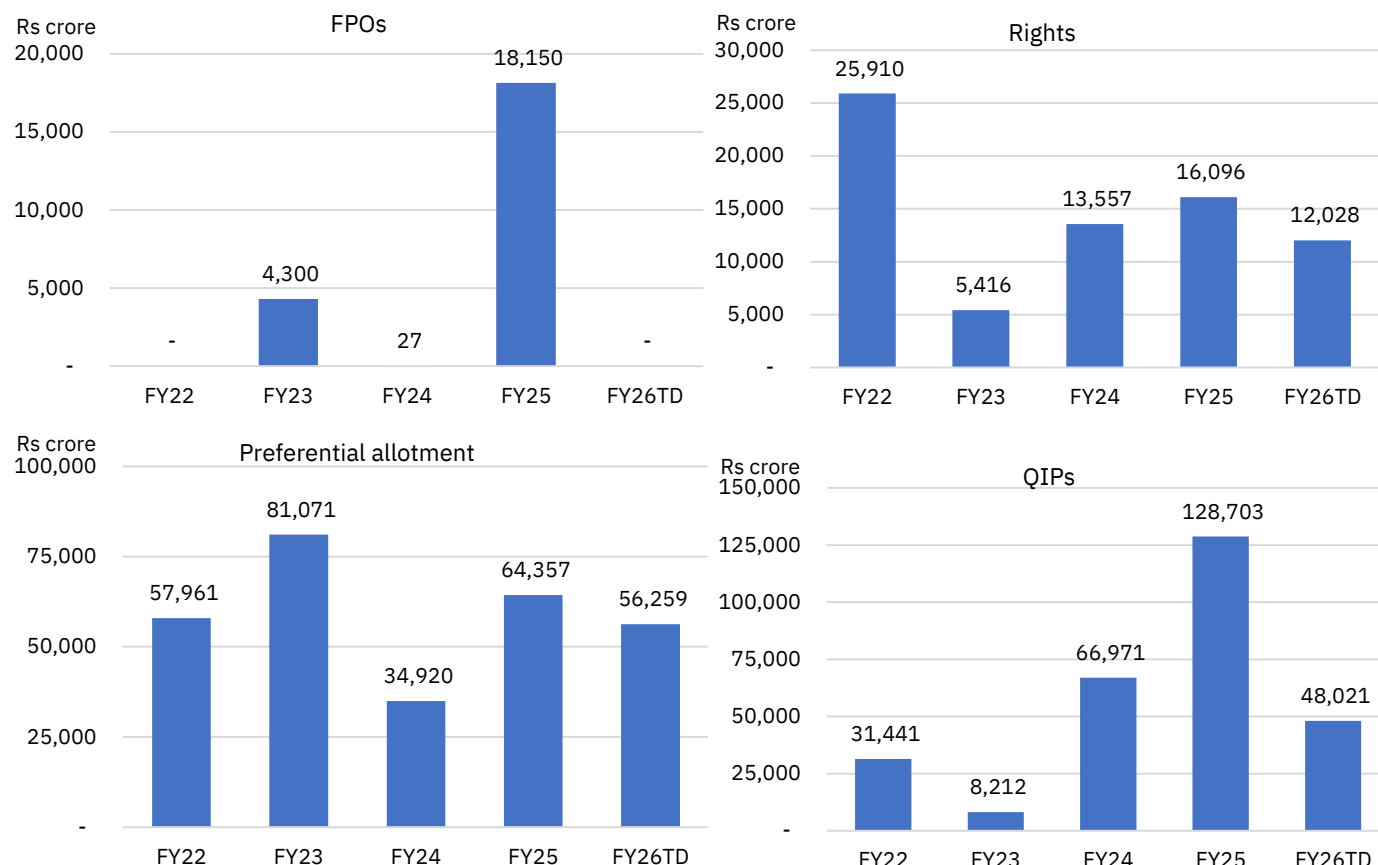
2.Debt issuances include reissuances.

3.Data for FY26TD is as of Aug'25.

Figure 258: Annual trend on equity raised through IPOs on Mainboard


Source: NSE EPR.

Note: Data for FY26TD is as of Aug'25.

Figure 259: Annual trend on equity raised through further issuances


Source: NSE EPR.

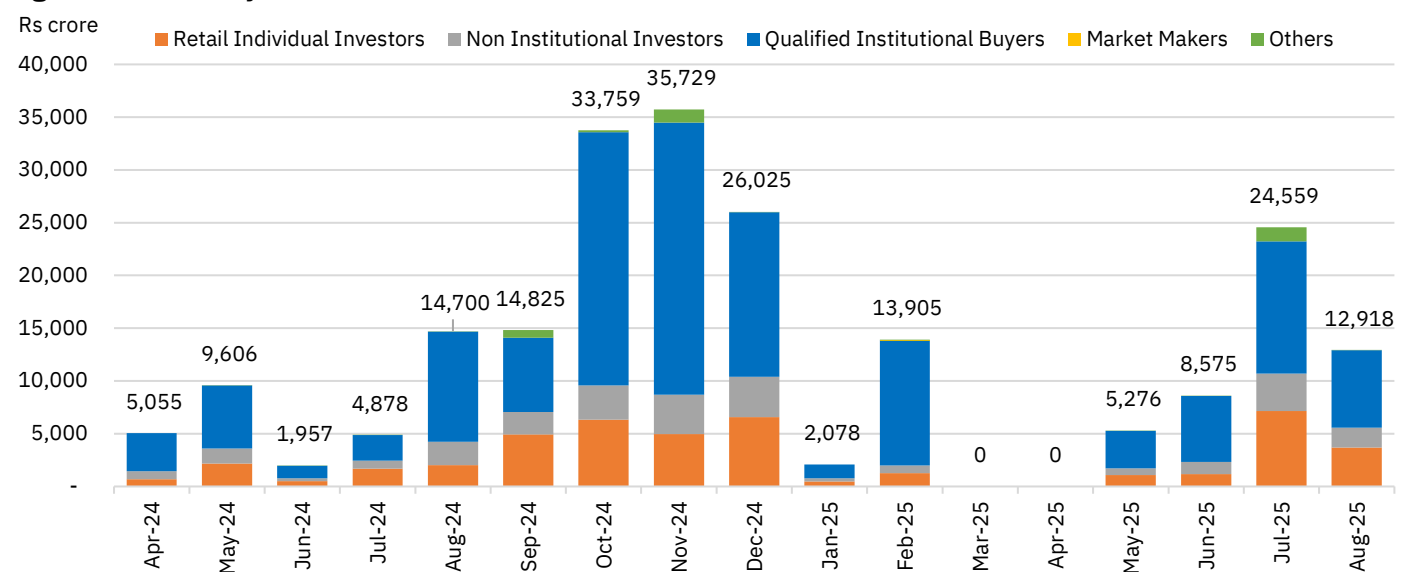
Notes:

1.Data includes Mainboard and Emerge issuances

2. Note: Data for FY26TD is as of Aug'25

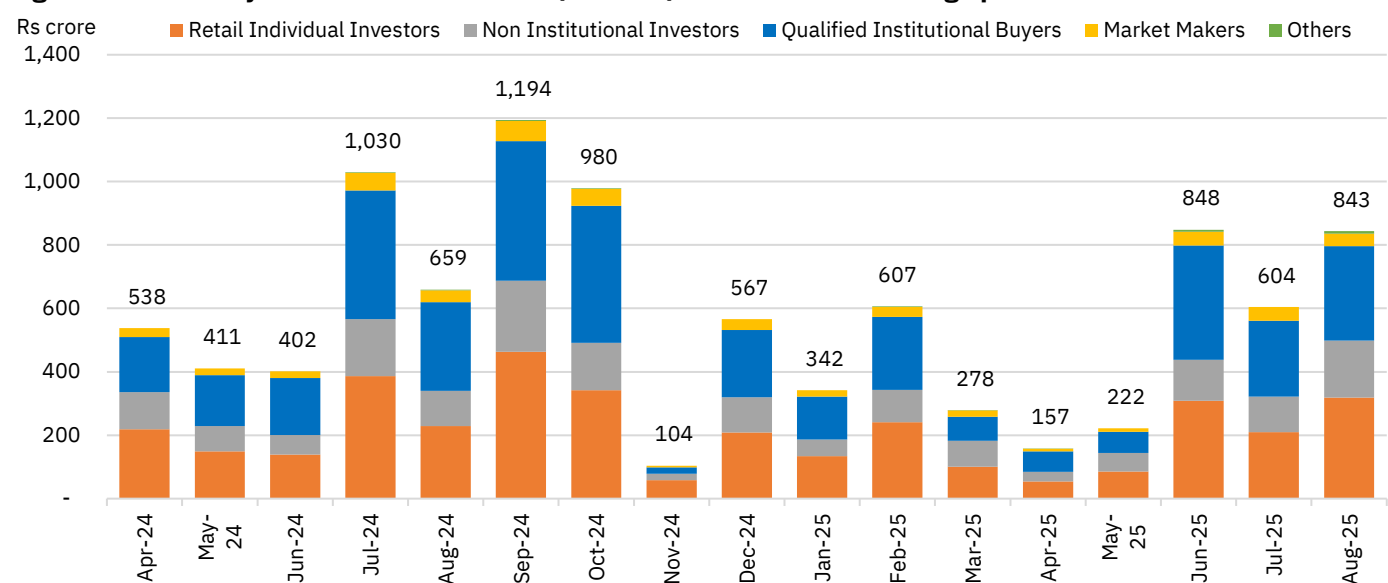
QIBs dominate mainboard IPOs, while retail investors drive SME listings: Among the 15 new mainboard listings in August, Qualified Institutional Buyers (QIBs) strengthened their participation, with their allocation share rising to 57% (up from 51% in July). The share of Retail Individual Investors (RIIs) moderated slightly to 28.5% (vs. 29.2% in July), while allocations to Non-Institutional Investors (NIIs) edged up marginally. In the case of Emerge listings, the trend was more retail-driven. RIIs saw their share of allocation increase to 37.8% in August (up from 34.6% in July), while NIIs' share also rose to 21.3% (vs. 18.7% in July). Meanwhile, QIBs' allocation eased to 35.3%, compared with 39.5% in July, highlighting a more balanced distribution of investor participation across categories in the SME segment.

Figure 260: Monthly trend of IPO allocation (Rs crore) to investors for mainboard



Source: NSE EPR.

Figure 261: Monthly trend of IPO allocation (Rs crore) to investors for Emerge platform



Source: NSE EPR.

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.

New IPOs in the month

IPOs hit 11-month high in August; consumer, financials and industrials lead: In August, 31 companies were listed on NSE – the highest in the last eleven months. Of these, 15 were on the mainboard and 16 on the Emerge platform. The performance of these companies was encouraging: 11 mainboard listings closed with gains on debut, with two delivering over 50% returns, while 9 companies on the Emerge platform also posted listing gains, including two with 90% gain at listing. Collectively, these companies added Rs 84,515 crore of market capitalisation as of the last trading day of August.

Looking at the first five months of FY26, the momentum in primary markets has been broad-based. A total of 37 companies debuted on the mainboard, raising Rs 51,327 crore. On sectoral analysis, consumer discretionary led the way with 11 IPOs mobilising Rs 15,157 crore (30% of overall fund raising), followed by financials with 2 IPOs raising Rs 12,754 crore (25%), and industrials with 10 IPOs garnering Rs 6,064 crore (12%). Together, these three sectors accounted for 62% of new listings and 66% of total capital raised through mainboard IPOs.

The SME segment also remained vibrant with 53 companies listed on the Emerge platform, raising Rs 2,674 crore. Industrial sector dominated with 21 listings mobilising Rs 968 crore (36%), followed by consumer discretionary with 13 IPOs raising Rs 736 crore (28%), and materials with 8 listings garnering Rs 365 crore (14%). Collectively, these three sectors represented 79% of SME listings and 77% of funds raised.

Table 75: Summary of IPOs on Mainboard in August 2025

Listing Date	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)
01-Aug-25	Shanti Gold International Limited	360	-	360	199	14%	1,584
05-Aug-25	Laxmi India Finance Limited	165	89	254	158	-13%	678
05-Aug-25	Aditya Infotech Limited	500	800	1,300	675	50%	14,817
06-Aug-25	Sri Lotus Developers and Realty Limited	792	-	792	150	19%	8,851
06-Aug-25	M & B Engineering Limited	275	375	650	385	0%	2,473
12-Aug-25	Highway Infrastructure Limited	98	32	130	70	64%	682
14-Aug-25	All Time Plastics Limited	280	121	401	275	13%	1,946
14-Aug-25	JSW Cement Limited	1,600	2,000	3,600	147	4%	20,236
19-Aug-25	Bluestone Jewellery and Lifestyle Limited	820	721	1,541	517	-1%	8,093
20-Aug-25	Regaal Resources Limited	210	96	306	102	38%	1,171
26-Aug-25	Patel Retail Limited	217	26	243	255	18%	875
26-Aug-25	Vikram Solar Limited	1,500	579	2,079	332	2%	12,174
26-Aug-25	Shreeji Shipping Global Limited	411	-	411	252	7%	4,119
26-Aug-25	Gem Aromatics Limited	175	276	451	325	2%	1,443
28-Aug-25	Mangal Electrical Industries Limited	400	-	400	561	-1%	1,457

Source: CMIE Prowess, NSE EPR.

Note: Data for market capitalisation is as of August 31st, 2025.

Table 76: Summary of IPOs on Emerge platform in August 2025

Listing Date	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)
01-Aug-25	Sellowrap Industries Limited	30	-	30	83	8%	168
05-Aug-25	Kaytex Fabrics Limited	58	12	70	180	-20%	177
07-Aug-25	Cash Ur Drive Marketing Limited	58	3	61	130	19%	258
07-Aug-25	Renol Polychem Limited	26	-	26	105	0%	55
08-Aug-25	FlySBS Aviation Limited	103	-	103	225	90%	1,120
11-Aug-25	Aaradhya Disposal Industries Limited	45	-	45	116	-4%	165
11-Aug-25	Parth Electricals & Engineering Limited	62	-	62	170	2%	341
11-Aug-25	Jyoti Global Plast Limited	29	7	35	66	0%	116
11-Aug-25	Bhadora Industries Limited	56	-	56	103	-2%	180
14-Aug-25	Sawaliya Food Products Limited	31	4	35	120	90%	252
14-Aug-25	Connplex Cinemas Limited	90	-	90	177	10%	367
18-Aug-25	Medistep Healthcare Limited	16	-	16	43	23%	52
18-Aug-25	ANB Metal Cast Limited	50	-	50	156	5%	224
20-Aug-25	Mahendra Realtors & Infrastructure Limited	40	9	49	85	-20%	117
25-Aug-25	Studio LSD Limited	59	15	74	54	-20%	183
29-Aug-25	ARC Insulation & Insulators Limited	38	3	41	125	16%	142

Source: CMIE Prowess, NSE EPR.

Note: Data for market capitalisation is as of August 31st, 2025.

Table 77: Sector wise IPOs in FY26 till date on the mainboard

Sector	No of listing	Issue Size (Rs crore)	% share
Consumer Discretionary	11	15,157	30%
Financials	2	12,754	25%
Industrials	10	6,064	12%
Materials	5	5,644	11%
Real Estate	4	3,665	7%
Health Care	1	3,395	7%
Energy	1	2,800	5%
Information Technology	1	1,300	3%
Consumer Staples	2	549	1%
Grand Total	37	51,327	100%

Source: LSEG WS, NSE EPR.

Note: Data is as of August 2025.

Table 78: Sector wise IPOs in FY26 (as of Aug'25) on the emerge platform

Sector	No of listing	Issue Size (Rs crore)	% share
Industrials	21	968	36%
Consumer Discretionary	13	736	28%
Materials	8	365	14%
Communication Services	3	176	7%
Information Technology	2	134	5%
Consumer Staples	2	109	4%
Health Care	2	88	3%
Energy	1	73	3%
Financials	1	26	1%
Grand Total	53	2,674	100%

Source: LSEG WS, NSE EPR.

Note: Data is as of August 2025.

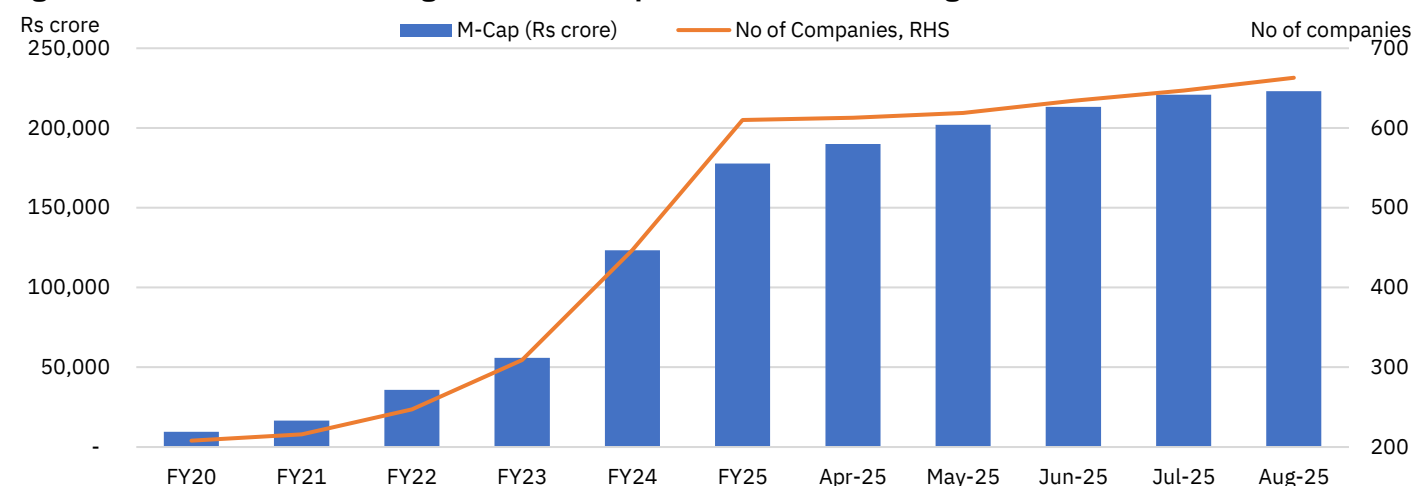
Table 79: Top 10 state-wise issuance on Emerge platform since inception

State	No of listings	Issue size (Rs crore)	Market cap (Rs crore)
Maharashtra	188	5,371	50,489
Gujarat	171	4,374	47,994
NCT of Delhi	88	3,073	41,510
West Bengal	39	1,188	10,668
Tamil Nadu	22	1,067	10,336
Madhya Pradesh	32	837	13,407
Rajasthan	30	814	14,614
Karnataka	16	635	6,269
Haryana	15	462	3,813
Telangana	18	458	2,113
Others	44	1,261	21,865
Grand Total	663	19,540	2,23,078

Source: CMIE Prowess, NSE EPR.

Notes: 1. Market cap values are as on August 31st, 2025.

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

Figure 262: 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.

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

Investor participation: NSE registered investor base touches 11.9 crore

Region-wise distribution of total registered investors

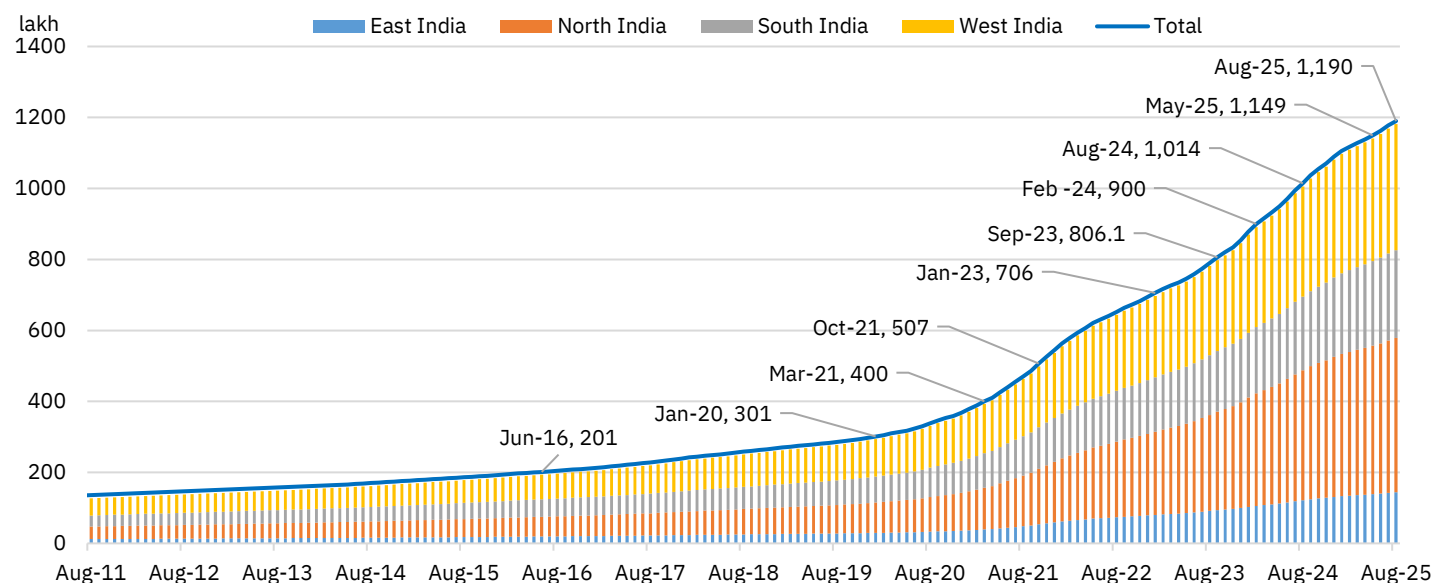
NSE's registered investor base expanded to 11.9 crore: As of end-August 2025, the NSE's registered investor base stood at 11.9 crore, inching closer to the 12-crore milestone. While 12.3 lakh new investors were added during the month, the pace of additions moderated, declining 18.3% MoM after two consecutive months of double-digit growth. August also recorded the third-lowest monthly accretion in the current fiscal year. The slowdown appears to reflect broader macroeconomic headwinds – particularly tariff-related shocks and sustained foreign capital outflows amid elevated uncertainties – that weighed on investor sentiment.

Since the start of CY2025, except for the May-July period, new registrations have trended downward. Having crossed the 9-crore mark in February 2024, the investor base expanded to 10 crore by August 2024 and further to 11 crore by January 2025 – each incremental crore being added within five to six months. However, the momentum slowed considerably in the subsequent months (Feb–Aug 2025), with an average of 11.9 lakh new investors added per month, a significant drop compared to the average monthly addition of 19.2 lakh investors during the same period last year.

Nevertheless, the structural expansion of the investor base has accelerated meaningfully over time. While the first crore of investors took nearly 14 years to achieve, subsequent increments were attained at a markedly faster pace.

Regionally, North India continued to dominate with 4.3 crore registered investors as of August 2025, followed by West India at 3.6 crore, South India at 2.5 crore, and East India at 1.4 crore. On a year-on-year basis, all regions recorded close to 20% growth in investor participation, except for West India, which expanded by 14%.

Figure 263: Trend of region wise total unique registered investors



Source: NSE EPR

Note: East India includes Mizoram, Odisha, West Bengal, Assam, Manipur, Arunachal Pradesh, Tripura, Nagaland, Meghalaya, Sikkim, Chhattisgarh; West India includes Maharashtra, Gujarat, Madhya Pradesh, 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 80: 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	144.0
North India	68.2	76.7	88.4	117.6	189.4	243.5	324.0	409.6	434.4
South India	59.7	66.6	75.1	97.0	132.5	157.3	189.2	232.9	247.8
West India	87.2	96.7	108.4	139.0	198.1	234.8	286.0	341.0	355.3
Others [#]	7.8	7.8	7.7	7.5	8.0	8.4	9.0	8.6	8.4
Total	247.0	274.9	310.0	400.3	593.7	726.9	915.8	1127.9	1189.9

Source: NSE EPR.

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

Maharashtra retains leadership in investor base, though growth momentum moderates:

As of August 2025, Maharashtra continued to hold the top position among all states, with a registered investor base of 1.9 crore, marking a 12.3% YoY expansion. While the state has consistently led in terms of investor participation, the pace of growth has notably slowed. During the first eight months of CY2025 (Jan–Aug), Maharashtra’s investor base expanded at an average monthly run-rate of 0.8%, nearly half the pace observed during the same period last year (1.6% MoM). This sustained moderation has also translated into a gradual erosion of its overall share in the national investor pool, declining from 19.5% in CY20 to 16.1% as of August 2025.

Uttar Pradesh retained its position as the second-largest contributor, with a registered investor base of 1.4 crore as of August 2025. The state’s share of the national investor pool has risen steadily – from 7.7% in CY20 to 11.5% by August 2025 – underscoring its growing prominence, and stronger growth momentum relative to Maharashtra. Between January and August 2025, Uttar Pradesh’s investor base grew by 11.1%, significantly outpacing Maharashtra’s 6.6% growth during the same period.

Following these two, Gujarat ranked third with an investor base of 1.0 crore, followed by West Bengal (70 lakh) and Rajasthan (68 lakh). Collectively, these five states represented 48% of India’s total registered investor base as of August 2025. At the same time, several other states have witnessed a sharp rise in their investor presence, with their shares in the national pool nearly doubling or more. Madhya Pradesh’s share increased to 4.8% from 3.2% in FY20, Bihar’s to 4.6% from 2.2%, and Assam’s to 2.2% from 0.7%. These gains signal a broadening of the retail investor base beyond traditional strongholds, pointing to improving investor confidence and deeper market penetration across emerging states.

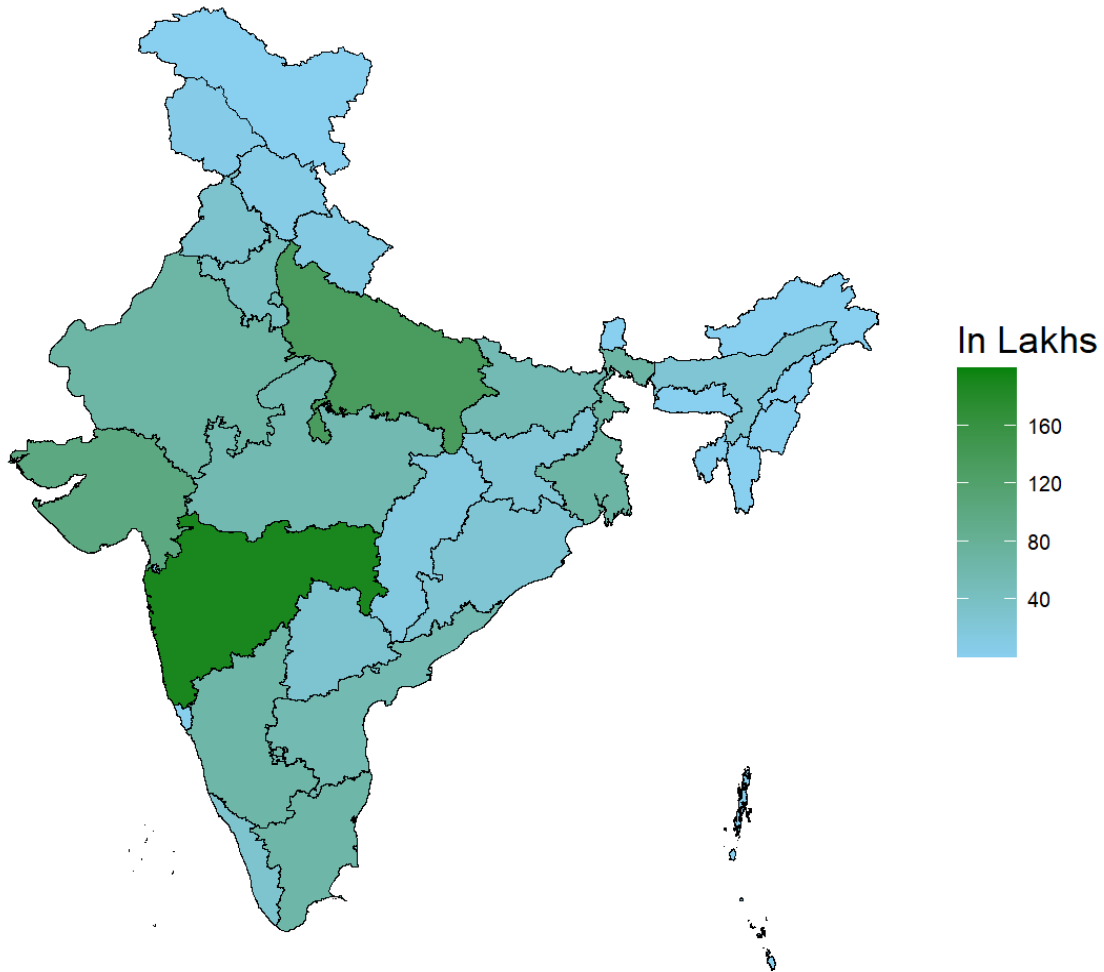
Table 81: State-wise distribution of total unique registered investors at end of each fiscal year

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	19,101	16.1
Uttar Pradesh	1,248	6.9	2,302	7.4	12,827	11.4	13,677	11.5
Gujarat	2,055	11.4	3,797	12.2	9,939	8.8	10,336	8.7
West Bengal	1,175	6.5	1,990	6.4	6,614	5.9	7,015	5.9
Rajasthan	667	3.7	1,328	4.3	6,454	5.7	6,797	5.7
Tamil Nadu	1,287	7.2	2,182	7.0	6,261	5.6	6,656	5.6
Karnataka	1,165	6.5	1,949	6.3	6,239	5.5	6,598	5.5
Madhya Pradesh	518	2.9	984	3.2	5,460	4.8	5,754	4.8
Andhra Pradesh	1,002	5.6	1,581	5.1	5,137	4.6	5,527	4.6
Bihar	294	1.6	670	2.2	5,085	4.5	5,462	4.6
Delhi	1,197	6.7	1,853	6.0	4,922	4.4	5,126	4.3
Haryana	531	3.0	971	3.1	3,845	3.4	4,036	3.4
Punjab	389	2.2	704	2.3	2,991	2.7	3,187	2.7
Kerala	583	3.2	942	3.0	2,817	2.5	3,013	2.5
Telangana	279	1.6	813	2.6	2,694	2.4	2,833	2.4
Assam	109	0.6	221	0.7	2,527	2.2	2,643	2.2
Orissa	250	1.4	494	1.6	2,446	2.2	2,604	2.2
Jharkhand	258	1.4	444	1.4	1,989	1.8	2,120	1.8
Chhattisgarh	129	0.7	252	0.8	1,422	1.3	1,511	1.3
Uttarakhand	123	0.7	234	0.8	1,194	1.1	1,264	1.1
Himachal Pradesh	60	0.3	123	0.4	759	0.7	807	0.7
Jammu & Kashmir	65	0.4	112	0.4	651	0.6	707	0.6
Goa	48	0.3	82	0.3	250	0.2	262	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	199	0.2
Manipur	5	0.0	18	0.1	125	0.1	136	0.1
Pondicherry	22	0.1	41	0.1	115	0.1	121	0.1
Meghalaya	6	0.0	12	0.0	76	0.1	84	0.1
Nagaland	3	0.0	8	0.0	62	0.1	68	0.1
Arunachal Pradesh	2	0.0	6	0.0	58	0.1	64	0.1
Dadra & Nagar Haveli	6	0.0	9	0.0	48	0.0	48	0.0
Sikkim	3	0.0	7	0.0	42	0.0	45	0.0
Andaman & Nicobar Islands	3	0.0	5	0.0	29	0.0	31	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	3	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	839	0.7
Total	17,960	100.0	31,004	100.0	1,12,791	100.0	1,18,988	100.0

Source: NSE EPR.

Note: Data for FY26TD is as of August 2025.

Figure 264: State-wise distribution of total registered investors as of August 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

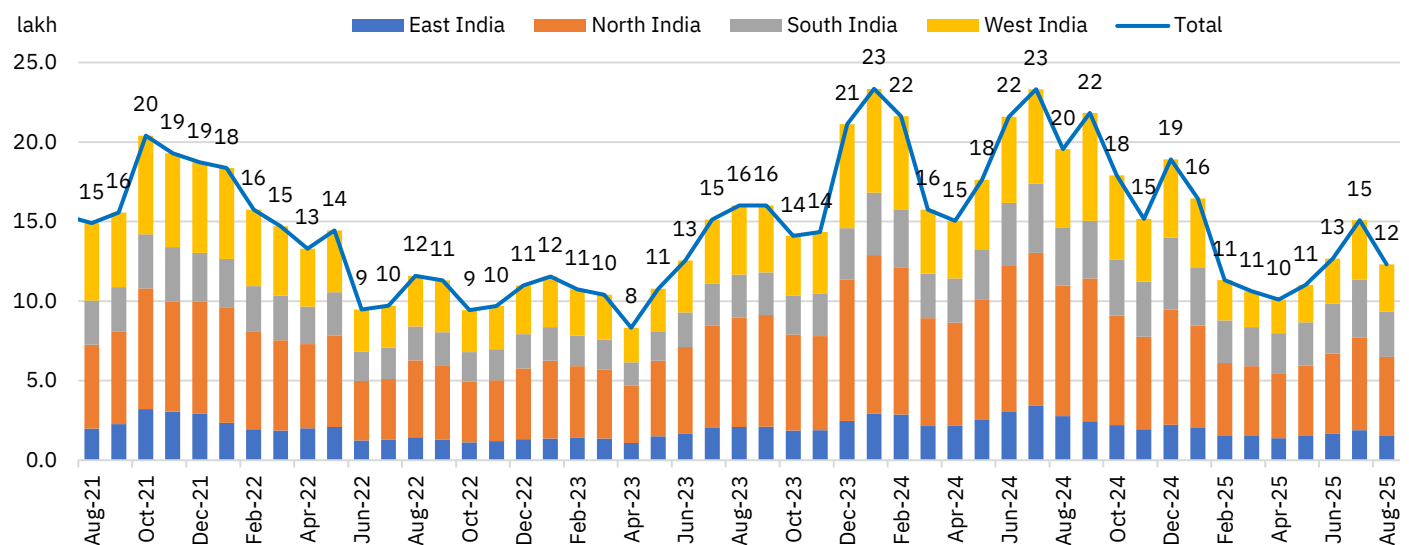
New investor registrations contract after five months of steady gains: New investor registrations declined for the first time in four months, falling 18.3% MoM/36.9% YoY in August 2025. A total of 12.3 lakh investors were added during the month, down from 15.1 lakh in July. The slowdown was broad-based across regions, with South India witnessing the steepest decline (-22% MoM) followed by West India (20.4%). Cumulatively, 99.8 lakh new investors were added during the first eight months of CY2025 (Jan–Aug), significantly below the 1.6 crore additions recorded during the same period last year. At the state level, Uttar Pradesh accounted for the largest share of new registrations in August 2025 at 14.1%, followed by Maharashtra (11.0%), Gujarat (7.7%), Tamil Nadu (6.5%), and West Bengal (6.3%). Collectively, these five states contributed 46% of the month's incremental investor additions.

Uttar Pradesh continues to dominate despite a contraction: Uttar Pradesh continued to lead in terms of new investor registrations, despite adding just 1.7 lakh new investors in August (vs. 2.0 lakh in July), reflecting a 13.4%/40.1% MoM/YoY decline. The state's average monthly registrations in CY2025TD at 1.7 lakhs is still significantly below the monthly average of 2.9 lakhs in CY2024TD.

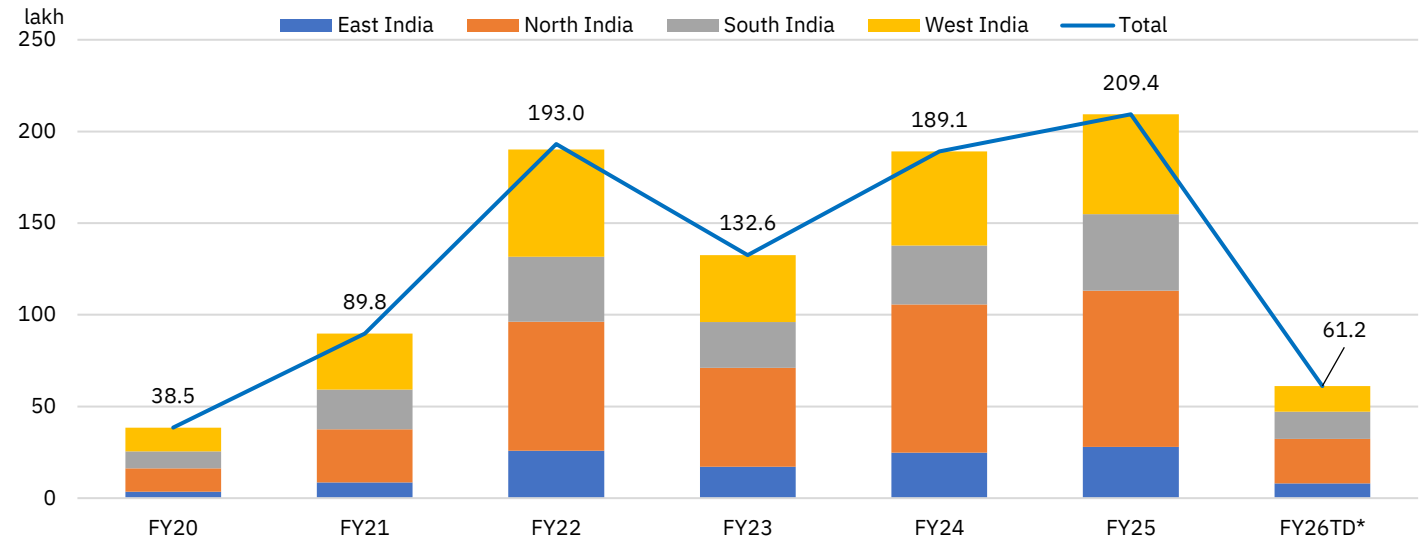
Within the top five states, Maharashtra recorded the sharpest contraction in new registrations, down 24.1% MoM, followed by Gujarat (-17.9% MoM). Overall, new investor additions across the top five states fell by 17.5% MoM in August. Excluding these states, registrations in the rest of the country also registered a sharper decline of 18.9% MoM, indicating broad-based weakness.

On a CY2025TD comparison with the previous year, nearly all of the top 10 states (barring Andhra Pradesh, which posted a marginal 0.4% YoY increase) reported slower registration momentum. Rajasthan and Madhya Pradesh saw the steepest corrections, with average monthly additions nearly halving – Rajasthan from 1.3 lakh to 69k (-46%) and Madhya Pradesh from 1.0 lakh to 58k (-45%).

Figure 265: 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 266: Region-wise distribution of new investors registered each financial year


Source: NSE EPR. * Data for FY26 is as of August 2025.

Table 82: Number of new investors registered (in '000) in the top 25 states

State	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Uttar Pradesh	153.5	143.1	156.8	177.3	201.3	174.2
Maharashtra	122.0	116.7	127.5	154.7	178.9	135.8
Gujarat	53.5	49.0	56.2	68.6	116.1	95.3
Tamil Nadu	71.6	74.5	79.6	89.2	97.1	80.3
Rajasthan	54.0	49.9	57.5	68.3	89.4	77.8
West Bengal	78.4	69.5	75.7	84.4	92.9	75.5
Bihar	65.0	60.6	64.8	73.8	83.6	71.7
Karnataka	59.0	59.1	64.0	74.5	84.7	66.6
Madhya Pradesh	47.4	43.2	49.1	57.1	74.0	62.8
Andhra Pradesh	46.2	46.7	50.6	59.0	73.2	54.6
Telangana	37.0	38.4	42.1	47.8	60.6	45.0
Delhi	38.6	35.4	38.8	43.3	50.4	39.5
Kerala	31.3	32.1	34.2	41.0	47.8	36.9
Haryana	32.3	29.9	32.6	37.2	46.6	36.7
Punjab	39.8	38.2	38.0	41.2	42.2	33.4
Orissa	28.1	26.4	29.0	32.1	35.6	31.8
Jharkhand	22.7	21.8	24.3	26.5	30.5	27.9
Assam	20.2	19.3	22.1	23.4	26.7	22.6
Chhattisgarh	16.3	14.8	16.4	18.4	21.1	17.1
Uttarakhand	12.4	11.5	12.5	14.6	16.6	13.7
Himachal Pradesh	7.8	6.9	7.2	8.4	10.1	8.2
Jammu & Kashmir	10.3	8.1	7.5	8.4	10.2	7.8
Tripura	2.8	2.6	2.9	3.3	3.3	2.8
Manipur	1.9	1.9	2.0	1.9	2.6	2.1
Goa	2.2	2.0	2.0	2.4	3.0	2.1
Others	11.3	9.9	10.7	11.7	10.3	11.3
Total	1066	1011	1102	1269	1509	1233

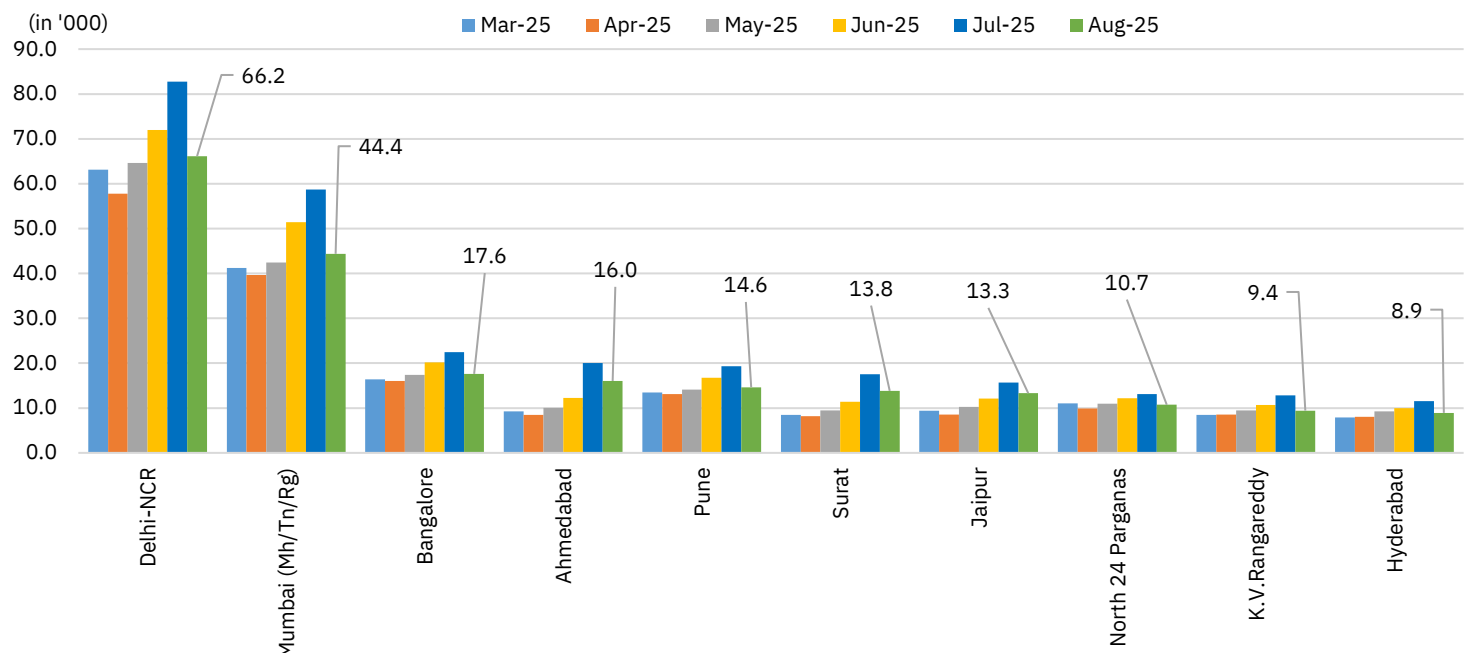
Source: NSE EPR.

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

Top districts' contribution moderates amid broad-based slowdown: In August 2025, the top 10 districts accounted for 17.4% of total new investor registrations, marginally lower than 18.2% in July, while the top 50 districts contributed 36.4% compared with 37.2% in the previous month. The decline was largely attributable to a reduced share from Mumbai, which ranks second after Delhi-NCR in terms of investor registrations.

All of the top 10 districts experienced sequential weakness during the month. Hyderabad posted the steepest contraction at -26.7% MoM, followed by Mumbai (-24.4%) and Pune (-24.2%). Delhi retained the highest share of registrations at 5.4%, though additions slowed to 66,200 (-20.1% MoM). On a year-to-date basis (CY2025TD: Jan–Aug), Delhi's average monthly additions stood at 70,300, well below the 1.2 lakh average during the corresponding period last year, underscoring the persistence of subdued momentum.

Figure 267: 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

Share of new investors under the age of 30 rose in FY26 compared to FY25: While the overall proportion of investors under 30 declined slightly — from 39.5% in March 2025 to 38.9% in July 2025 — the share of new investors in this age group during the first four months of FY26 stood at 56.2%, higher than the figure 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 56.2% in the first four months of FY26 (Apr-Jul'25). This, in turn, resulted in a 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 4% in the first four months of the current fiscal year, compared to a 9.1% rise during the corresponding period last year.

Table 83: 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	Jul'25
Less than 30 years	22.6	23.5	29.4	37.5	38.5	40.0	39.5	38.9
30-39 years	31.1	31.2	30.4	28.9	29.2	29.1	29.6	29.8
40-49 years	20.1	19.7	17.9	15.8	15.6	15.4	15.8	16.0
50- 59 years	13.1	12.6	11	9.1	8.6	8.1	8.0	8.1
60 years and above	13.1	13	11.2	8.7	8.1	7.4	7.1	7.1

Source: NSE EPR.

Note: Only individuals and sole proprietorship firms have been considered in the above table

Table 84: Mean and median age of registered individual investors

Age (years)	Mar'19	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Jul'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	36.0

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table

Table 85: 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	56.2
30-39 years	27.0	26.5	25.4	23.9	24.4	23.6	25.7	23.5
40-49 years	12.0	10.7	9.5	10.0	10.4	10.7	12.5	12.2
50- 59 years	8.2	6.0	4.6	4.7	4.5	4.5	5.6	5.3
60 years and above	7.8	4.7	2.7	2.4	2.4	2.4	2.9	2.8

Source: NSE EPR

Note: Only individuals and sole proprietorship firms have been considered in the above table. Data for FY26TD is as of July 2025.

Table 86: Mean and median age of new investors added each year (FY19 – FY26TD)

Age (years)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26TD
Median	31	29	28	27	27	27	29	28
Mean	35.1	32.6	30.7	30.4	30.4	30.3	31.5	30.7

Source: NSE EPR.

Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. Data for FY26TD is as of July 2025.

Female investor participation continues to rise: The share of women in NSE's individual investor base has continued to rise. Among the top five states by registered investors, Maharashtra leads with women comprising 28.5% of its investor pool as of Aug'25, followed by Gujarat at 26.6%. In contrast, UP, despite being the second-largest state in terms of investor count, remains a laggard, with women share at 18.8% of its investor base hovering well below the national average of 24.6%, even as the share has risen from 16.9% in FY23. At the aggregate level, nearly 53% of India's states now have female investor shares above the national average, compared to just 44% in FY23. Smaller states such as Goa (32.8%), Mizoram (32.3%), Chandigarh (32.1%), and Sikkim (30.4%) now rank among the highest in terms of female participation, underscoring the broadening inclusivity of capital market access across the country.

Table 87: 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%	23.5%	76.5%
Andhra Pradesh	20.3%	79.7%	21.5%	78.5%	23.2%	76.8%	23.5%	76.5%
Arunachal Pradesh	22.7%	77.3%	23.6%	76.4%	26.3%	73.7%	27.1%	72.9%
Assam	30.9%	69.1%	30.0%	70.0%	29.7%	70.3%	29.7%	70.3%
Bihar	13.8%	86.2%	14.6%	85.4%	15.7%	84.3%	15.9%	84.1%
Chandigarh	30.6%	69.4%	31.0%	69.0%	31.9%	68.1%	32.1%	67.9%
Chhattisgarh	19.1%	80.9%	20.3%	79.7%	22.4%	77.6%	22.7%	77.3%
Dadra and Nagar Haveli	17.8%	82.2%	18.2%	81.8%	19.9%	80.1%	20.1%	79.9%
Daman and Diu	18.7%	81.3%	19.3%	80.7%	20.7%	79.3%	20.9%	79.1%
Delhi	27.6%	72.4%	28.6%	71.4%	30.3%	69.7%	30.5%	69.5%
Goa	30.2%	69.8%	31.0%	69.0%	32.5%	67.5%	32.8%	67.2%
Gujarat	26.6%	73.4%	26.5%	73.5%	27.8%	72.2%	27.9%	72.1%
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%	21.0%	79.0%
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%	20.8%	79.2%
Karnataka	24.7%	75.3%	25.8%	74.2%	27.4%	72.6%	27.7%	72.3%
Kerala	25.6%	74.4%	26.2%	73.8%	27.5%	72.5%	27.7%	72.3%
Lakshadweep	10.7%	89.3%	13.3%	86.7%	15.3%	84.7%	15.2%	84.8%
Madhya Pradesh	18.6%	81.4%	20.2%	79.8%	21.8%	78.2%	21.9%	78.1%
Maharashtra	25.6%	74.4%	26.4%	73.6%	28.2%	71.8%	28.5%	71.5%
Manipur	21.9%	78.1%	23.0%	77.0%	24.8%	75.2%	25.9%	74.1%
Meghalaya	25.1%	74.9%	25.1%	74.9%	26.3%	73.7%	26.8%	73.2%
Mizoram	28.2%	71.8%	30.0%	70.0%	31.6%	68.4%	32.3%	67.7%
Nagaland	25.8%	74.2%	26.5%	73.5%	28.5%	71.5%	29.0%	71.0%
Odisha	17.3%	82.7%	18.2%	81.8%	20.0%	80.0%	20.3%	79.7%
Pondicherry	26.5%	73.5%	27.1%	72.9%	28.2%	71.8%	28.5%	71.5%
Punjab	23.2%	76.8%	24.7%	75.3%	26.5%	73.5%	27.6%	72.4%
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%	30.4%	69.6%
Tamil Nadu	25.6%	74.4%	26.8%	73.2%	27.8%	72.2%	28.0%	72.0%
Telangana	22.2%	77.8%	23.2%	76.8%	24.8%	75.2%	24.9%	75.1%
Tripura	15.4%	84.6%	16.2%	83.8%	18.1%	81.9%	18.4%	81.6%
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 31st July 2025.

Market activity across segments and investor categories

Total turnover across segments: Equity turnover hits multi-month lows

Markets witnessed mixed activity in August, with equities under sharp pressure while select segments showed resilience. Equity cash turnover dropped to a 21-month low of Rs 17.8 lakh crore, while derivatives also weakened—futures turnover down 13% MoM and options premium turnover down 10% MoM, both at multi-month lows. Our decile-wise analysis of turnover in the equity cash market shows the top two deciles (by market capitalisation) accounting for over 91% of turnover in August. In contrast, stock futures and options showed a far more distributed pattern, with the top two deciles contributing less than half of turnover. Currency futures turnover dropped 15% MoM to a 16-year low, though options premium turnover increased 80% MoM. Interest rate futures revived, rising 66% MoM to Rs 1,438 crore, driven by increased activity in 10-year benchmark paper. Commodity futures surged 90% MoM to Rs 1,998 crore led by electricity contracts, even as options slipped 7% MoM.

Equity cash turnover slips to 21-month low; equity derivatives at multi-month lows:

The equity markets witnessed a sharp deceleration in monthly trading activity in August, with turnover across both cash and derivatives segments slipping to multi-month lows. The slowdown was particularly pronounced in the cash segment, which contracted for the second consecutive month—falling 19% MoM to Rs 17.8 lakh crore, the weakest level in the last 21 months. On a year-on-year basis, the decline was even steeper, with turnover down by 33%, highlighting the depth of the contraction.

The weakness was mirrored in the derivatives segment as well. Equity futures turnover fell 13% MoM (-32% YoY), with both index and stock futures dropping to their lowest levels in nearly two years. Meanwhile, in the equity options market, premium turnover slid 10% MoM (-35% YoY). Within this category, stock options witnessed their weakest activity in 21 months, whereas index options turnover fell to a 33-month low.

Divergent trends in currency derivatives; currency futures turnover at 16-year low and interest rate futures see a revival: The currency derivatives market painted a mixed picture. Currency futures turnover continued its downward trajectory, contracting 15% MoM to touch a 16-year low—a reflection of waning investors participation. In contrast, currency options recorded a sharp 80% MoM jump in turnover. However, despite this notable rebound, overall activity in the segment remained subdued, as regulatory changes continued to weigh on trading volumes.

Remarkably, after six consecutive months of weakness, the interest rate futures (IRF) turnover registered a strong rebound. Turnover surged 66% MoM to Rs 1,438 crore, marking the highest level in the past five months. The revival was largely supported by increased activity in the 10-year benchmark paper (6.33% GS 2035) that witnessed 5x rise in its turnover. This renewed traction suggests a gradual pick-up in hedging activity among corporates.

Electricity futures fuel commodity futures growth: The commodity futures market stood out as an outlier, witnessing robust growth during the month. The turnover jumped 90% MoM to a record Rs 1,998 crore, largely propelled by the rapid scale-up of electricity futures contracts, which are gaining traction as a risk management tool. However, the commodity options turnover reversed its gains from the previous month, with the monthly premium falling 7% MoM to Rs 745 crore.

Table 88: 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

Source: NSE EPR.

Premium has been considered for options contracts

Cash market turnover concentrated at the top deciles; derivatives show wider distribution: Our decile analysis of the equity cash market (based on average market capitalisation) reveals a strong concentration of turnover at the top end. The first decile accounted for 76.4% of overall turnover in the CM segment in August, expanding by 240 bps MoM, while the second decile held 15.1%, registering a 200 bps MoM decline. Together, the top two deciles contributed 91.5% of overall trading in NSE's equity cash market during the month. On a YoY basis, however, the share of the first decile contracted by 40 bps, while that of the second decile gained 110 bps, indicating some redistribution of activity within the top clusters.

In contrast, the decile analysis for stock futures and stock options (based on premium turnover) paints a different picture. The top two deciles accounted for only 45% of turnover in stock futures and 41.6% of premium turnover in equity options, suggesting a more dispersed participation across the market-cap spectrum. Within stock futures, the share generally declined with each successive decile, barring a minor outlier. Interestingly, in stock options, the fifth decile captured a significantly higher share compared to the preceding two deciles, implying that market capitalisation alone is not the dominant factor driving turnover in this segment.

Table 89: Monthly Trends in decile wise turnover (% share) in equity cash segment

Decile	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
1	76.1	78.9	81.6	75.5	78.1	80.8	79.2	80.8	79.5	77.9	74.0	76.4
2	14.5	13.4	11.2	15.5	13.2	12.2	13.7	12.1	14.1	14.6	17.1	15.1
3	5.2	4.0	4.0	5.5	5.3	3.8	3.8	3.3	3.6	4.3	5.2	4.8
4	2.1	1.4	1.1	1.5	1.1	0.9	1.0	0.8	0.7	0.9	1.4	1.5
5	0.5	0.3	0.3	0.5	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.2
6	0.2	0.1	0.1	0.2	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	0.3	0.2	0.4	0.4	0.4	0.6	0.4	0.4	0.3	0.4
10	1.0	1.5	1.3	1.1	1.4	1.5	1.5	2.2	1.4	1.5	1.7	1.5
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: NSE EPR.

Note:

1. Decile is based on average market capitalization for scrips.

2. Scrips across all series are considered here for the analysis.

Table 90: Monthly trends in decile wise turnover (% share) in stock future contracts

Decile	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
1	29.9	31.2	34.9	31.9	31.6	31.6	30.4	30.5	29.4	28.5	27.8	28.4
2	13.8	13.4	12.9	14.7	14.5	15.2	15.4	13.5	15.6	15.5	14.3	16.3
3	11.8	11.1	13.4	11	10.4	10.6	10.4	11.1	9.3	9.2	9.5	8.7
4	9.6	8.9	6.7	8.8	9.5	8.4	8.2	7.9	8.3	9.9	8.5	8
5	7.6	8.7	9.2	7	7.7	9	7.5	8.3	9.4	7.4	9.6	9.4
6	7.8	8	5.1	7.7	6.8	6	7.4	7	7.2	7.4	7.3	7.2
7	5.8	5.5	5.9	4.8	5.9	6.6	6.7	6.1	6	6.6	7.5	7.1
8	5.7	5.8	4.9	5.6	4.9	5.1	5	6.3	5.4	6.3	6.7	6.1
9	4.3	4.4	3.9	5	5.1	4.5	5.4	5.5	4.9	5.3	4.9	4.9
10	3.7	2.9	3.1	3.5	3.6	3	3.7	3.9	4.4	3.9	3.9	3.9
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 91: Monthly trends in decile wise (% share) turnover in stock options contracts

Decile	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
1	25.2	26.6	30.8	26.3	27.5	26.2	25.6	28.0	26.3	23.8	24.4	23.5
2	16.3	17.0	17.4	17.7	17.6	18.9	19.2	15.2	17.8	17.7	15.6	18.1
3	12.9	12.2	14.8	11.0	10.3	10.4	9.5	10.7	8.6	8.0	7.9	8.1
4	9.7	8.5	6.5	11.0	11.1	8.0	6.6	7.3	7.4	12.3	8.4	8.2
5	7.3	8.6	9.8	6.5	7.3	11.8	8.4	11.1	12.4	7.5	13.0	12.2
6	10.3	9.3	4.2	9.3	8.4	6.3	10.9	7.4	7.9	7.5	6.5	7.9
7	4.6	4.6	4.6	3.8	4.9	5.9	6.8	5.9	5.5	5.6	7.4	6.7
8	5.9	6.1	5.5	5.5	4.5	4.7	3.9	5.4	4.5	7.6	7.2	4.6
9	4.0	4.4	3.6	5.4	5.2	4.8	5.4	5.3	4.9	5.8	4.9	5.8
10	3.9	2.7	2.9	3.5	3.2	2.8	3.7	3.5	4.7	4.2	4.7	4.9
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: NSE EPR.

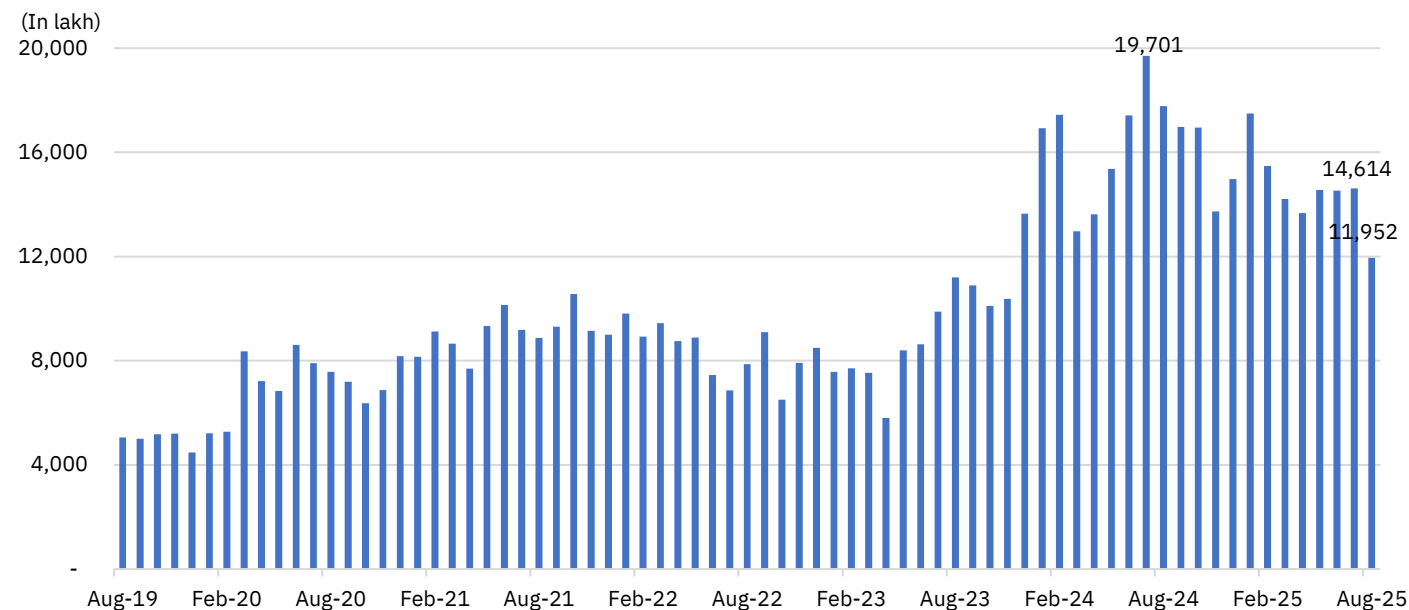
Note: Decile is based on average market capitalization for scrips.

Table 92: 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

Source: NSE EPR

Note: Data is presented for total trades i.e., no. of buy trades + no. of sale trades.

Figure 268: Monthly trend of total trades in NSE cash market segment


Source: NSE EPR. Note: Data has been provided for gross trades (Buy trades + Sell trades).

Figure 269: Monthly trend of total trades in equity futures

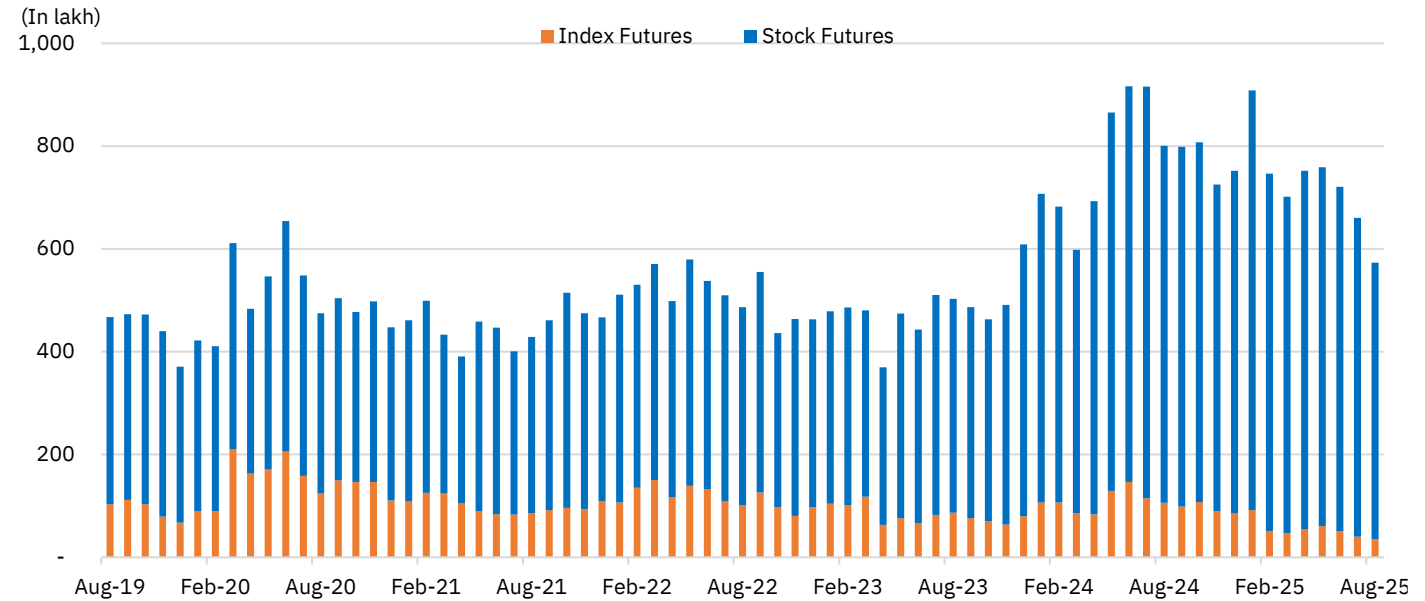
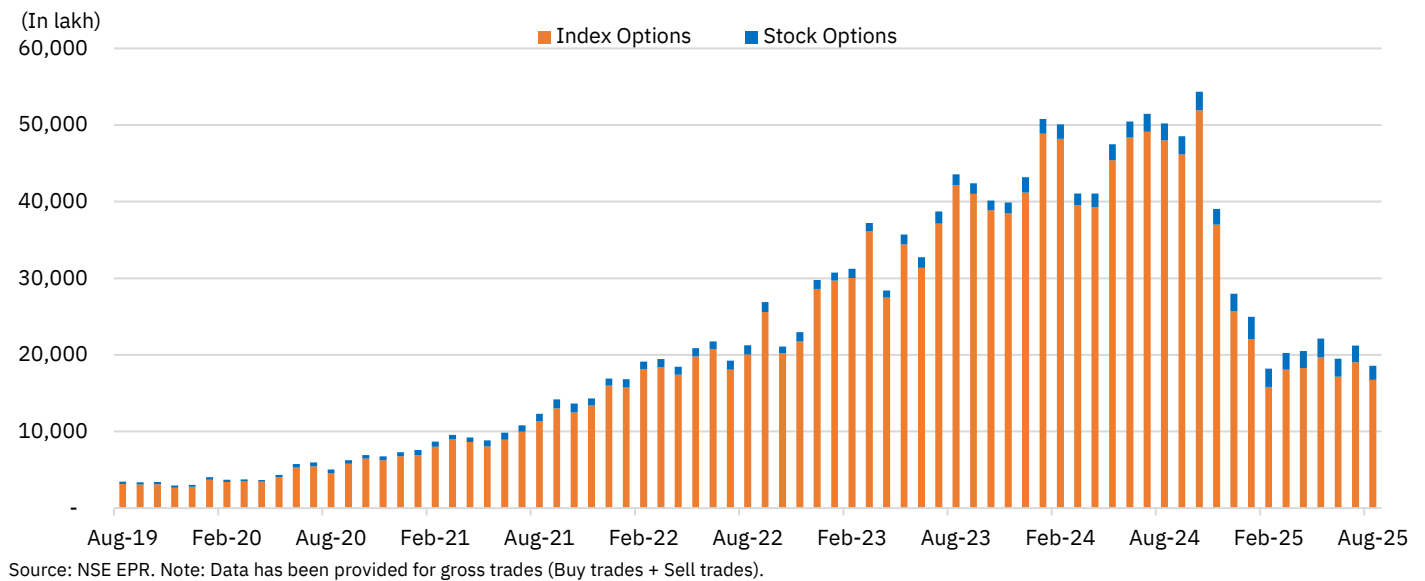


Figure 270: Monthly trend of total trades in equity options



Average daily turnover across segments: Diverging trends, commodities shine

Market activity in terms of average daily turnover (ADT) reflected divergent trends across asset classes in August. The equity cash segment weakened, with ADT slipping to a six-month low of Rs 93,545 crore, down 2% MoM and 26% YoY, as both trade volumes and average trade size contracted, pointing to a decline in investors' participation. In contrast, equity derivatives showed selective resilience—futures average daily turnover rose 6% MoM and options premiums climbed 9% MoM, though both remained sharply lower YoY. Nifty50 futures and options drove activity, while Bank Nifty and stock options lagged during the month. Across exchanges, derivatives notional turnover expanded 9% MoM, yet regulatory revisions to contract sizes kept YoY volumes significantly lower. Open interest trends were mixed, with stock futures OI slipping but Bank Nifty futures OI surging 17% MoM. In the currency segment, activity stayed muted as regulatory changes continued to weigh on options, while interest rate futures posted a strong rebound. Commodities stood out, with electricity futures debuting strongly and crude oil options sustaining momentum, driving record turnover in the segment. Overall, August highlights a broad slowdown in cash market activity, a selective revival in derivatives, and strong traction in emerging contracts, particularly in commodities.

Equity cash average daily turnover slips to six-month low: The equity cash segment's average daily turnover (ADT) fell to a six-month low of Rs 93,545 crore, down 2% MoM and 26% YoY. Within the cash market, ADT for mainboard companies declined 1.5% MoM, while that for Emerge-listed companies slipped 6% MoM. The ADT of ETF recorded 8% MoM drop to Rs 1,647 crore, though it remained 10% higher YoY. The average trade size (ATS) in the equity cash segment declined marginally to a four-month low of Rs 29,742, reflecting reduced participation. Total trade fell 18% MoM, and compared with last year, it dropped sharply from 178 crore trades in August 2024 to 120 crore in August 2025, marking a 33% YoY decline.

Nifty50 index derivatives recorded gain amid mixed derivatives trends: In the equity derivatives segment, futures contracts posted a 6% MoM increase, with ADT at Rs 1.47 lakh crore, though still 25% lower YoY. Equity options premium turnover rose 9% MoM to Rs 47,337 crore but remained 28% below last year same period level. Among instruments, stock options' turnover declined 6% MoM to Rs 5,794 crore (lowest in 21-month), while other instruments registered gains in ADT. The ATS (average trade size) in derivatives showed a mixed trend. Index futures ATS climbed to a record Rs 28.4 lakh, up 3% MoM, while stock futures ATS held steady. For options, index options ATS rose 4% MoM to Rs 9,426, but stock options ATS slipped 7% MoM to a five-month low. Looking at index products, Nifty50 futures turnover recorded a sharp 13% MoM rise to Rs 17,742 crore, accounting for about two-thirds of total futures average daily turnover. Nifty50 index options premium turnover rose 14% MoM to Rs 36,412 crore, representing 88% of average daily options premium. In contrast, Bank Nifty futures turnover inched up marginally, while Bank Nifty options fell 4% MoM to Rs 4,350 crore.

Derivatives turnover in notional terms rose for the markets, however, trails pre-reform levels: Across exchanges, the overall equity derivatives market witnessed daily turnover expanded 9% MoM to Rs 415 lakh crore in notional terms. The number of contracts traded rose 11% MoM to 24 crore per day, though overall volumes were significantly lower due to the regulatory revision in contract size. Compared to October 2024, average daily contracts traded in the equity derivatives segment declined 67%, while notional turnover dropped about 20% during the month.

Mixed trend across products for open interest: In terms of open interest, equity futures average daily OI value fell 1.6% MoM to Rs 5.3 lakh crore. Within this, stock futures OI

value dropped 2% MoM to Rs 4.6 lakh crore, while index futures OI value increased 2% MoM to Rs 64,318 crore. Bank Nifty futures daily OI value surged 17% MoM, but Nifty50 futures OI edged lower by 3% MoM. In equity options, OI value in notional terms declined 6% MoM. Within this, stock options OI value contracted 19% MoM, while index options OI fell 3% MoM, with both Nifty50 and Bank Nifty contracts registering declines.

Interest rate futures see renewed investor appetite: Within the currency derivatives segment, currency futures ADT rose marginally by 3% MoM to Rs 2,254 crore in August. Trading activity, however, remained subdued compared to March 2024, when regulatory changes on forex hedging impacted exchange-traded currency derivatives. Currency options were most affected, with average daily premium turnover shrinking to just Rs 0.1 crore during the month. On the other hand, the ADT for interest rate futures regained traction, posting a 101% MoM jump to Rs 76 crore – highest in the last five months.

Commodity futures hit record highs led by electricity contracts: The commodity derivatives segment also witnessed strong activity. Commodity futures ADT surged to a record high, rising 119% MoM to Rs 100 crore in August, driven primarily by electricity futures, that contributed 97% of the turnover. On its debut day on July 14th, 2025, the electricity contract recorded over 9,461 contracts traded with a turnover of Rs 206.6 crore, representing 473 million units of electricity. Meanwhile, the average daily premium turnover in commodity options rose 7% MoM to Rs 37.2 crore, hitting a four-month high, with crude oil options accounting for 99% of trading activity.

Table 93: 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	20	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	0.4	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	0.2	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	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	0.1	76	99.9	37.2

Source: NSE EPR.

Premium has been considered for options contracts

Table 94: 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	2.6
May-24	62.4	432	2.7
Jun-24	68.0	523	3.4
Jul-24	65.9	497	2.9
Aug-24	72.1	501	2.7
Sep-24	74.2	537	2.7
Oct-24	73.4	519	2.7
Nov-24	64.6	442	2.4
Dec-24	42.3	296	2.2
Jan-25	26.3	298	2.3
Feb-25	18.2	288	2.2
Mar-25	22.4	352	2.2
Apr-25	22.7	368	2.5
May-25	20.5	348	2.4
Jun-25	20.1	346	2.2
Jul-25	21.7	381	2.0
Aug-25	24.2	415	2.1

Source: NSE, BSE.

Premium has been considered for options contracts.

Table 95: 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	414.2	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

Source: NSE, BSE.

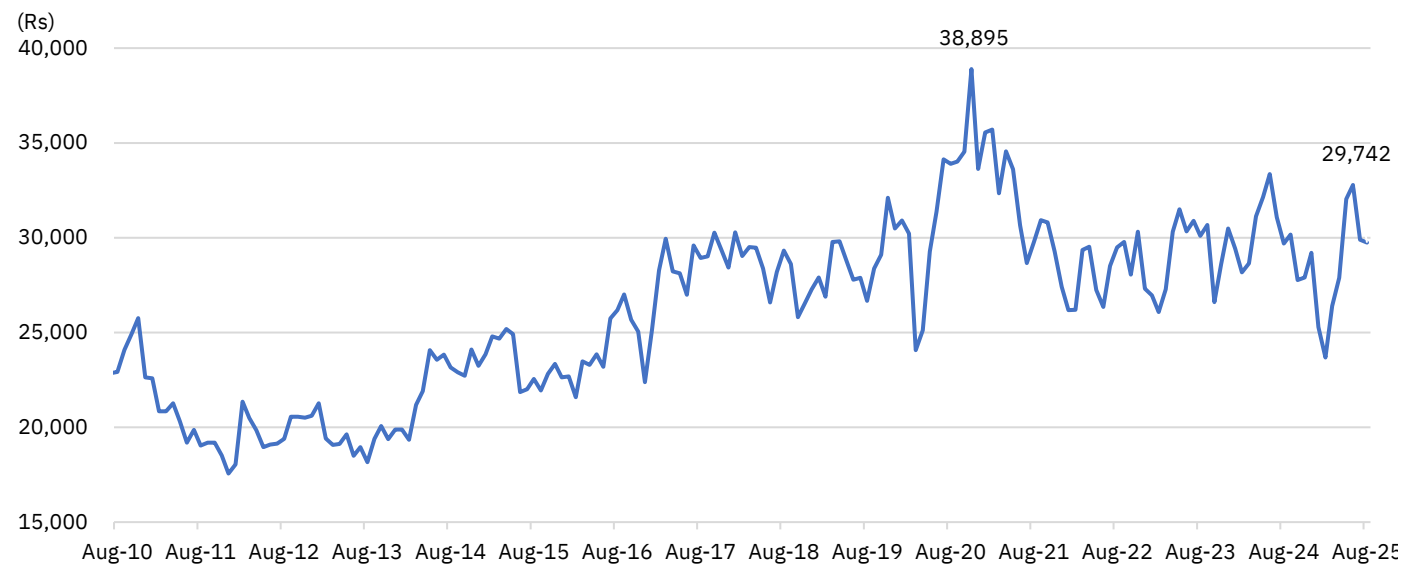
Premium has been considered for options contracts.

Table 96: 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

Source: NSE EPR.

Note: Premium has been considered for options contract

Figure 271: Monthly trend of average trade size in NSE cash market segment


Source: NSE EPR.

Figure 272: Monthly trend in average trade size in equity futures

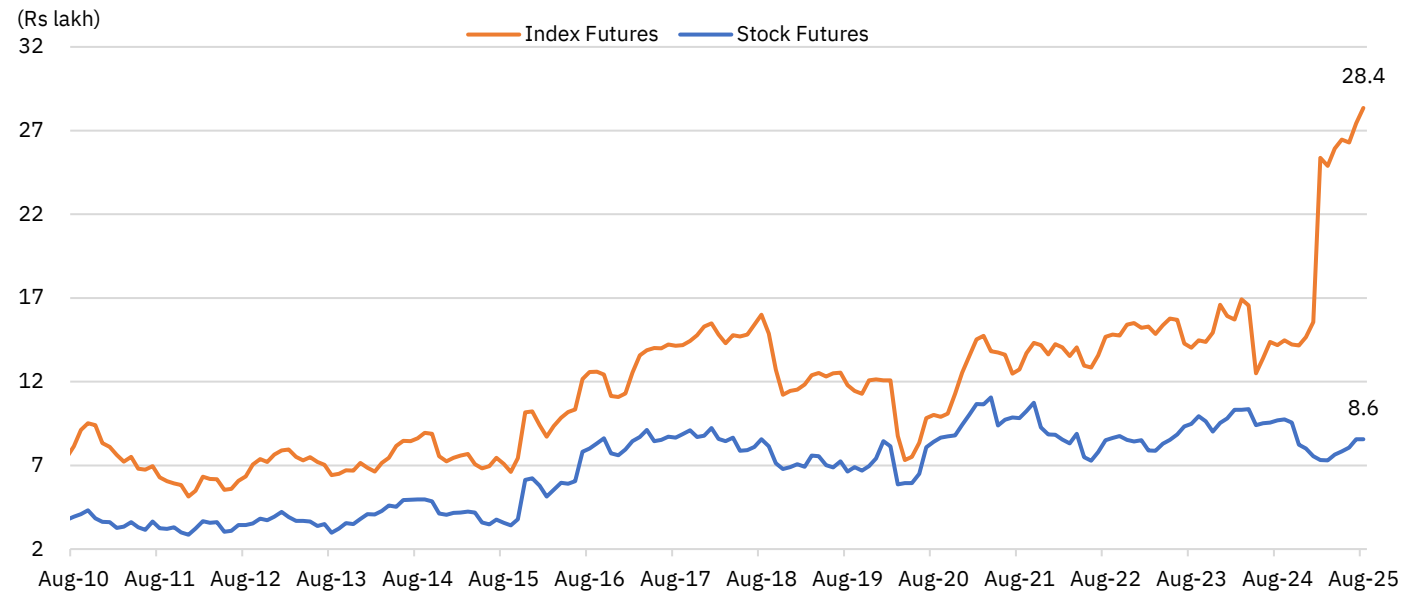
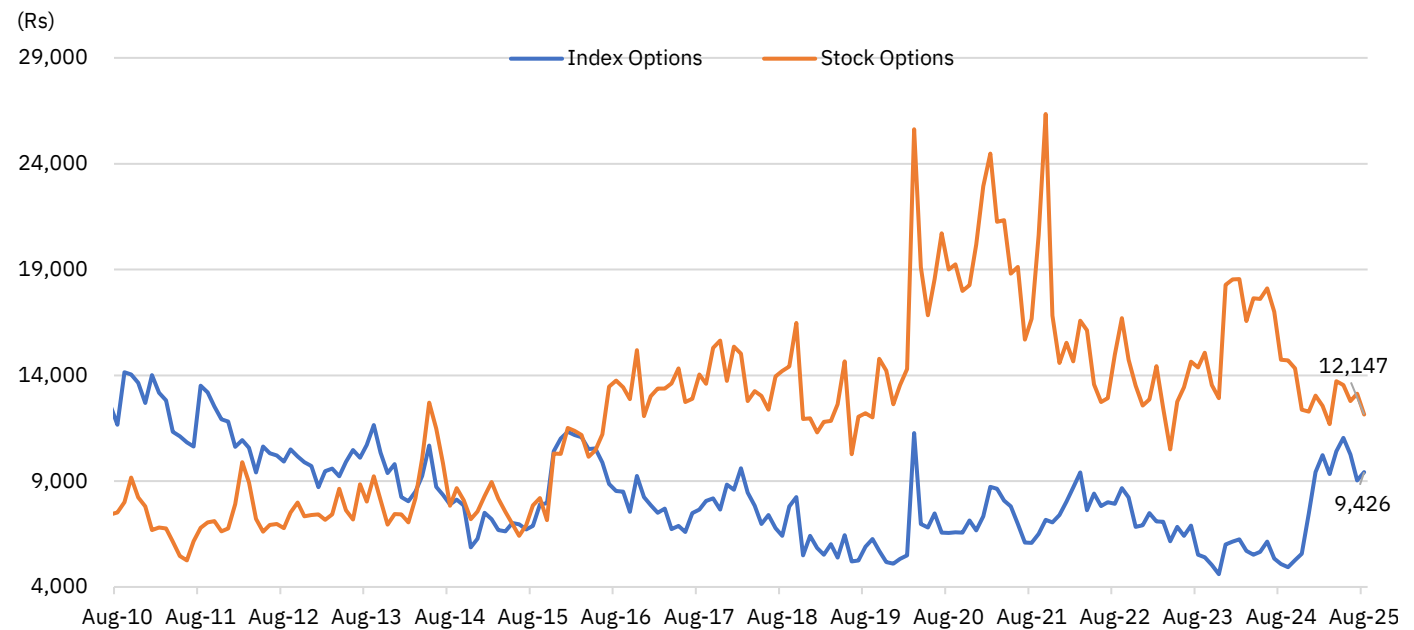


Figure 273: Monthly trend in average trade size in equity options premium



Note: Premium has been considered for calculating average trade size.

Table 97: Average daily turnover (Rs crore) in NSE CM Segment

Products	Aug-25	Jul-25	Aug-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Capital Market	93,545	94,995	125,627	(1.5)	(25.5)	102,751	112,963	100,022
Equities (Main Board)	91,370	92,720	122,818	(1.5)	(25.6)	100,270	110,710	97,647
Exchange Traded Funds	1,647	1,794	1,498	(8.2)	9.9	2,017	1,568	1,904
SME Emerge	271	288	499	(6.1)	(45.8)	264	379	265
Sovereign Gold Bonds	14	11	12	35.4	16.5	17	13	16
InvITs	42	47	40	(10.4)	5.6	46	57	47
REITs	106	45	286	133.2	(63.1)	61	92	69
Others	95	89	473	7.2	(79.8)	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 Aug'25

Figure 274: 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 Aug'25.

Table 98: Average daily turnover (Rs crore) in NSE's equity derivatives segment

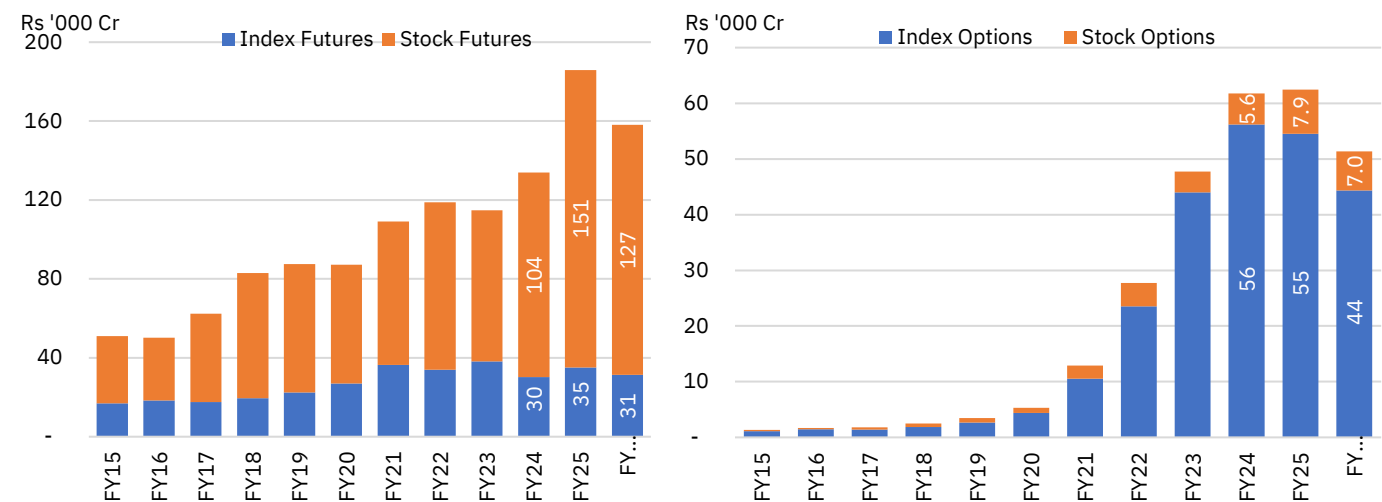
Product	Aug-25	Jul-25	Aug-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Equity Futures	147,360	139,268	196,148	5.8	-24.9	1,58,031	1,85,901	1,59,038
Stock futures	121,046	115,347	160,297	4.9	-24.5	1,26,653	1,50,752	1,27,636
Index futures	26,314	23,921	35,852	10.0	-26.6	31,378	35,149	31,402
BANKNIFTY	7,072	7,058	13,469	0.2	-47.5	8,978	13,021	9,456
NIFTY50	17,742	15,669	20,714	13.2	-14.3	20,854	20,598	20,316
FINNIFTY	91	88	301	3.0	-69.9	118	236	121
MIDCPNIFTY	1,355	1,052	1,300	28.7	4.2	1,350	1,213	1,407
NIFTYNXT50	55	55	67	0.5	-18.3	79	80	101
Equity Options	47,337	43,579	65,746	8.6	-28.0	51,340	62,449	51,188
Stock options	5,794	6,148	7,714	-5.8	-24.9	6,988	7,933	7,185
Index options	41,543	37,431	58,032	11.0	-28.4	44,352	54,516	44,003
BANKNIFTY	4,350	4,539	26,207	-4.2	-83.4	6,103	21,553	7,261
NIFTY50	36,412	32,038	20,477	13.7	77.8	37,419	25,434	35,709
FINNIFTY	144	144	6,549	0.3	-97.8	177	4,489	235
MIDCPNIFTY	636	710	4,795	-10.4	-86.7	652	3,036	796
NIFTYNXT50	0.6	0.7	5	-16.5	-87.4	1	3	1

Source: NSE EPR.

Notes:

1. The above table reports premium turnover for Options contracts.

2. FY26TD and CY25TD are as of Aug'25

Figure 275: Annual trends in average daily turnover in NSE's equity derivatives segment


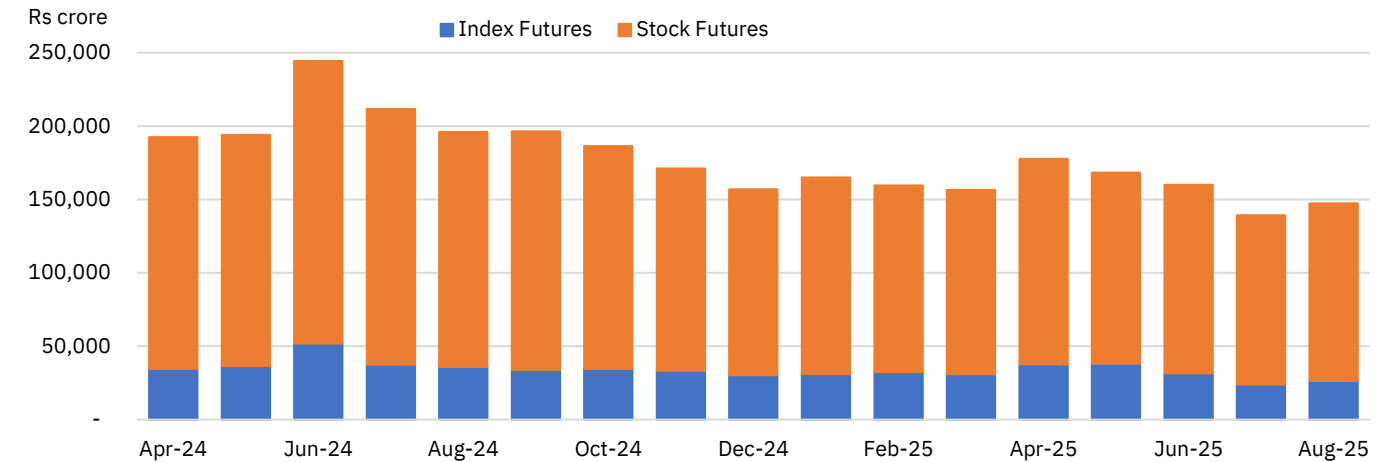
Source: NSE EPR.

Notes:

1. The above figure reports premium turnover for options contracts.

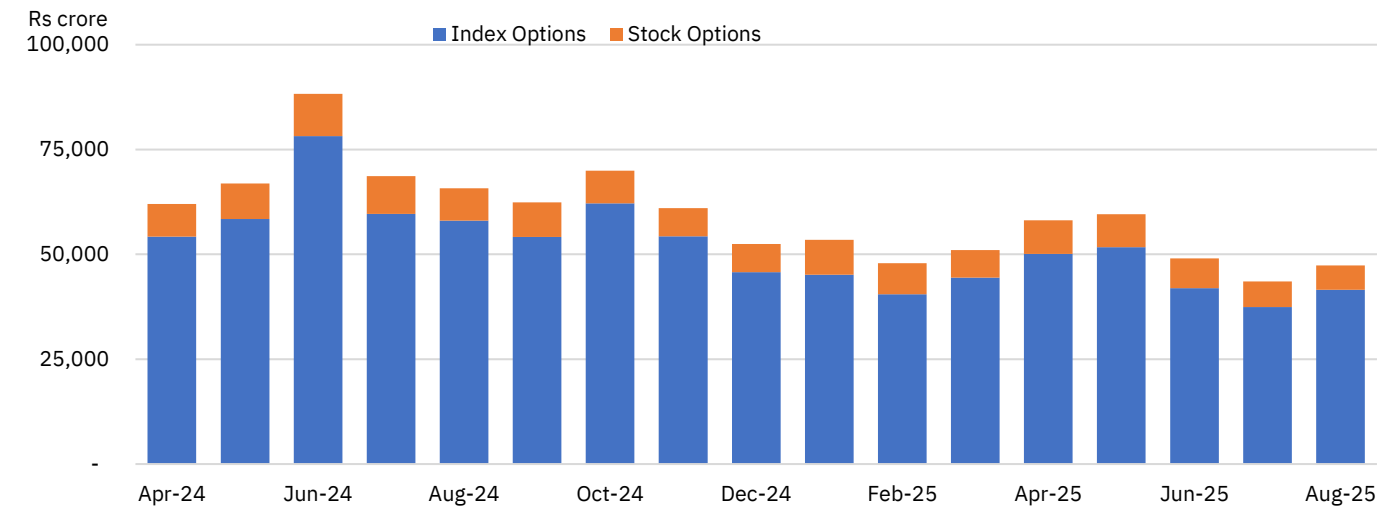
2. FY26TD is as of Aug'25.

Figure 276: Monthly trends of average daily turnover for equity futures



Source: NSE EPR.

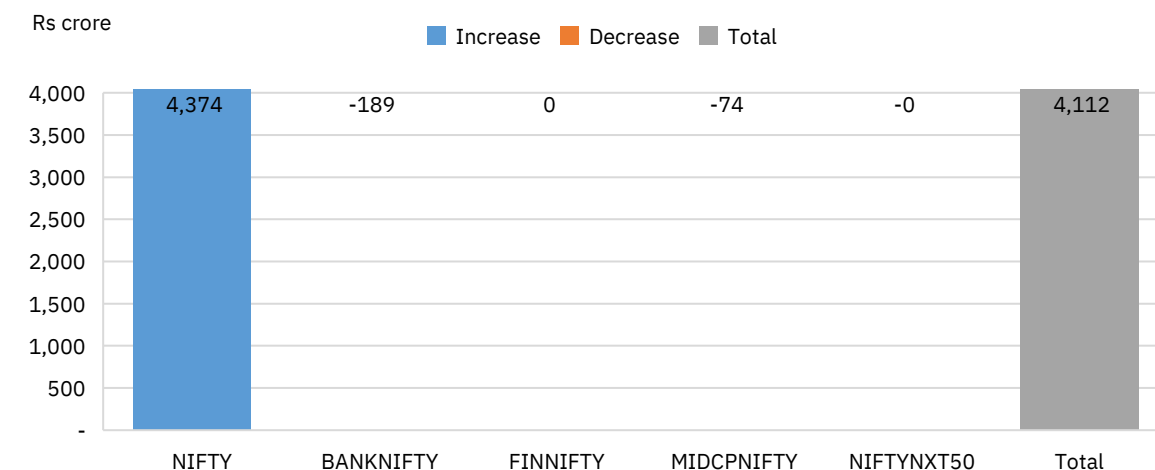
Figure 277: Monthly trends of average daily turnover for equity options



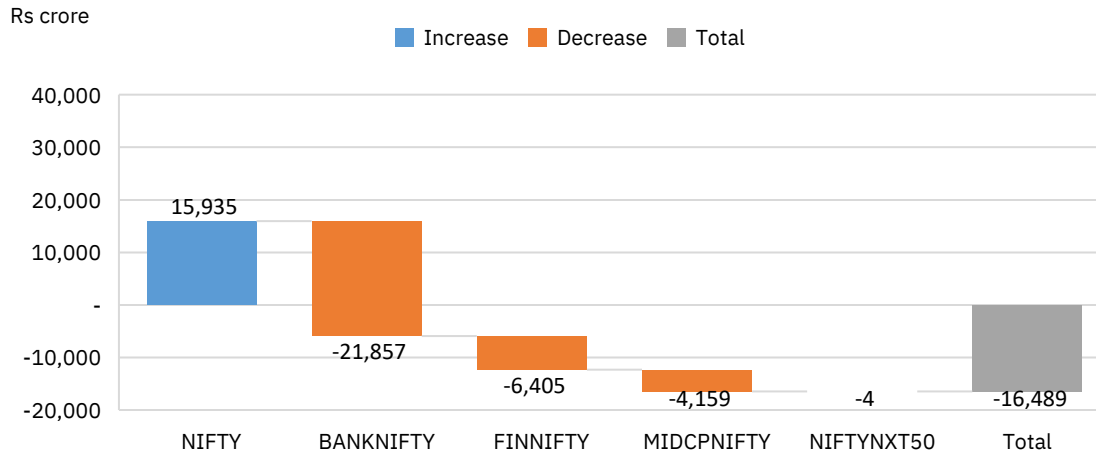
Source: NSE EPR.

Note: Premium turnover has been considered for equity options.

Figure 278: Product wise MoM change in August 2025 for index options premium turnover



Source: NSE EPR.

Figure 279: Product wise YoY change in August 2025 for index options premium turnover


Source: NSE EPR.

Table 99: Average daily open interest in NSE's equity derivatives segment

Product (Rs crore)	Aug-25	Jul-25	Aug-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Equity Futures	5,27,735	5,36,126	4,83,065	-1.6	9.2	5,13,392	4,67,162	5,00,531
Stock Futures	4,63,417	4,73,039	4,28,337	-2.0	8.2	4,53,072	4,11,790	4,38,705
Index Futures	64,318	63,087	54,728	2.0	17.5	60,320	55,373	61,825
NIFTY	44,429	45,641	35,042	-2.7	26.8	42,628	37,046	42,492
BANKNIFTY	16,267	13,932	16,396	16.8	-0.8	14,127	15,276	15,712
FINNIFTY	225	226	186	-0.5	21.1	236	180	206
MIDCPNIFTY	3,245	3,133	3,006	3.6	8.0	3,172	2,746	3,226
NIFTYNXT50	152	156	99	-2.3	53.7	157	124	190
Equity Options	15,43,531	16,49,465	16,09,438	-6.4	-4.1	16,47,282	16,08,744	16,49,424
Stock Options	2,69,849	3,35,089	3,37,671	-19.5	-20.1	3,03,439	2,96,012	2,99,530
Index Options	12,73,682	13,14,376	12,71,767	-3.1	0.2	13,43,843	13,12,732	13,49,894
NIFTY	10,52,284	10,63,286	7,43,172	-1.0	41.6	10,79,826	8,43,865	10,54,092
BANKNIFTY	1,99,297	2,21,602	4,39,735	-10.1	-54.7	2,40,127	4,00,921	2,68,835
FINNIFTY	5,150	6,610	50,237	-22.1	-89.7	6,550	40,037	8,047
MIDCPNIFTY	16,888	22,788	38,273	-25.9	-55.9	17,258	27,639	18,793
NIFTYNXT50	63	90	350	-30.8	-82.1	82	272	127

Source: NSE EPR.

Notes:

1. The above table reports notional turnover.
2. FY26TD and CY25TD are as of Aug'25.

Table 100: Average daily turnover in currency derivatives segment

Product (Rs lakh)	Aug-25	Jul-25	Aug-24	% MoM change	% YoY change	FY26TD	FY25	CY25TD
Currency futures	2,25,442	2,18,659	5,16,165	3.1%	-56.3%	2,94,208	5,68,037	3,82,123
EURINR	6,235	7,390	6,847	-15.6%	-8.9%	7,440	7,253	6,859
EURUSD	365	55	933	559.4%	-60.9%	1,035	636	696
GBPINR	5,807	5,274	9,510	10.1%	-38.9%	6,219	10,489	6,205
GBPUSD	45	51	210	-10.8%	-78.5%	84	490	93
JPYINR	78	259	998	-70.0%	-92.2%	326	1,303	311
USDINR	2,12,907	2,05,619	4,97,619	3.5%	-57.2%	2,79,092	5,47,819	3,67,945
USDJPY	5	11	48	-55.7%	-89.7%	13	46	14
Currency options	13	6	7	117.4%	90.6%	10.7	155.3	9
EURINR	0.0	-	-	-	-	0.0	0.0	0.0
EURUSD	-	-	-	-	-	-	-	-
GBPINR	-	-	0.1	-	100.0%	-	0.6	-
GBPUSD	-	-	-	-	-	-	-	-
JPYINR	-	-	-	-	-	-	-	-
USDINR	13.1	6.0	6.7	117.2%	93.5%	10.7	154.7	9.0
USDJPY	-	-	-	-	-	-	-	-

Source: NSE EPR.

Note: FY26TD and CY25TD are as of Aug'25.

Table 101: Average daily turnover in Interest rate derivatives

Product (Rs Lakhs)	Aug-25	Jul-25	Aug-24	% MoM change	% YoY Change	FY26TD	FY25	CY25TD
Interest rate futures	7,567	3,757	8,040	101.4	(5.9)	5,375	10,440	7,172

Source: NSE EPR.

Notes: 1. Figures in brackets indicate negative numbers.

2. FY26TD and CY25TD are as of Aug'25.

Table 102: Average daily turnover in commodity derivatives products

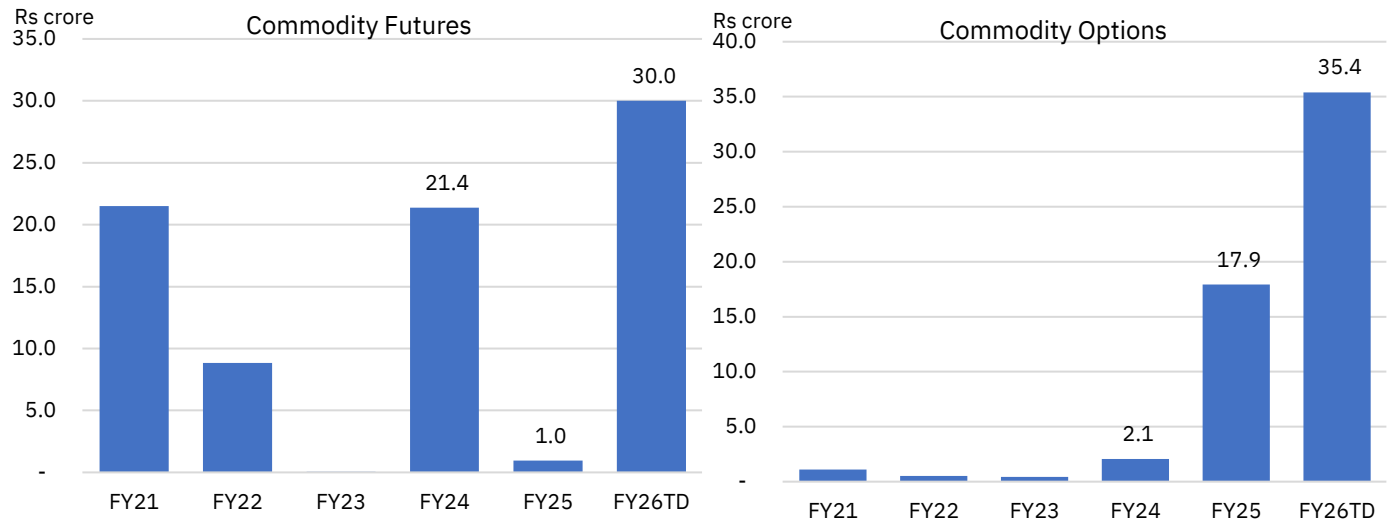
Product (Rs crore)	Aug-25	Jul-25	Aug-24	%MoM change	%YoY change	FY26TD	FY25	CY25TD
FUT	99.9	45.6	0.8	119%	11860%	30.0	1.0	19.3
SILVER	0.5	0.5	0.1	7%	264%	0.4	0.2	0.3
NATURALGAS	0.0	0.0	0.1	-	-60%	0.0	0.1	0.0
CRUDEOIL	2.3	2.7	0.6	-15%	270%	2.3	0.6	2.0
ELECMBL	97.0	42.4	-	129%	-	27.3	-	17.0
OPT	37.2	34.8	11.7	7%	218%	35.4	17.9	36.0
SILVER	0.3	0.7	1.4	-52%	-75%	0.9	1.4	1.3
NATURALGAS	0.0	0.0	0.0	12%	-97%	0.0	0.0	0.0
WTICRUDE	-	-	-	-	-	-	1.7	-
CRUDEOIL	36.9	34.1	10.3	8%	257%	34.4	14.7	34.8

Source: NSE EPR

Notes: 1. Above table reports premium turnover for Options contracts.

3. FY26TD and CY25TD are as of Aug'25.

Figure 280: 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 Aug'25.

Category-wise participation across segments: Institutional investors gain share

Even as overall equity cash market turnover dipped sharply in August, institutional investors' participation showed relative resilience. DIIs' turnover fell by 16.3%, raising their share to a six-month high of 14.5%. Foreign investors' turnover remained steady, pushing their share to a nine-month high of 17.2%. In contrast, individual investor turnover dropped 26.2% MoM, with their share falling to a six-month low of 32%. In the equity derivatives segment, proprietary traders remained dominant but saw reduced participation, with their share declining in both equity futures and options. This contributed significantly to a 13% MoM drop in equity futures turnover and a 10% decline in options. Meanwhile, DII share in equity futures rose to a record 13.9%, and individual investors' share in equity options reached a 17-year high of 38.7%. In interest rate futures, proprietary traders' share rose to a 14-month high of 24.7%, accounting for 34% of the MoM growth in turnover. In commodity futures, they contributed 76% to the growth, while in commodity options, their share dropped to a record low of 60.6%, as individual investor participation increased.

Foreign investors and DIIs' share in CM turnover hit nine- and six-month highs in August:

While overall turnover in the CM segment declined 18.7% MoM in August, the turnover of institutional investors dropped at a slower pace. DII turnover fell by 16.3% MoM, resulting in their share rising to a six-month high of 14.5%. Foreign investors' turnover remained largely stable, pushing their share to a nine-month high of 17.2%. In contrast, individual investors' activity saw a sharper drop, with turnover falling 26.2% MoM and their market share declining to a six-month low of 32%. Meanwhile, proprietary traders— the second largest participant group in the CM segment — maintained a steady share of 29.4% during the month. So far in FY26, the share of proprietary traders has remained stable, while individual investor participation has declined on a year-on-year basis. In contrast, institutional investors have seen a notable gain in their market share, reinforcing their growing presence in the segment.

Share of proprietary traders moderated in equity futures and options in August:

Proprietary traders continued to hold the dominant share in both equity futures and options; however, their participation moderated in August, with their share declining by 279 bps in equity futures and 36 bps in equity options. Together, proprietary traders and individual investors accounted for 79% and 52% of the total MoM decline in turnover for equity futures and options, respectively. This pullback contributed significantly to the overall decline in turnover — down 13% MoM in equity futures and 10% MoM in equity options. Notably, proprietary traders' share in equity futures fell to its lowest level in 57 months. Meanwhile, institutional participation showed contrasting trends. DII activity in equity futures rose sharply, with their share increasing by 253 bps MoM to 13.9%—the highest on record. In equity options, individual investors' share rose to 38.7%, the highest monthly level in the past 17 years, even as DII participation remained negligible. The share of foreign investors in equity options declined further by 17 bps MoM to 5.7%, marking a 16-year low.

Proprietary traders' share touched a 14-month high in interest rate futures:

While total turnover of interest rate futures increased 66% MoM in the month of August, proprietary traders accounted for 34% of this increase, pushing their market share up by 632 bps MoM to a 14-month high of 24.7%. In contrast, despite a 59% rise in their turnover, the share of corporates fell to a 12-month low of 69.9%, as growth from other participant categories outpaced theirs. Notably, corporates still contributed over 60% of the overall increase in IRF turnover. Meanwhile, participation by individual investors remained steady, and although foreign investor activity remained low in absolute terms, their turnover doubled compared to the previous month.

Proprietary traders contributed significantly to the growth in commodity futures' turnover:

In the commodity futures segment, proprietary traders maintained their dominant position with a 77.7% share in August, though it dipped by 164 bps MoM to 79.4%. They contributed 76% to the MoM growth in overall futures turnover. However, in the commodity options segment, proprietary traders led the decline, as turnover fell by 7% in August. Their market share dropped to 60.6% – the lowest on record – while individual investors reached a record-high share in this segment, signalling a shift in participation dynamics.

Table 103: Share of client participation in NSE cash market segment (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	3.6	3.3	4.8	32	(113)	3.7	4.6	3.8
DIIIs	14.5	14.1	11.2	40	331	13.8	12.4	14.0
Foreign Investors	17.2	14.1	15.7	309	152	15.4	14.9	15.3
Individuals	32.0	35.3	34.9	(329)	(294)	34.2	34.3	33.4
Prop	29.4	29.3	28.3	3	109	28.9	29.2	29.3
Others	3.3	3.9	5.2	(57)	(184)	4.1	4.7	4.3

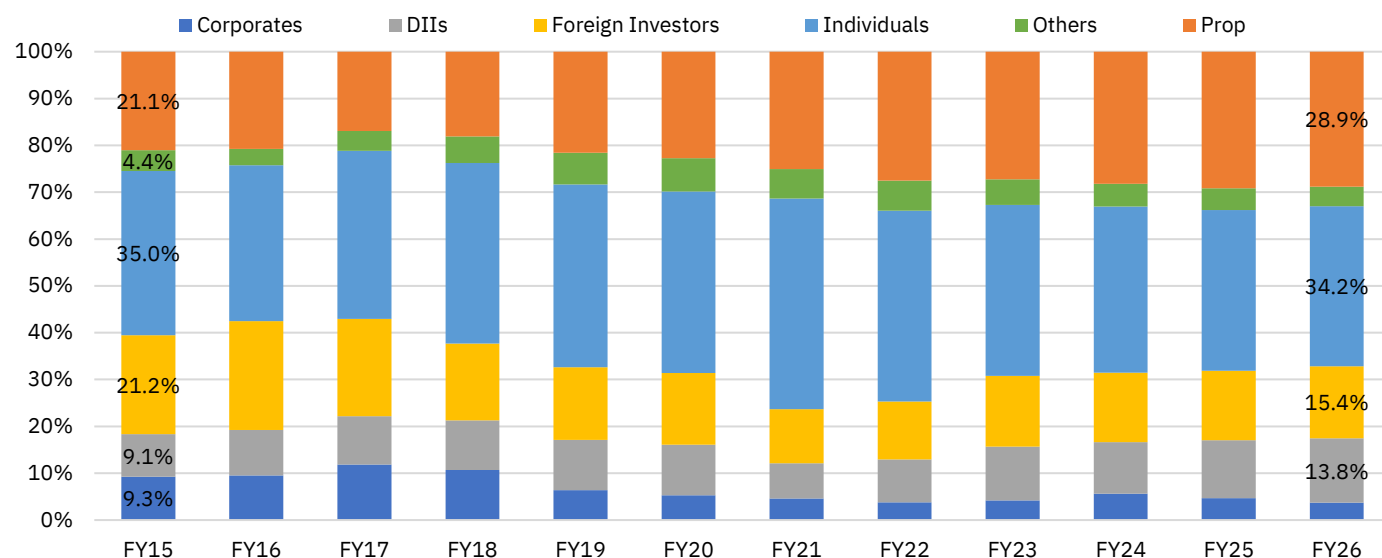
Source: NSE EPR.

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. 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 Aug'25.

Figure 281: Annual trends in share of client participation in NSE cash market segment (%)

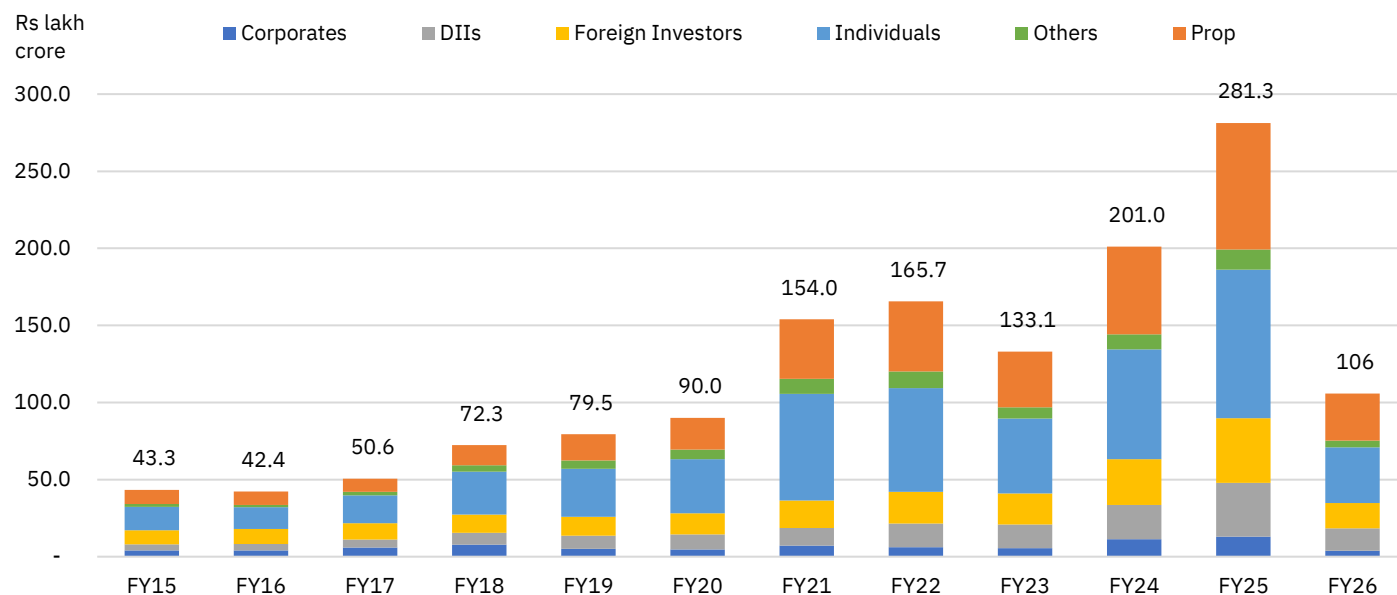


Source: NSE EPR.

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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 Aug'25.

Figure 282: Annual trends in client category-wise turnover 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 Aug'25.

Table 104: Share of client participation in Equity Derivatives segment (Notional turnover) of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	2.2	2.2	4.3	7	(206)	2.3	4.2	2.4
DIIs	0.2	0.2	0.1	(1)	10	0.2	0.1	0.2
Foreign Investors	5.8	6.0	7.0	(25)	(118)	7.2	7.1	7.2
Individuals	29.9	28.9	24.6	102	528	27.7	25.5	27.5
Prop	59.5	60.2	61.1	(68)	(153)	60.2	60.0	60.3
Others	2.3	2.4	2.9	(14)	(60)	2.3	2.9	2.3

Source: NSE EPR.

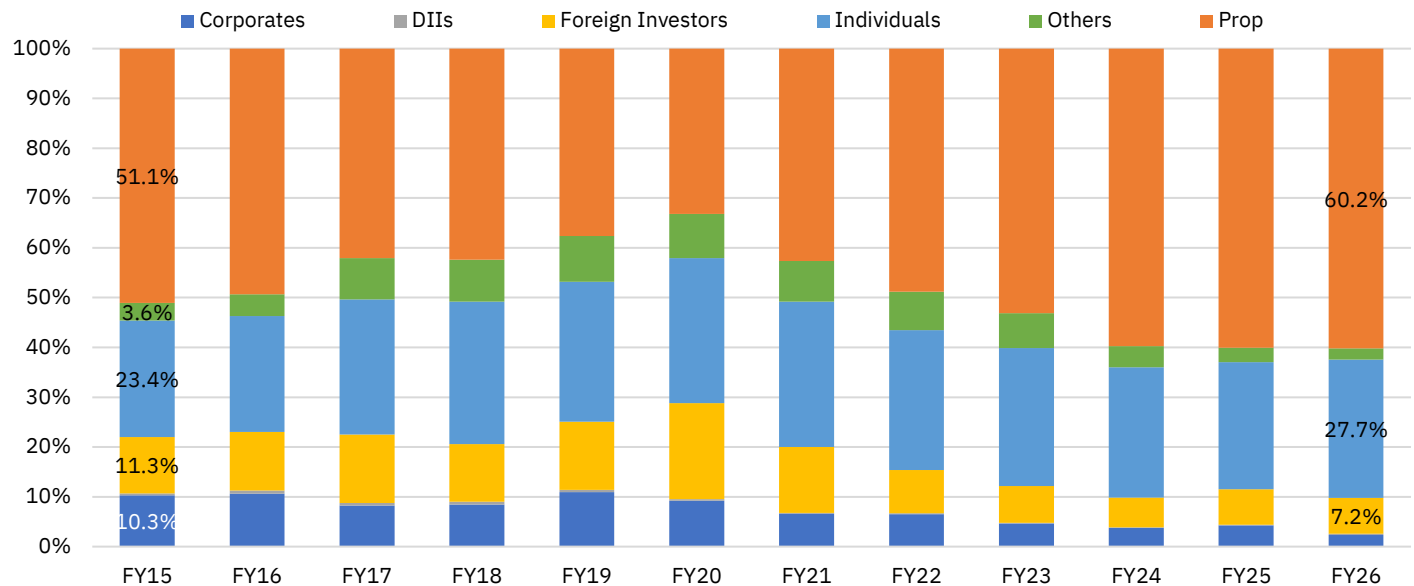
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. CY25 and FY26 are as of Aug'25.

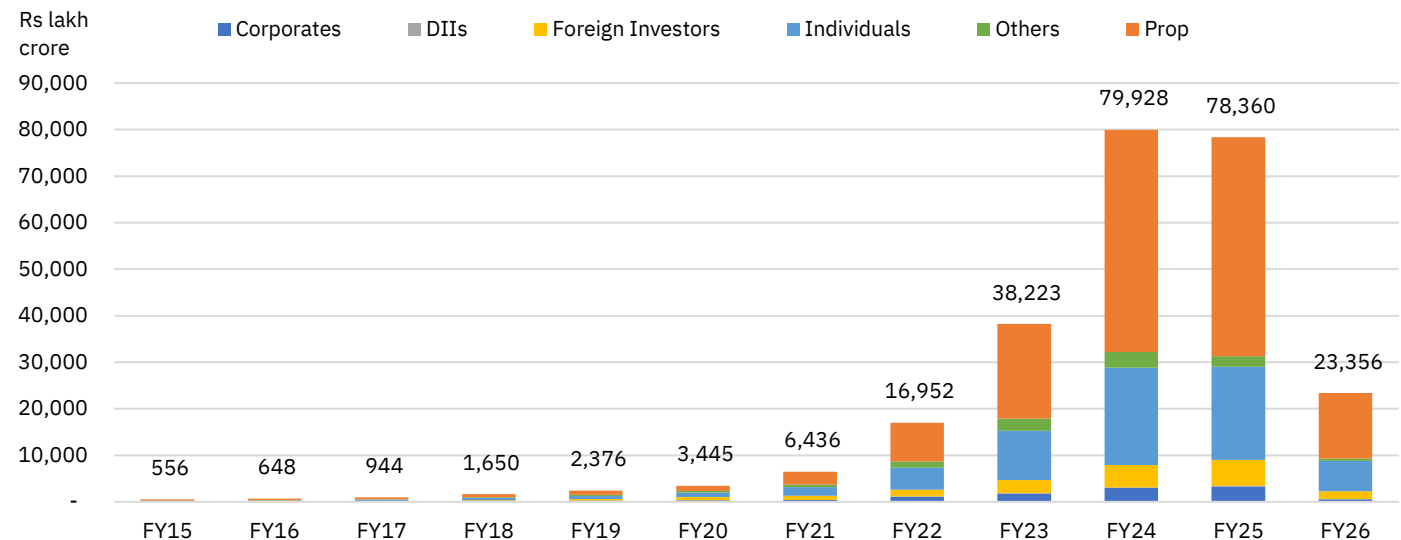
Figure 283: Annual trends in share of client participation in Equity Derivatives (Notional Turnover) at NSE (%)



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 Aug'25.

Figure 284: Annual trends in client category-wise notional turnover in Equity derivatives



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 Aug'25.

Table 105: Share of client participation in Equity futures (Notional Turnover) segment of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	6.6	6.5	8.4	2	(181)	6.6	8.0	6.6
DIIs	13.9	11.3	8.5	253	537	11.6	8.8	11.2
Foreign Investors	29.0	26.8	25.3	218	371	27.1	25.7	27.0
Individuals	16.3	17.6	18.5	(132)	(220)	17.5	18.2	17.2
Prop	30.1	32.9	34.2	(279)	(409)	32.6	34.3	33.3
Others	4.1	4.7	5.1	(62)	(98)	4.6	5.0	4.6

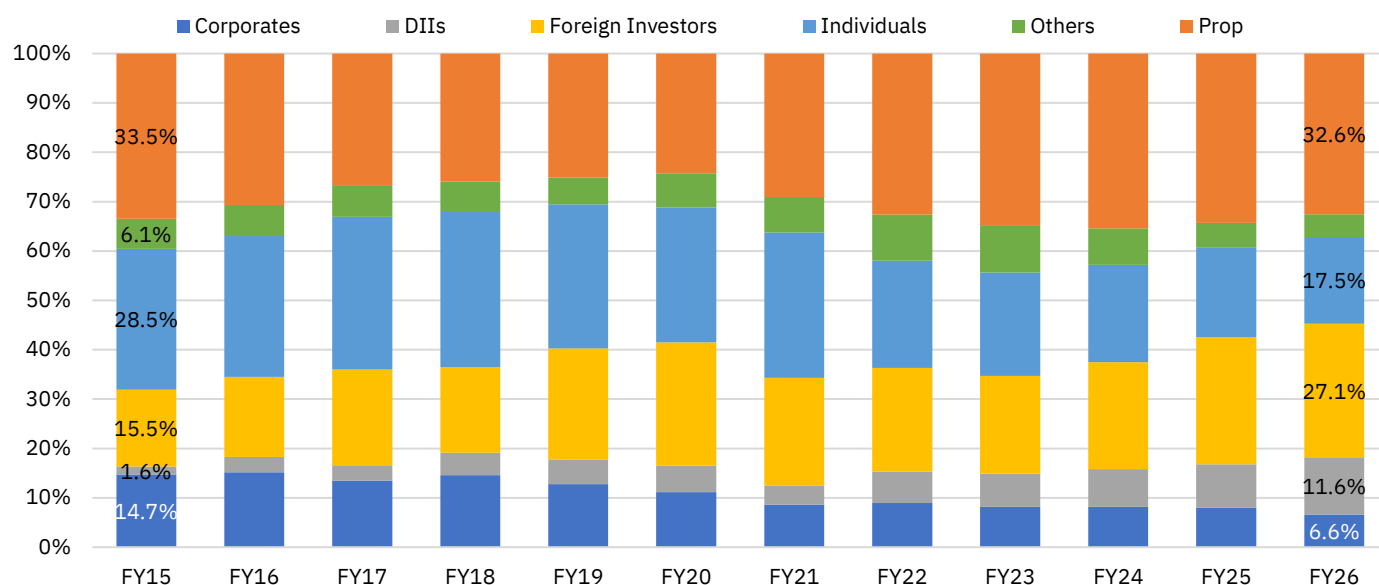
Source: NSE EPR.

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 Aug'25.

Figure 285: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE


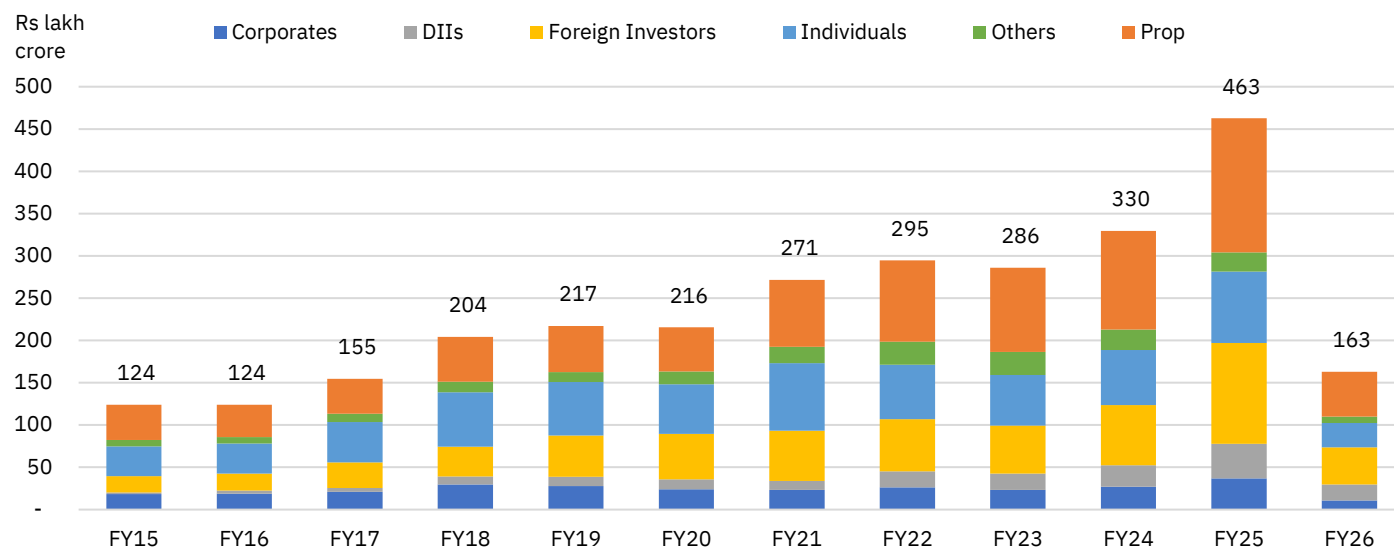
Source: NSE EPR.

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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 Aug'25.

Figure 286: Annual trends in client category-wise turnover in Equity 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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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 Aug'25.

Table 106: Share of client participation in Equity options segment (Premium Turnover) of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	2.0	1.9	5.0	3	(305)	2.1	3.9	2.2
DIIs	0.1	0.1	0.1	(2)	2	0.1	0.1	0.1
Foreign Investors	5.7	5.9	9.3	(17)	(354)	7.8	9.6	8.1
Individuals	38.7	38.1	34.4	59	429	36.2	34.6	36.0
Prop	51.4	51.8	48.4	(36)	300	51.5	48.9	51.3
Others	2.1	2.2	2.8	(7)	(72)	2.2	2.8	2.3

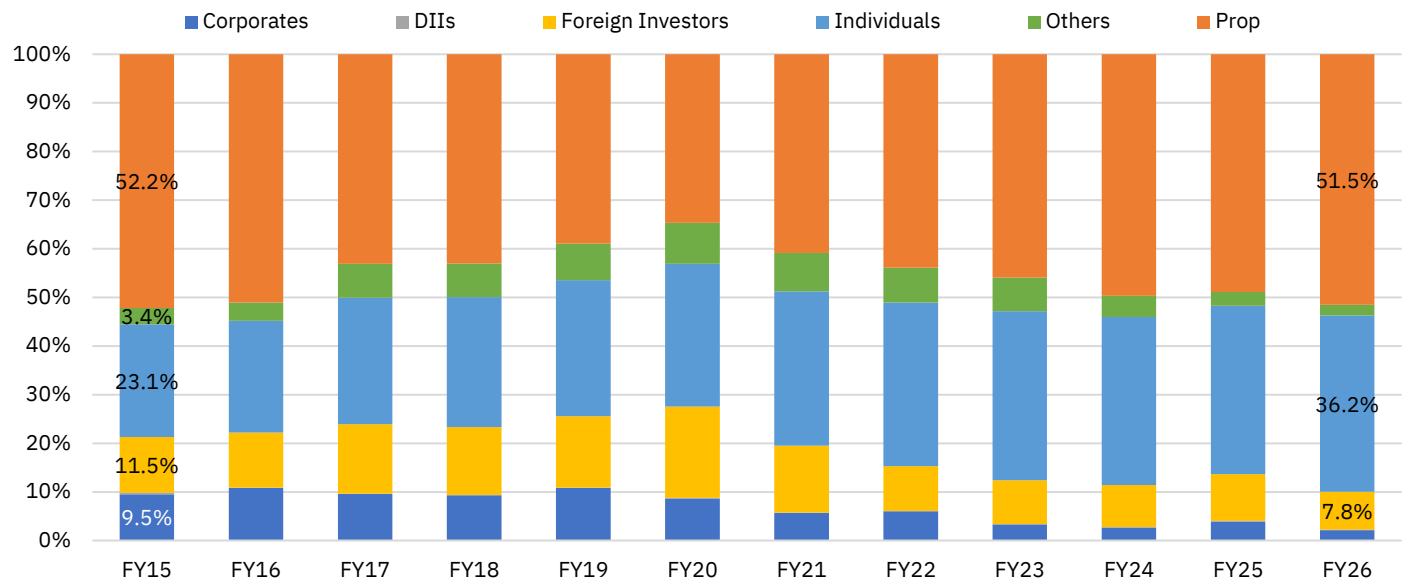
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. CY25 and FY26 are as of Aug'25.

Figure 287: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE (%)


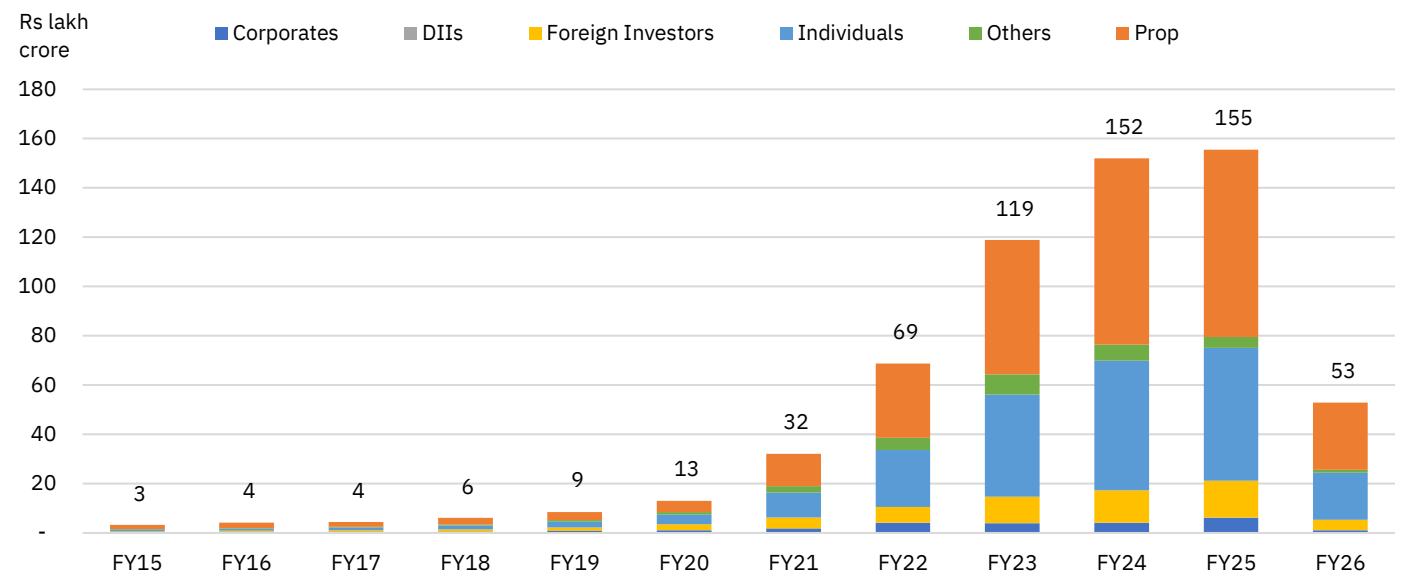
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

4. Data for FY26 is as of Aug'25.

Figure 288: Annual trends in client category-wise turnover 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 Aug'25.

Table 107: Share of client participation in Index Futures of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	9.6	8.1	12.9	145	(332)	9.6	12.2	9.6
DIIs	6.9	5.4	3.3	154	360	5.8	3.7	5.5
Foreign Investors	17.5	17.4	14.3	11	322	15.9	15.0	16.0
Individuals	30.4	32.4	31.8	(195)	(131)	31.7	31.2	31.6
Prop	30.5	30.7	31.6	(18)	(112)	31.2	32.1	31.6
Others	5.0	6.0	6.1	(97)	(107)	5.8	5.8	5.6

Source: NSE EPR.

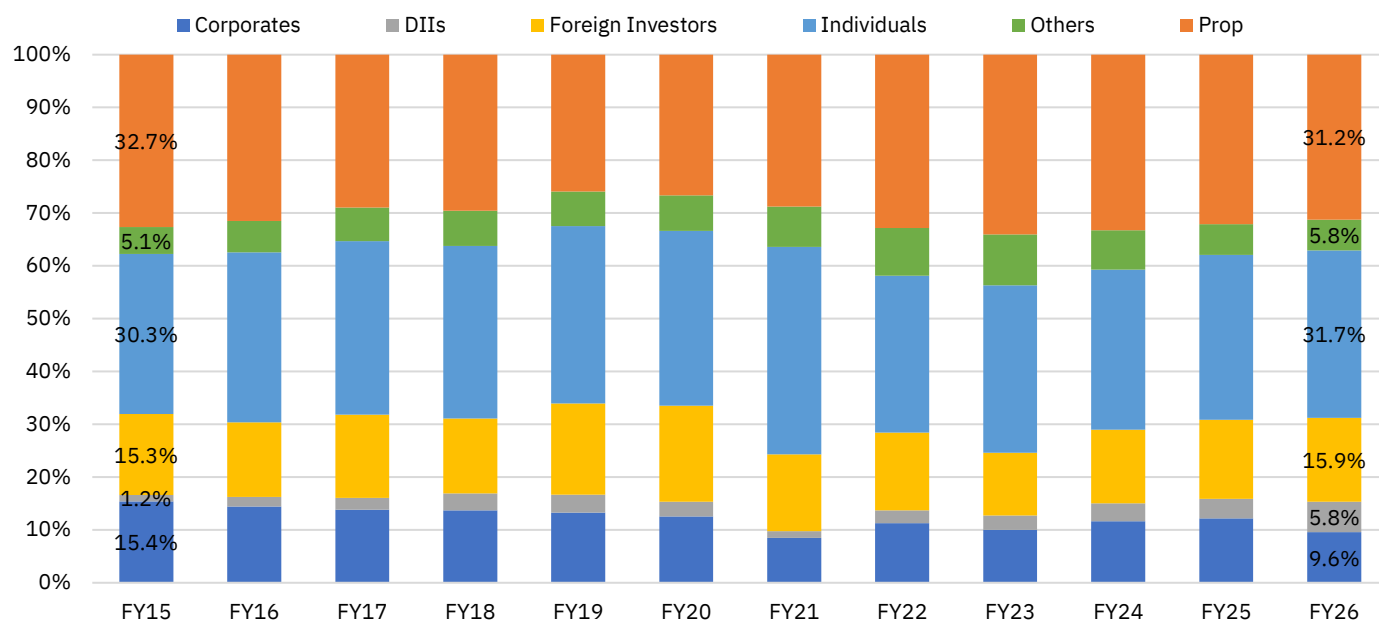
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3. Figures in brackets indicate negative numbers.

4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Aug'25.

Figure 289: Annual trends in share of client participation in Index Futures at NSE (%)


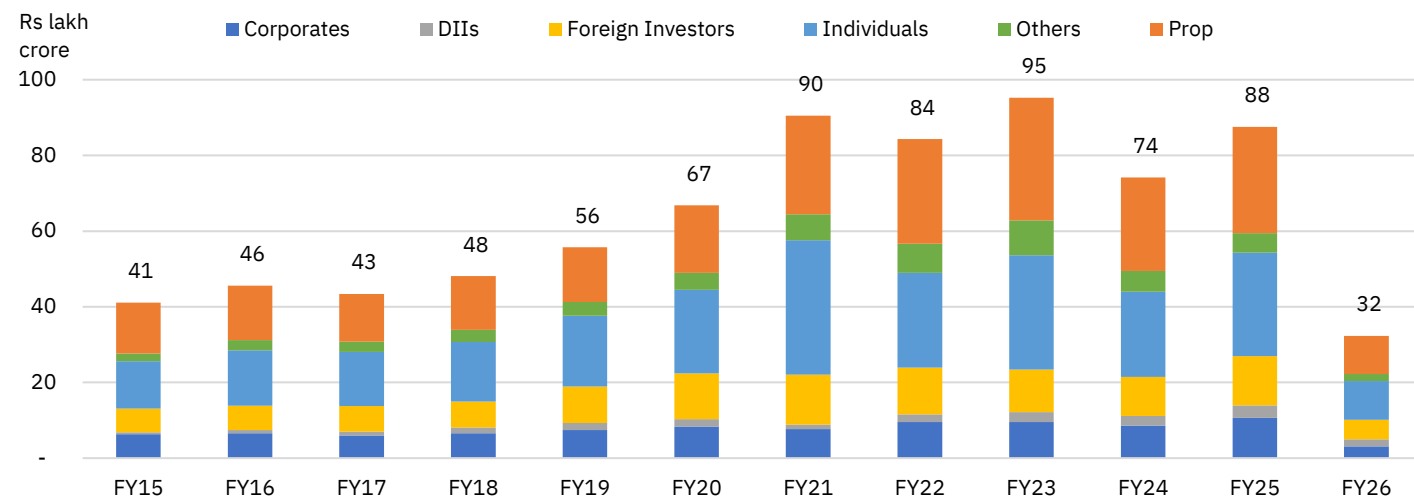
Source: NSE EPR.

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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 Aug'25.

Figure 290: Annual trends in category-wise client turnover in Index 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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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 Aug'25.

Table 108: Share of client participation in Stock Futures of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	5.9	6.2	7.4	(31)	(146)	5.9	7.0	5.9
DIIs	15.4	12.6	9.7	281	572	13.1	10.0	12.6
Foreign Investors	31.5	28.8	27.8	272	374	29.8	28.2	29.7
Individuals	13.2	14.6	15.5	(133)	(231)	14.0	15.2	13.6
Prop	30.1	33.4	34.8	(334)	(475)	32.9	34.8	33.8
Others	3.9	4.5	4.9	(56)	(95)	4.3	4.8	4.4

Source: NSE EPR.

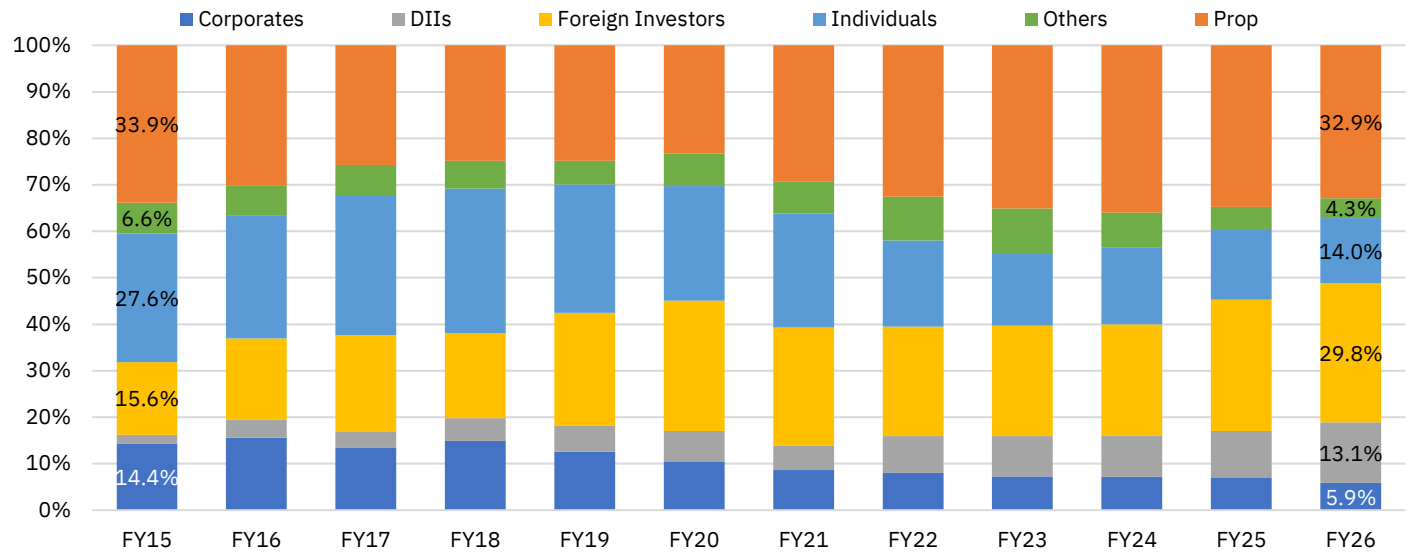
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3. Figures in brackets indicate negative numbers.

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 Aug'25.

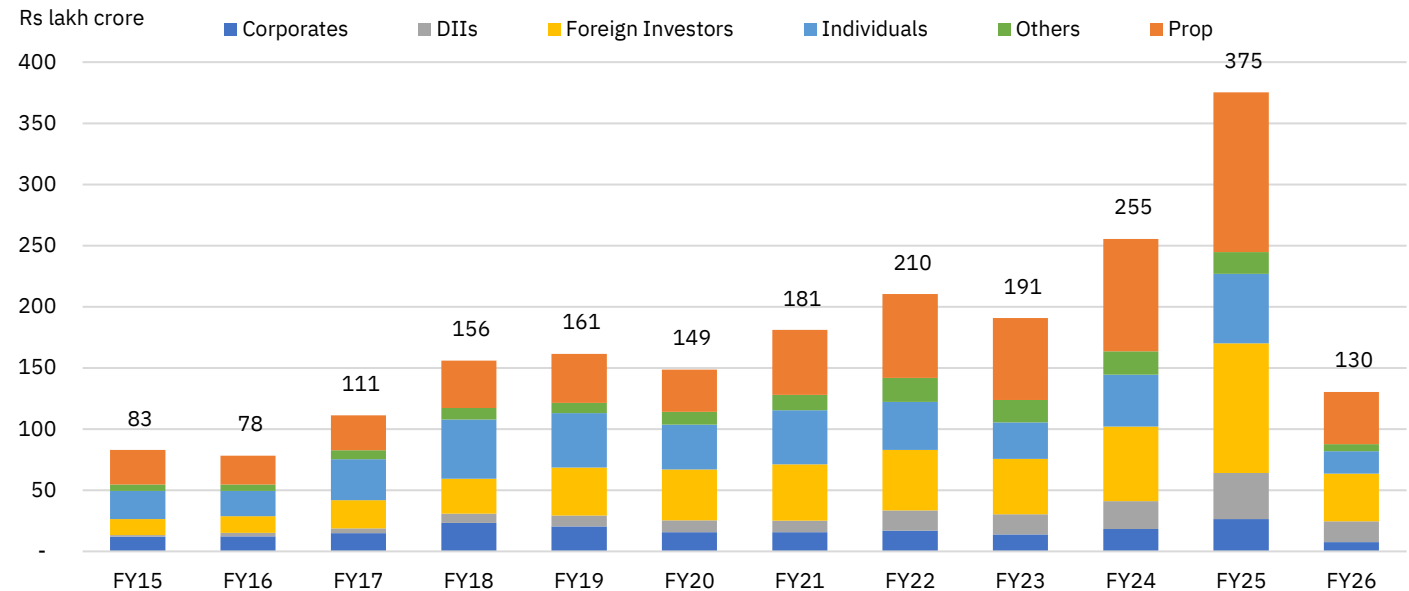
Figure 291: Annual trends in share of client participation in Stock Futures at NSE (%)


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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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 Aug'25.

Figure 292: Annual trends in client category-wise turnover 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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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 Aug'25.

Table 109: Share of client participation in Index Options (Premium Turnover) of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	1.9	1.8	4.8	3	(294)	2.1	3.9	2.2
DIIIs	0.1	0.1	0.1	(2)	1	0.1	0.1	0.1
Foreign Investors	5.9	5.9	9.4	(2)	(358)	7.3	9.6	7.5
Individuals	40.3	39.6	35.3	62	493	37.7	35.7	37.6
Prop	49.8	50.3	47.4	(53)	240	50.6	47.8	50.3
Others	2.1	2.2	2.9	(8)	(83)	2.2	3.0	2.3

Source: NSE EPR.

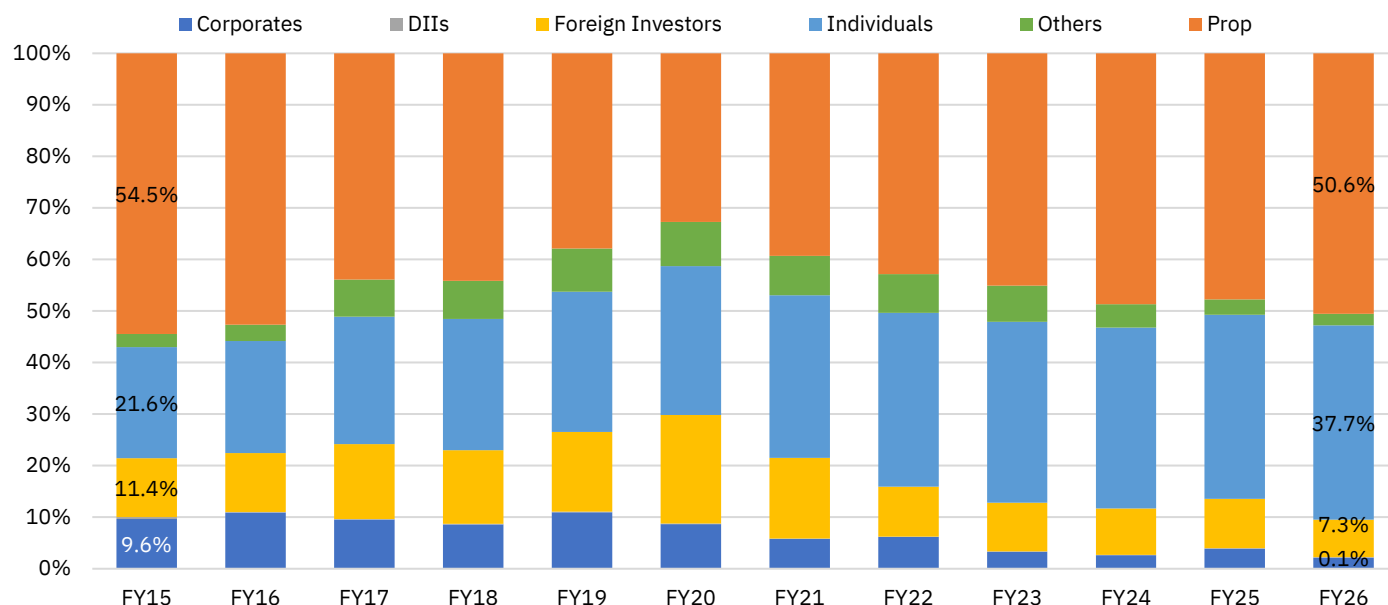
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3. Figures in brackets indicate negative numbers.

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 Aug'25.

Figure 293: Annual trends in share of client participation in Index Options (premium turnover) at NSE (%)


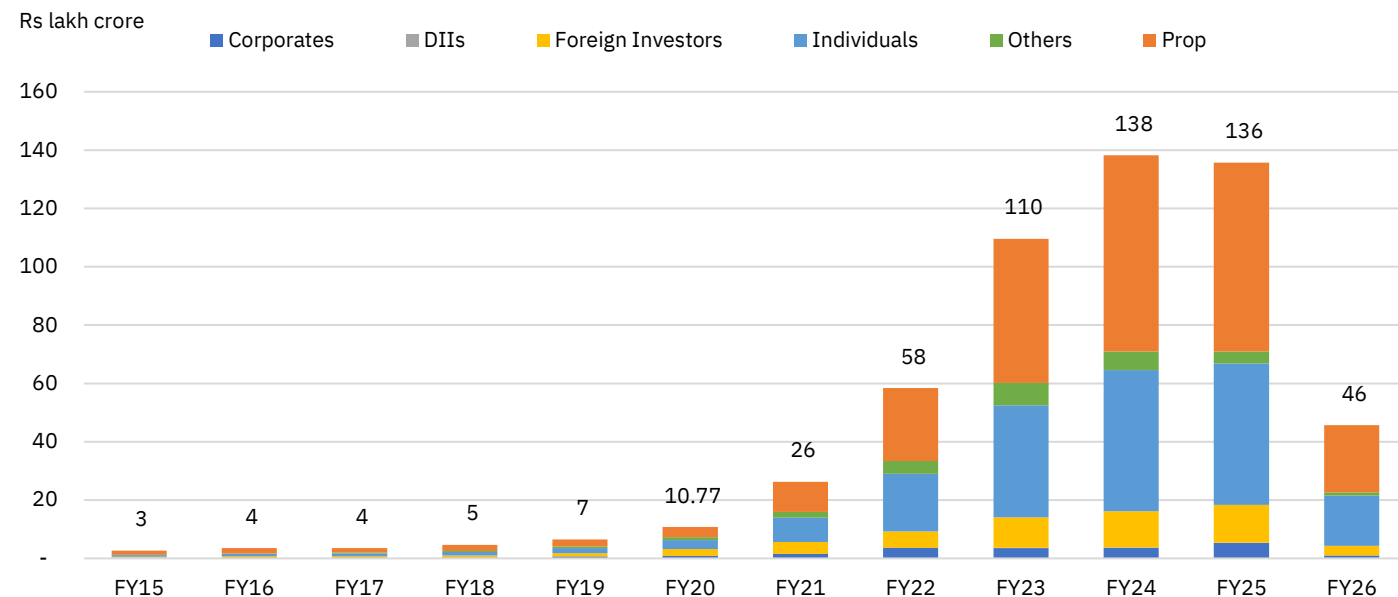
Source: NSE EPR.

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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 Aug'25.

Figure 294: Annual trends in client category-wise premium turnover in Index Options 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 Aug'25.

Table 110: Share of client participation in Stock Options (Premium Turnover) of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	2.8	2.6	6.7	18	(391)	2.4	4.4	2.5
DIIs	0.3	0.3	0.2	0	8	0.3	0.2	0.2
Foreign Investors	4.6	5.9	7.8	(126)	(323)	10.8	9.9	11.9
Individuals	27.3	28.6	27.3	(133)	(0)	26.7	27.1	26.1
Prop	63.0	60.6	56.0	240	695	57.9	56.7	57.4
Others	2.1	2.1	2.0	1	11	1.9	1.8	1.8

Source: NSE EPR.

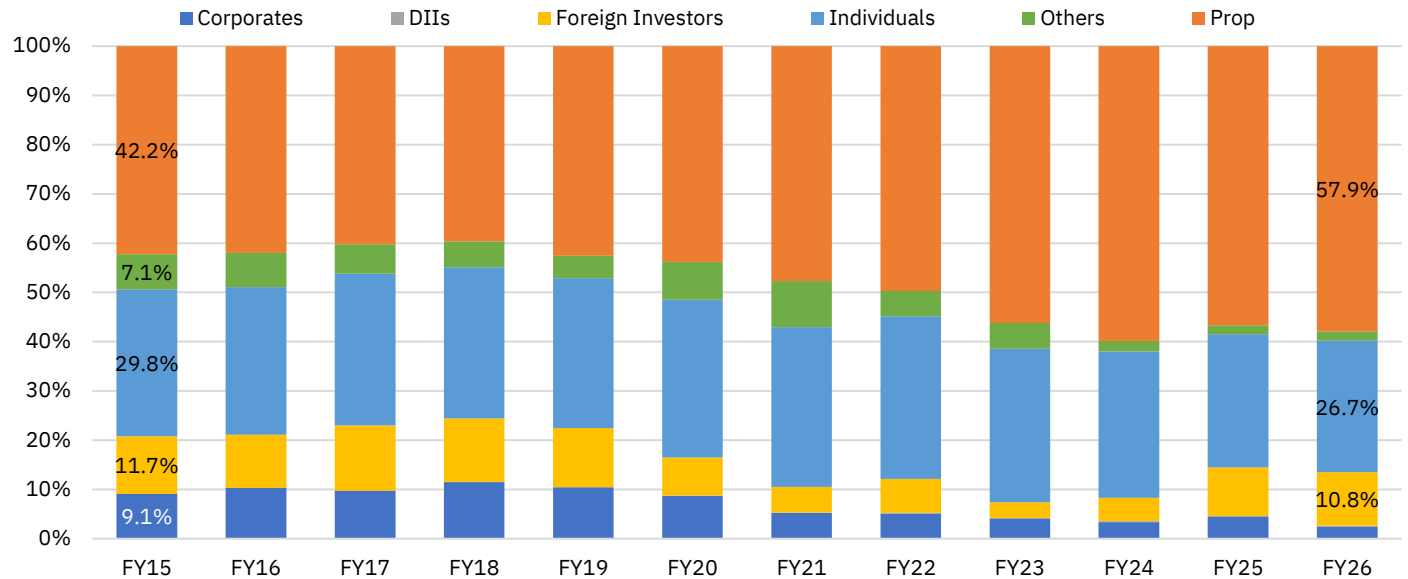
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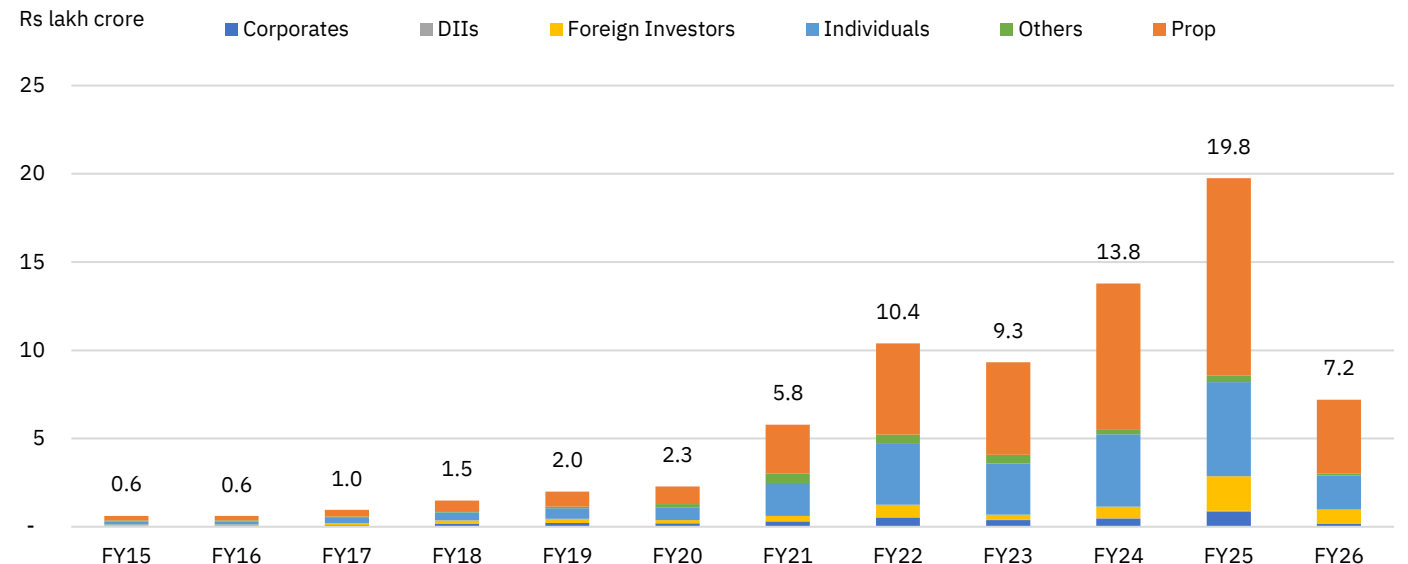
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Aug'25.

Figure 295: 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 Aug'25.

Figure 296: Annual trends in client category-wise premium turnover in Stock Options 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 Aug'25.

Table 111: Share of client participation in Currency Derivatives segment (Notional Turnover) of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	22.4	20.8	6.5	155	1,585	17.7	8.6	13.6
DII's	4.2	4.0	1.4	19	284	4.1	2.0	3.8
Foreign Investors	16.2	15.1	7.3	104	886	18.0	7.8	14.6
Individuals	12.0	11.7	5.2	29	679	9.6	8.4	6.8
Prop	43.3	46.3	78.3	(298)	(3,504)	48.6	71.7	59.8
Others	2.0	2.1	1.3	(9)	70	2.0	1.6	1.4

Source: NSE EPR.

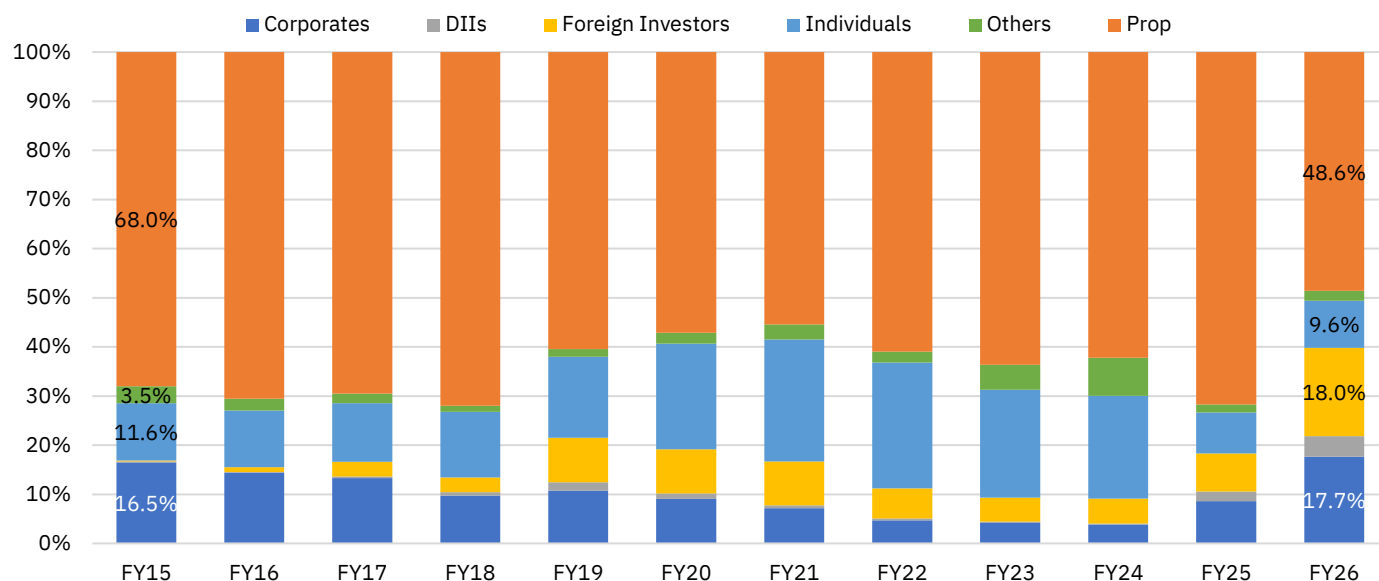
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3. Figures in brackets indicate negative numbers.

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 Aug'25.

Figure 297: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE (%)


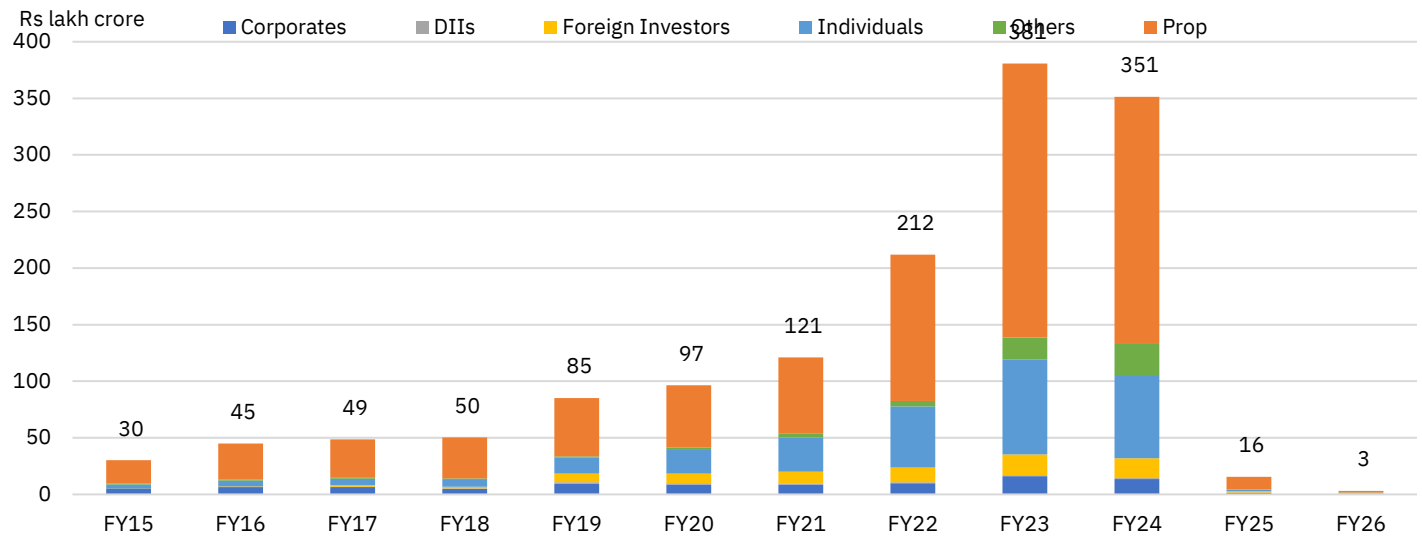
Source: NSE EPR.

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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 Aug'25.

Figure 298: Annual trends in client category-wise notional turnover in Currency Derivatives 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 Aug'25.

Table 112: Share of client participation in Currency Futures of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	21.7	20.6	6.0	110	1,570	17.3	8.1	13.3
DIIs	4.3	4.1	1.4	24	292	4.2	2.2	3.9
Foreign Investors	16.6	15.3	7.5	124	914	18.3	8.0	14.8
Individuals	11.4	11.1	4.4	34	698	9.1	4.9	6.3
Prop	44.0	46.8	79.4	(286)	(3,547)	49.1	75.2	60.4
Others	2.0	2.1	1.3	(6)	72	2.0	1.5	1.4

Source: NSE EPR.

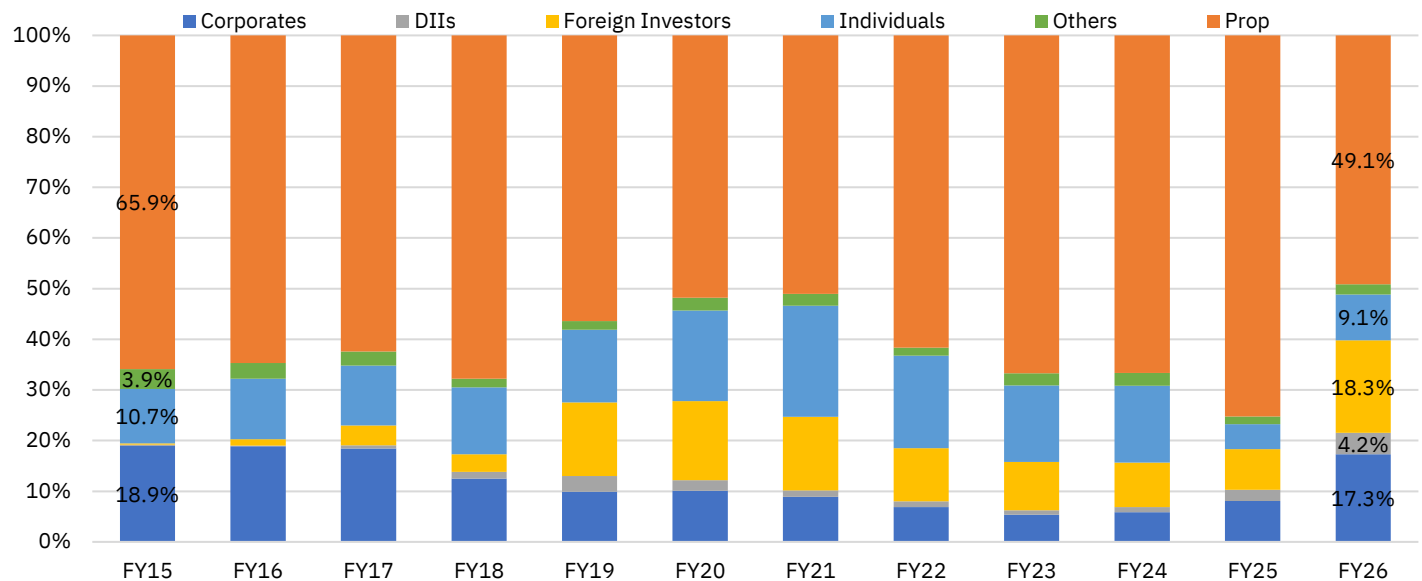
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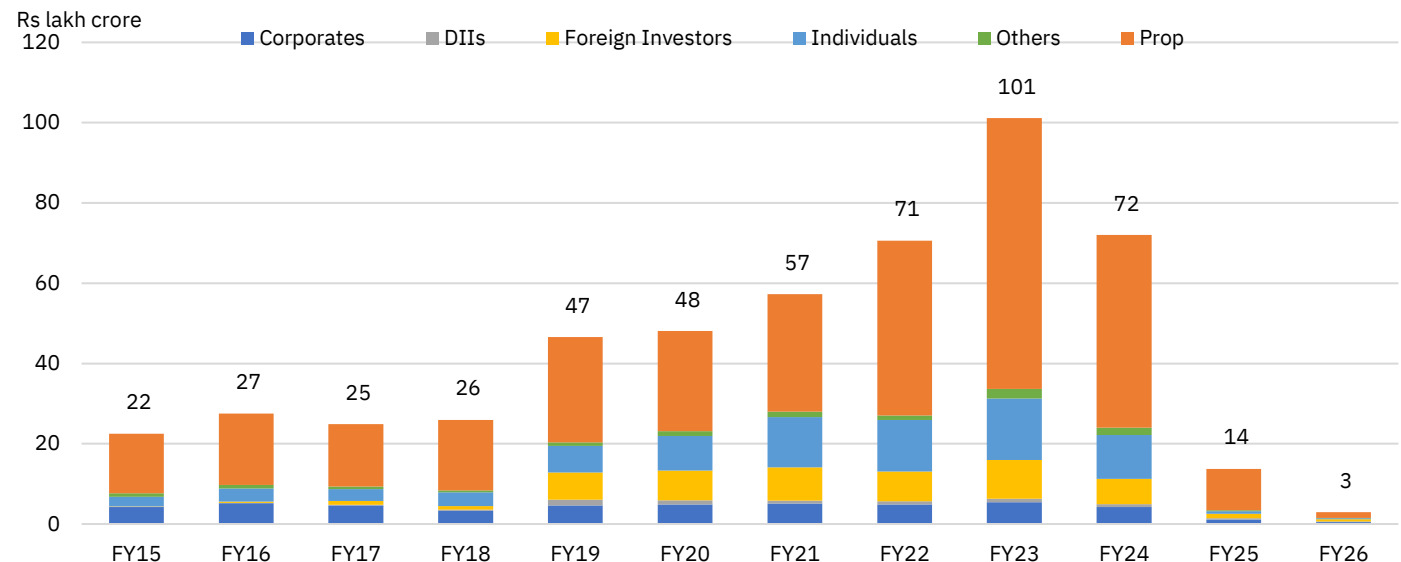
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Aug'25.

Figure 299: 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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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 Aug'25.

Figure 300: Annual trends in client category-wise turnover 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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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 Aug'25.

Table 113: Share of client participation in Currency Options (Premium Turnover) of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	51.0	39.0	32.2	1,201	1,884	43.2	11.1	42.1
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	27.2	54.2	54.7	(2,704)	(2,749)	39.3	36.9	43.5
Prop	21.7	6.1	12.7	1,563	899	17.4	45.3	14.1
Others	0.1	0.7	0.5	(60)	(34)	0.1	0.8	0.1

Source: NSE EPR.

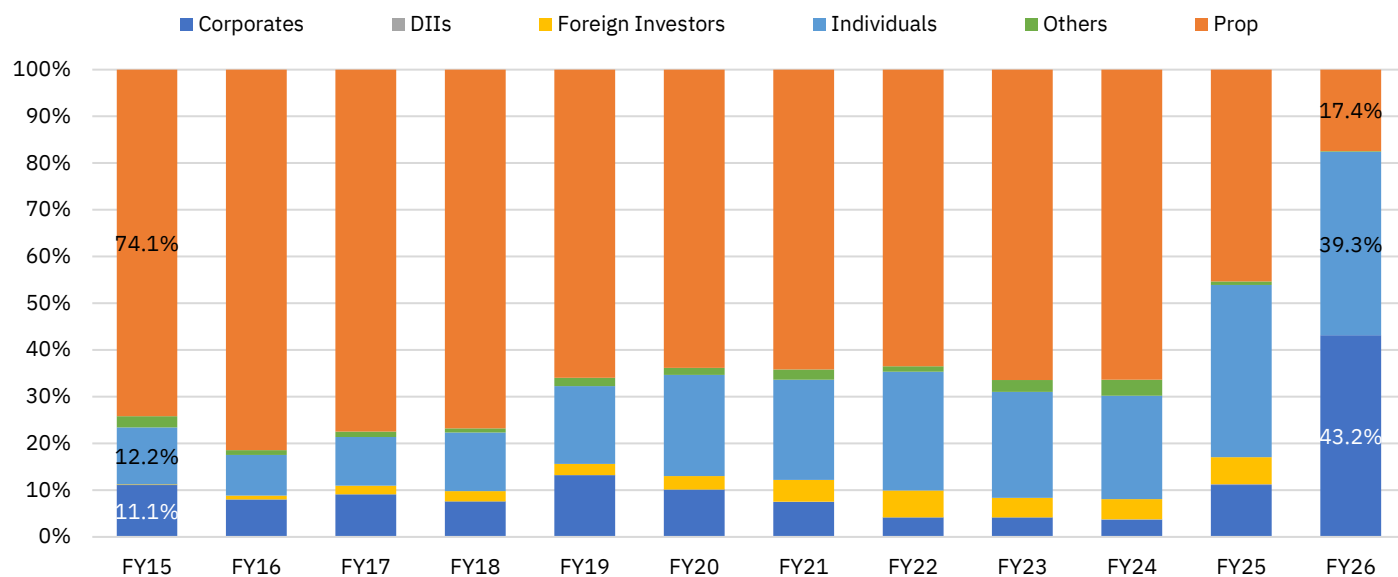
Notes: 1. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification 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.

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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 Aug'25.

Figure 301: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE (%)


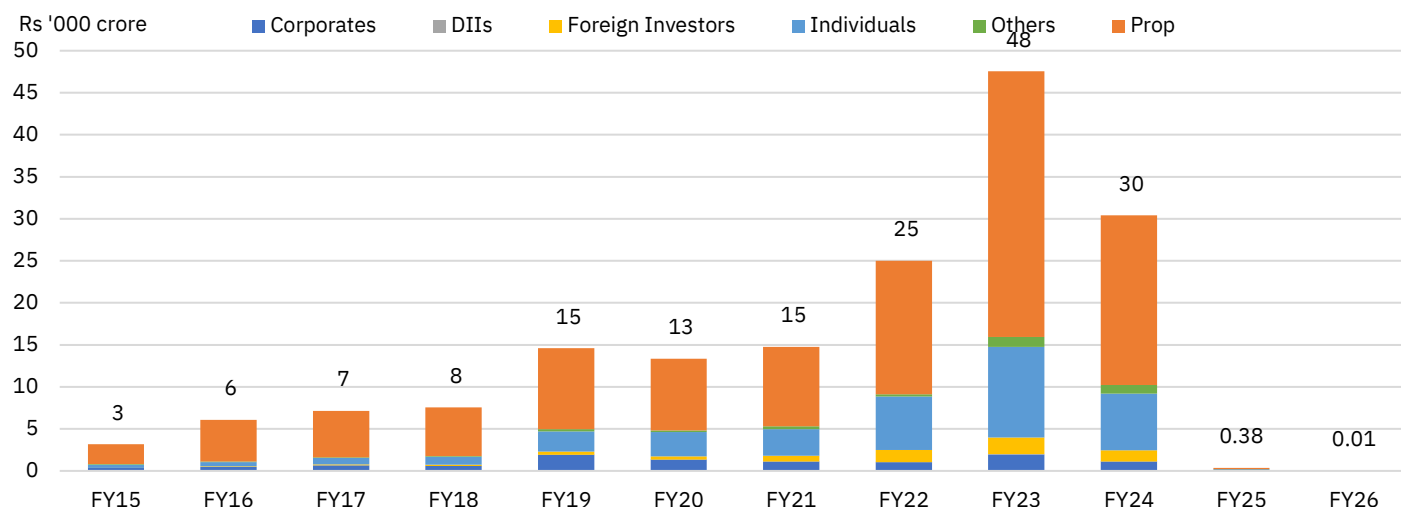
Source: NSE EPR.

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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 Aug'25.

Figure 302: Annual trends in client category-wise premium turnover in Currency Options at NSE


Source: NSE EPR.

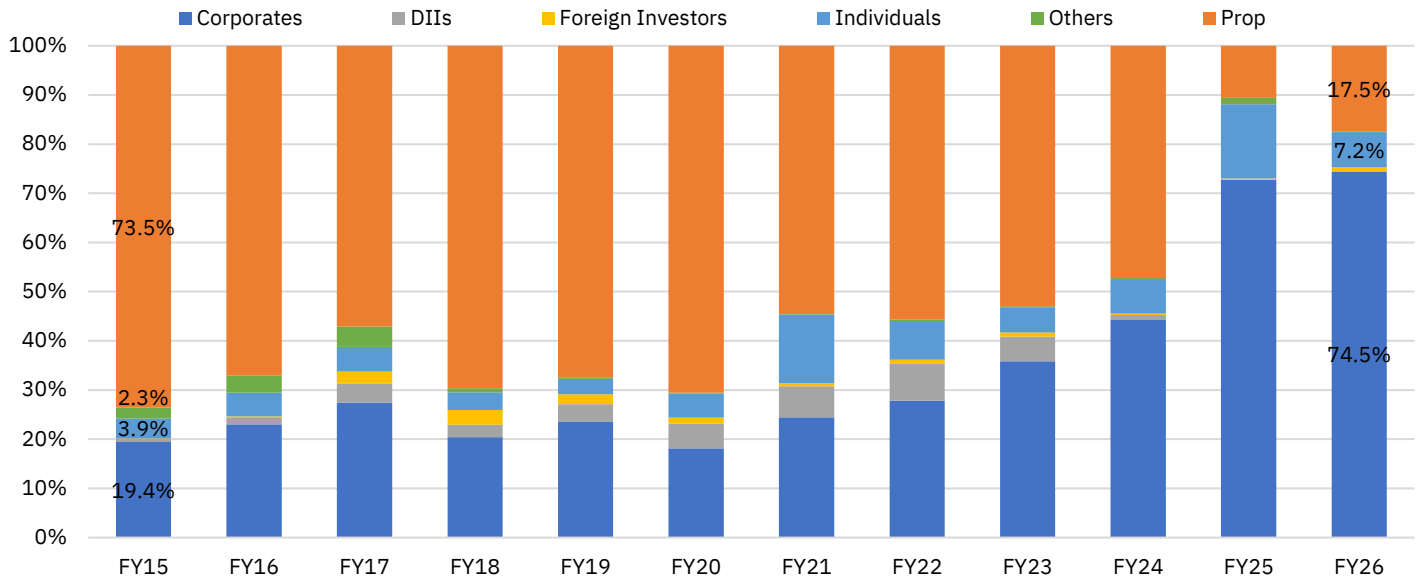
Notes: 1. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification 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 Aug'25.

Table 114: Share of client participation in Interest Rate Futures of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Corporates	69.9	73.2	68.3	(333)	160	74.5	72.7	76.5
DIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign Investors	1.0	0.8	0.1	15	82	0.8	0.2	0.7
Individuals	4.5	7.7	10.1	(314)	(561)	7.2	15.1	12.0
Prop	24.7	18.3	17.9	632	671	17.5	10.6	10.7
Others	0.0	0.0	3.5	-	(353)	0.0	1.3	0.1

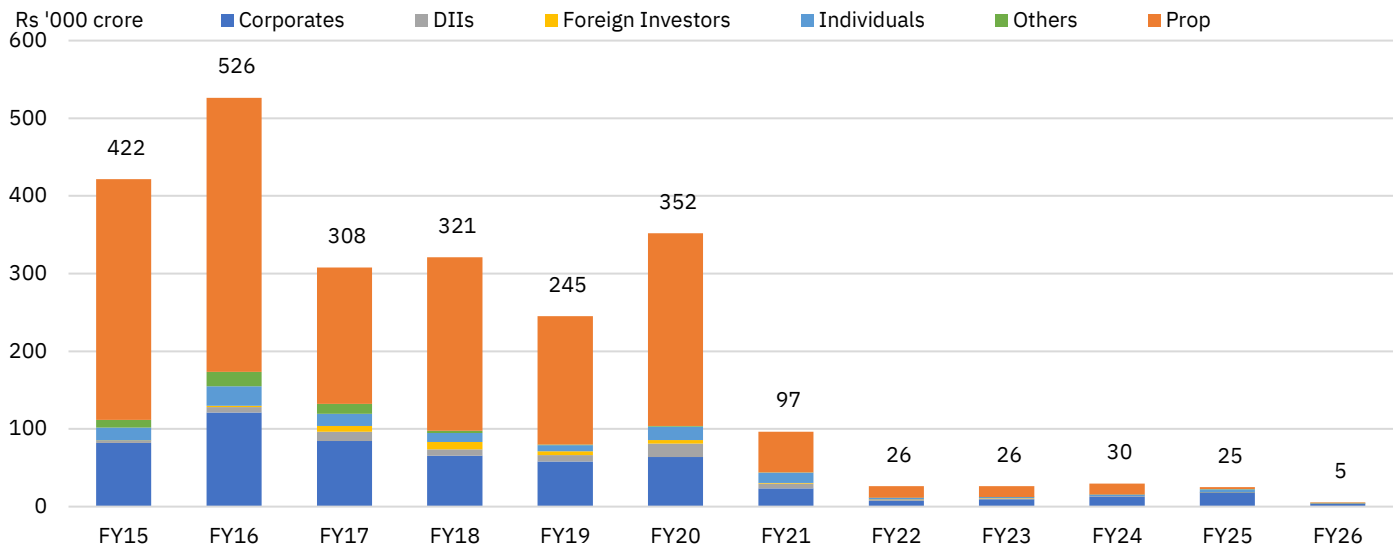
Source: NSE EPR.

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.
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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 Aug'25.

Figure 303: 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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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 Aug'25.

Figure 304: Annual trends in client category-wise turnover 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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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 Aug'25.

Table 115: Share of client participation in Commodity derivatives segment of NSE (%)

Client category	Aug-25	Jul-25	Aug-24	MoM Change (bps)	YoY Change (bps)	FY26	FY25	CY25
Commodity Futures								
Corporates	2.3	3.1	0.0	(87)	227	2.7	0.0	2.6
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	0.3	0.2	0.0	7	29	0.3	0.0	0.3
Individuals	6.0	8.6	4.6	(265)	141	7.6	5.9	7.7
Prop	77.7	79.4	72.9	(164)	483	77.5	78.2	77.4
Others	13.7	8.6	22.5	509	(880)	11.9	15.9	12.0
Commodity Options (Premium Turnover)								
Corporates	0.1	0.1	0.0	(4)	8	0.5	0.0	0.4
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	5.9	4.7	0.0	118	585	2.2	0.0	1.4
Individuals	33.0	27.9	3.9	511	2,919	30.3	14.1	27.6
Prop	60.6	66.3	86.7	(572)	(2,610)	65.5	74.0	64.3
Others	0.4	0.9	9.4	(53)	(902)	1.4	11.8	6.3
Commodity Derivatives (Notional Turnover)								
Corporates	0.6	0.7	0.0	(11)	56	0.9	0.2	0.7
DIIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	1.6	1.7	0.0	(5)	163	0.8	0.0	0.4
Individuals	14.4	14.5	1.6	(7)	1,286	14.6	4.2	11.5
Prop	81.4	80.7	88.4	72	(696)	81.3	84.7	80.6
Others	1.9	2.4	10.0	(50)	(810)	2.4	10.9	6.8

Source: NSE EPR.

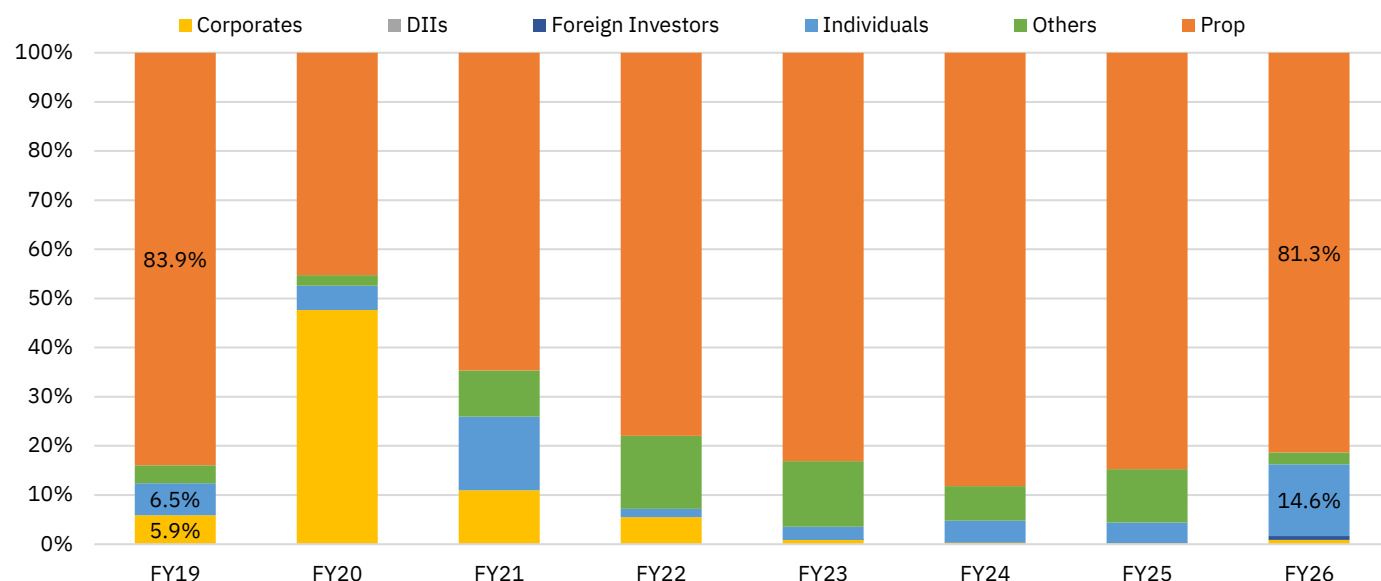
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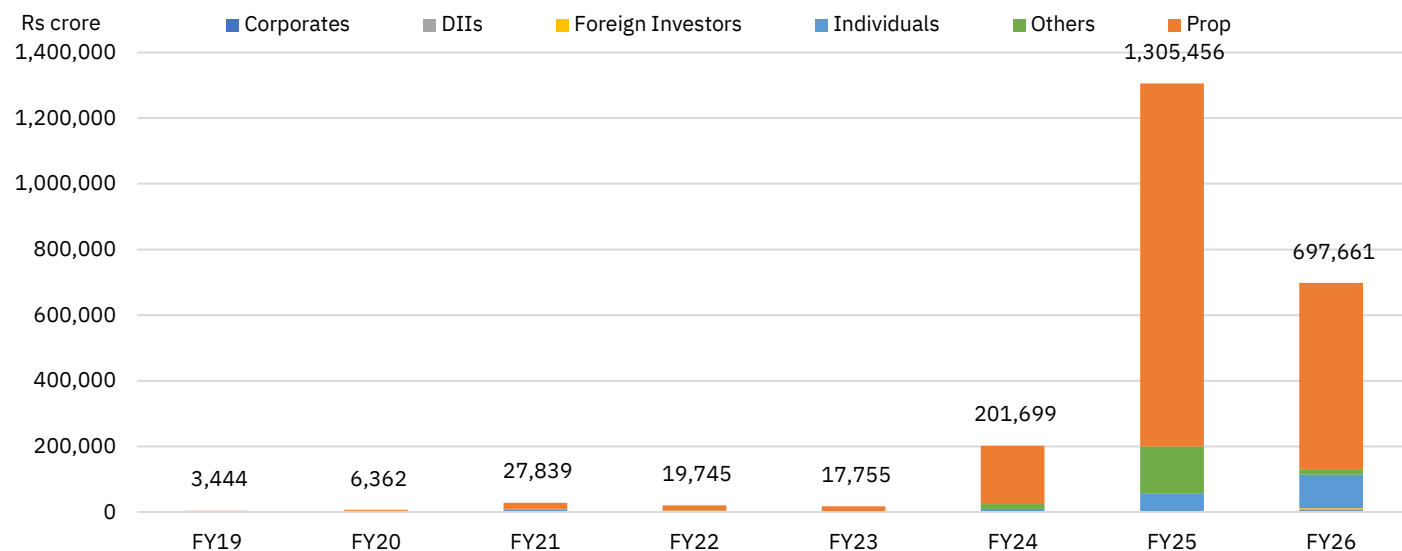
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

5. CY25 and FY26 are as of Aug'25.

Figure 305: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover)


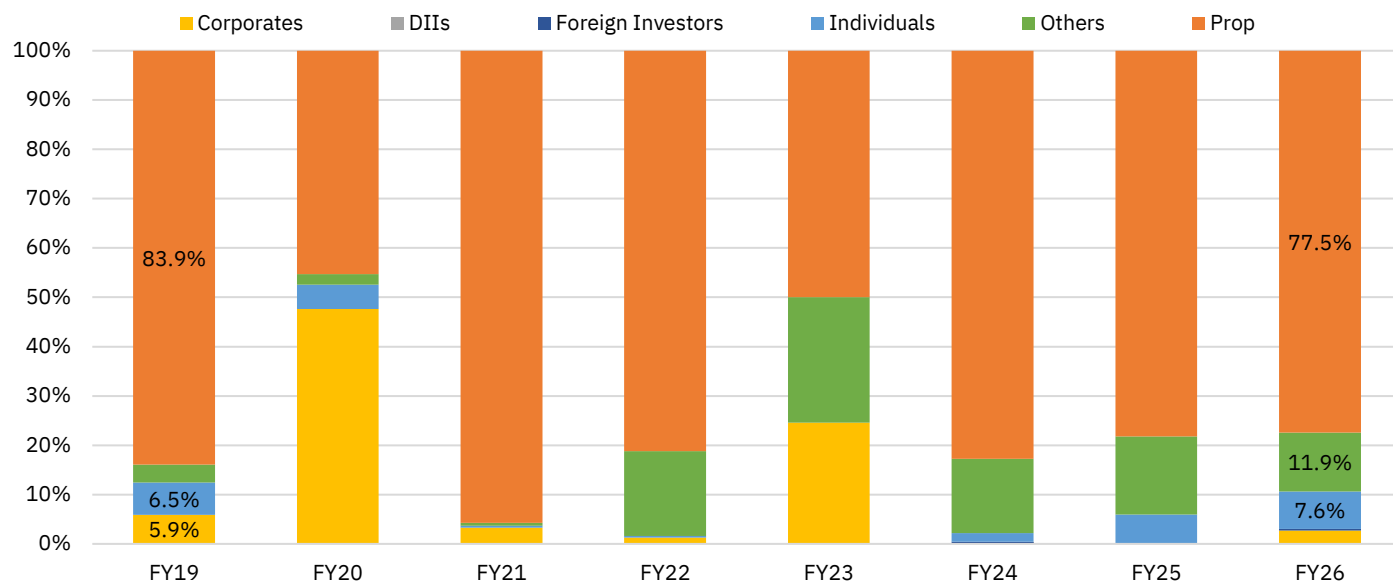
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY26 is as of Aug'25.

Figure 306: Annual trends in client category-wise notional turnover in Commodity Derivatives at NSE


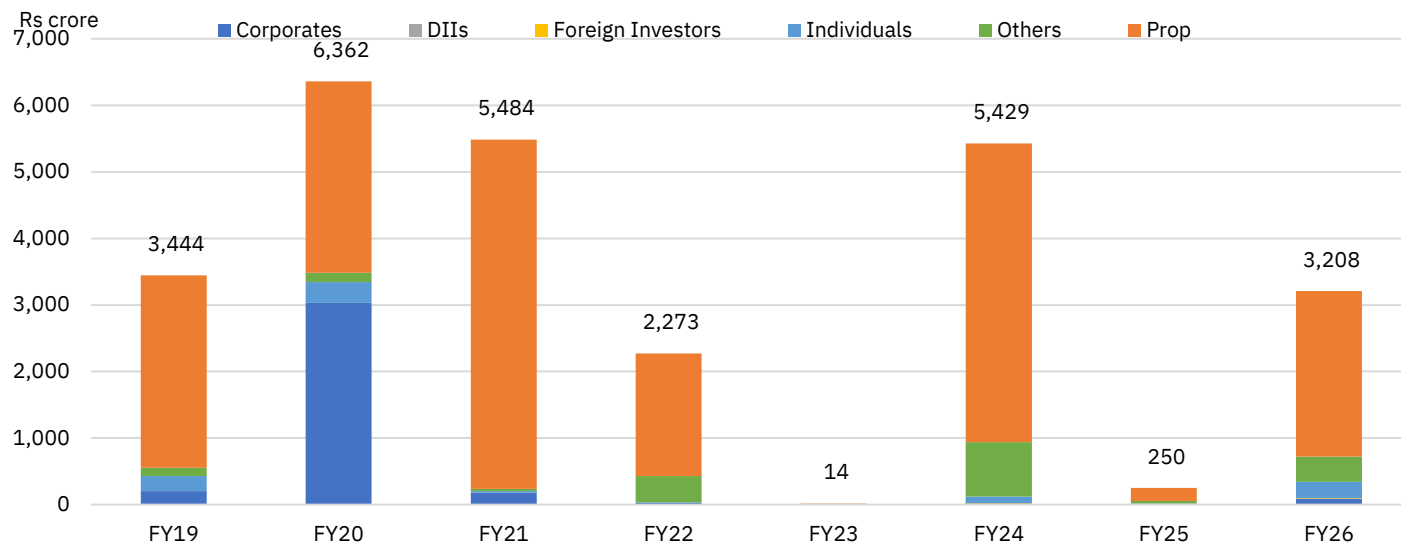
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY26 is as of Aug'25.

Figure 307: Annual trends in share of client participation in Commodity Futures at NSE (%)


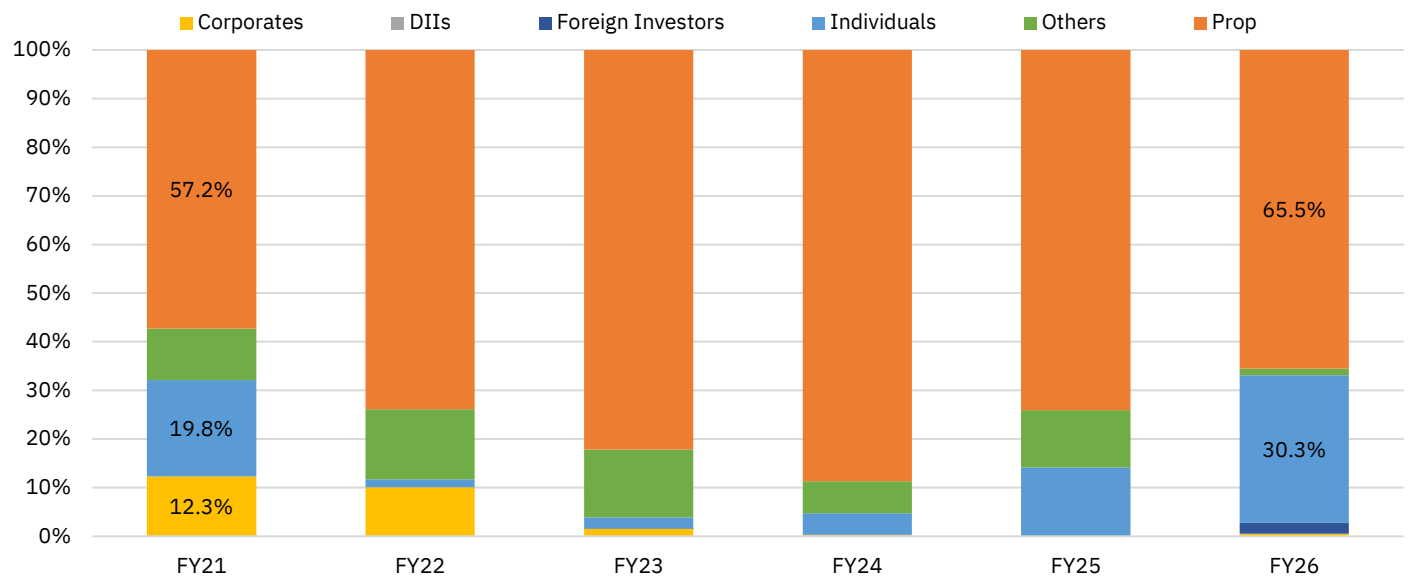
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY26 is as of Aug'25.

Figure 308: Annual trends in client category-wise turnover in Commodity 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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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 Aug'25.

Figure 309: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE (%)


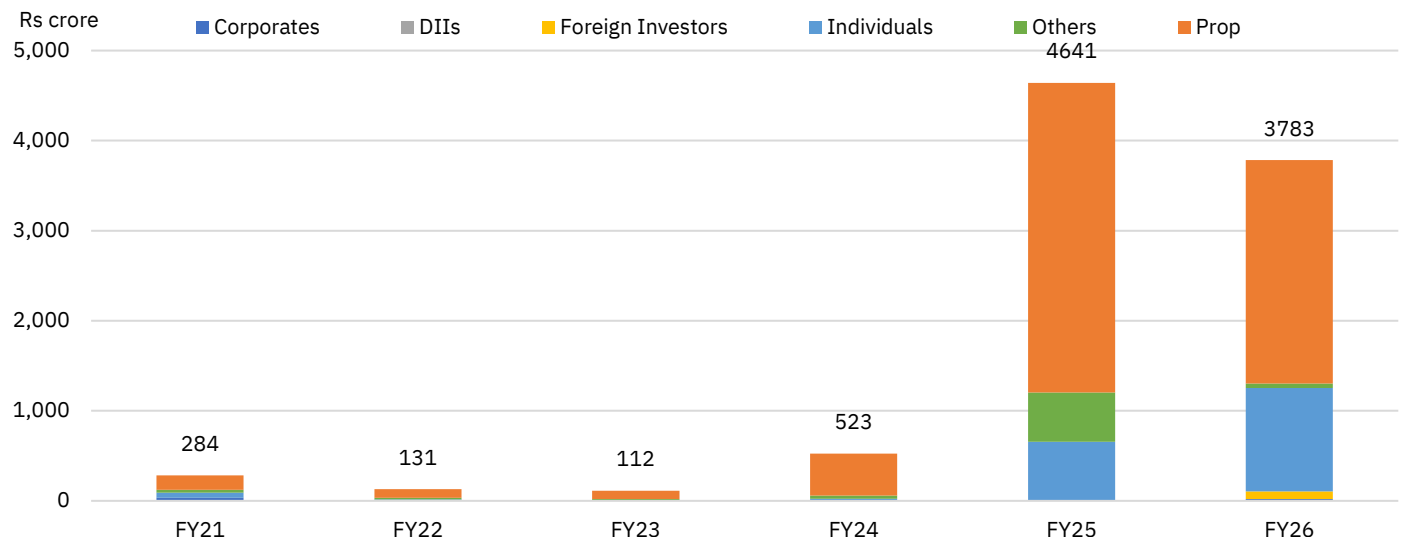
Source: NSE EPR.

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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 Aug'25.

Figure 310: Annual trends in client category-wise premium turnover in Commodity Options 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 Aug'25.

Channel-wise turnover distribution: Colo surges in equity cash, mobile hits record in options

In August, trading channel dynamics in the equity segment reflected a clear divergence between institutional and individual investors participation. Colocation usage in equity cash trading rose 114bps MoM to 38.6%, a four-month high, driven by proprietary traders. In contrast, mobile and IBT (Internet-based trading) shares declined to multi-month lows, indicating reduced individual investors' activity. As compared to the same period last year, Colocation share surged 387bps, while DMA (Direct Market Access), mobile, and IBT saw notable declines, reinforcing the structural shift toward institutional and high-frequency trading.

In equity options, mobile trading hit a record high of 27.7% in August, aligned with record high in individual investor participation. Index options saw stronger mobile growth than stock options, highlighting individual investors preference. Meanwhile, the share of Colocation in stock options jumped 277bps MoM to 63.8%, signaling deeper proprietary traders' involvement. DMA usage in equity options fell to a 15-year low of 4.6%, with stock options seeing a sharper decline. In equity futures, the share of DMA was significantly higher as compared to options, especially in stock futures, highlighting institutional preference. Colocation remained the dominant channel across equity derivatives, reinforcing its role in institutional trading infrastructure.³⁴

Colocation share surged; mobile and IBT lagged: In August, Colocation continued to gain prominence in equity cash trading, with its share rising by 114bps MoM to a four-month high of 38.6%. This growth aligns with increased activity from proprietary traders, who predominantly rely on Colo infrastructure. In contrast, mobile and IBT saw notable declines of 204bps and 60bps MoM to multi-month lows of 19.8% and 7.7% respectively. These shifts reflect a decline in individual investor participation, who typically favor mobile and IBT platforms. On a YoY basis, Colocation's share surged 387bps, while DMA dropped 227bps, mobile lost 107bps, and IBT declined 32bps, further highlighting the structural shift toward institutional and high-frequency trading setups.

Mobile share hits record high in equity options, while DMA drops to a 15-year low: In equity options, mobile trading share surged by 69bps MoM to a record high of 27.7%, coinciding with increased participation by individual investors. Within this segment, mobile usage in index options rose to 28.9% (+73bps MoM), while that in stock options declined to 19.6% (-79bps MoM), suggesting preference for index contracts among individual investors. Meanwhile, Colocation usage in stock options surged by 277bps MoM to a fresh record of 63.8% while it dipped by 9bps MoM to 52.4% in index options. A significant development was the decline in DMA usage, which fell 52bps MoM to over 15-year low of 4.6%. Within equity options, DMA share stood at 4.6% for both index and stock options, with the latter seeing a sharper 124bps MoM drop.

Colo share expanded in equity futures at the cost of mobile, IBT, and DMA: In equity futures, mobile trading remained subdued at 8.5% (-58bps MoM). However, a deeper look reveals index futures had a higher mobile share of 16.5%, compared to 6.7% for stock futures. Conversely, DMA usage is significantly higher in futures, standing at 15.7% (-9bps MoM) overall. Within this, stock futures saw a 27bps MoM increase to 17%, while index futures dropped 158bps to 9.9%, highlighting institutional traders' preference for stock futures over index futures. Colocation remained the dominant channel in equity derivatives, with a 32bps MoM increase, further solidifying its role as the backbone of high-speed institutional trading.

³⁴ This section provides a detailed analysis of investor participation in stock market trading across various channels available at NSE. Investors execute trades through multiple avenues, including Colocation, Direct Market Access (DMA), Internet-Based Trading (IBT), Mobile, Smart Order Routing (SOR), and CTCL/Neat terminals. Furthermore, trading activity is categorized into algorithmic and non-algorithmic trades. The insights into the distribution of trades across these channels at NSE, offering a comprehensive view of investor behaviour and market dynamics.

Table 116: Monthly trend in share (%) of different channels of trading in NSE CM segment

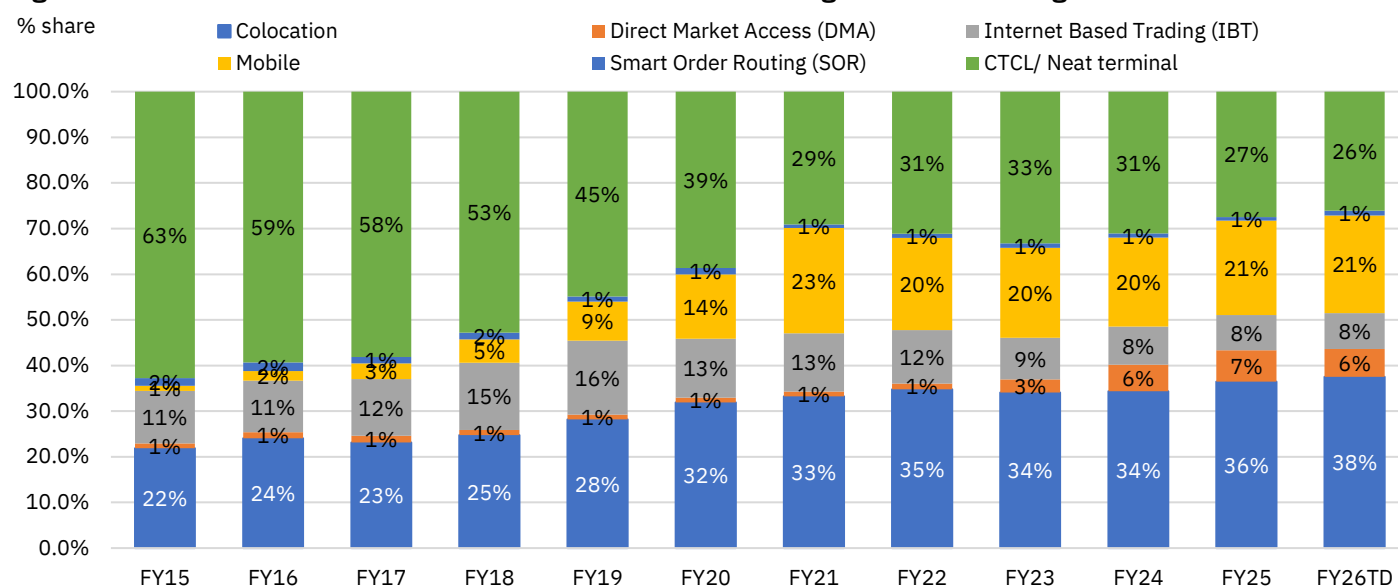
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	38.6	37.4	34.7	114	387	37.6	36.5	38.2
Direct Market Access (DMA)	5.0	4.9	7.3	10	-227	6.1	6.8	6.3
Internet Based Trading (IBT)	7.7	8.3	8.0	-60	-32	7.9	7.8	7.7
Mobile	19.8	21.8	20.9	-204	-107	21.4	20.7	20.9
Smart order routing	1.9	1.4	0.5	49	141	1.0	0.7	1.0
CTCL/ Neat terminal	27.0	26.1	28.6	91	-161	26.1	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 Aug'25.

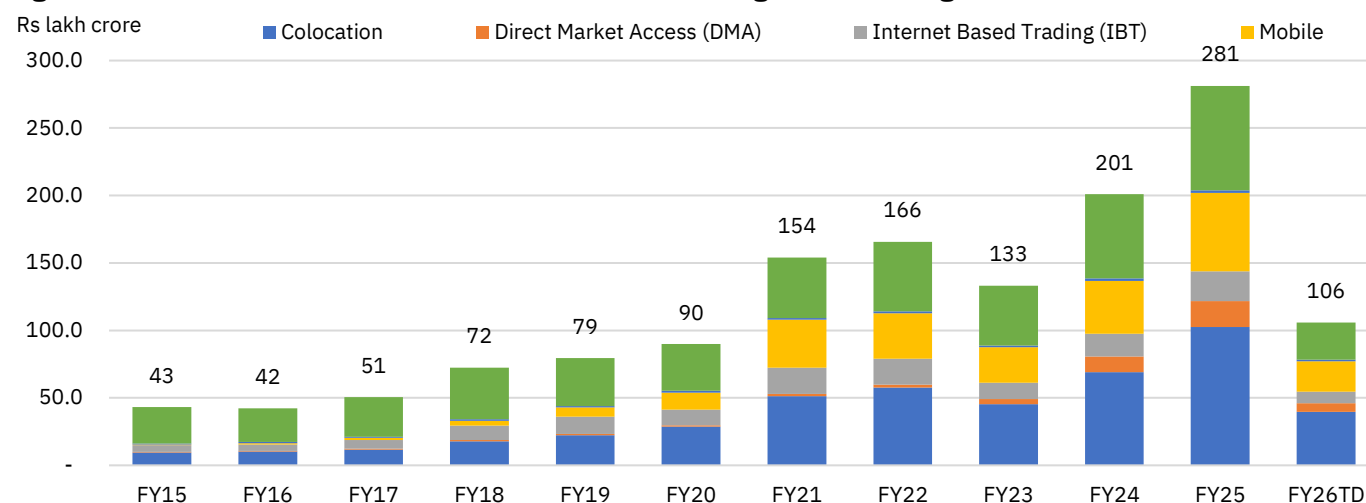
Figure 311: Annual trends in share of different channels of trading in the NSE CM segment


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 Aug'25.

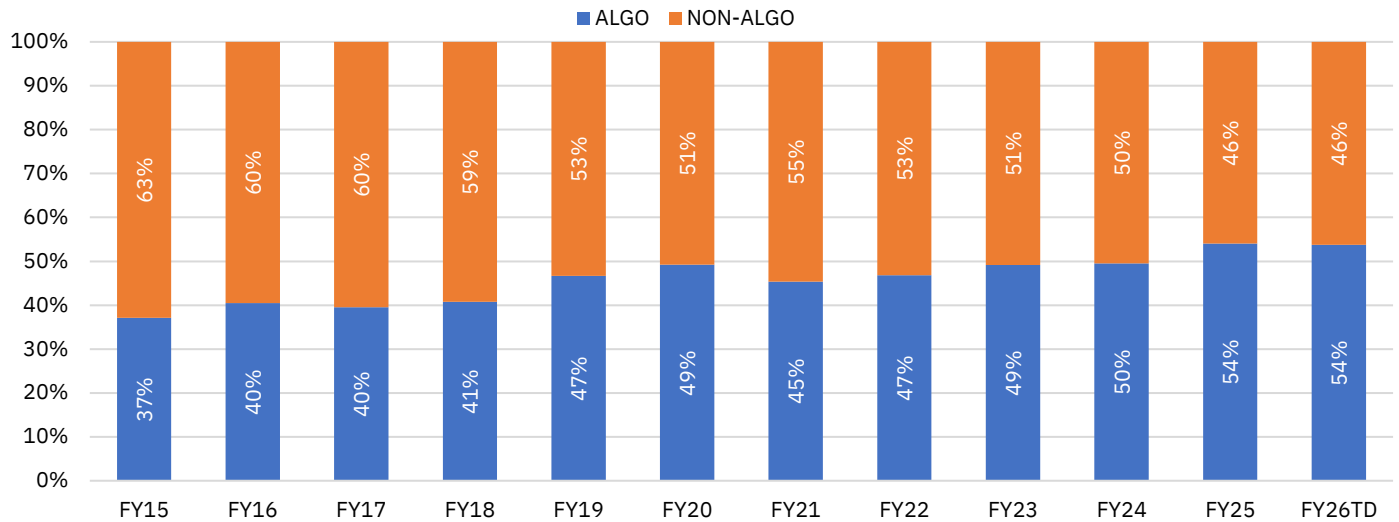
Figure 312: Annual trends in turnover for channels of trading in NSE CM Segment


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 based on single side traded value.

3. Data for FY26TD is as of Aug'25.

Figure 313: 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 Aug'25.

Table 117: Share (%) of different channels of trading in equity derivatives segment (notional turnover)

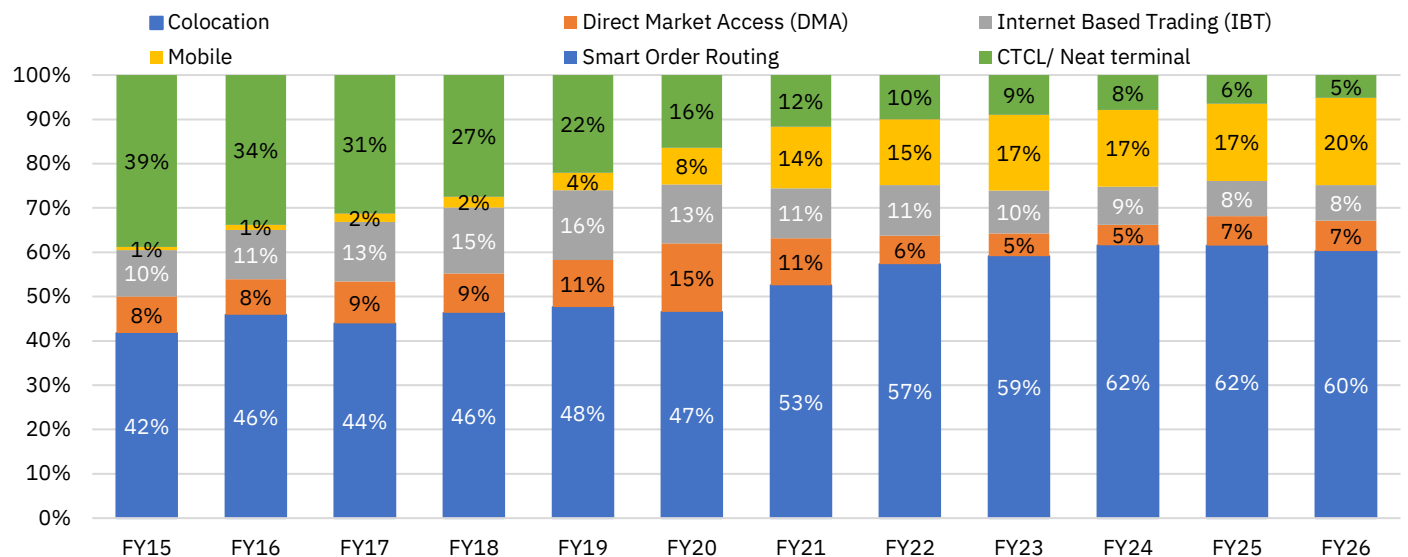
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	59.9	60.1	61.9	-18	-204	60.2	61.5	60.5
Direct Market Access (DMA)	5.2	5.8	7.0	-54	-177	6.9	6.7	6.8
Internet Based Trading (IBT)	8.3	8.3	7.8	5	51	8.0	7.9	8.0
Mobile	21.6	20.6	16.7	92	485	19.7	17.5	19.3
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	5.0	5.2	6.5	-24	-155	5.1	6.4	5.4

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 Aug'25.

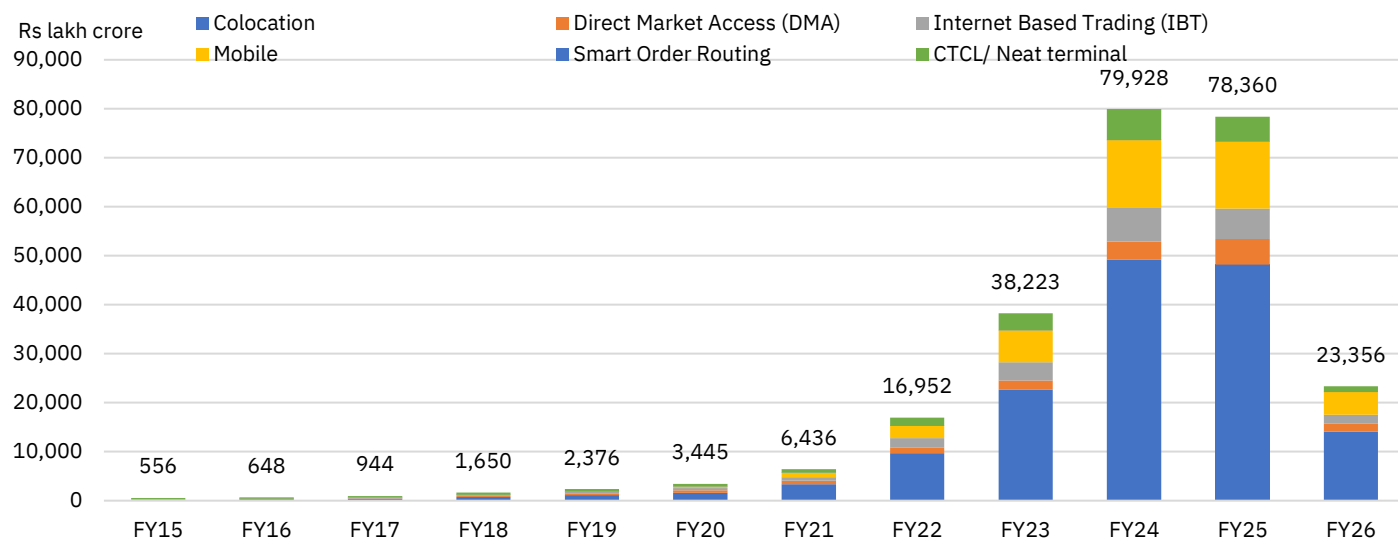
Figure 314: Annual trends in share (%) of different channels (based on notional turnover) in equity derivatives


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. CY25 and FY26 are as of Aug'25.

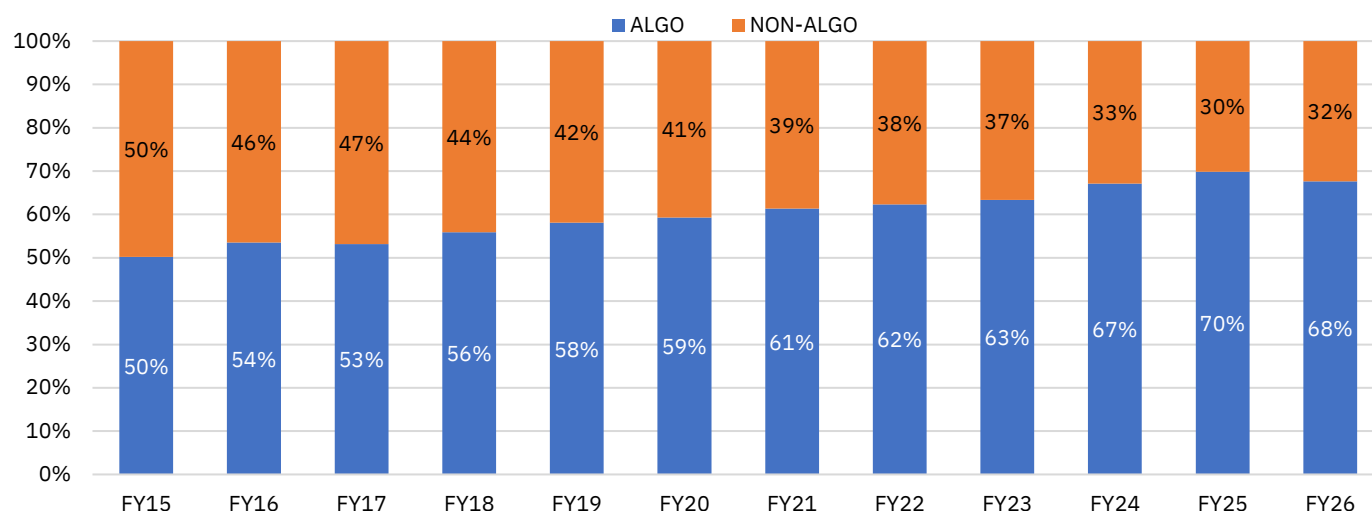
Figure 315: Annual trends in notional turnover for different channels in equity derivatives


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 single side traded value.

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

Figure 316: Annual trends in share for modes of trading in equity derivatives (based on notional turnover)


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 Aug'25.

Table 118: Monthly trend in share (%) of different channels of trading in Equity futures (based on turnover)

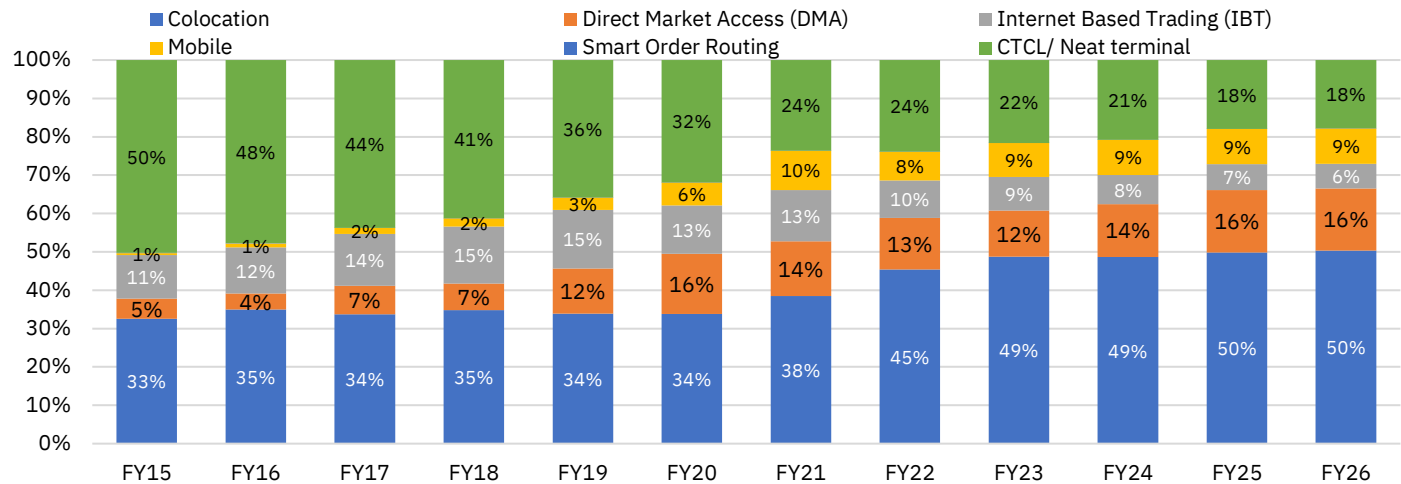
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	50.8	50.5	49.7	32	107	50.4	49.9	50.4
Direct Market Access (DMA)	15.7	15.8	15.7	-9	-1	16.1	16.3	16.4
Internet Based Trading (IBT)	6.0	6.5	6.7	-54	-66	6.4	6.7	6.5
Mobile	8.5	9.1	9.4	-58	-87	9.3	9.2	9.0
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	19.0	18.1	18.5	90	47	17.8	17.9	17.8

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 Aug'25.

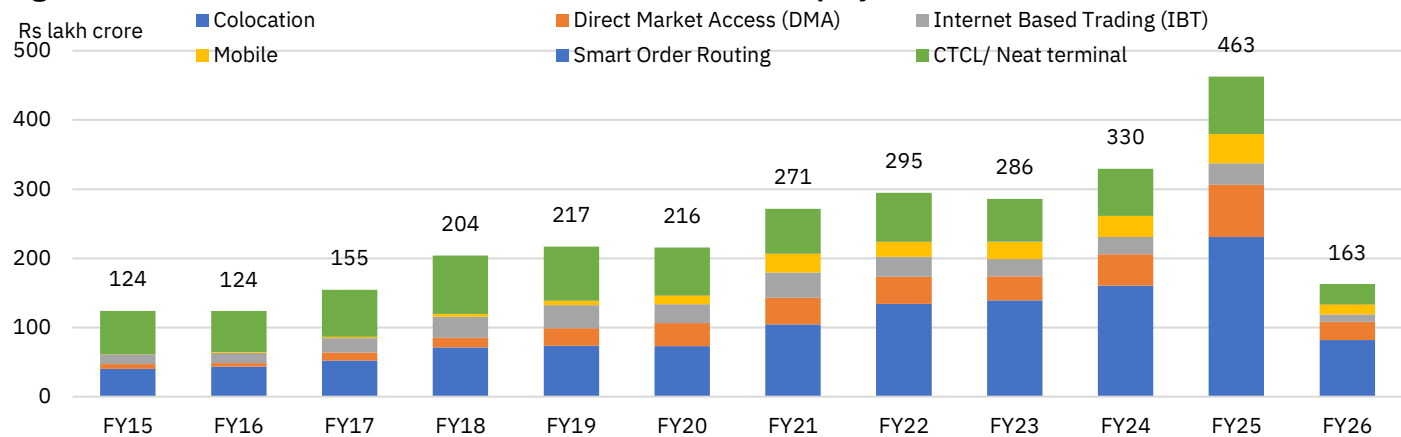
Figure 317: Annual Trends in share (%) for different channels in equity futures


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 on the basis of traded turnover.

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

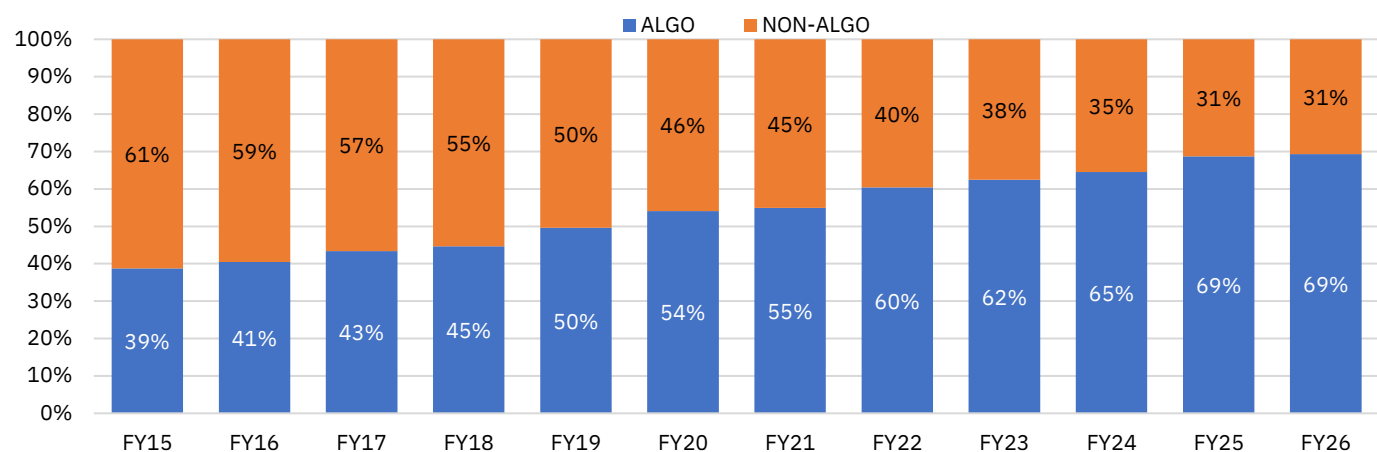
Figure 318: Annual trends in turnover for different channels in equity futures


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 based on single side traded value.

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

Figure 319: 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 Aug'25.

Table 119: Monthly trend in share (%) of different channels of trading in Equity options (Premium value)

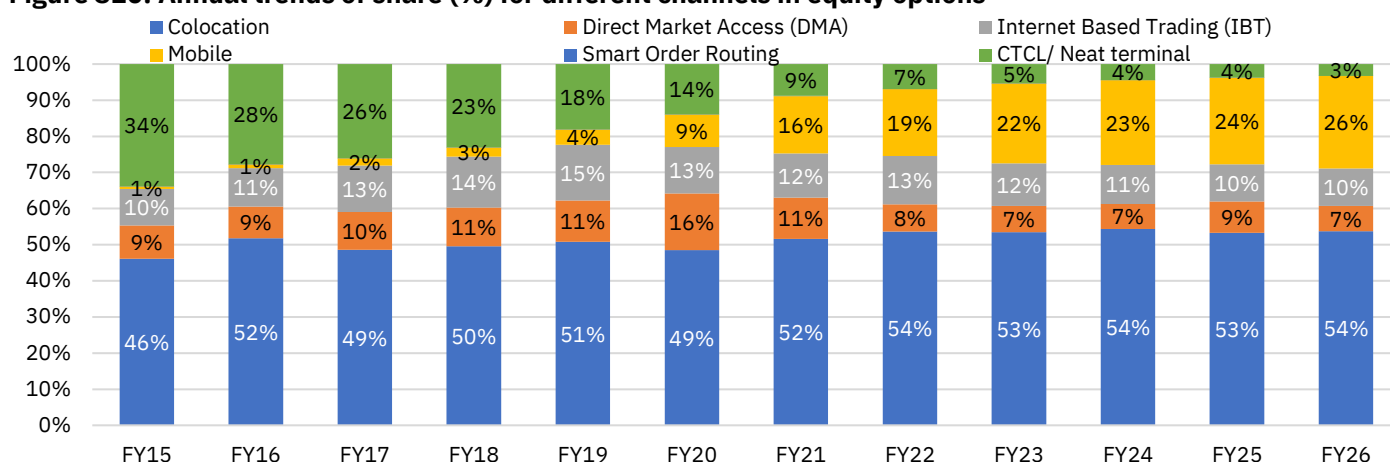
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	53.8	53.7	52.5	10	127	53.8	53.3	53.8
Direct Market Access (DMA)	4.6	5.1	9.7	-52	-504	6.9	8.6	7.0
Internet Based Trading (IBT)	10.7	10.9	10.4	-15	34	10.4	10.3	10.4
Mobile	27.7	27.0	23.7	69	400	25.6	24.0	25.3
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	3.2	3.3	3.7	-13	-57	3.3	3.7	3.5

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 Aug'25.

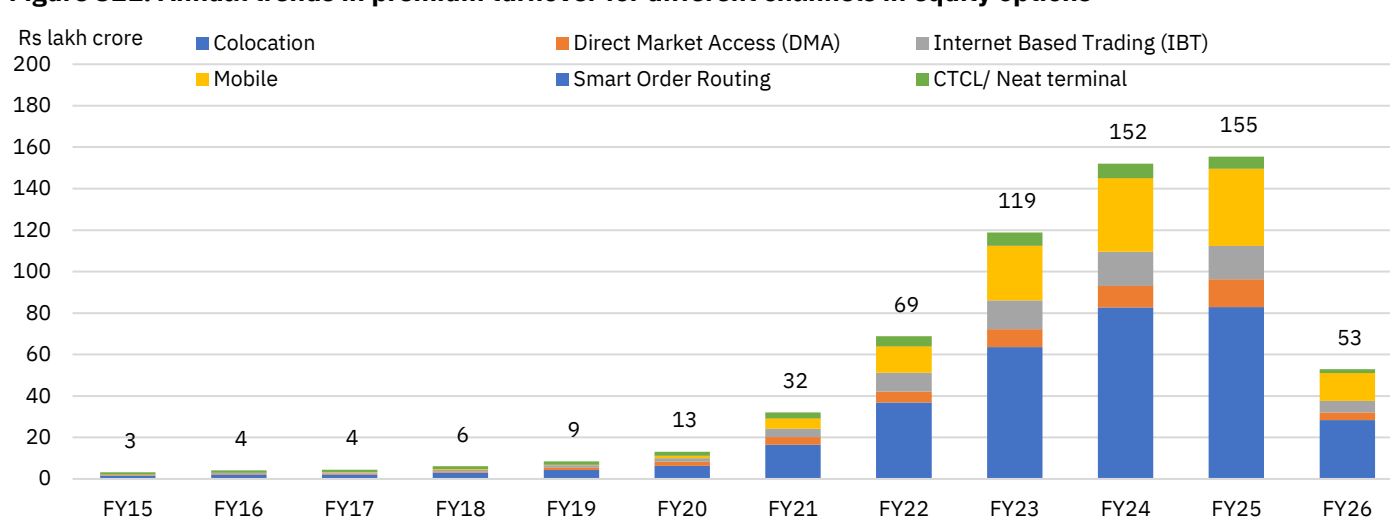
Figure 320: Annual trends of share (%) for different channels in equity options


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. CY25 and FY26 are as of Aug'25.

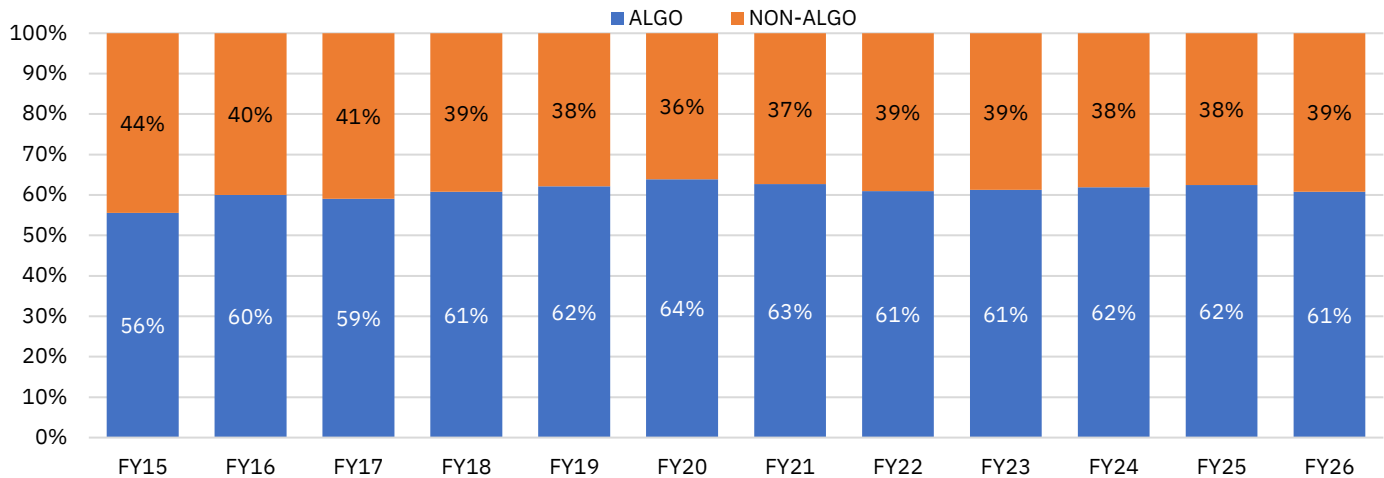
Figure 321: Annual trends in premium turnover for different channels in equity options


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 on the basis of net turnover.

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

Figure 322: 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 Aug'25.

Table 120: Monthly Share (%) of different channels in index futures turnover

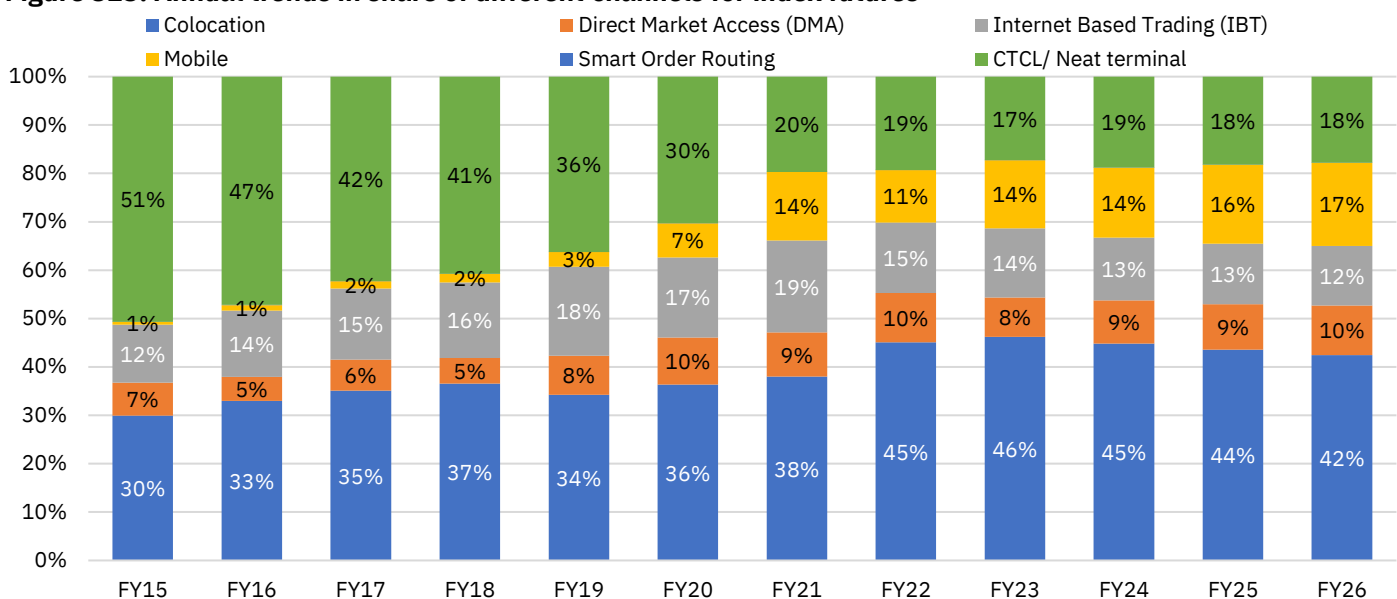
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	44.3	41.7	42.6	259	171	42.4	43.6	42.7
Direct Market Access (DMA)	9.9	11.5	9.7	-158	16	10.3	9.4	9.8
Internet Based Trading (IBT)	12.0	12.8	12.4	-72	-33	12.3	12.5	12.6
Mobile	16.4	16.9	16.5	-46	-8	17.2	16.3	17.1
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	17.3	17.2	18.8	17	-145	17.8	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 FY26TD and CY25TD are as of Aug'25.

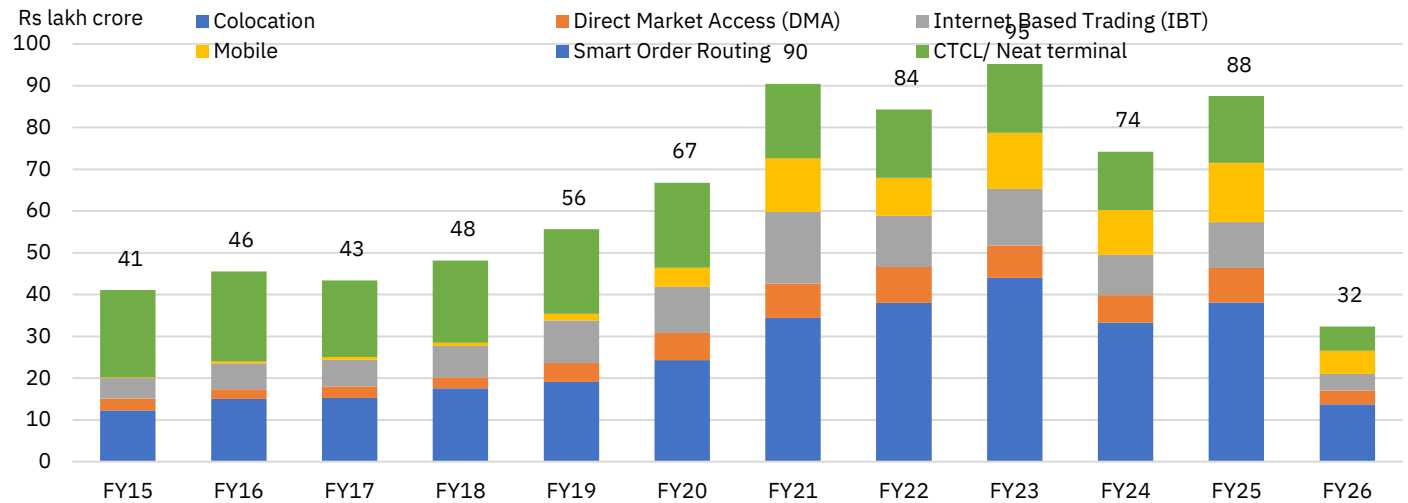
Figure 323: Annual trends in share of different channels for index futures


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 Aug'25.

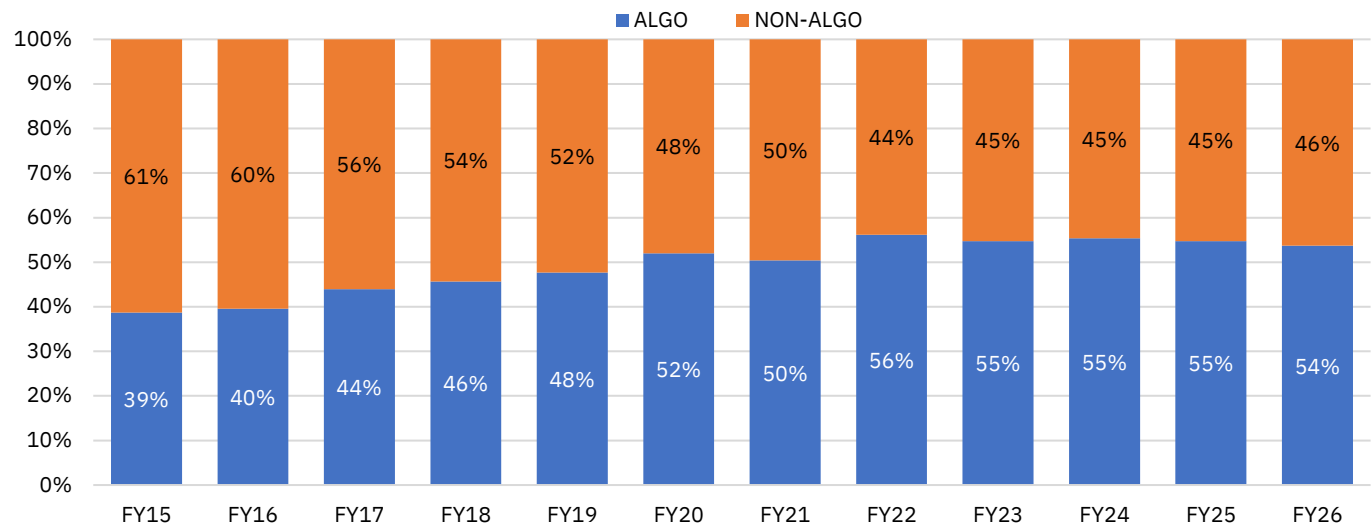
Figure 324: Annual trends in turnover of different channels in index futures


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 presented based on net turnover.

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

Figure 325: 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 Aug'25.

Table 121: Monthly share (%) of different channels in stock futures turnover

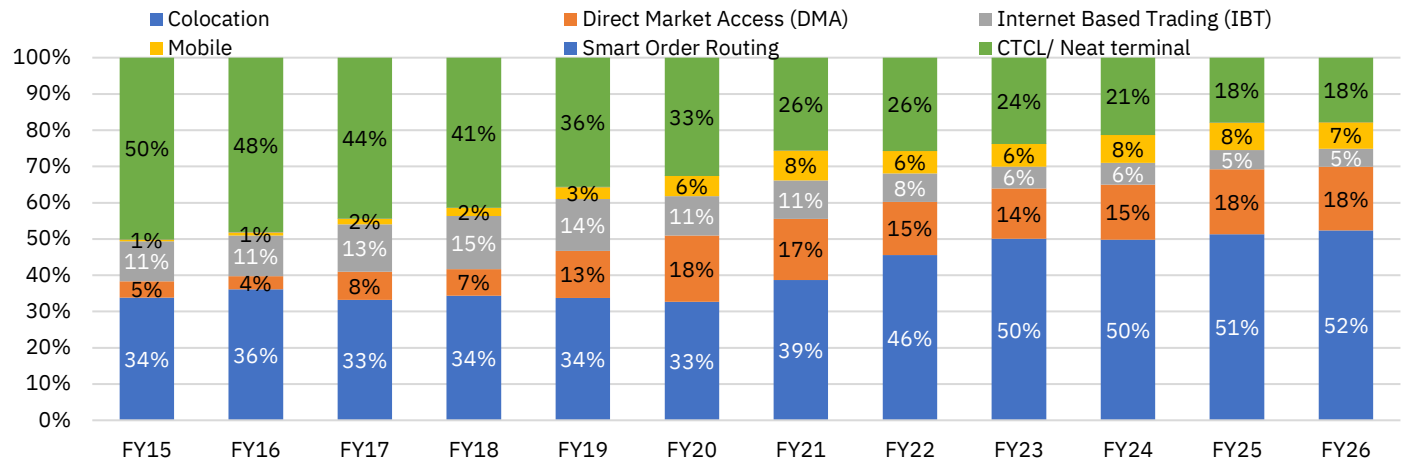
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	52.2	52.3	51.3	-9	88	52.3	51.3	52.3
Direct Market Access (DMA)	17.0	16.7	17.1	27	-8	17.6	17.9	18.0
Internet Based Trading (IBT)	4.7	5.3	5.4	-57	-69	5.0	5.3	5.0
Mobile	6.7	7.4	7.8	-69	-100	7.3	7.6	7.0
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	19.3	18.3	18.5	107	89	17.8	17.9	17.8

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 FY26TD and CY25TD are as of Aug'25.

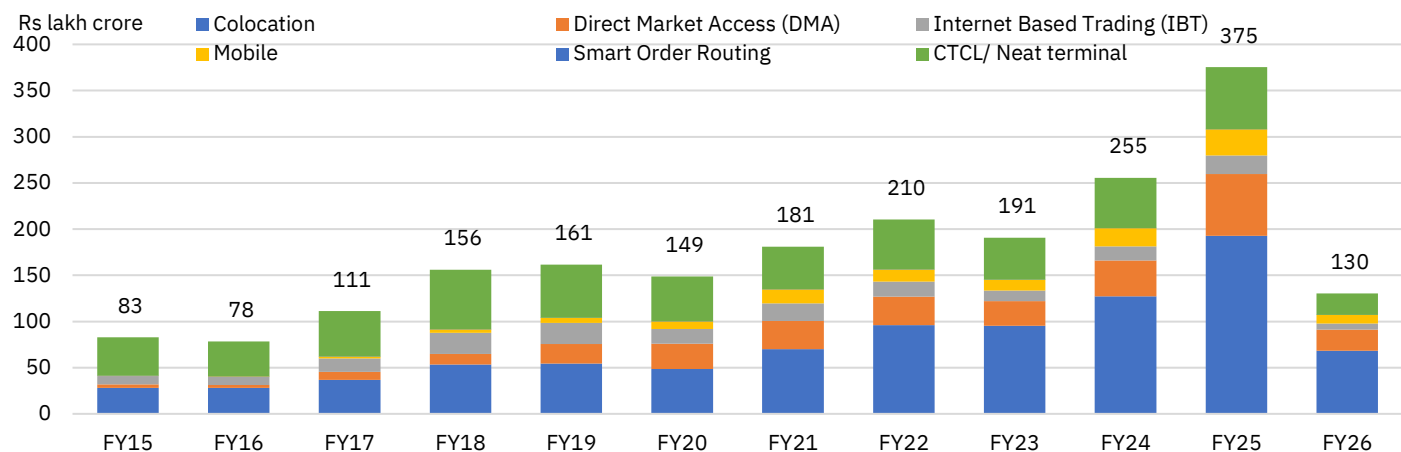
Figure 326: Annual trends of share (%) for different channels in stock futures turnover


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 Aug'25.

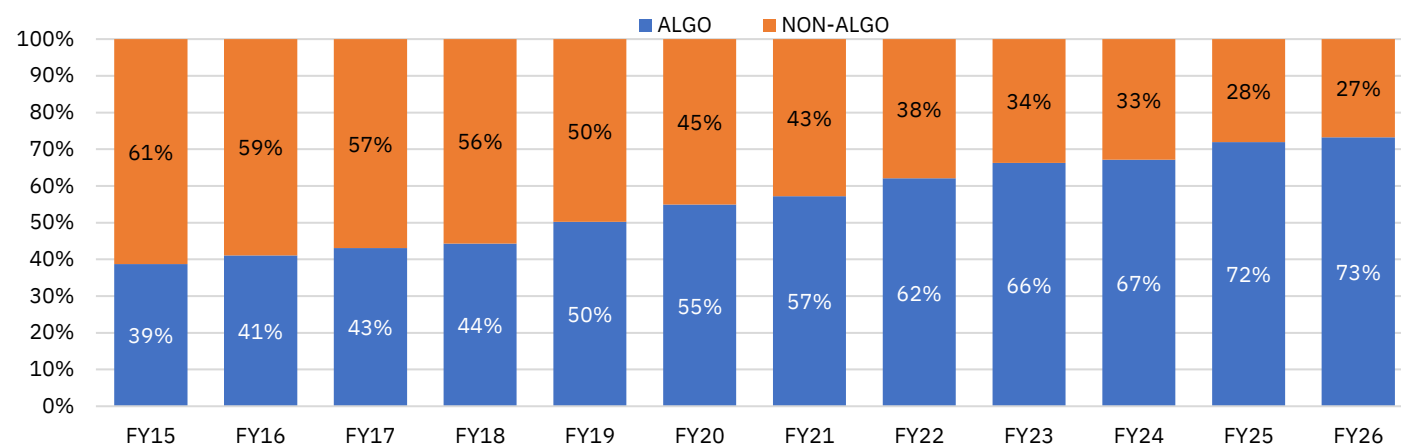
Figure 327: Annual trends in turnover for different channels in stock futures


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 based on single side turnover.

3. CY25 and FY26 are as of Aug'25.

Figure 328: 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 Aug'25.

Table 122: Monthly share (%) of different channels in index options premium turnover

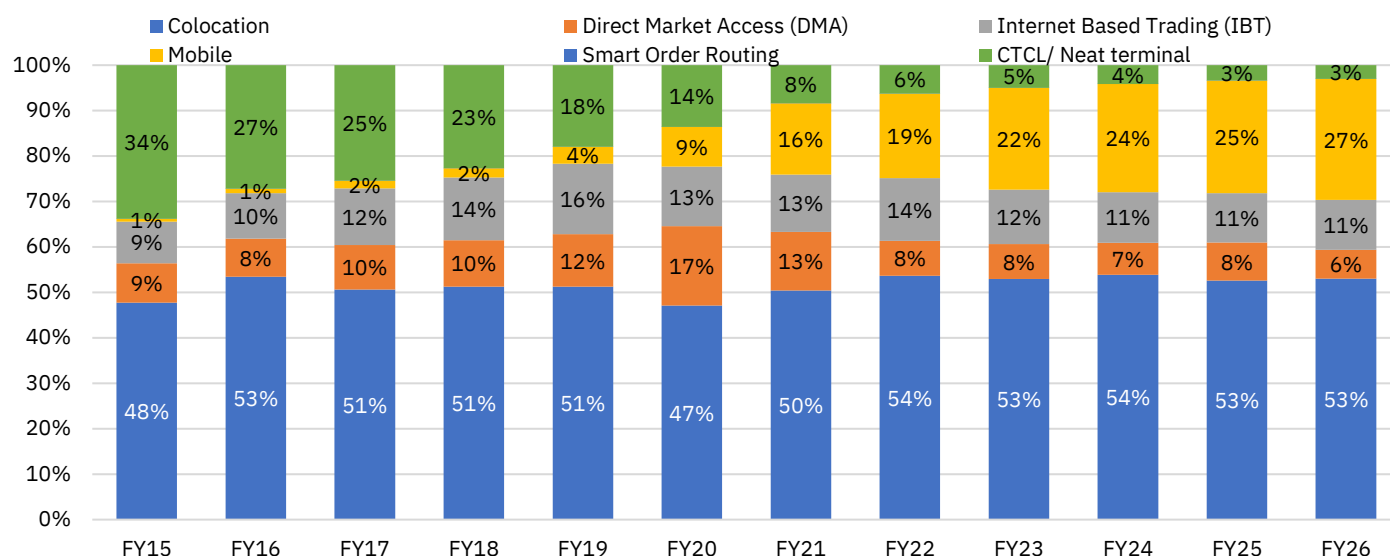
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	52.4	52.5	51.8	-9	55	53.0	52.6	53.1
Direct Market Access (DMA)	4.6	5.0	9.6	-40	-495	6.3	8.4	6.3
Internet Based Trading (IBT)	11.3	11.5	10.9	-20	41	11.0	10.8	11.1
Mobile	28.9	28.1	24.4	73	451	26.6	24.8	26.4
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	2.9	2.9	3.4	-4	-52	3.0	3.4	3.2

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 presented in % based on premium turnover.

3. Data for FY26TD and CY25TD are as of Aug'25.

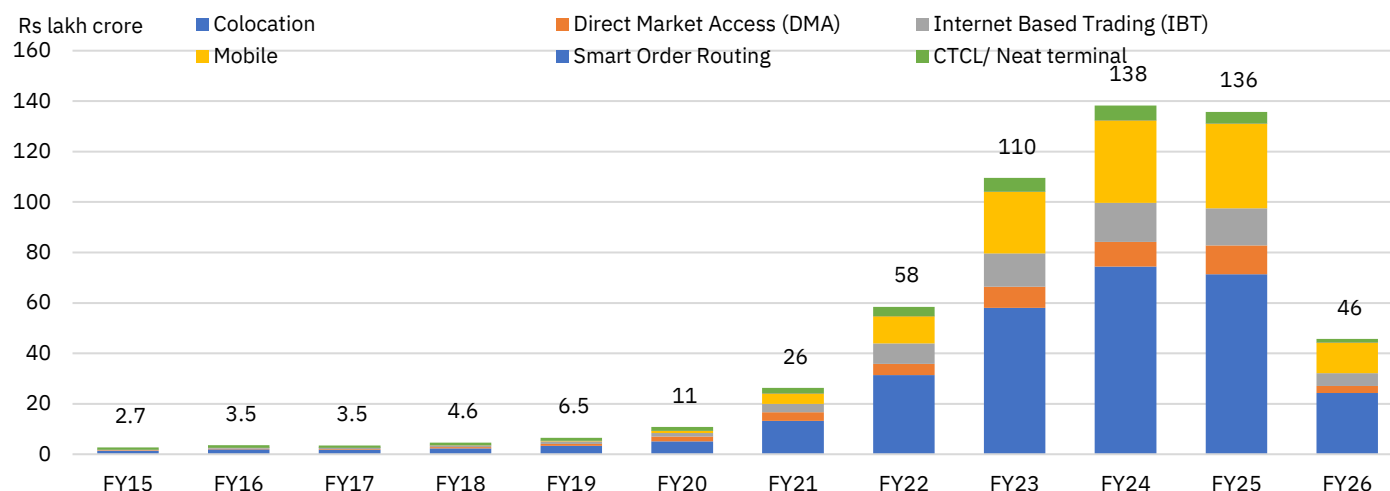
Figure 329: Annual trends of share (%) for different channels in index options premium turnover


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 Aug'25.

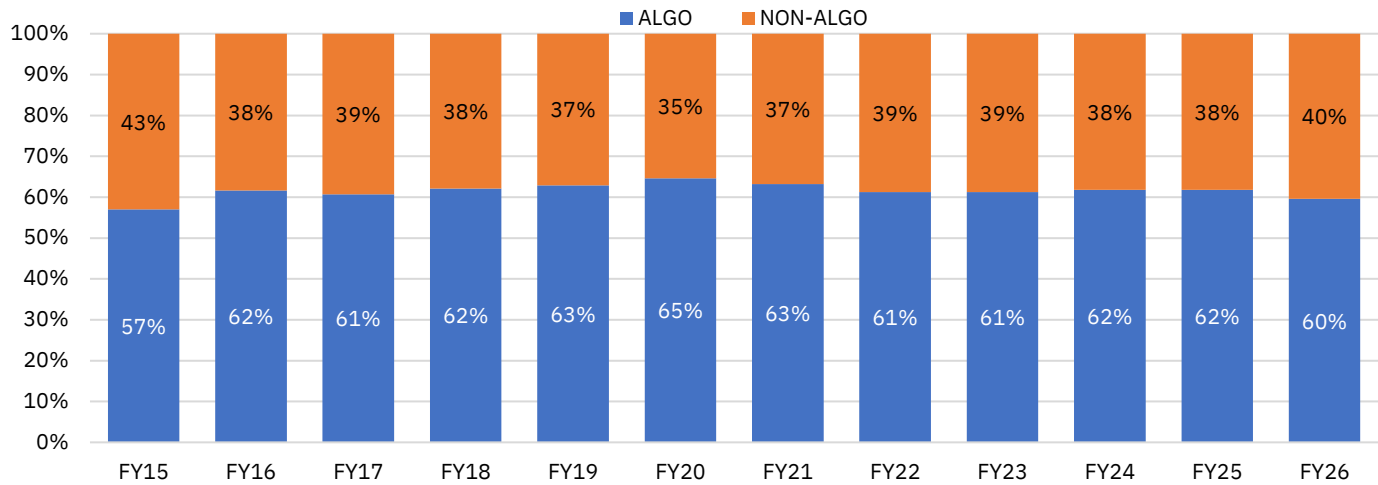
Figure 330: Annual trends in premium turnover for different channels in index options


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 based on single side premium turnover

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

Figure 331: 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 Aug'25.

Table 123: Monthly share (%) of different channels in stock options premium turnover

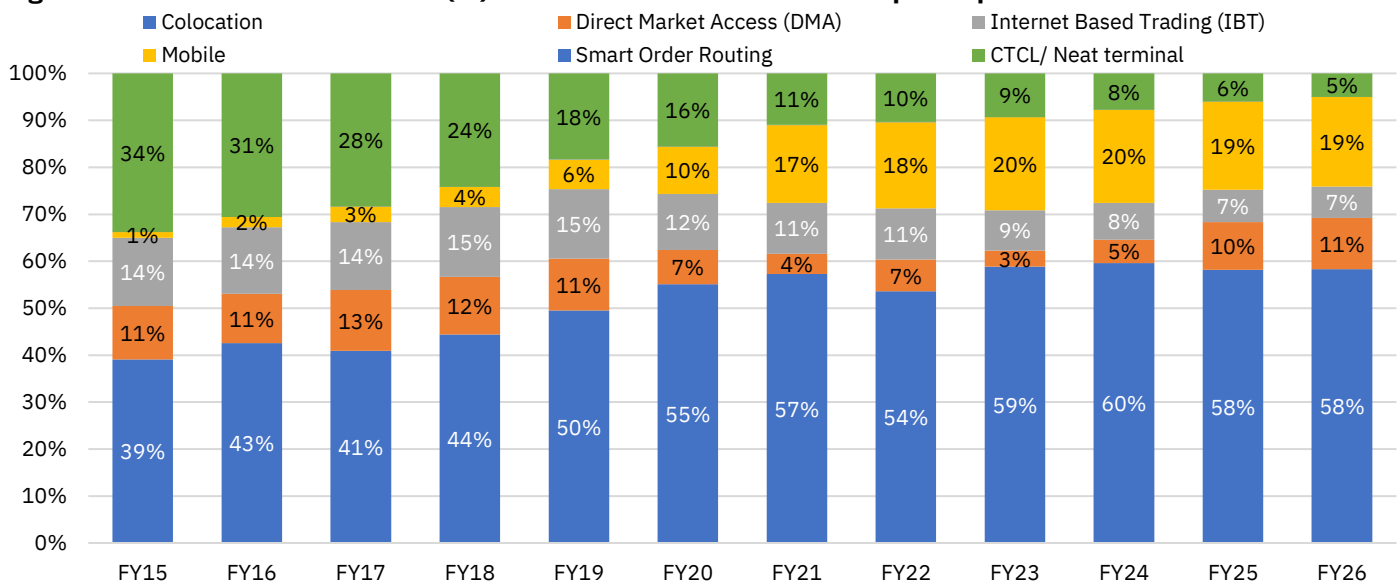
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Colocation	63.8	61.0	57.6	277	616	58.3	58.2	58.2
Direct Market Access (DMA)	4.6	5.8	10.3	-124	-570	10.9	10.1	11.7
Internet Based Trading (IBT)	6.8	7.2	6.8	-43	-1	6.7	6.9	6.6
Mobile	19.6	20.4	19.0	-79	54	19.1	18.8	18.5
Smart order routing	-	0.0	0.0	-0	-0	0.0	0.0	0.0
CTCL/ Neat terminal	5.3	5.6	6.3	-30	-100	5.0	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 Aug'25.

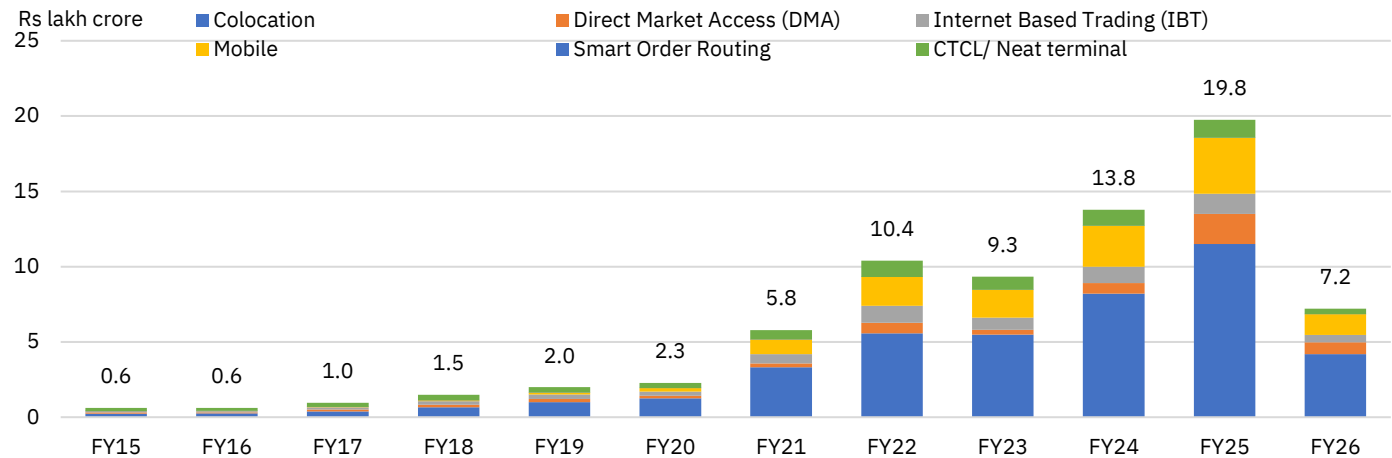
Figure 332: Annual trends of share (%) for different channels in stock options premium turnover


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 Aug'25.

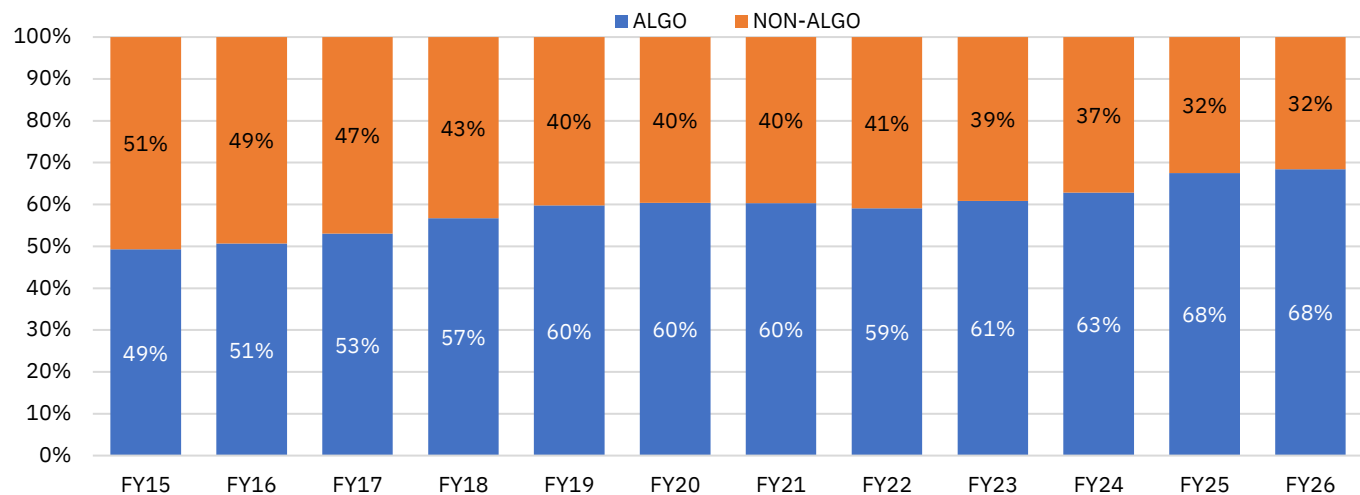
Figure 333: Annual trends in premium turnover for different channels in stock options


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 computed based on single side premium turnover.

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

Figure 334: 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 Aug'25.

IBT share hits 12-month high in commodity futures: The share of IBT in commodity futures expanded sharply by 830 bps MoM to 14% in August, marking a 12-month high. This gain came at the expense of CTCL/NEAT terminals, which saw their share decline by 668 bps MoM, while mobile trading also recorded a 168 bps drop MoM. At the same time, overall commodity futures turnover reached a record level, supported by rising activity in electricity futures contracts.

Within commodity options, trading channel dynamics reflected increasing investors participation. The share for mobile trading rose by 411 bps MoM to 24.3% (5-month high), IBT gained 69 bps to 8.3% (3-month high), and DMA advanced 118 bps to 5.9% (record high). The consistent rise across mobile, IBT, and DMA channels underscores a structural shift in investor participation, coinciding with higher average daily premium turnover during the month.

Table 124: Share (%) for different channels of trading in commodity derivatives

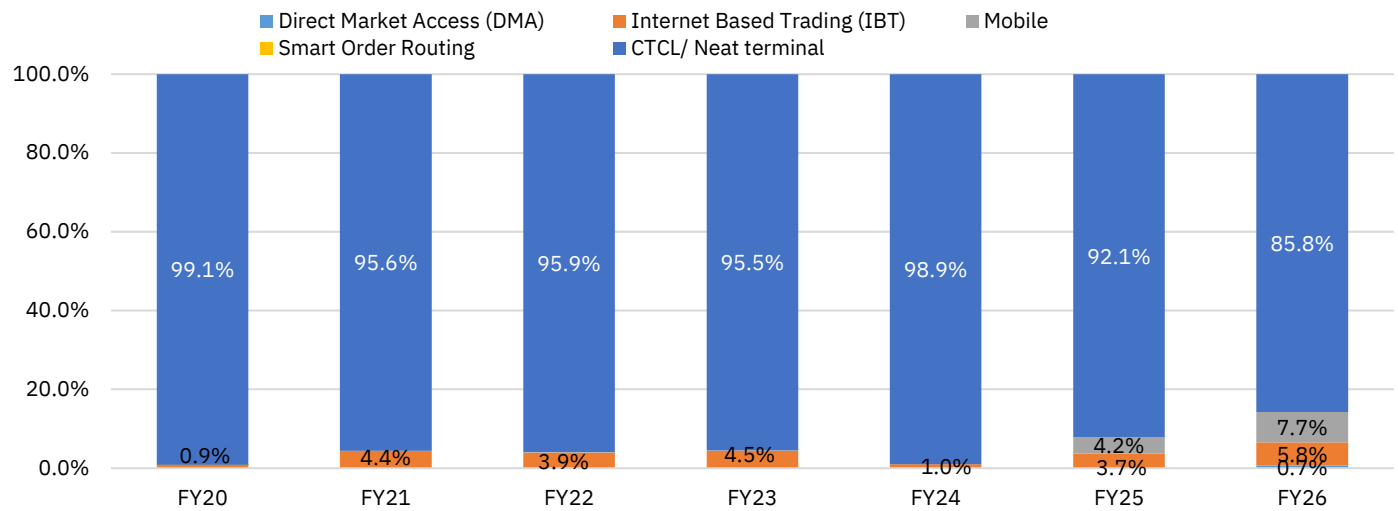
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Direct Market Access (DMA)	1.6	1.7	-	-5	164	0.7	0.0	0.4
Internet Based Trading (IBT)	4.8	6.0	1.0	-125	377	5.8	3.7	6.3
Mobile	8.1	7.5	1.9	58	619	7.7	4.2	8.0
CTCL/ Neat terminal	85.5	84.8	97.1	72	-1,160	85.8	92.1	85.2

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 notional turnover.

3. Data for FY26TD and CY25TD are as of Aug'25.

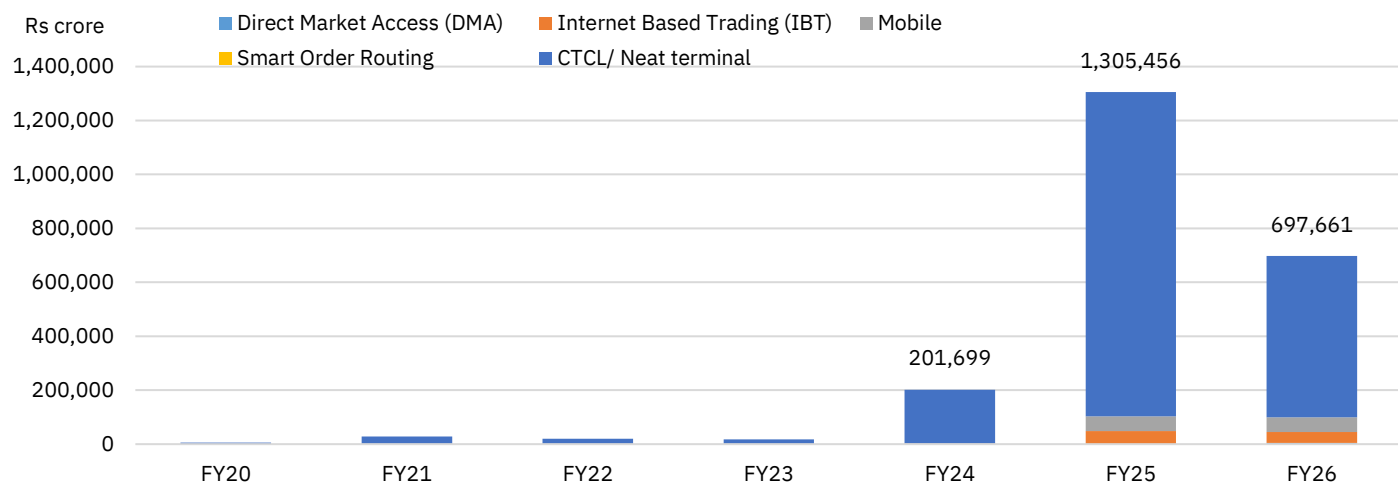
Figure 335: Annual trends of share (%) for different channels in commodity derivatives notional turnover


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 Aug'25.

Figure 336: Annual trend in notional turnover for different channels in commodity derivatives


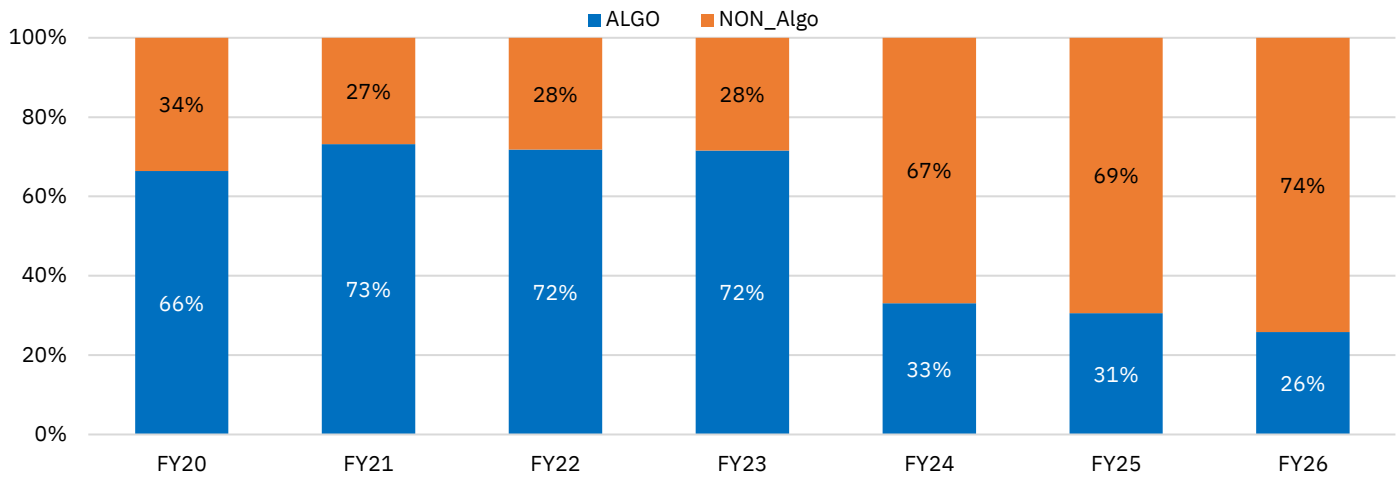
Source: NSE EPR.

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 FY26 is as of Aug'25.

Figure 337: 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 Aug'25.

Table 125: Share (%) of different channels of trading in commodity futures turnover

Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Direct Market Access (DMA)	0.3	0.2	-	7	29	0.3	-	0.2
Internet Based Trading (IBT)	14.0	5.7	14.2	830	-26	10.9	4.8	10.7
Mobile	2.1	3.8	2.5	-168	-43	3.3	5.4	3.5
CTCL/ Neat terminal	83.7	90.3	83.3	-668	40	85.6	89.8	85.5

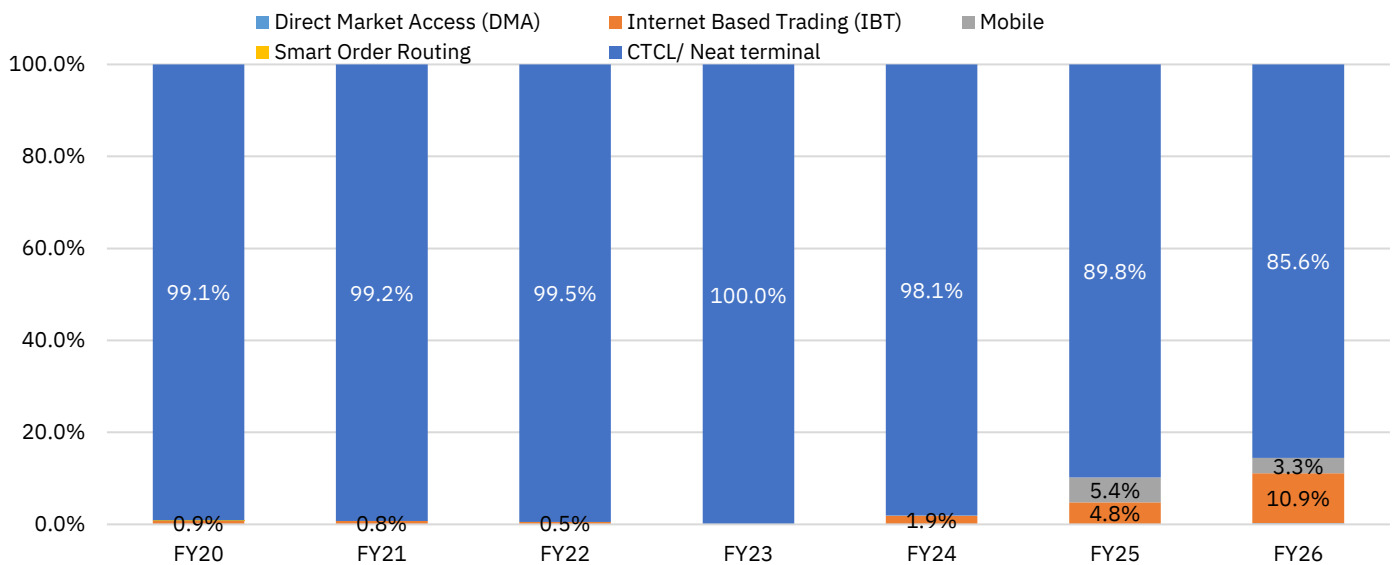
Source: NSE EPR.

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on turnover.

3. Data for FY26TD and CY25TD are as of Aug'25.

Figure 338: Annual trends in share (%) for different channels in commodity futures turnover

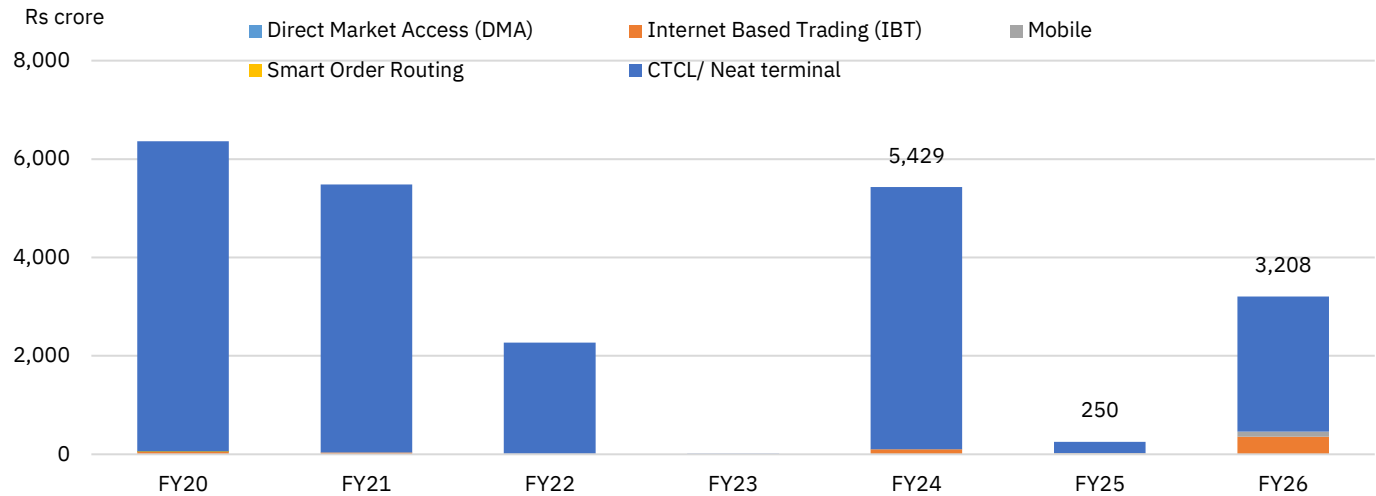


Source: NSE EPR.

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 Aug'25.

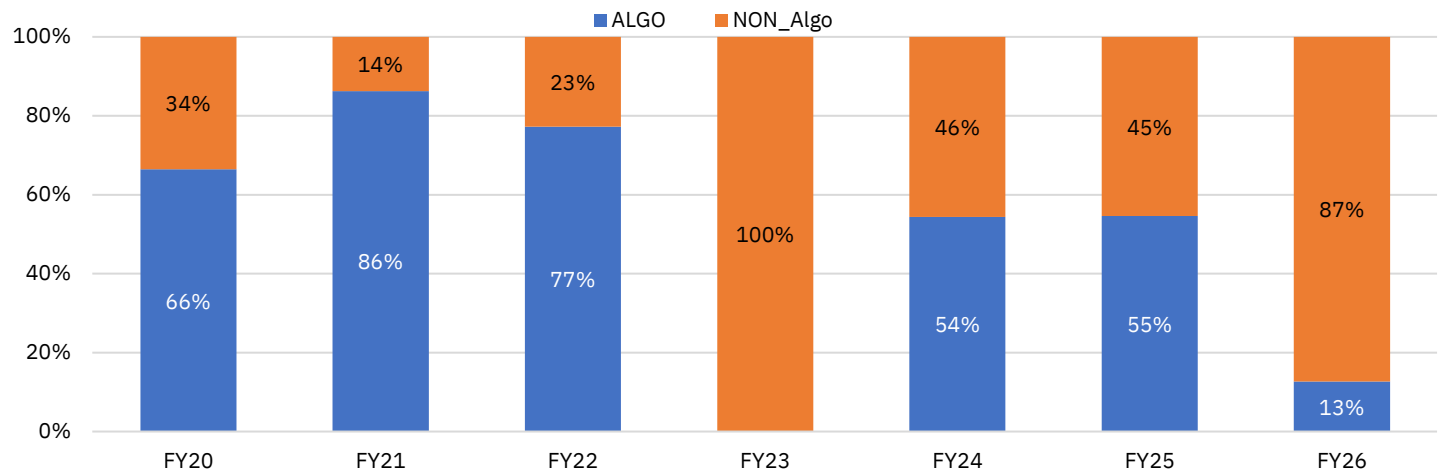
Figure 339: Annual trends for different channels of trading in commodity futures


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 based on single side turnover

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

Figure 340: 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 Aug'25.

Table 126: Monthly share (%) of different channels in commodity options premium turnover

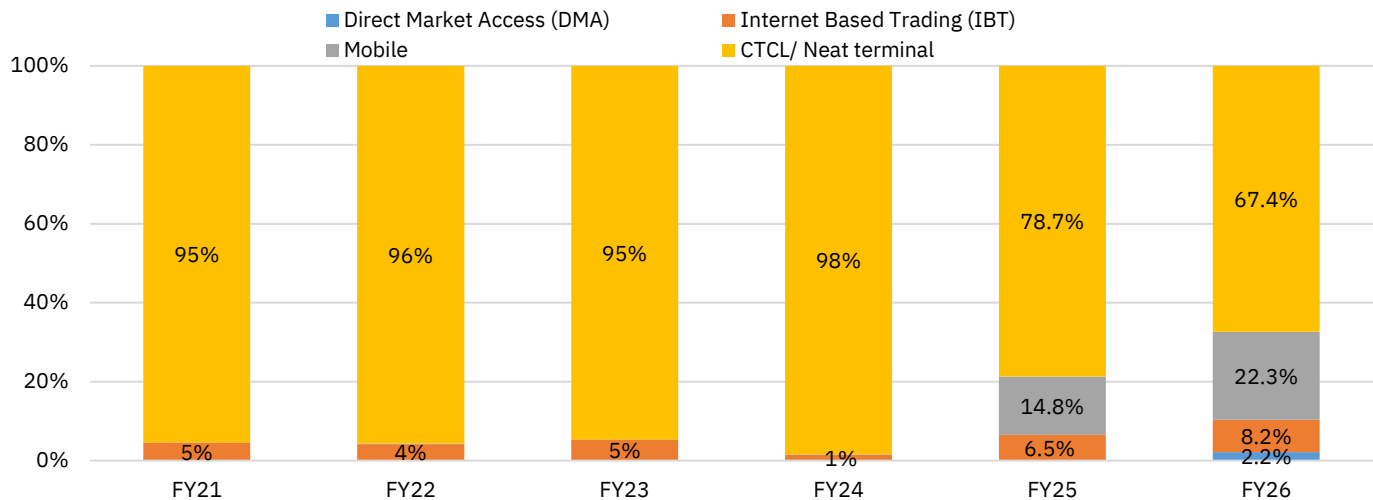
Channel	Aug-25	Jul-25	Aug-24	MoM change (bps)	YoY change (bps)	FY26TD	FY25	CY25TD
Direct Market Access (DMA)	5.9	4.7	-	118	586	2.2	0.0	5.9
Internet Based Trading (IBT)	8.3	7.6	4.2	69	412	8.2	6.5	8.3
Mobile	24.3	20.2	2.6	411	2,175	22.3	14.8	24.3
CTCL/ Neat terminal	61.5	67.5	93.2	-598	-3,173	67.4	78.7	61.5

Source: NSE EPR

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on premium turnover

3. Data for FY26TD and CY25TD are as of Aug'25.

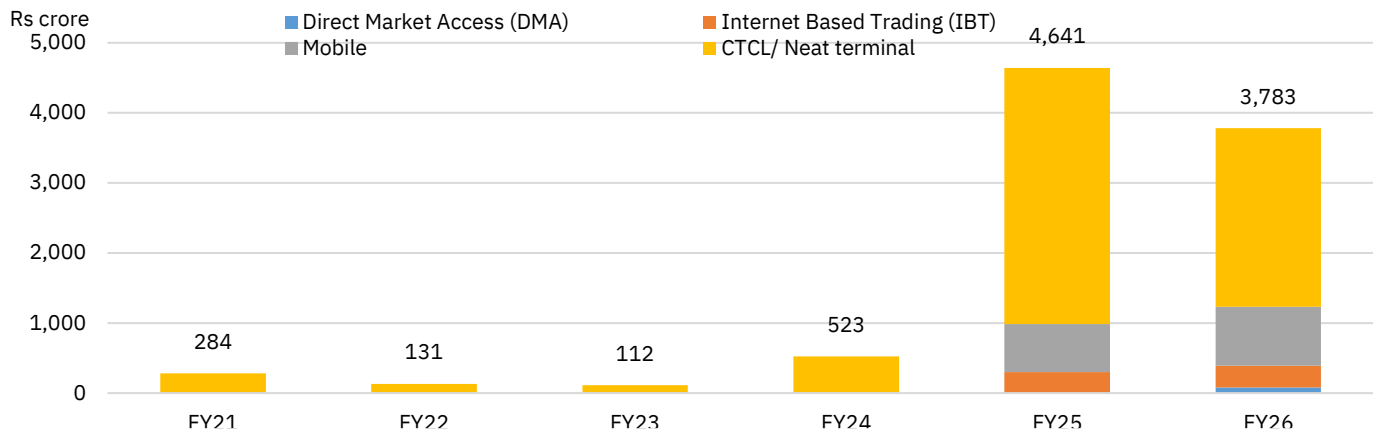
Figure 341: Annual trends for share (%) for different channels in commodity options


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 Aug'25.

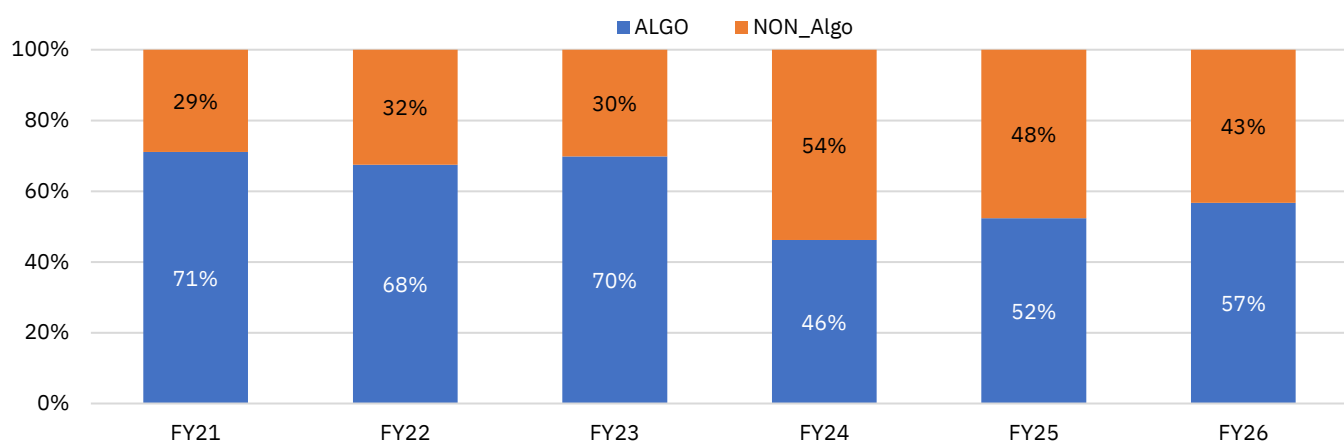
Figure 342: Annual trends for different channels in commodity options premium


Source: NSE EPR

Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.

2. The above figures have been computed based on premium turnover

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

Figure 343: 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.

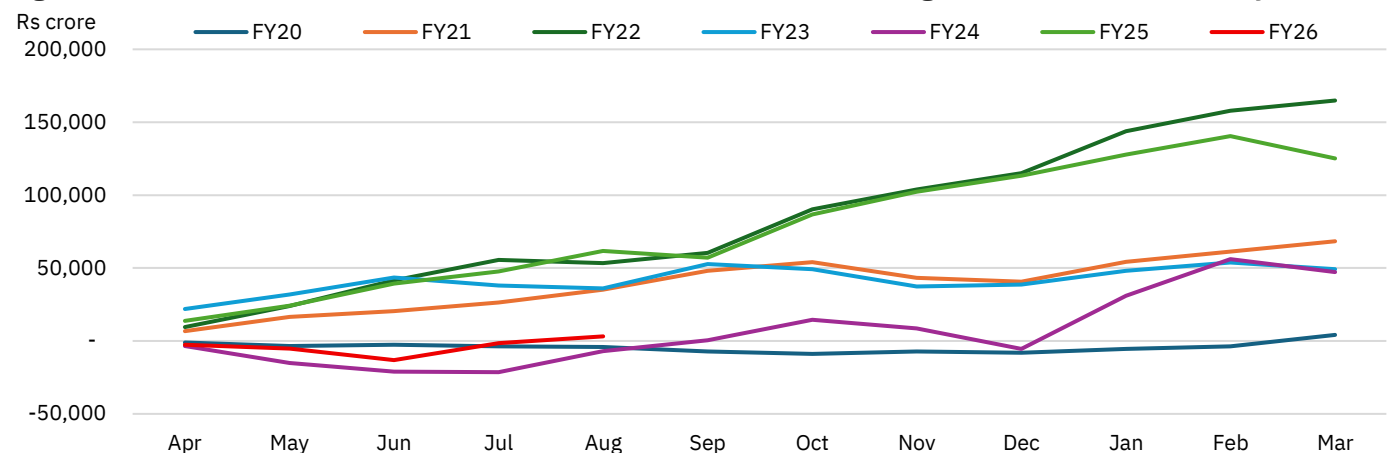
2. Data for FY26 is as of Aug'25.

Individual investors' activity in the equity segment: Positive inflows; lower trading activity

Individual investors remained net buyers for the second month in a row: Amid concerns over rising trade tariffs and escalating geopolitical tensions, individual investors recorded net equity outflows for four consecutive months from March to June 2025, amounting to Rs 28,488 crore. However, this trend reversed in July and August, with net inflows totalling Rs 16,278 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. This moderation coincided with subdued trading activity, back-to-back negative market returns, and lingering economic uncertainty related to tariff impacts.

Equities have consistently served as a reliable avenue for long-term wealth creation; a view strongly reflected in the participation of individual investors in the Indian market. Over the past six years, they have contributed over 35% of the total trading activity in the CM segment and have invested a cumulative Rs 4.58 lakh crore on a net basis in equities. This sustained participation aligns with the broader market uptrend, supported by resilient domestic liquidity, a stable macroeconomic backdrop and confidence in the long-term potential of equities.

Figure 344: Cumulative net inflows of individual investors in NSE's CM segment in the last six fiscal years

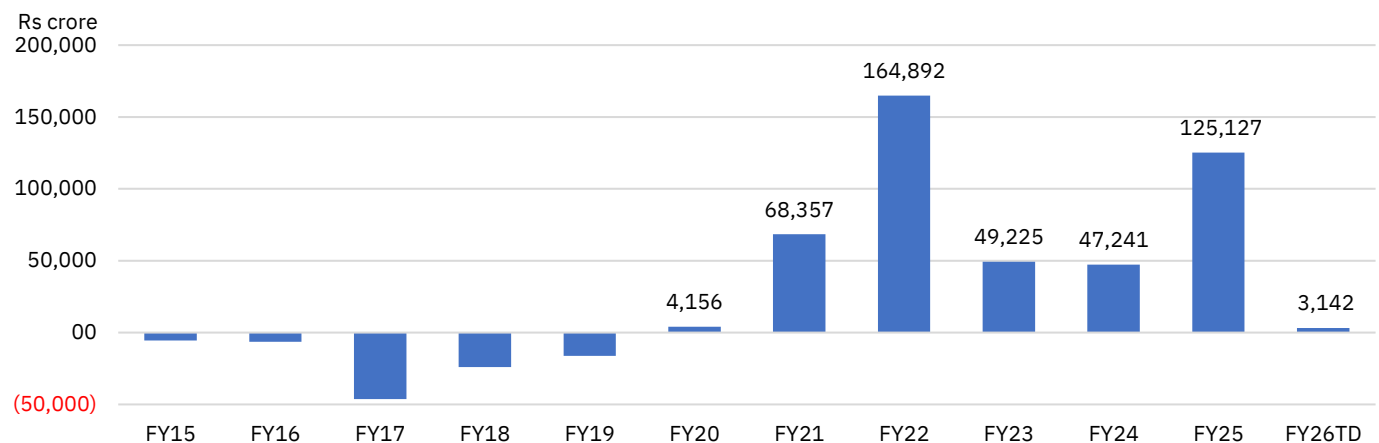


Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. Data for FY26 is as of Aug'25, for NSE's secondary markets only.

Figure 345: Annual trend of net inflows of individual investors in NSE's CM segment



Source: NSE EPR.

Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

2. FY26TD data is as of Aug'25, for NSE's secondary markets only.

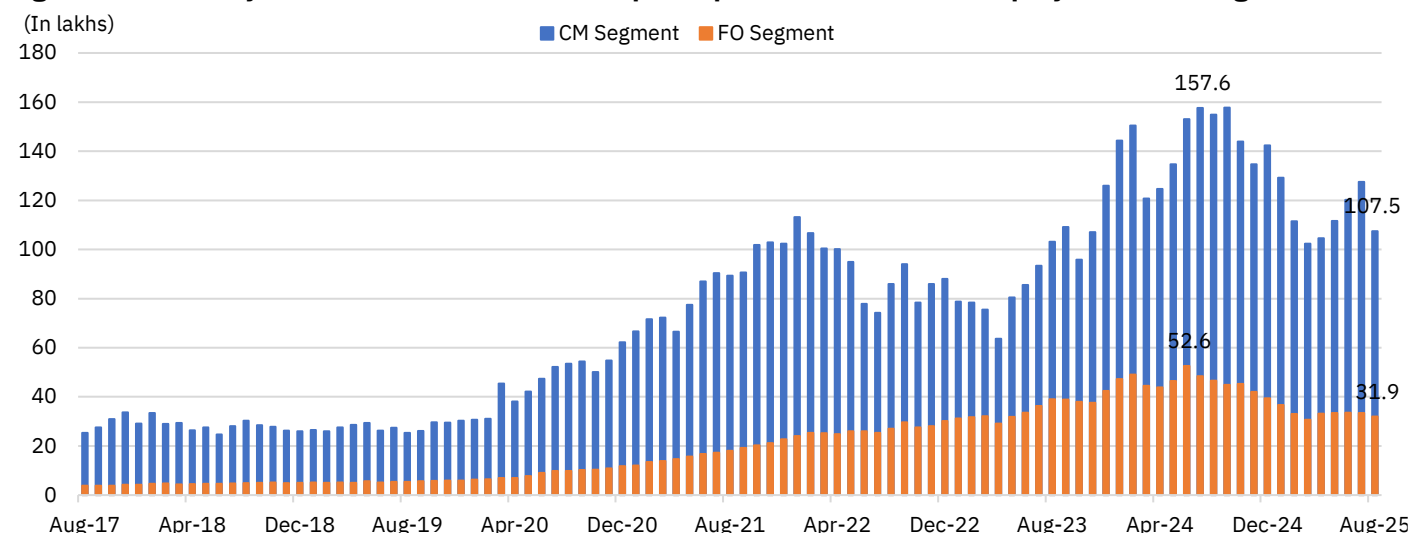
Individual investors trading in CM segment fell for the first time in last five months:

The number of individual investors participating in the NSE's equity cash segment dropped for the first time in five months to ~1.07 crore in August, driven by reduced trading activity amid persistent underperformance of the Indian equity markets. The participation peaked at 1.57 crore in September last year but declined steadily to just over 1.02 crore by March 2025, before rising to over 1.27 crore by July, only to retrace a large part of this increase in August. The activity was also skewed in terms of trading frequency, with ~43% of these investors trading for only one day during the month, contributing to a mere 0.8% of the total CM turnover. Number of investors who traded on all days of the month stood at 1.3 lakh but contributed a sizeable 8.9% to the total turnover.

In line with the CM segment, individual investor participation in the equity derivatives segment also declined to 31.9 lakh in August from 33.4 lakh in the previous month. Participation 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.

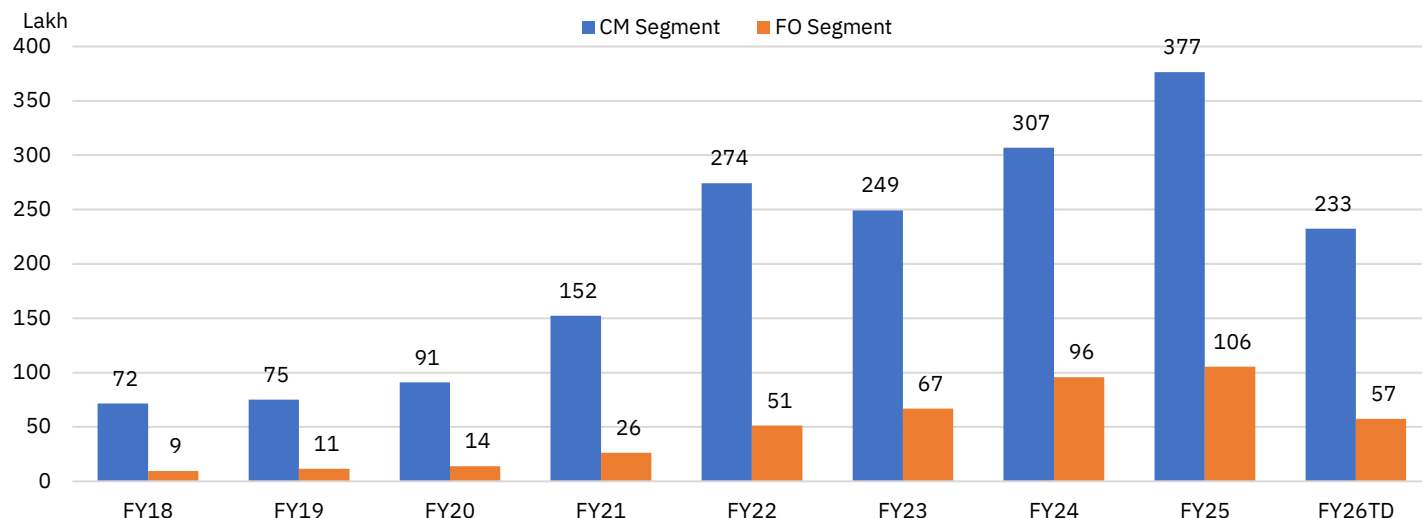
Among the 3.78 crore investors who traded over the past 12 months, approximately 76% participated only in the cash segment, while just 19% engaged in both the cash and equity derivatives segments. Importantly, about 78% of the individual investors who traded in the equity derivatives (92 lakh in the last 12 months) segment also traded in the cash segment, with those trading exclusively in equity derivatives being a fraction of this (20 lakh or just 1.8% of the registered investor base). This clarifies the widely held misconceived notion of high retail participation in equity derivatives.

Figure 346: Monthly trend of individual investors' participation in NSE CM and equity derivative segments



Source: NSE EPR.

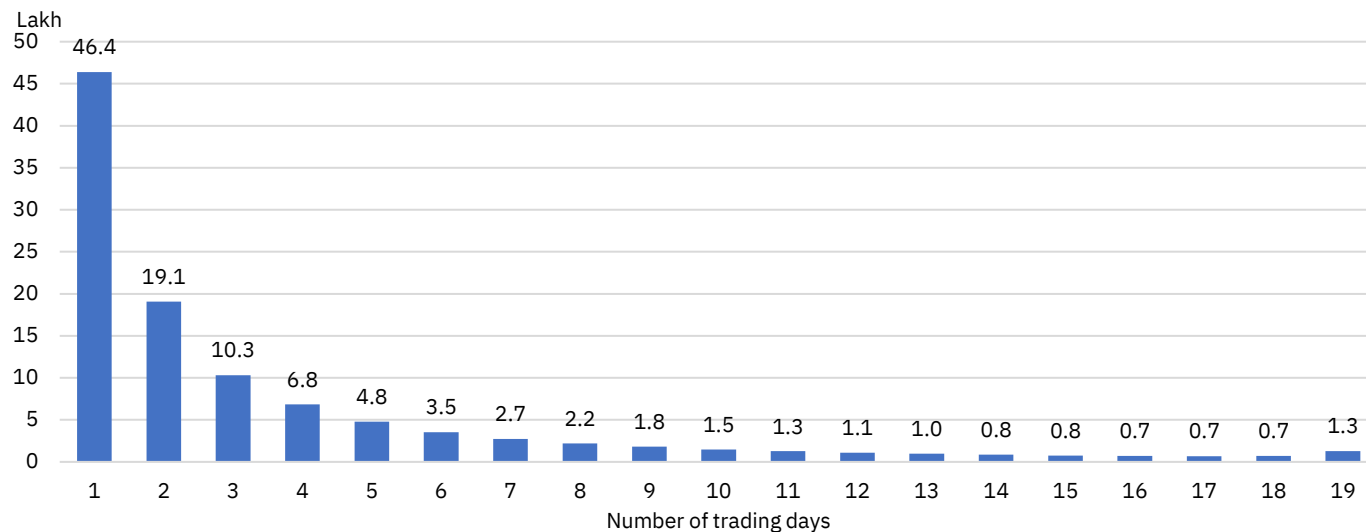
Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.
2. The chart above gives the count of individual investors who traded at least once in the month.

Figure 347: Yearly 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 year.

Figure 348: Trading frequency of individual investors participation in CM segment for August 2025


Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Table 127: Trend of individual investors participation (in lakhs) in NSE cash and equity derivatives

(For the last 12-month period ending August of each year)

Period	CM Total	FO Total	CM Alone	FO Alone	CM & FO Both
Sep'17-Aug'18	76	10	66	1	9
Sep'18-Aug'19	76	12	65	2	11
Sep'19-Aug'20	111	18	94	2	17
Sep'20-Aug'21	198	35	167	3	31
Sep'21-Aug'22	282	59	231	8	51
Sep'22-Aug'23	250	75	191	16	59
Sep'23-Aug'24	353	108	264	20	89
Sep'24-Aug'25	358	92	286	20	72

Source: NSE EPR.

Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Distribution of trading activity by turnover: Skewness deepens

A deeper look at the market activity revealed deepening skewness in the equity cash segment in the month gone by, driven by declining investor participation and concentrated turnover among top-tier cohorts. Monthly turnover dropped significantly, with the Rs 10 crore+ cohort accounting for 71% of the decline. Despite comprising just 0.2% of the investor base, this group contributed 78.1% of total turnover in August. Investor participation fell by 20 lakh (-16% MoM) during the month, largely due to a decline in participation in the less than Rs 1 lakh turnover bracket, which contributed over half of the drop. On a year-on-year basis, participation fell by 47 lakh, with investors in the less than Rs 1 lakh cohort accounting for 55% of the decline.

In equity options, premium turnover declined for the third consecutive month, led by the top trading bracket. Investor participation fell 5% MoM to 31 lakh, with the less than Rs 1 lakh group contributing 39% of the fall. Year-on-year, participation dropped 32% (14.5 lakh investors), with 62% of the decline attributed to the less than Rs 1 lakh trading cohort, likely impacted by regulatory changes. Notably, the top cohort, representing just 0.2% of investors, held a 67.9% share of premium turnover during the month. Equity futures mirrored this trend, with 7.3% of investors generating 93.2% of turnover. Participation declined 6% MoM and 25% YoY to 2.7 lakh, with mid-tier investors (Rs 1 lakh– Rs 1 crore) contributing 42% of the YoY drop.

Market skew widens; 0.2% of investors drive 78% of equity cash turnover: The equity cash market turnover declined in August, primarily driven by reduced activity from investors in the highest trading bracket (Rs 10 crore and above). This group saw a 17% MoM drop in turnover, accounting for 71% of the overall market decline. Investor participation in this bracket also contracted by 26% MoM. Despite the fall, this cohort—just 0.2% of the investor base—continued to dominate, contributing 78.1% of the total turnover in August, up from 76.7% in July. When combined with the Rs 1–10 crore trading bracket, which accounted for 13.1% of turnover (down from 13.9% in July) and comprised 1.6% of the investor base, these two groups together represented only 1.7% of investors but commanded 91.1% of turnover. In contrast, 98% of investors trading below Rs 1 crore contributed just 9% of turnover. Notably, the top trading cohort largely comprises institutional investors and proprietary trading firms. During the month, investor participation declined by 20 lakh (-16% MoM), largely due to investors in the less than Rs 1 lakh turnover range, who contributed over 50% of the drop. Compared to the same period last year, investor participation declined by 47 lakh, with the less than Rs 1 lakh turnover group contributing 55% of the overall decline.

Premium turnover falls again, with top trading cohort causing most of the decline while retaining dominant share: Premium turnover in equity options fell for the third consecutive month in August. The decline was led by the top trading bracket (Rs 10 crore and above), which recorded an 11.3% drop in turnover, contributing 76% of the overall fall. Investors in this category, though only 0.2% of the base, accounted for 67.9% of premium traded, slightly lower than 68.7% in July 2025 and 72.3% in August 2024. Broader skewness remained evident, with just 4.4% of investors trading Rs 1 crore and above generating 85.6% of overall turnover. Investor participation in equity options contracts declined 5% MoM to 31 lakh, largely due to investors trading less than Rs 1 lakh, who contributed 39% of the overall fall. On a year-on-year basis, participation dropped 32% YoY (14.5 lakh investors), with less than Rs 1 lakh trading group contributing 62% of this decline, as small investors stayed away from the markets amid regulatory changes aimed at strengthening investor protection and market stability.

Concentration persists in equity futures as 7.3% investor accounts for over 93% of turnover: Skewness in equity futures mirrored that of options. In August 2025, 7.3% of investors contributed 93.2% of total turnover. The decline in turnover was overwhelmingly concentrated in the top trading bracket (Rs 10 crore and above), which alone accounted for 94% of the overall fall. Investor participation declined 25% YoY to 2.7 lakh (-6% MoM) with investors trading between Rs 1 lakh to Rs 1 crore contributing 42% of the yearly fall.

Table 128: Distribution of turnover by range in NSE CM segment for all investors

Turnover range	Aug-24		Jul-25		Aug-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	757	49.4	573	39.7	536	0.03%	36.8	34%
Rs 10,000 - Rs 1 lakh	10,423	53.9	9,023	48.9	7,222	0.4%	40.3	37%
Rs 1 lakh - Rs 10 lakh	61,933	36.5	45,984	27.2	35,861	2%	21.5	20%
Rs 10 lakh - Rs 1 crore	1,89,910	12.6	1,49,590	9.7	1,14,250	6%	7.4	7%
Rs 1 crore - Rs 10 crore	3,51,890	2.6	3,03,324	2.2	2,31,980	13%	1.7	1.6%
> Rs 10 crore	20,23,244	0.3	16,76,400	0.3	13,87,513	78%	0.2	0.2%
Total	26,38,157	155.3	21,84,895	127.9	17,77,362	100%	107.9	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 129: 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
<= Rs 10,000	685	625	582	561	541	579	573	536
Rs 10,000- Rs 1 lakh	8,818	7,443	6,360	6,740	7,003	7,539	9,023	7,222
Rs 1 lakh – Rs 10 lakh	45,292	36,142	34,809	38,722	43,957	46,886	45,984	35,861
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
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
> 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
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

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 130: Category-wise share in turnover across turnover ranges in NSE CM segment in August 2025

Turnover range	Turnover (Rs crore)	Share in turnover (%)	Client category-wise turnover share (%)					
			Corporates	DII's	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	536	0.03%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Rs 10,000 - Rs 1 lakh	7,222	0.4%	0.0%	0.0%	0.0%	99.9%	0.0%	0.0%
Rs 1 lakh - Rs 10 lakh	35,861	2%	0.3%	0.3%	0.0%	99.3%	0.0%	0.2%
Rs 10 lakh - Rs 1 crore	1,14,250	6%	0.9%	0.3%	0.0%	98.2%	0.0%	0.5%
Rs 1 crore - Rs 10 crore	2,31,980	13%	2.0%	0.5%	0.4%	95.8%	0.1%	1.2%
> Rs 10cr	13,87,513	78%	4.2%	18.5%	21.9%	13.7%	37.6%	4.0%
Total	17,77,362	100%	3.6%	14.5%	17.2%	32.0%	29.4%	3.3%

Source: NSE EPR.

Notes: 1. Turnover ranges are based on gross turnover.

2. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2

3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc.

4. 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 131: Distribution of turnover by range in equity options (premium turnover) for all investors

Turnover range	Aug-24		Jul-25		Aug-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	148	9.2	82	4.6	78	0.01%	4.4	14%
Rs 10,000-Rs 1 lakh	2,477	11.8	1,712	8.0	1,643	0.2%	7.6	25%
Rs 1 lakh - Rs 10 lakh	27,583	14.4	22,197	11.3	21,465	2%	10.9	35%
Rs 10 lakh - Rs 1 crore	1,32,228	8.3	1,14,177	7.2	1,06,382	12%	6.8	22%
Rs 1 crore – Rs 10 crore	2,19,722	1.7	1,75,883	1.4	1,59,288	18%	1.3	4.2%
>Rs 10 crore	9,98,518	0.1	6,88,267	0.1	6,10,547	68%	0.1	0.2%
Total	13,80,676	45.6	10,02,317	32.6	8,99,404	100%	31.1	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 132: 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
<= Rs 10,000	99	89	76	85	78	81	82	78
Rs 10,000- Rs 1 lakh	1,848	1,712	1,526	1,686	1,619	1,700	1,712	1,643
Rs 1 lakh – Rs 10 lakh	23,139	21,263	20,342	21,722	22,018	22,437	22,197	21,465
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
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
> 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
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

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 133: Distribution of turnover and the share of investors categories in equity options in August 2025

Turnover range	Premium Turnover (Rs crore)	Share in turnover (%)	Client category-wise share in premium turnover (%)					
			Corporates	DIIs	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	78	0.01%	0.0%	0.0%	0.0%	99.9%	0.0%	0.0%
Rs 10,000 - Rs 1 lakh	1,643	0.2%	0.1%	0.0%	0.0%	99.8%	0.0%	0.1%
Rs 1 lakh - Rs 10 lakh	21,465	2%	0.1%	0.0%	0.0%	99.8%	0.0%	0.1%
Rs 10 lakh - Rs 1 crore	1,06,382	12%	0.3%	0.0%	0.0%	99.5%	0.0%	0.2%
Rs 1 crore- Rs 10 crore	1,59,288	18%	1.1%	0.0%	0.1%	97.9%	0.2%	0.8%
> Rs 10cr	6,10,547	68%	2.6%	0.2%	8.4%	10.3%	75.7%	2.9%
Total	8,99,404	100%	2.0%	0.1%	5.7%	38.7%	51.4%	2.1%

Source: NSE EPR

Notes: 1. Turnover ranges are based on gross premium turnover

2. Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2

3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc

4. 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 134: Distribution of turnover by range in equity futures market for all investors

Turnover range	Aug-24		Jul-25		Aug-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	559	0.2	424	0.1	494	0.02%	0.1	6%
Rs 10 lakh - Rs 1 cr	34,030	1.7	27,823	1.3	26,973	1.0%	1.3	49%
Rs 1 cr – 10 cr	2,31,932	1.4	1,86,827	1.1	1,62,411	6%	1.0	38%
>Rs 10 cr	38,52,591	0.3	29,88,082	0.2	26,09,970	93%	0.2	7%
Total	41,19,112	3.5	32,03,155	2.8	27,99,848	100.0%	2.7	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 135: 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
Rs 1 lakh – Rs 10 lakh	863	812	793	703	628	524	424	494
Rs 10 lakh – Rs 1 crore	31,985	27,620	26,140	26,660	25,750	26,624	27,823	26,973
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
> 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
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

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 136: Distribution of turnover and the share of investors categories in equity futures in August 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	494	0.02%	0.5%	0.0%	0.0%	98.9%	0.0%	0.5%
Rs 10 lakh - Rs 1 crore	26,973	1.0%	0.8%	0.0%	0.0%	98.6%	0.0%	0.6%
Rs 1 crore - Rs 10 crore	1,62,411	6%	1.9%	0.0%	0.0%	96.8%	0.1%	1.2%
> Rs 10 crore	26,09,970	93%	6.9%	14.9%	31.1%	10.4%	32.3%	4.3%
Total	27,99,848	100.0%	6.6%	13.9%	29.0%	16.3%	30.1%	4.1%

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

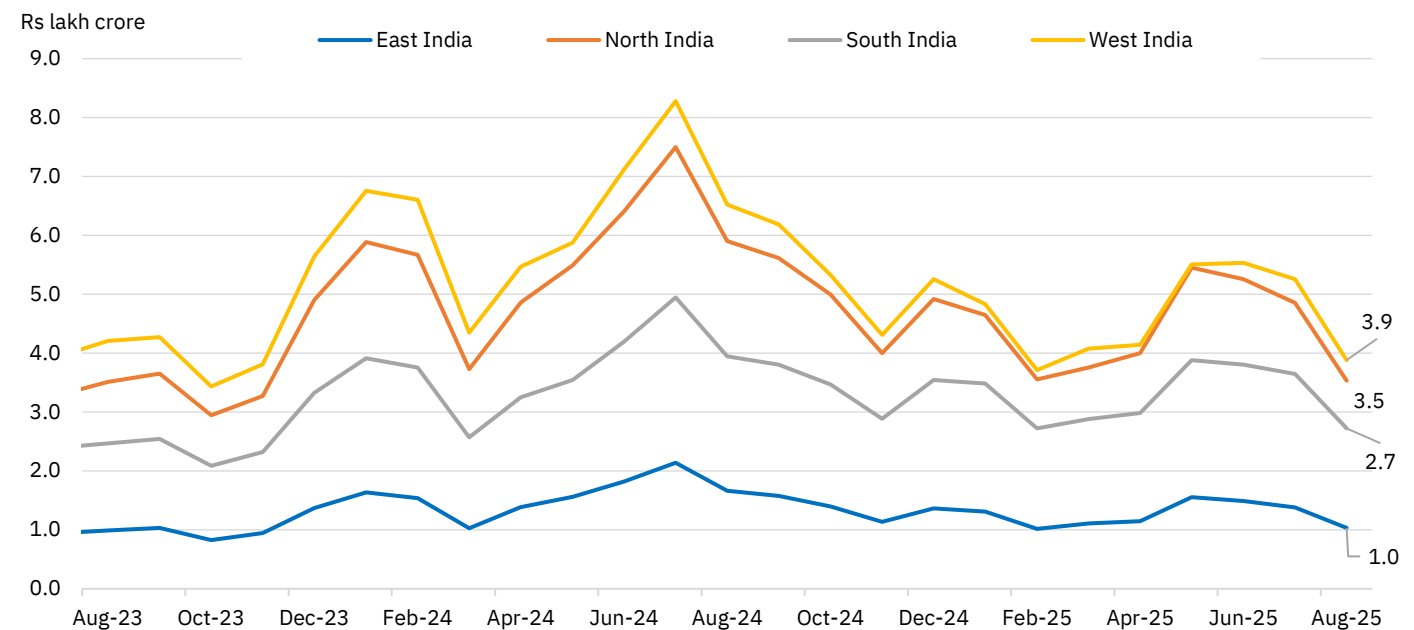
Spatial distribution of individual investor activity in the cash market

Region-wise individual investor activity

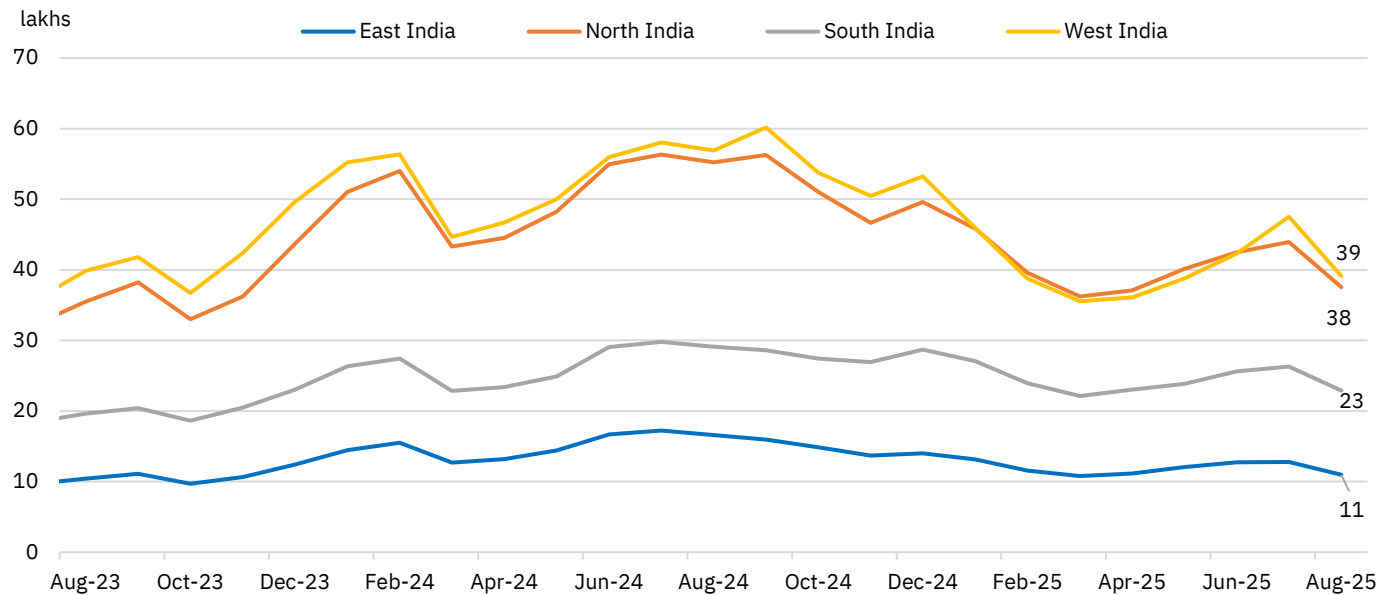
Individual investors recorded a fall in turnover and participation in August: The total turnover of individual investors fell for the third consecutive month in August 2025, dropping sharply by 26.2% MoM to Rs 11.4 lakh crore—the lowest level since February 2025. This decline erased the gains recorded in the first two months of the fiscal year (April–May), underscoring the impact of heightened global uncertainties on investor sentiment. The decline was broad-based, with the steepest contractions seen in the Northern (-27.2% MoM) and Western (-26.1% MoM) regions.

Participation also moderated, as the number of individual investors trading at least once during the month fell 15.3% MoM to 1.1 crore – marking the first sequential dip in FY26. While activity contracted across all regions, West India retained the largest share at 34.7%, followed by North (33.3%), South (20.3%), and East (9.7%). Since July 2025, West India has overtaken North as the leading region for investor participation.

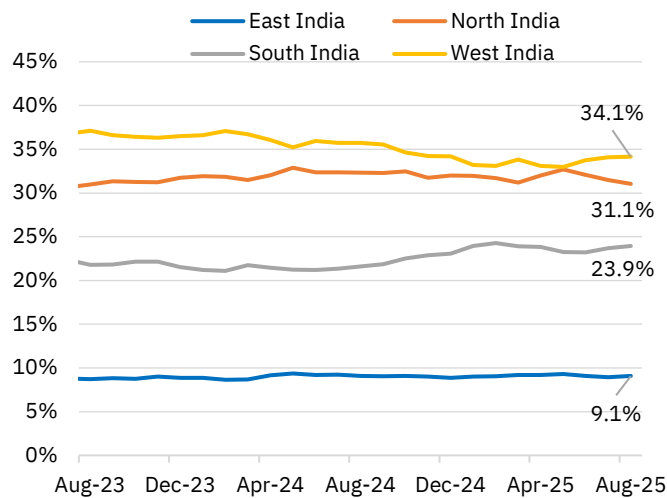
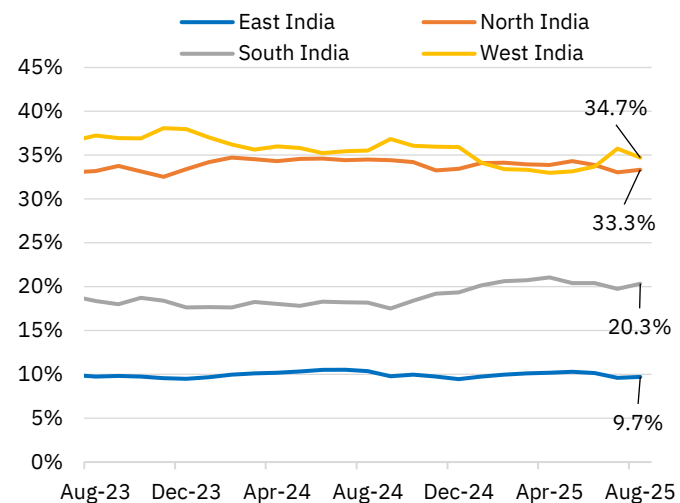
Figure 349: Region-wise distribution of monthly individual investors' turnover in equity cash



Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF.

Figure 350: Region-wise distribution of individual investors' participation in equity cash


Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF who trade once a month

Figure 351: Region-wise share of individual investors' turnover in cash market (%)

Figure 352: 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".

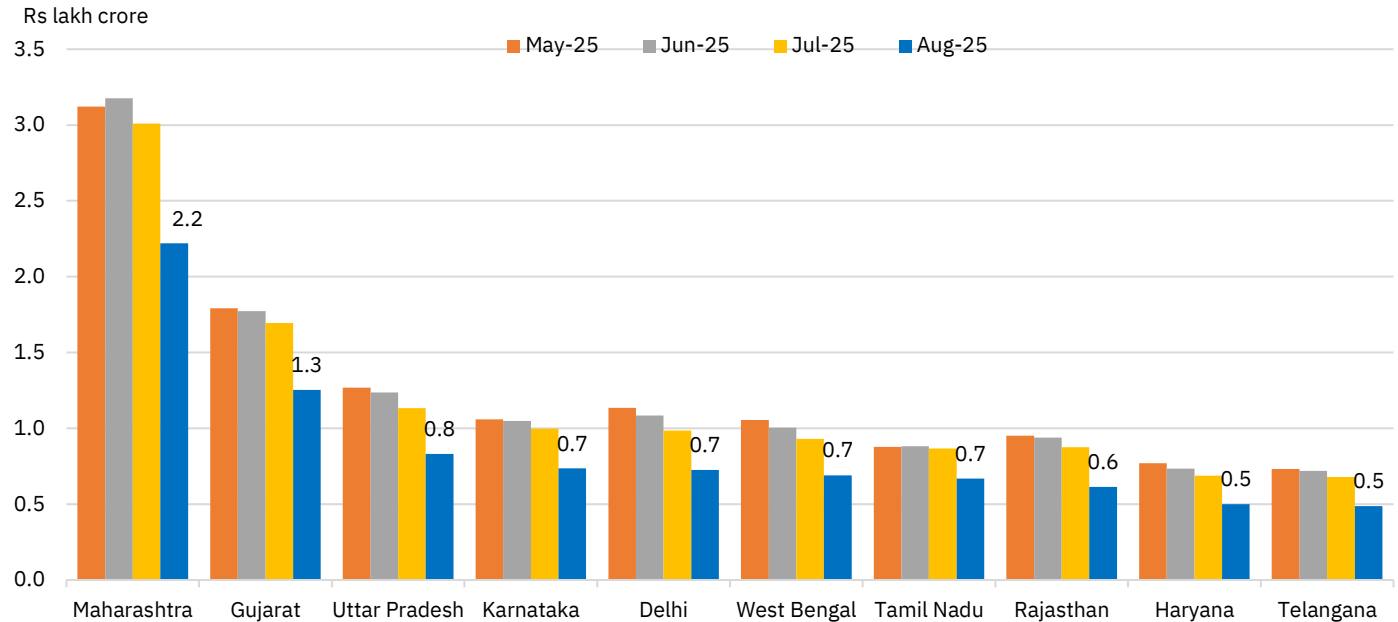
Maharashtra and Gujarat remain top contributors to individual investor turnover despite sharp declines:

In August 2025, Maharashtra and Gujarat continued to lead in equity cash turnover by individual investors, posting Rs 2.2 lakh crore and Rs 1.3 lakh crore, respectively, though both saw sequential declines of over 25% MoM. The composition of the top 10 states by turnover remained largely unchanged, except Tamil Nadu moving up to 7th place, pushing Rajasthan down one rank. Across the top 10 states, turnover contracted by more than 25% MoM, with Rajasthan (-29.9%) and Telangana (-28.1%) recording the steepest declines.

In terms of individual investor participation, Maharashtra held the highest share at 17.1% (19.2 lakh investors, down ~15% MoM). Gujarat occupied the second position in Aug'25, whilst recording a significant decline of 22% MoM (15.2 lakh investors, 13.5% share), the highest among the top 10 states, followed by Uttar Pradesh (10.4 lakh investors, -13.7%

MoM). Notably, these three states accounted for ~40% of the individual investor count that traded in August 2025, while the top 10 states accounted for just over 75%.

Figure 353: Top 10 states based on turnover of individual investors in equity cash

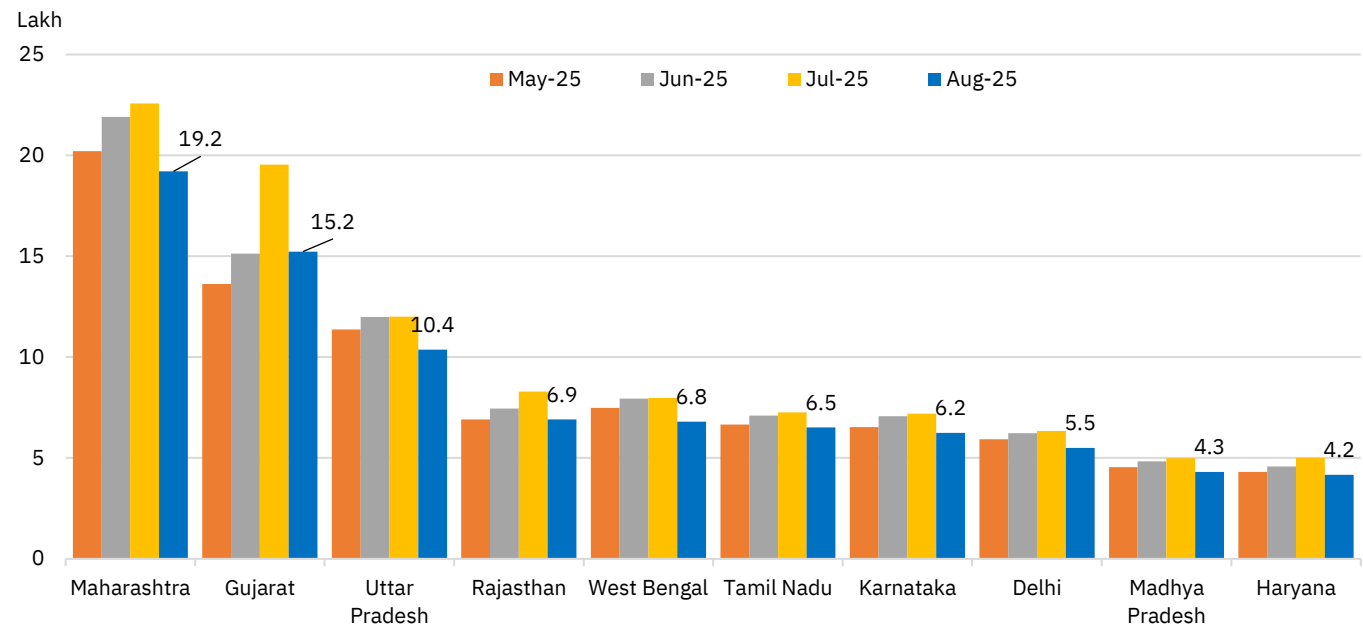


Source: NSE EPR

Note: 1. Individual investors include Individual / Proprietorship firms and HUF

2.The top ten states are chosen based on latest month's data

Figure 354: Top 10 states based on individual investors' participation in equity cash

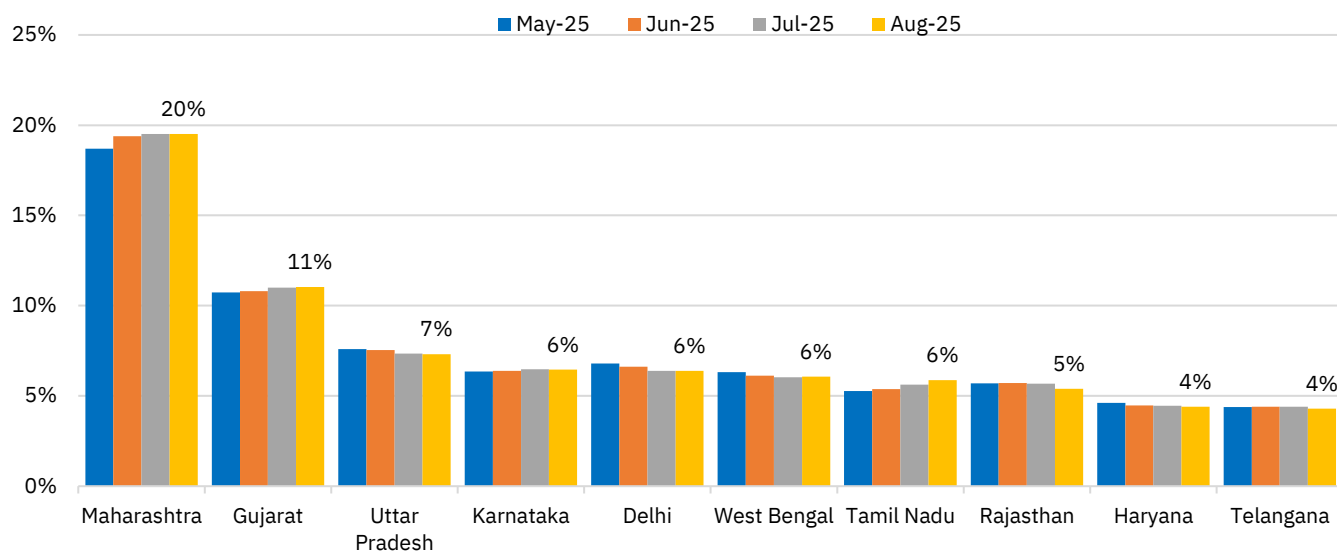


Source: NSE EPR

Note: 1. Individual investors include Individual / Proprietorship firms and HUF

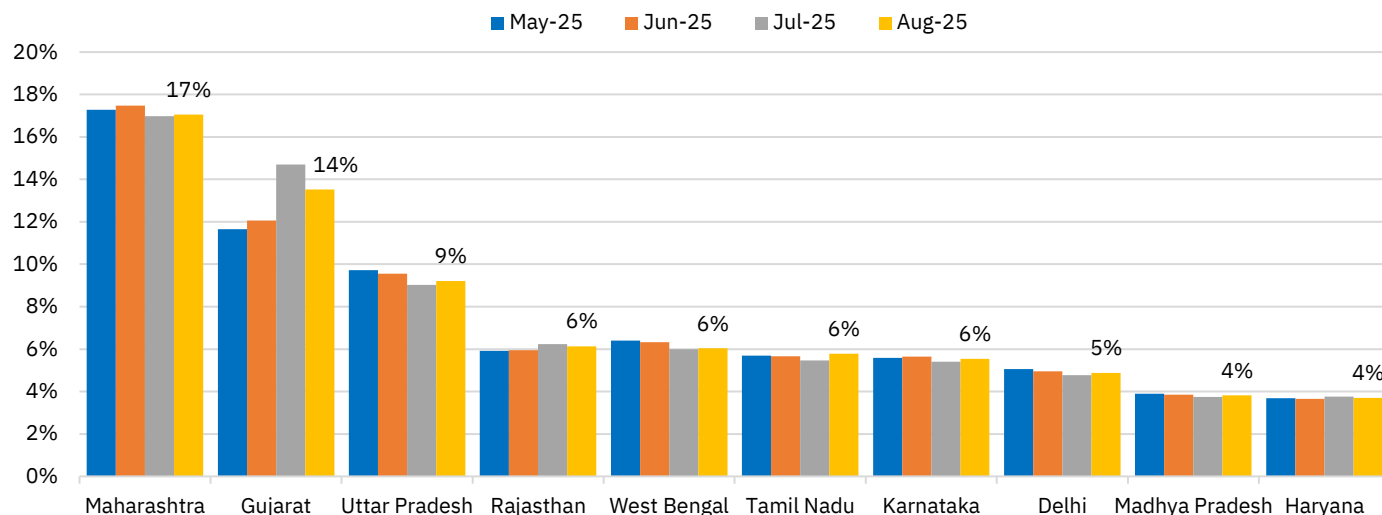
2.The top ten states are chosen based on latest month's data

Figure 355: Share of the top 10 states based on turnover of individual investors in equity cash



Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF. The top ten states are chosen based on the latest month's data

Figure 356: Share of the top 10 states based on individual investors' participation in equity cash



Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF. The top ten states are chosen based on the latest month's data.

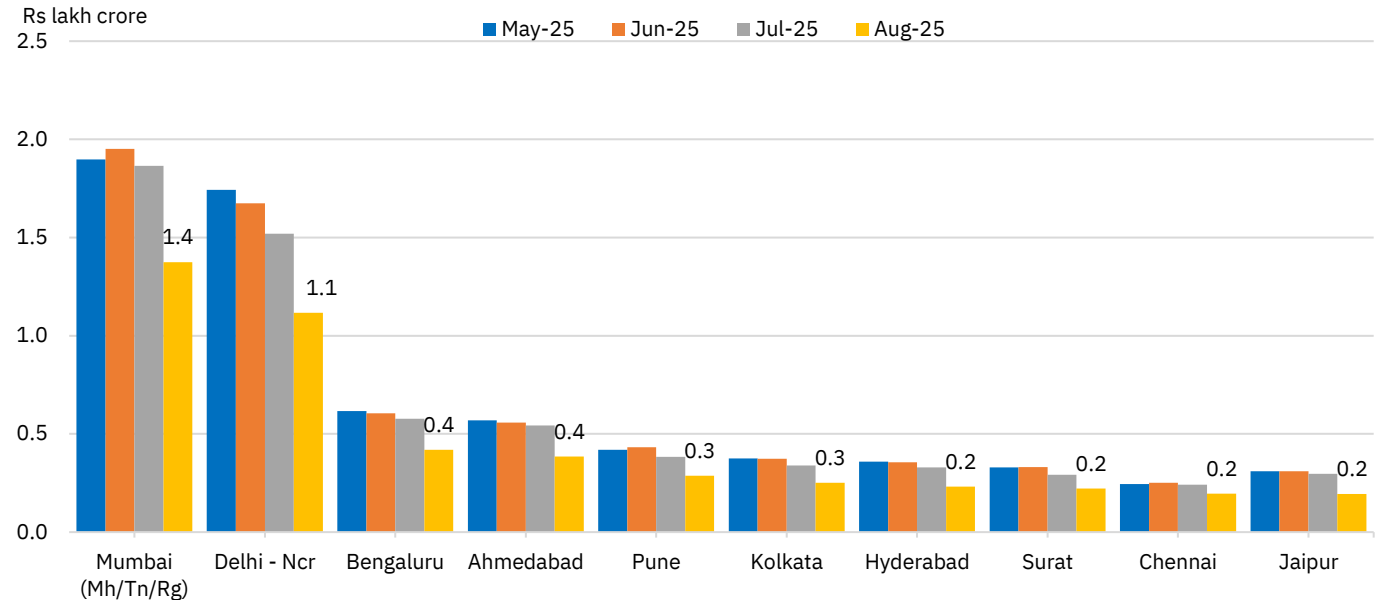
District-wise individual investor activity:

Individual investors' turnover in the top 10 districts fell significantly by 26.7% MoM in August 2025. Despite slowdown, Mumbai and Delhi maintained their positions as the top two districts, with a turnover of Rs 1.4 lakh crore (-26.3% MoM) and Rs 1.1lakh crore (-26.5% MoM) respectively – capturing 22% share. Among the top 10 districts, Jaipur witnessed the highest fall of 34.4% MoM in individual investors' turnover, followed by Pune, which experienced a 29.3% MoM decline. Other than the top 10, the rest of the districts also saw a significant decline in their combined turnover (-25.8% MoM).

On individual investor participation, the number of individual investors which traded at least once in the last month, collectively fell in the top 10 districts by 15.7% MoM in August 2025. Mumbai continued to lead holding a share of ~8% despite a 14.6% MoM decline, while Delhi-NCR retained the second spot with a share of 7.4% (-12.9% MoM).

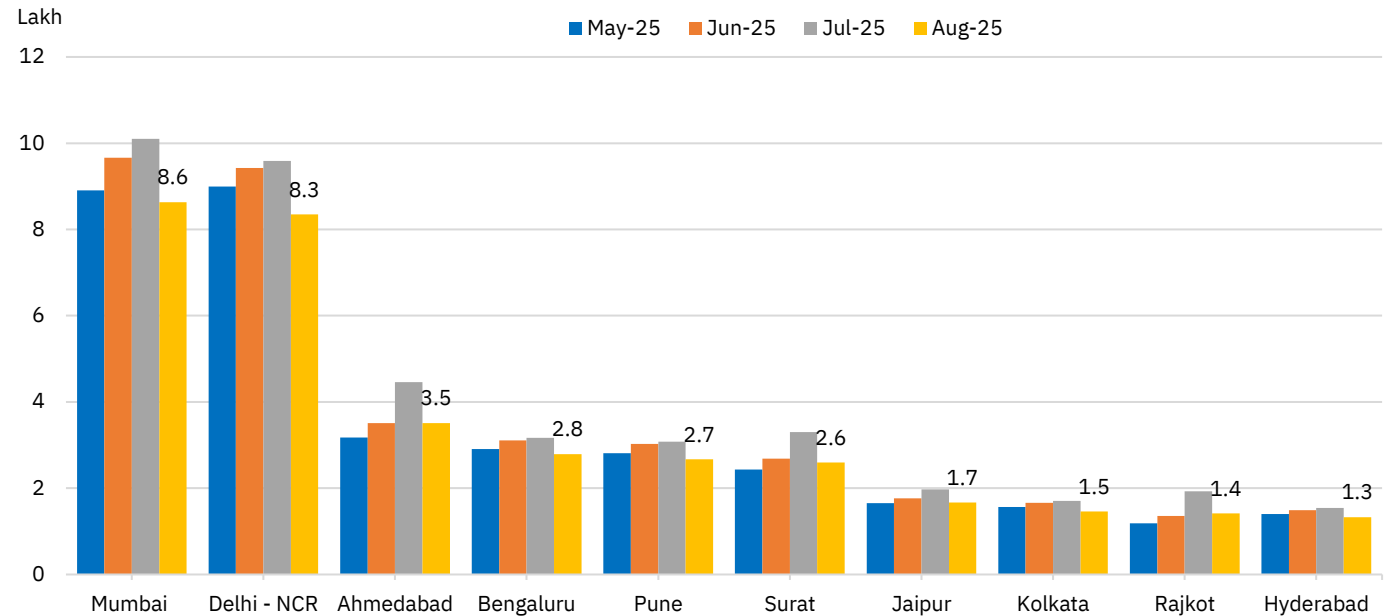
The total turnover of individual investors remains concentrated in a few districts. Among the top 10 districts which hold over 41% of the share in turnover, more than 50% is with the top two districts (Mumbai and Delhi at ~22%), even though they accounted for just over 15% of the active trading population.

Figure 357: Top 10 districts based on equity cash turnover of individual investors



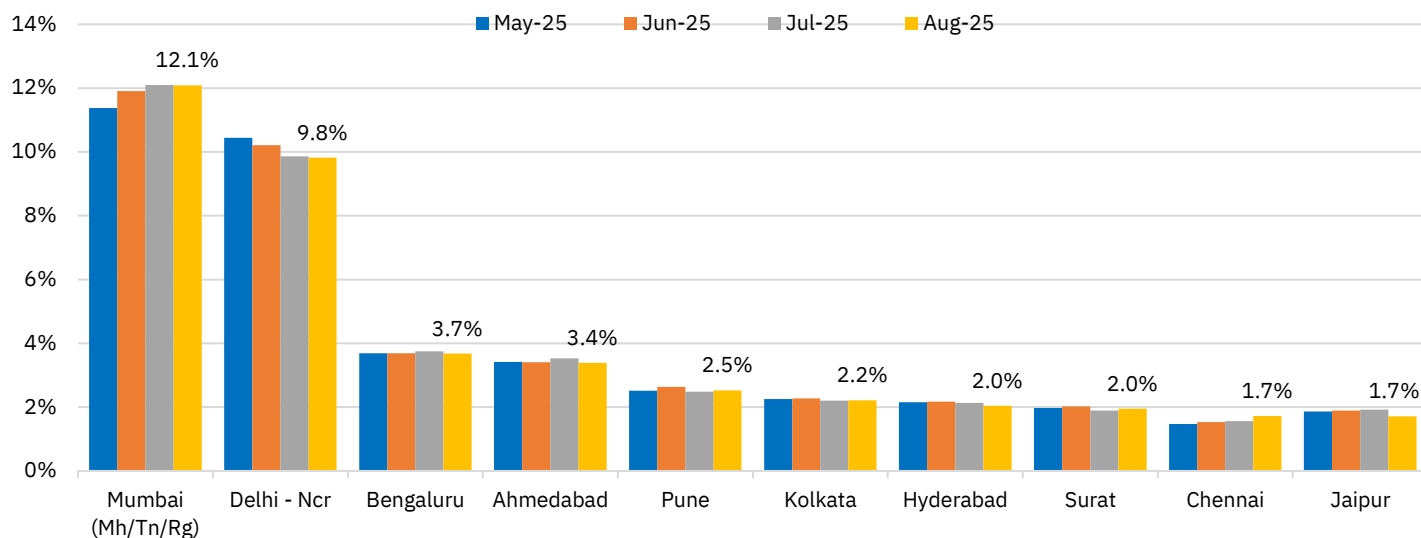
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest month's data.

Figure 358: Top 10 districts based on individual investors participation in the equity cash market



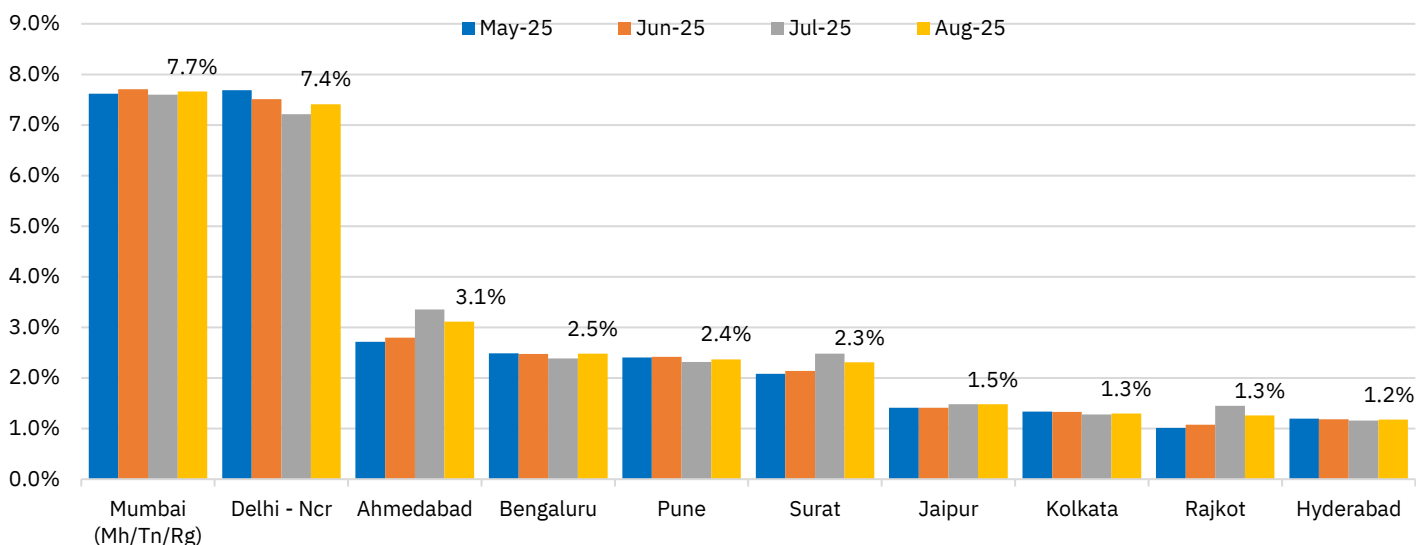
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest month's data.

Figure 359: 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 360: 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 August in CM segment: While overall CM turnover declined sharply by 18.7% month-on-month (MoM) in August to Rs 17.8 lakh crore, turnover in the top 10 stocks rose by 7.4% to Rs 2.66 lakh crore from Rs 2.48 lakh crore. Their combined market share increased by 363 bps, from 11.3% in July to 15% in August. Eternal Ltd. became the most actively traded stock for the first time since the day it got listed. Notably, Eternal Ltd. held fifth position in the previous month. HDFC Bank Ltd., which held the top position for the past three months, dropped to third place, while Bharti Airtel Ltd. surged from ninth to second. Turnover in these top three stocks rose by 23% MoM, expanding their combined share by 202 bps to 6%. Six of the top 10 stocks recorded a MoM increase in turnover, indicating a growing market concentration of trading activity, despite the overall decline in CM segment turnover.

Table 137: Top 10 traded companies in NSE CM segment in August 2025

Securities (Rs crore)	Aug-25	Jul-25	% Change
Eternal Ltd.	42,890	28,298	51.6
Bharti Airtel Ltd.	34,379	21,863	57.2
HDFC Bank Ltd.	28,818	36,099	(20.2)
Reliance Industries Ltd.	26,346	36,018	(26.9)
Ola Electric Mobility Ltd.	25,518	11,183	128.2
Infosys Ltd.	25,202	24,980	0.9
BSE Ltd.	22,997	29,574	(22.2)
ICICI Bank Ltd.	20,945	28,917	(27.6)
Waaree Energies Ltd.	20,241	18,361	10.2
InterGlobe Aviation Ltd.	18,646	12,458	49.7
Top 10 scrips turnover	265,982	247,750	7.4
Total turnover	1,777,362	2,184,894	(18.7)
% share of Top 10 scrips	15.0%	11.3%	3.63pp

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 declined MoM in August: While trading activity in top 10 stocks within the CM segment increased MoM despite the decline in overall trading activity, the top 10 stocks in the stock futures and options segment witnessed a MoM decline in their turnover. The top 10 stock futures and stock options saw their aggregate turnover falling 5.7% MoM and 5.8% MoM, even as these decreases were less steep compared to the overall turnover declines of 13.3% MoM and 22.1% MoM respectively. Additionally, the share of the top 10 stocks in overall turnover rose by 165 bps MoM in stock futures to 20.4%, and by 405 bps MoM in stock options to 23.4%, indicating increased concentration of trading activity in the most active stocks.

HDFC Bank maintained its position as the most active scrip in stock futures for 30 consecutive months, while BSE held the top spot in the stock options segment for four consecutive months. While four stocks saw a MoM increase in stock futures turnover, five scrips in the stock options segment recorded MoM gains, with two of them posting a 2x

rise in the turnover during the month. Notably, Hero Motocorp debuted in the top 10 stock options list for the first time in the month of August.

Table 138: Top 10 traded companies in stock futures segment in August 2025

Securities (Rs Cr)	Aug-25	Jul-25	% Change
HDFC Bank Ltd.	75,438	79,885	(5.6)
Reliance Industries Ltd.	64,191	61,086	5.1
ICICI Bank Ltd.	54,689	54,396	0.5
Infosys Ltd.	51,351	58,426	(12.1)
Eternal Ltd.	43,442	33,085	31.3
State Bank of India	40,036	52,710	(24.0)
Bharati Airtel Ltd.	36,146	32,447	11.4
Axis Bank Ltd.	36,114	45,996	(21.5)
Tata Consultancy Svcs. Ltd.	35,090	39,762	(11.7)
Bajaj Finance Ltd.	31,699	38,495	(17.7)
Top 10 scrips turnover	468,196	496,286	(5.7)
Total stock futures notional turnover	22,99,875	26,52,976	(13.3)
% share of Top 10 scrips	20.4%	18.7%	1.6pp

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.

Table 139: Top 10 traded companies (premium turnover) in stock options in August 2025

Securities (Rs Cr)	Jul-25	Jun-25	% Change
BSE Ltd.	4,696	6,340	(25.9)
Reliance Industries Ltd.	4,090	4,561	(10.3)
Maruti Suzuki (I) Ltd.	2,829	1,195	136.8
One 97 Comms. Ltd.	2,456	2,388	2.9
Hero Motocorp Ltd.	2,387	1,051	127.1
State Bank of India	1,940	2,903	(33.2)
Tata Motors Ltd.	1,888	1,845	2.3
Hindustan Aeronautics Ltd.	1,849	1,775	4.2
Eternal Ltd.	1,818	2,787	(34.8)
Tata Consultancy Svcs. Ltd.	1,812	2,517	(28.0)
Top 10 scrips premium turnover	25,765	27,362	(5.8)
Total stock options premium turnover	1,10,086	1,41,398	(22.1)
% share of Top 10 scrips	23.4%	19.4%	4.1pp

Source: NSE EPR.

Note: 1. Figures in brackets indicate negative numbers.

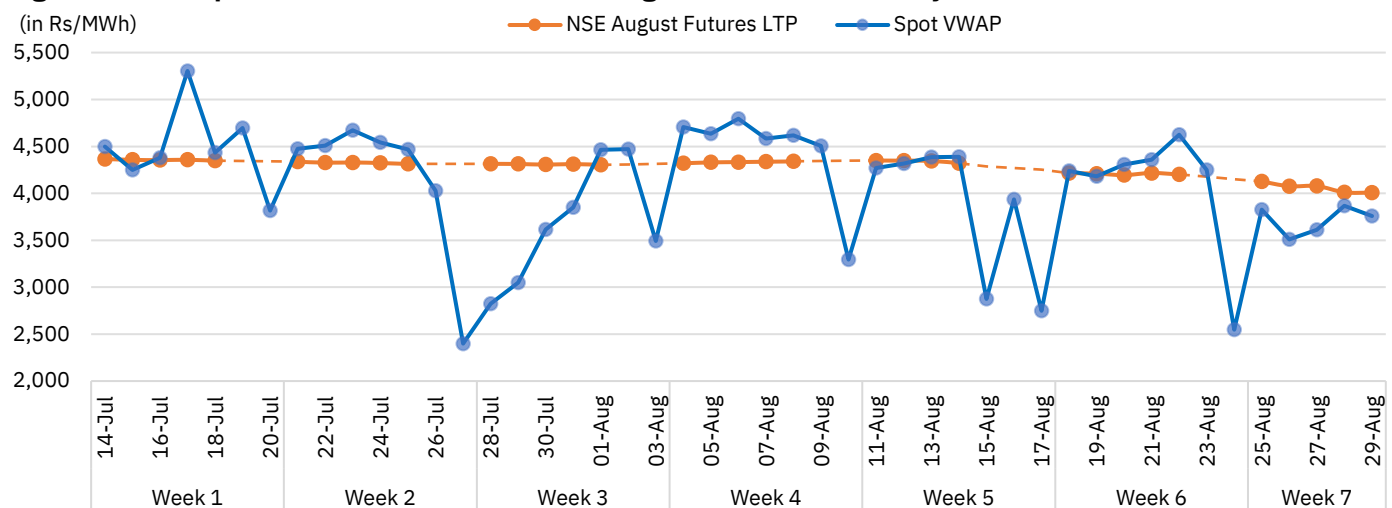
2. The scrip-wise turnover data for the previous month is based on the current month's top 10 scrips.

Trading activity in Electricity Futures

This is a new section introduced to cover trading activity in the recently launched electricity futures at NSE, highlighting movements in prices, trade volumes, and open interest. Trading activity in electricity futures market shows robust engagement, with a notable surge in volumes on August 19th, 2025, reflecting intensified hedging and liquidity. Spot volumes remained stable, indicating steady demand and liquidity in the underlying electricity market. Total futures trade volume for electricity futures on NSE reached 6,304 MUs, about 1.08 times the corresponding spot volume of 5,827 MUs. This high futures-to-spot ratio indicates that NSE electricity futures are becoming a credible and efficient risk management tool, aligning well with the physical market. The average NSE August futures price for electricity futures was Rs 4,274.2, with contracts maintaining a stable range around this level, even during periods of spot price volatility. Open interest rose steadily from July 14th to mid-August, peaking sharply on August 18th at 904, indicating strong market participation and confidence in the NSE electricity futures.

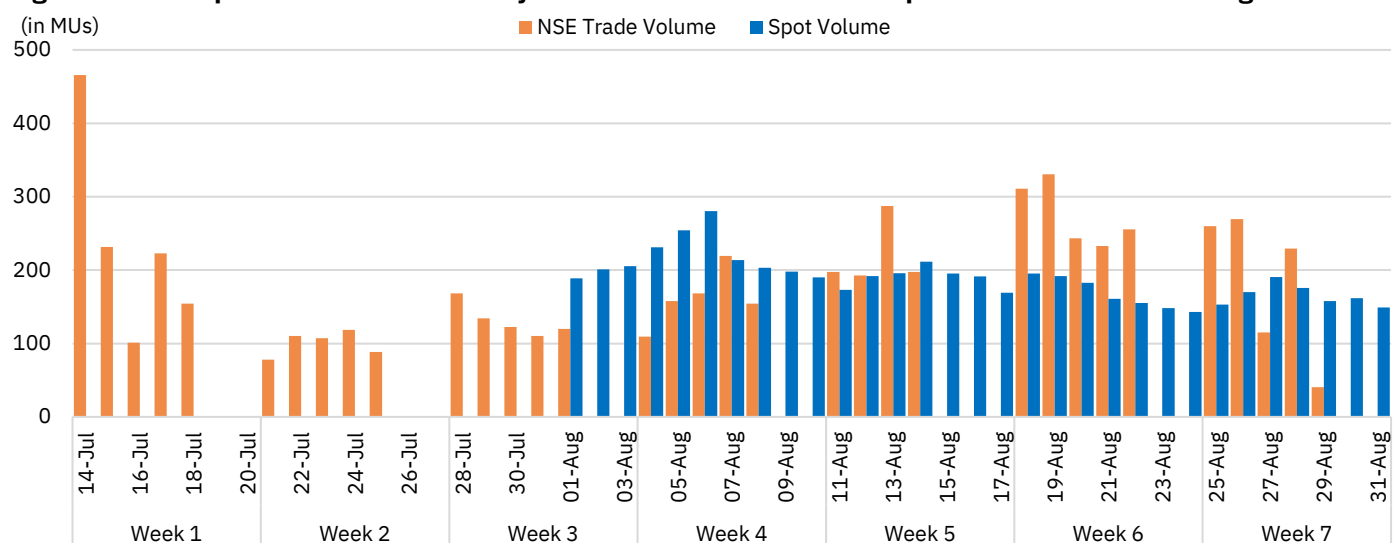
A detailed primer on this newly launched electricity futures product is provided below.

Figure 361: Comparison of DAM VWAP and NSE August Contract Electricity Futures LTP

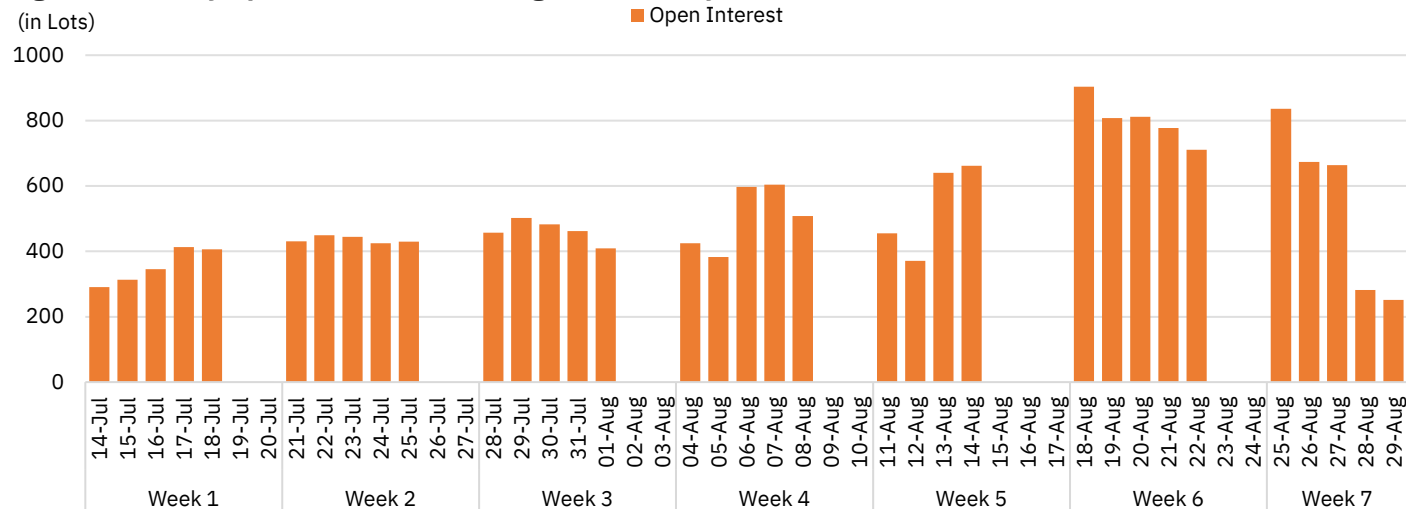


Source: NSE.

Figure 362: Comparison of NSE Electricity Futures Trade Volumes and Spot Market Volumes for August Contract



Source: NSE.

Figure 363: Daily Open Interest in NSE August Electricity Futures Contracts


Primer: Electricity Futures Market

Why is electricity futures market needed?

In FY2024, India generated over 1,730 billion units (BU) of electricity, with 1,550 BU transacted via long-term PPAs. The remaining 180 BU flows through short-term mechanisms—DAM, TAM, RTM, and OTC trades. Spot exchanges like IEX, PXIL, and HPX accounting for just 10 % of volume, but carrying most 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.

In mature electricity markets worldwide, financial derivatives are foundational to risk management and price discovery. In the European Union, exchanges like EEX facilitate trading of over 12,000 BU of electricity futures annually—more than four times the region’s actual physical generation, underscoring the depth of financial intermediation. In the United States, electricity derivatives markets exceed 3,000 BU, enabling participants to hedge against generation variability, transmission constraints, and retail supply obligations.

As India transitions toward a net-zero energy mix, with over 50% of installed capacity projected to come from intermittent power generation sources by 2030, the need to hedge capital expenditure risk becomes critical. Without derivatives, budgeting and investment decisions remain vulnerable to market shocks.

Regulatory Clarity: A Turning Point for Electricity Derivatives in India

A pivotal regulatory development occurred in October 2021, when the Supreme Court of India ruling established that:

- The Central Electricity Regulatory Commission (CERC) will regulate physical delivery contracts, and
- The Securities and Exchange Board of India (SEBI) will regulate financial derivatives, including electricity futures and options.

This legal demarcation resolved longstanding regulatory ambiguity and laid the foundation for the introduction of structured financial instruments in India’s power market.

What are Electricity Futures?

Electricity futures are standardised, 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.

For retailers and Commercial & Industrial (C&I) consumers, 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, retailers, 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	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Exploit arbitrage opportunities across geographies and time horizons. • Enhance market liquidity and tighten bid-ask spreads. • Contribute to efficient price discovery.
Financial Institutions	<ul style="list-style-type: none"> • Develop structured products linked to energy markets. • Introduce electricity as a tradable asset class. • Facilitate renewable energy investments via hedging instruments.

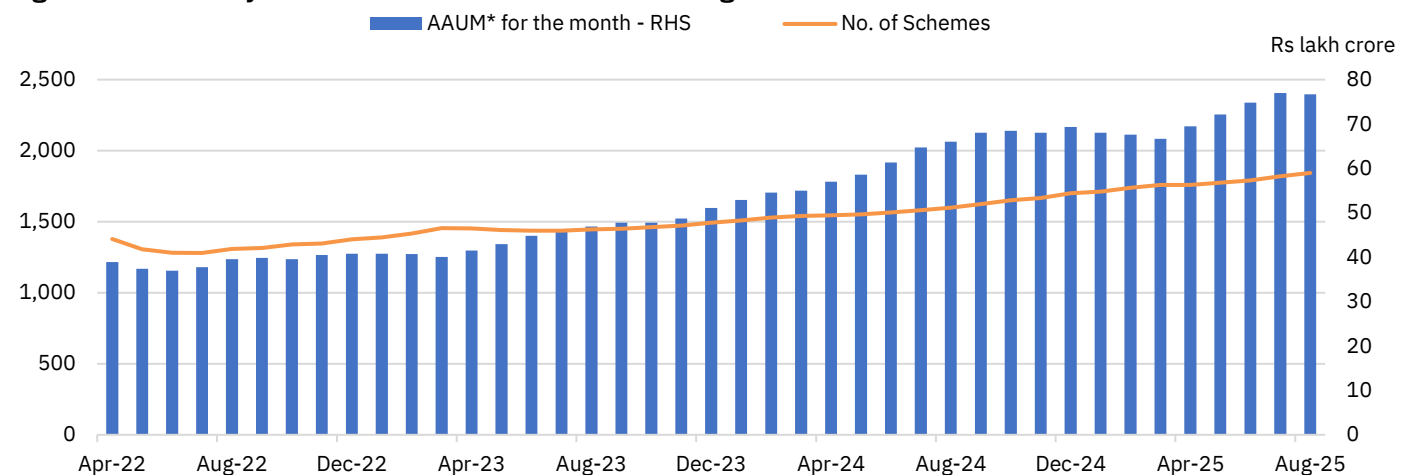
Investment through mutual funds in India

Average Assets Under Management (AAUM) scale a fresh high of Rs 77 lakh crore....:

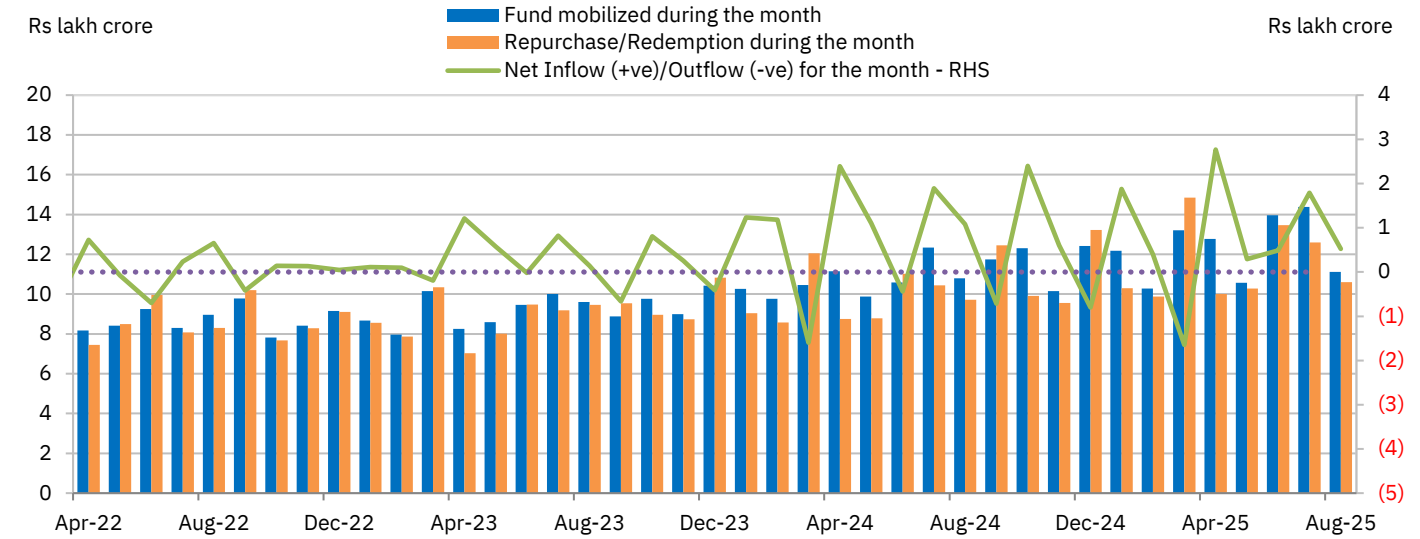
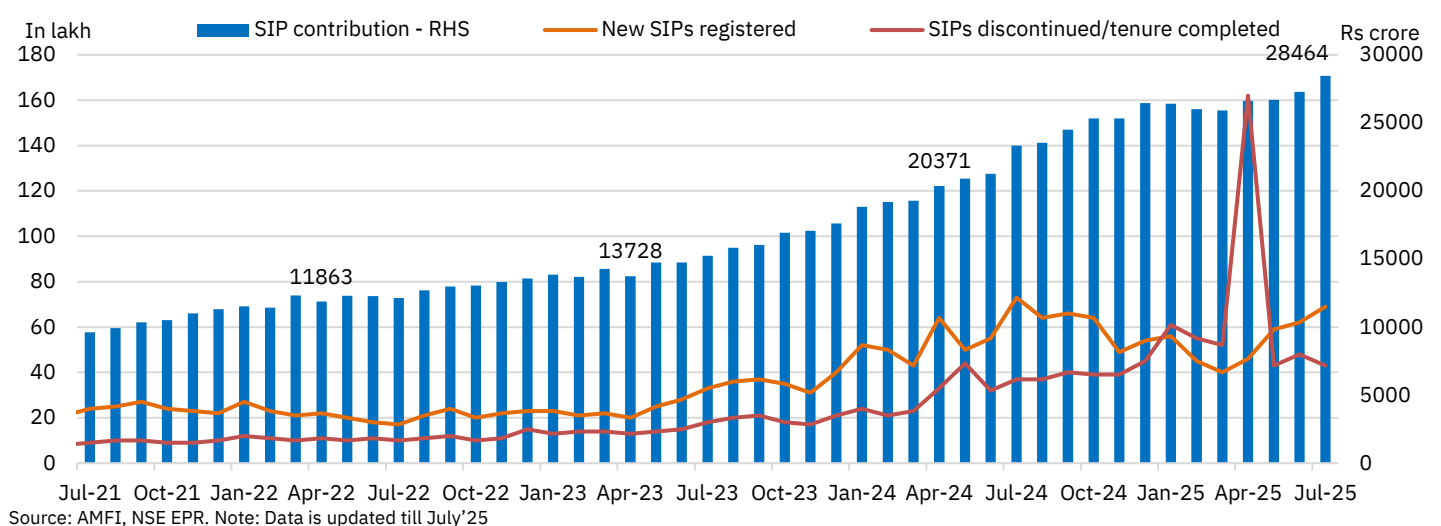
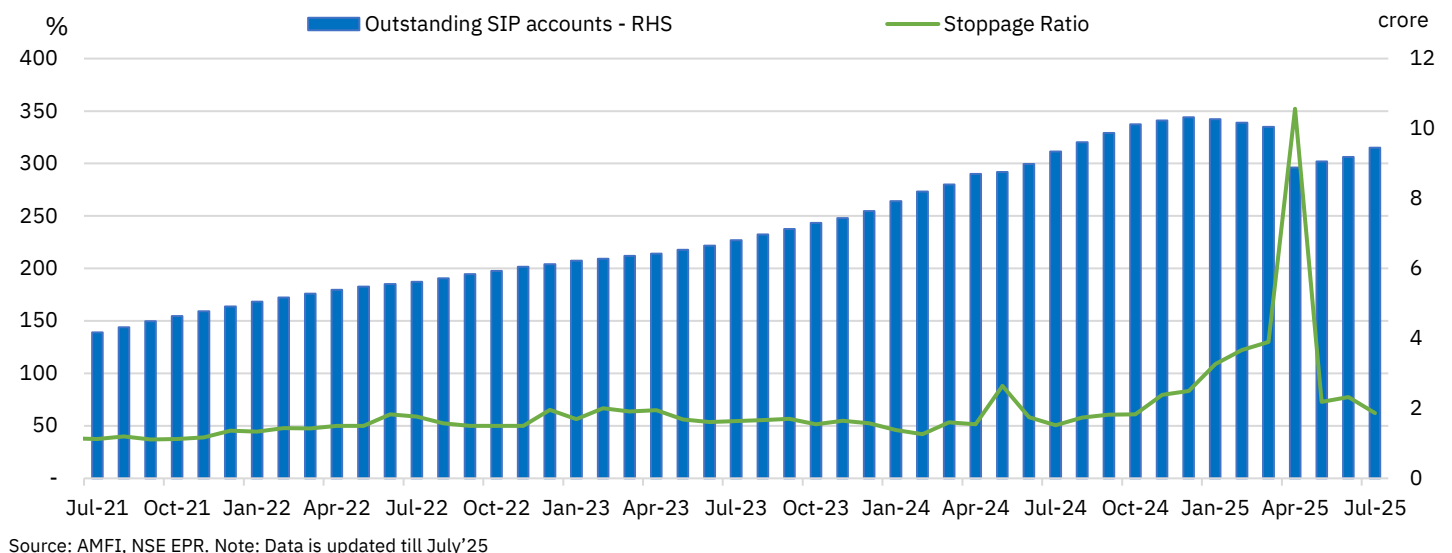
AAUM scaled a new record high of Rs 77 lakh crore in July, registering a 19% YoY growth (3% MoM) and 15.4% since March'25. The surge in AAUM can be primarily ascribed to net inflows rising to a three-month high of Rs 1.8 lakh crore, of which debt mutual funds contributed 60%, followed by equity mutual funds (24%) recording the highest-ever monthly inflow of Rs 42,702 crore. The sizeable inflows recorded in the debt segment can be ascribed to higher institutional allocations typically seen after advance tax outflows at the end of June quarter. The gains in the equity mutual funds were capped in July'25 as investor sentiments weakened amid persistent trade uncertainty and subdued corporate earnings. So far, this fiscal (April-July), the net inflows have been robust at Rs 5.3 lakh crore, higher than the near Rs 5 lakh crore inflows recorded during the same period of last year. As of July'25, the total number of schemes crossed the 1800-mark, ending the month with 1,819 schemes, up from 1,760 at the beginning of the fiscal. Open-ended schemes continued to dominate the industry, aggregating 1,722 schemes and contributing the bulk of the AAUM at ~Rs 76.7 lakh crore. *AAUM of the industry has tapered off to some extent to Rs 76.7 lakh crore as of August'25 led by MTM losses in equity funds and lower sequential net inflows of Rs 52,443 crore (vs. ~Rs 1.8 lakh crore in July).*

...with SIP inflows continuing to scale record high levels: Investor resilience remained strong as monthly SIP contributions grew to a record high of Rs 28,464 crore in July'25, registering a solid 22% YoY (4.4% MoM) growth, underscoring investors' confidence and commitment to long-term and disciplined approach to building wealth. Average monthly SIP inflows stood at Rs 27,263 crore, 13.1% higher than the corresponding average of the previous year and 7.5X higher than the average of Rs 3,660 crore in FY17. Cumulative SIP inflows during 4MFY26 stood at more than one lakh crore, 27% higher than the same period last year. SIP AUM stood at Rs 15.2 lakh crore, recording a 16.1% YoY growth and accounting for little over one-fifth of the overall AUM of the mutual fund industry. New registered SIP accounts rose to a one-year high of 69 lakh and the outstanding number of SIP accounts rose to 9.5 crore, reflecting growing investor confidence. New SIP registrations have continued to grow sequentially with a total addition of 2.3 crore during April-July, underscoring the deepening penetration of systematic investing. *SIP inflows have marginally reduced, albeit remains elevated at Rs 28,265 crore in August'25.*

Figure 364: Monthly trend of total MF schemes and average AUM



Source: AMFI, NSE EPR. *AAUM-Average Assets under Management. Note: Data has been updated till August'25.

Figure 365: Monthly trend of total investment through mutual funds

Figure 366: Monthly trend of SIP contributions, new SIPs registered and discontinued SIPs

Figure 367: Monthly trend of SIP stoppage ratio and o/s SIP accounts


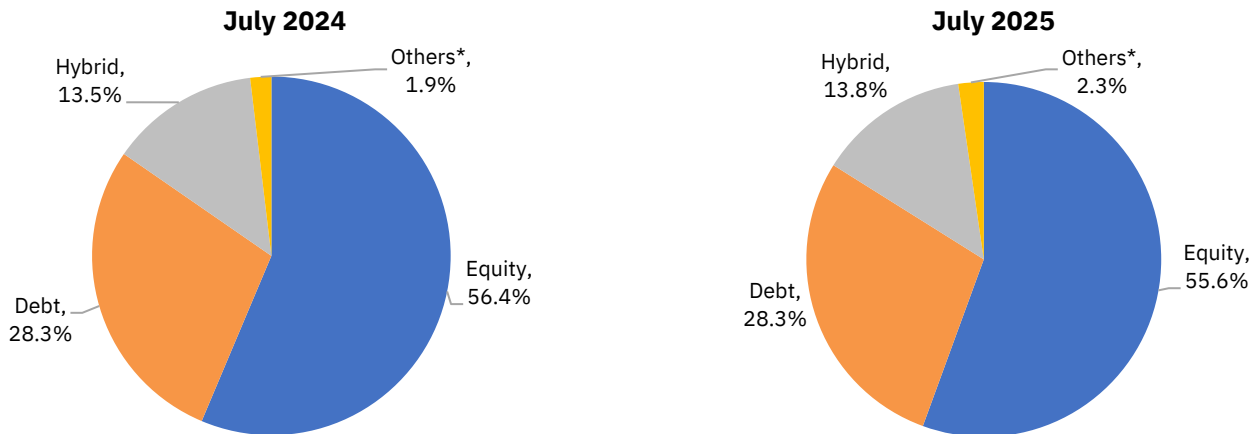
Active equity and debt funds register robust sequential gains in July: Equity mutual fund AAUM rose further by 2.1% MoM (17.4% YoY) to Rs 42.8 lakh crore in July'25, representing about ~56% of the industry's total assets. This growth can be ascribed to sustained retail participation through SIPs, record inflows, and renewed flows in sectoral/thematic funds. That said, the gains were partly capped due to heightened uncertainty in the global economy and its associated impact on the Indian economy. Debt fund AAUM also posted solid gains of 4.6% MoM to Rs 21.8 lakh crore, thanks to positive flows and MTM gains. These gains can be attributed to benign inflationary environment and sustained liquidity surplus in the Indian banking system, which had supported uptick in bond prices. Hybrid funds — accounting for 13.8% of the industry's assets at Rs 10.6 lakh crore, also recorded healthy gains of 3% MoM and 21.7% YoY.

Active funds (only equity and debt) reached an AAUM of Rs 53.3 lakh crore in July'25, comprising nearly 70% of the AAUM of the MF industry and registering a growth of 3.4% MoM and 19.1% on a yearly basis. Barring debt index funds, which registered a narrow sequential decline, all other broad categories saw sequential gains in July. Passive funds (only equity and debt) have scaled a record high level AAUM of Rs 11.3 lakh crore, recording solid YoY growth of 13%. The expansion across both equity and debt segments signals a deepening and broadening of investor participation across styles and strategies.

Table 140: Monthly trend of average AUM of mutual funds across categories

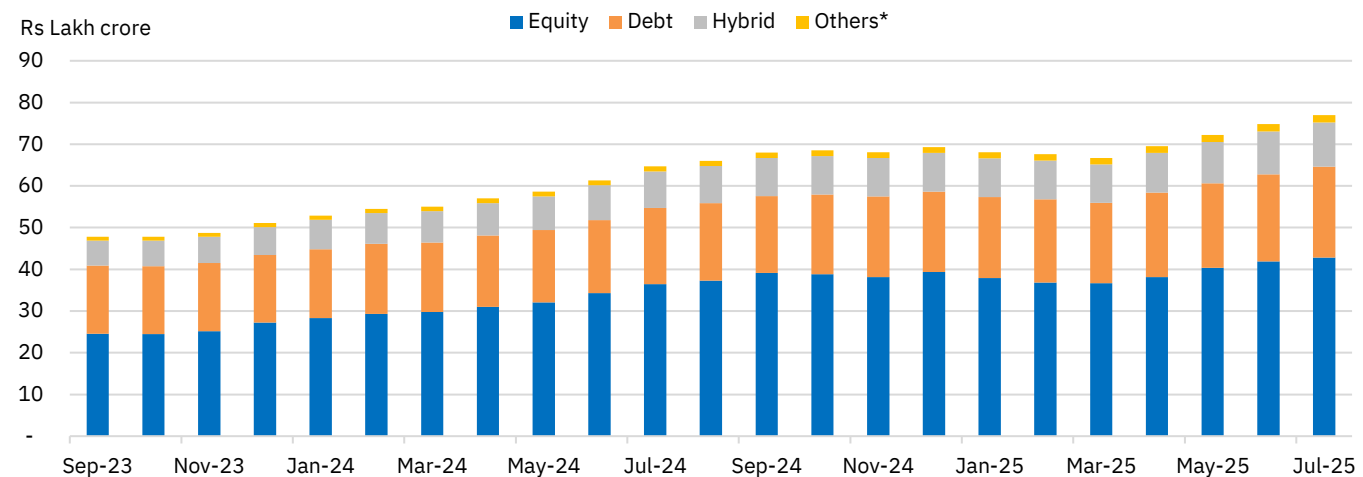
Rs crore	Feb-25	Mar-25	Apr-25	May-25	June-25	Jul-25	% share
Total MF AUM	67,58,305	66,70,186	69,49,894	72,18,274	74,79,156	77,00,420	100.0
Equity	36,82,862	36,65,578	38,15,038	40,33,951	41,91,961	42,80,056	55.6
Active	28,81,576	28,61,058	29,72,197	31,38,920	32,73,430	33,52,241	43.5
Passive	8,01,286	8,04,519	8,42,841	8,95,031	9,18,532	9,27,815	12.0
Index funds	1,61,751	1,62,831	1,71,051	1,83,018	1,91,524	1,95,470	2.5
Domestic	1,56,031	1,57,595	1,66,260	1,77,849	1,86,131	1,89,803	2.5
International	5,720	5,236	4,791	5,170	5,393	5,667	0.1
ETFs	6,39,535	6,41,688	6,71,791	7,12,012	7,27,007	7,32,344	9.5
Domestic	6,25,257	6,28,603	6,59,645	6,98,446	7,12,596	7,17,199	9.3
International	14,278	13,086	12,145	13,567	14,411	15,145	0.2
Debt	19,98,528	19,26,789	20,26,969	20,29,000	20,86,174	21,81,239	28.3
Active	17,92,608	17,19,147	18,17,395	18,20,887	18,79,112	19,74,147	25.6
Passive	2,05,920	2,07,642	2,09,574	2,08,113	2,07,063	2,07,091	2.7
Index funds	1,09,060	1,10,293	1,11,427	1,10,203	1,09,327	1,09,131	1.4
ETFs	96,860	97,350	98,147	97,910	97,736	97,960	1.3
Hybrid	9,25,576	9,26,103	9,52,905	9,93,013	10,30,055	10,61,191	13.8
Others*	1,51,340	1,51,717	1,54,982	1,62,311	1,70,965	1,77,934	2.3

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: Data is updated till July'25

Figure 368: Share of overall mutual fund AUM across asset classes


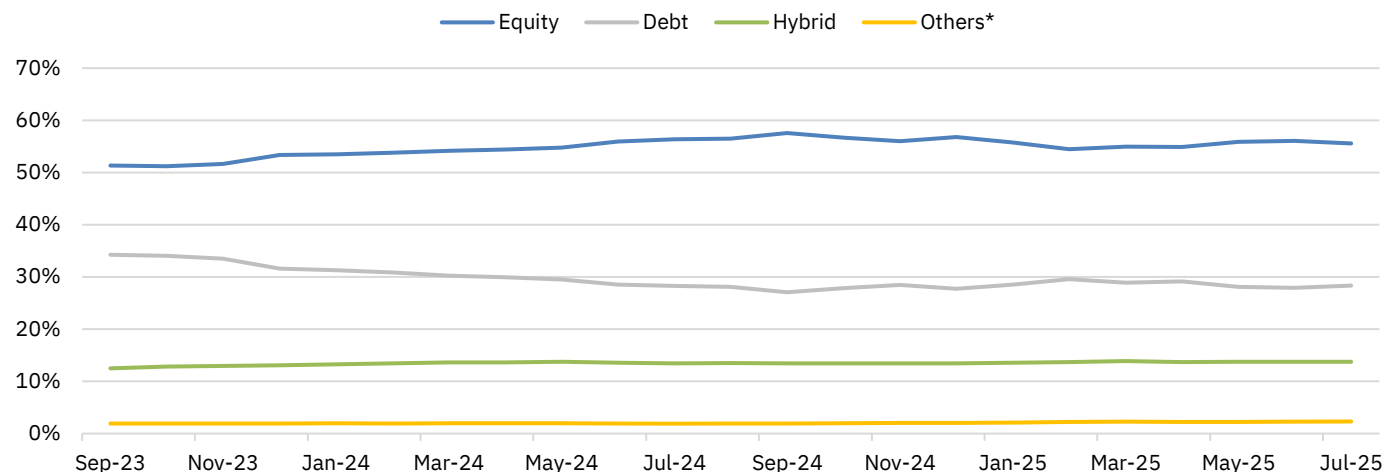
Source: CMIE Economic Outlook, AMFI, NSE EPR

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. 2) Data is updated till July'25

Figure 369: 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. 2) Data is updated till July'25

Figure 370: Category-wise share in mutual fund AUM*


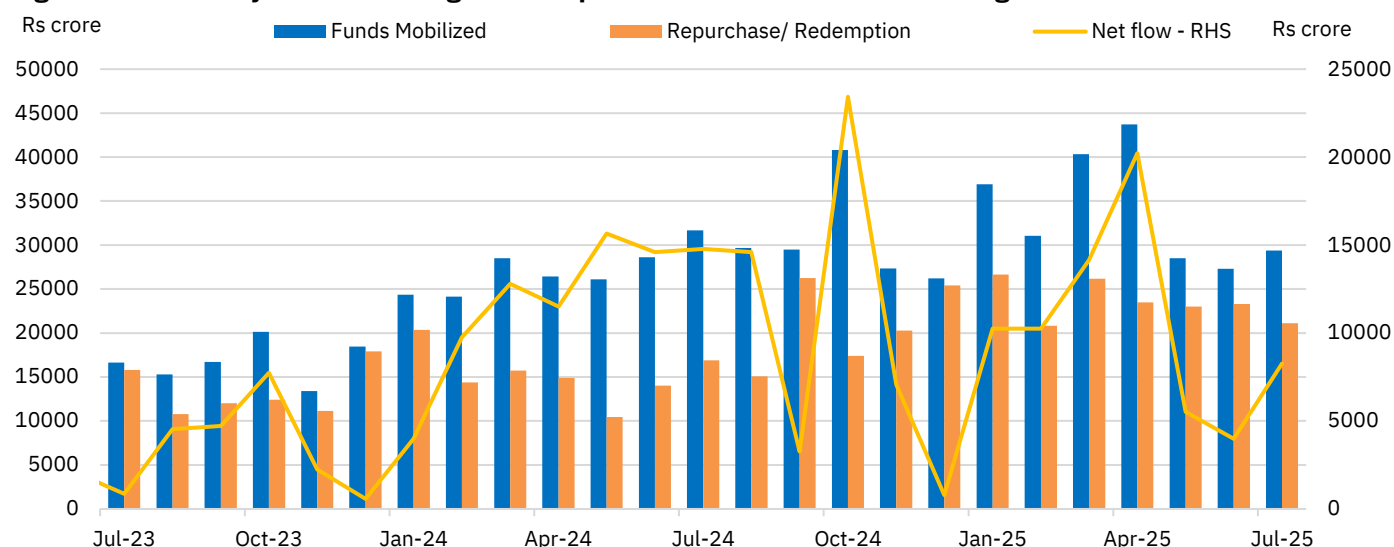
Source: CMIE Economic Outlook, AMFI, NSE EPR.

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. 2) Data is updated till July'25

Passive funds AUM³⁵ continued to expand with strong inflows in equity and commodity segment:

The AAUM of passive funds expanded for the sixth consecutive month to Rs 12.6 lakh crore as of July'2025. The gains were supported by strong macroeconomic fundamentals, partly offset by losses amid global uncertainty and lower than expected domestic corporate earnings. Net inflows in passive funds increased to Rs 8,259 crore, broad-based across major categories but largely driven by domestic equity index funds, ETFs and commodity specific ETFs viz. gold and silver—together recording inflows of Rs 3,160 crore. In the first four months of FY26 (Apr-Jul'25), the inflows into gold and silver ETFs have nearly doubled YoY to Rs 9,451 crore, reflecting safe-haven demand amid heightened geopolitical risks and trade-related uncertainty. This, along with surge in prices, has resulted in the AAUM of gold and silver ETFs more than doubling in the last one year to more than Rs 88,000 crore. Domestic equity ETFs with an AAUM of Rs 7.2 lakh crore, accounting for 57% of the passive fund AAUM, has recorded a ~12% YoY growth. In contrast to equity and commodity specific passive funds, the debt passive fund segment continued to record outflows for the third consecutive month with a total outflow of nearly Rs 6,000 crore as against robust inflow of~ Rs 7,200 in April 2025.

Figure 371: Monthly trend of average AUM of passive mutual funds across categories



Source: CMIE Economic Outlook, AMFI, NSE EPR. Note: Data is updated till July'25

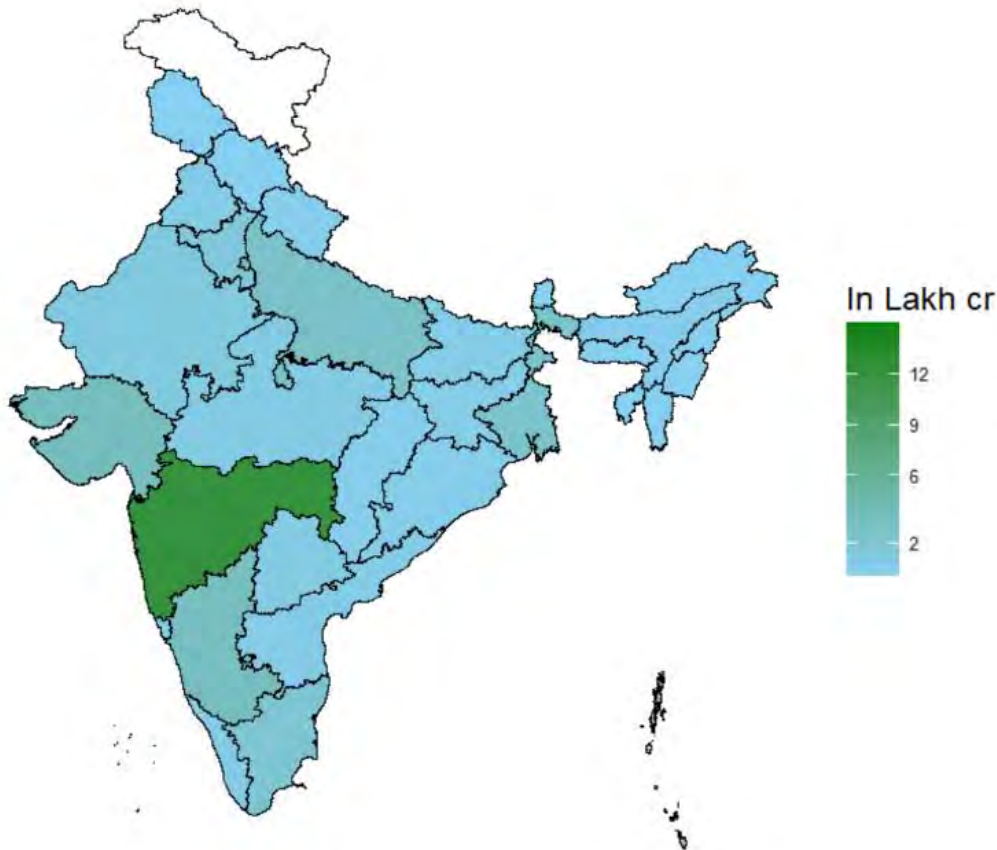
All states and UTs recorded strong MoM gains in Equity AAUM in July:

Equity AAUM in July 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, nearly unchanged from the same month 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. Equity AUM expanded across all states on both sequential and YoY basis, barring a contraction in case of Lakshadweep's AUM on a sequential and YoY basis. Among the top 10 states, Haryana registered the highest

³⁵ 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.

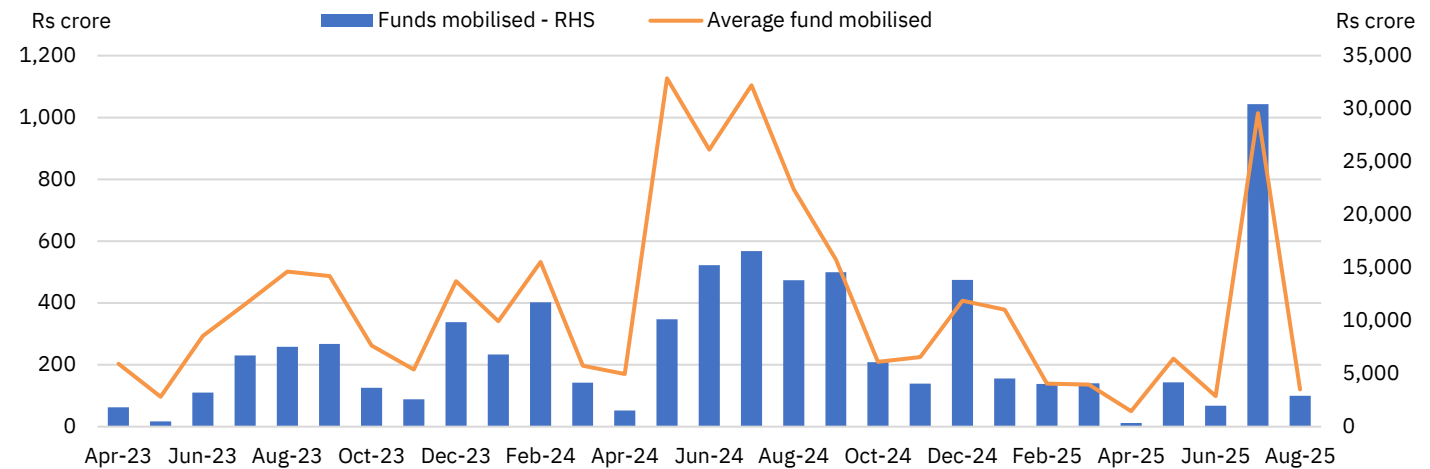
sequential growth of 3.5% to Rs 1.5 lakh crore followed by Delhi, which witnessed a MoM growth of 3.4% to Rs 3.3 lakh crore. Nagaland posted the highest YoY growth of 135% in the equity AUM, albeit on a low base.

Figure 372: State-wise distribution of equity schemes AUM in July'25

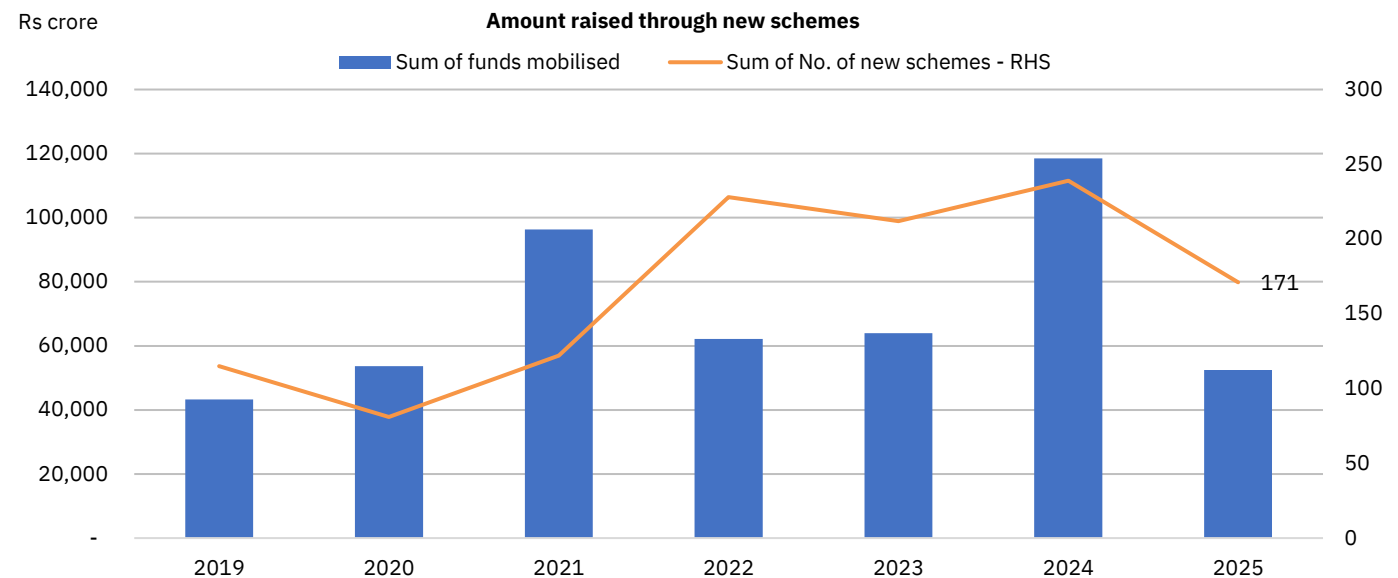


Source: AMFI, NSE EPR. Note: The map is created using the state-level shapefile (<https://github.com/AnujTiwari/India-State-and-Country-Shapefile-Updated-Jan-2020>)

Fund mobilised through NFOs at over six-years high in July: New fund offerings (NFOs) surged to 30 in July with a total fund mobilisation of more than Rs 30,000 crore — the highest in over six years. The average mobilisation per scheme also jumped to its highest level since August 2024 of more than Rs 1,000 crore. So far, this fiscal (April-July), there has been a sharp increase in the number of NFOs to 76, higher than 50 in the corresponding period last year. That said, the amount mobilized through NFOs has declined to Rs 36,922 crore, (vs. Rs 43,464 crore in the same period last year). *The fund mobilised through NFOs declined significantly to Rs 2,904 crore in August'25, raising funds through 24 new schemes.*

Figure 373: Monthly trend of total investment through new schemes


Source: AMFI, NSE EPR. Note: 1) Data is updated till August'25.

Figure 374: Annual trend of total investment through new schemes


Source: AMFI, NSE EPR. Note: 1) Data is updated till August'25

Contract size matters: Evidence from global exchanges

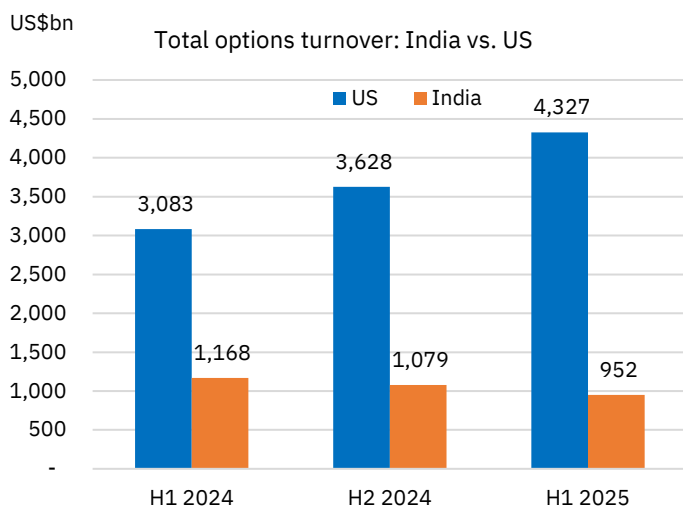
The NSE has remained the top derivatives exchange in the world since 2019 in terms of the number of contracts traded. Last year (2024), there were over 12,397 crore contracts traded across equity and index futures and options, over 81% of the global total. However, this dominance in contract count also 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 141: 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

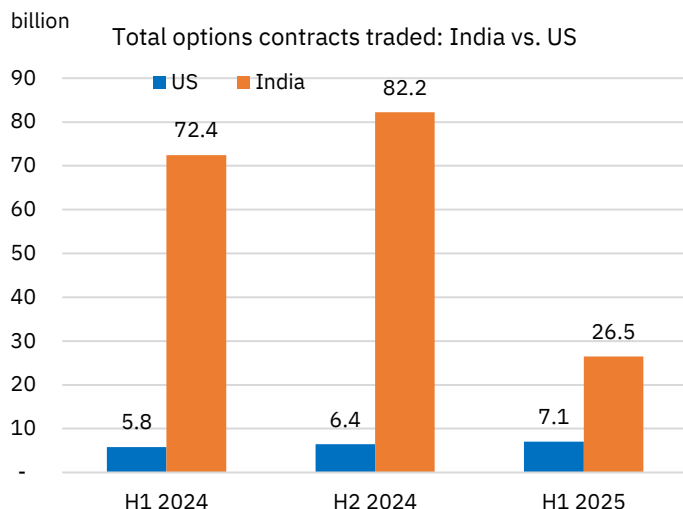
Source: CBOE, NSE. * Calculated as Index level * contract size.

Figure 375: Total options turnover: India vs. US



Source: OCC, NSE, BSE.

Figure 376: 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 50,³⁶ 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:

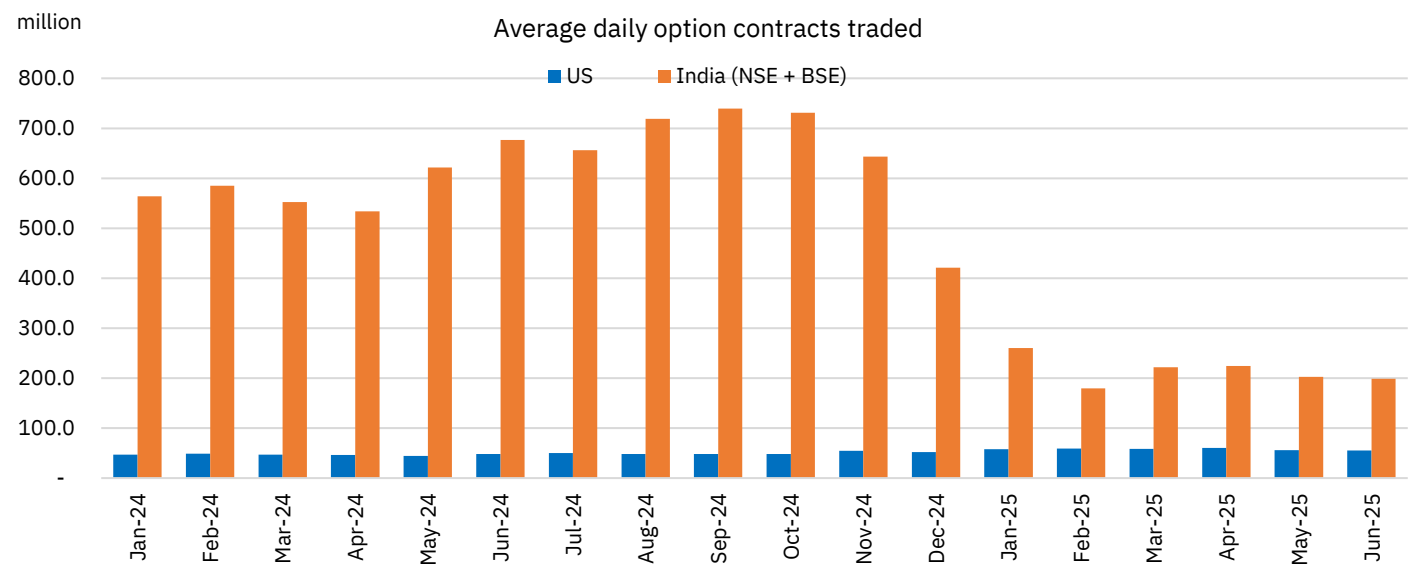
Indian exchanges (NSE, BSE) trade over 3.7x that of the exchange-traded options in the US, i.e., options with underlying as stocks, indexes and ETFs (cleared on Options Clearing Corporation). In terms of premium turnover, however, Indian options market was just a little over 20% of the US options premium 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.

³⁶³⁶ <https://clientes.b3.com.br/en/w/reduction-in-options-on-ibovespa-contract-size?>

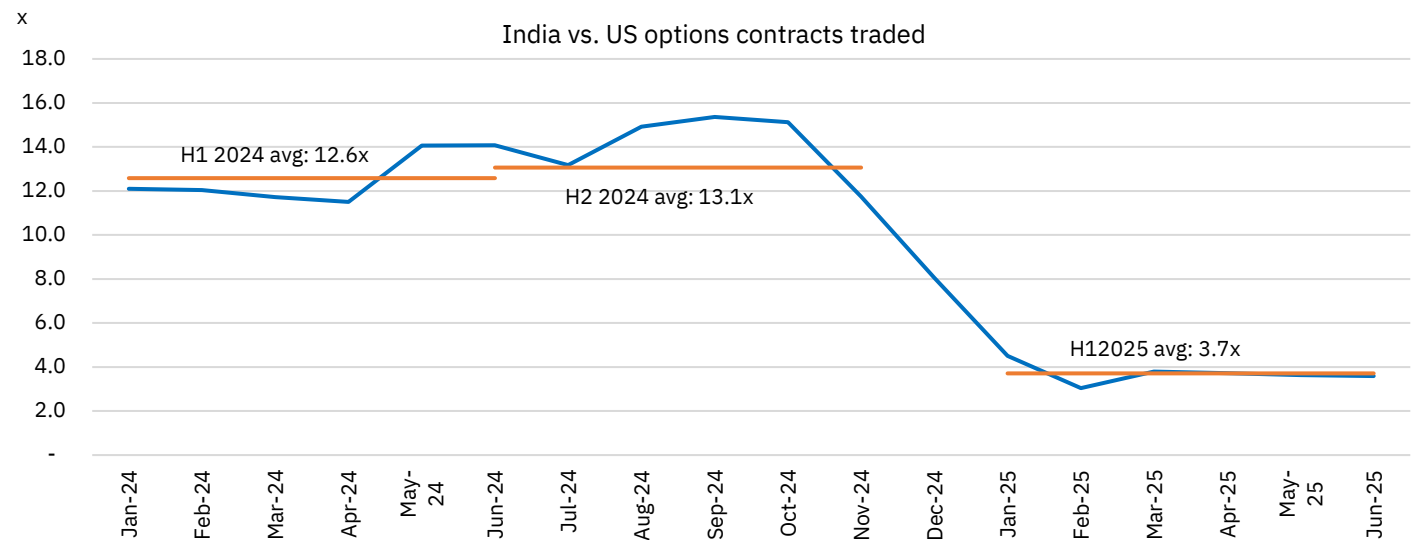
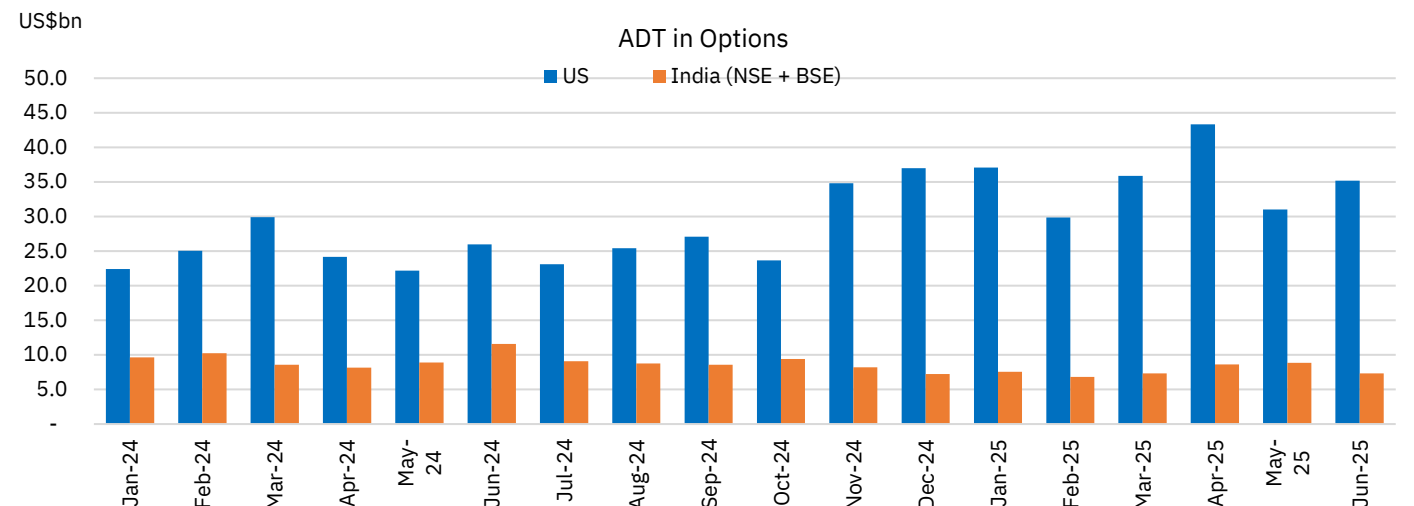
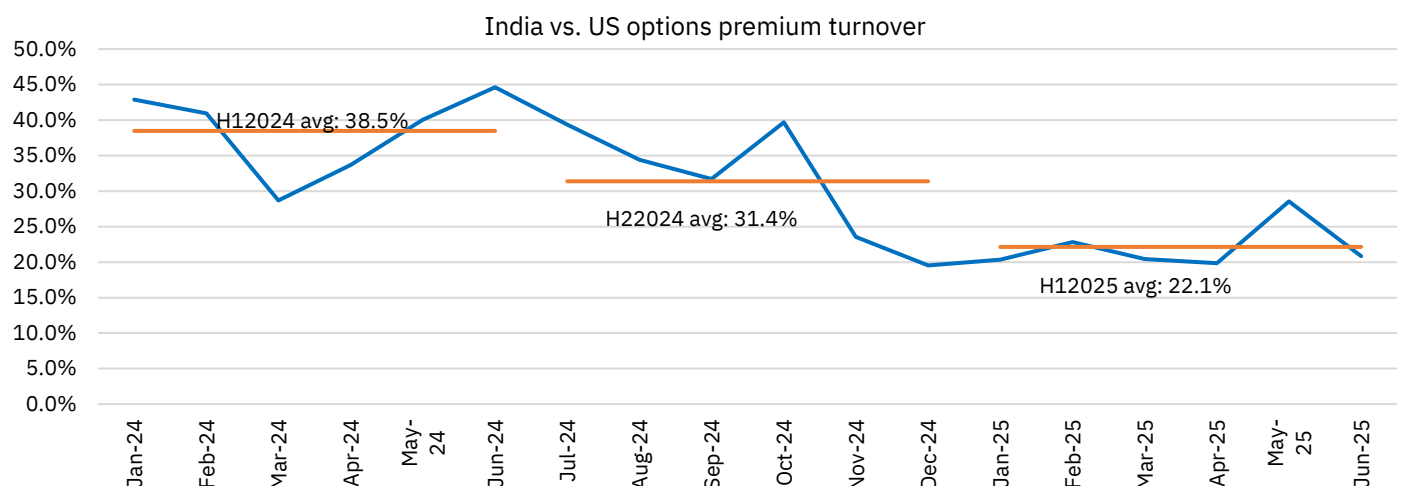
Table 142: Exchange-wise options volume and premium traded in the US in H1 2025

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 377: Monthly trend of average daily options contracts traded in the US and India


Source: OCC, NSE, BSE.

Figure 378: Monthly trend of the ratio of India and US options contracts traded

Figure 379: Monthly trend of average daily options premium turnover in the US and India

Figure 380: 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)	2.2
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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