Speaking notes of Shri Ananth Narayan G, WTM SEBI
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1. Medium term outlook on macros and more

On the back of rapid progress in areas such as Artificial Intelligence, Quantum Computing, robotics, and energy, the global economy is likely to dramatically change over the next 5, 10, 15 years – in ways that we perhaps cannot fully fathom today.

Alongside, global trade and geopolitics could well see a churn.

Amidst all these consequential changes, it is inevitable that the nature of capital and capital markets might well change as well.

We can either be passive and wait for the change & react to it or play an active role in defining the future on a global scale.

2. India's prospects in the emerging world

At the core, our people have fire-in-the-belly aspirations, are talented and brilliant, have risk-taking ability, and can innovate. While we also have our share of challenges, it is up to us to grab the opportunity and help define the future globally.

3. Way forward for Indian industry & CII

Industry needs to lead the way forward. We need industry to think big, invest, to take risks, to undertake smart R&D, and help create the future at a global scale, rather than just react to it. The next set of smartphone/ AI/ quantum computing/ energy revolution type game-changing innovations should come from India. We recognize that facilitating funding and capital formation will be crucial in this journey, which is where we come in.

4. Way forward for SEBI

As Chairman SEBI said, we aim for optimum regulation to drive sustained capital formation, including to help fund the ecosystem so that it can define the future. We will team with industry and all other stakeholders to co-create this on an ongoing basis. Help us remove type 1 errors (when bad things happening & trust is shaken) and type 2 errors (where onerous regulations come in the way of capital formation). Let us be trusted, constructive advisors to each other.

5. AIFs

One sector that will likely be key to shaping the future is our Alternative Investment Fund (AIF) industry. Domestic private capital via the AIF industry is growing rapidly, at a time when global capital is risk averse. AIFs can be crucial to channel risk-aware and risk-savvy money into entrepreneurs and risk takers.

Indian AIF commitments are now at over INR 13 lakh crores, and net investments are at over INR 5 lakh crore. AIFs net invested over 1 lakh crore in 2024, numbers that are somewhat comparable to the flows into Mutual Funds.

We did have our share of issues with sections of this this industry 2 years ago, when we found some AIFs being structured to circumvent financial sector regulations. The good news is that stakeholders, associations such as IVCA, and SEBI have worked since then to ensure these Type I errors are plugged, hopefully without creating too many Type II errors. This type of co-creation and constructive dialog is exactly what we need. With this comfort, we are now collectively looking to lubricate the AIF ecosystem better and improve ease of doing investments.

Going forward, we should further leverage the Accredited Investor model to identify risk-aware and risk capable investors, so that they can more freely fund risk takers.

6. Trust & governance

Reputation, trust, and governance are super important in this hyper-connected world. CFOs have a special responsibility in strengthening trust. Without trust, our virtuous cycle of capital formation will struggle. If you see something, say something. The frontline bears the full primary responsibility of ensuring fair and credible reporting and disclosures – including around valuation, related party transactions, and ensuring compliance with the letter and spirit of regulations.

In closing, the world is likely to change dramatically, we have the potential to shape the future, we look forward to working with all stakeholders to ensure the sustained capital formation that is needed for us to achieve our immense economical potential.