Address by Shri Tuhin Kanta Pandey, Chairman, SEBI
"30 years of the launch of the Nifty 50 Index"
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Shri Swaminathan Gurumurthy, Independent Director, RBI, Shri Injeti Srinivas, Chairman, NSE, Shri Ashishkumar Chauhan, MD and CEO, NSE, Shri Annirudha Chatterjee, MD, NSE Indices, distinguished guests, industry professionals, ladies and gentlemen,

Good evening to all of you.

It is a pleasure to join you today as we celebrate 30 years of the Nifty 50 Index. Occasions like this are not merely about marking a number or a milestone. They offer us an opportunity to reflect on a journey — the journey of institutions, markets and investors.

Over the last three decades, the Nifty has become one of the most widely tracked indicators of India's market. For investors, it is a benchmark. For market participants, it is a reference point. And for many observers of the economy, it is a window into the evolving story of Indian enterprise.

In many ways, therefore, the story of the Nifty is closely intertwined with the story of India's capital markets.

We are also meeting at a time when global markets are experiencing turbulence and volatility arising from middle-east war - choking off vital shipping lines, triggering oil & gas supply and price shocks. Like rest of the globe, India too is deeply impacted by such developments.

Yet, amid such uncertainties, India's domestic fundamentals have continued to remain strong providing resilience. It is important not to panic at this moment, but to remain calm amidst this storm.

The Nifty itself has navigated several such phases in the past 30 years — periods of uncertainty, volatility and global shocks. And yet, over the long run, it has continued to reflect the strength and resilience of India's growth story.

The Emergence of Modern Market Infrastructure

To appreciate the significance of the Nifty 50, it is useful to recall the period in which it emerged. The mid-1990s were a defining phase for India's financial markets. The country was in the early years of economic liberalisation. Financial sector reforms were gaining momentum. Institutions were being built to support a more transparent and efficient market system.

One of the most significant developments during that period was the establishment of the National Stock Exchange (NSE) itself. The NSE introduced a new paradigm to market infrastructure — technology-driven trading, nationwide access, transparent order matching, and modern risk management systems. It marked a decisive shift from traditional floor-based trading to a fully electronic market structure.

It was in this context that the Nifty 50 Index was launched in 1996. Designed as a transparent and rules-based benchmark, it represented leading companies across key sectors of the economy.

Over time, the index grew alongside the broader transformation of India's securities market architecture.

A Mirror of India's Economic Transformation

As India's economy expanded and diversified, the composition and performance of the Nifty reflected these changes.

Over the last three decades, we have witnessed the rise of new industries and the expansion of existing ones — from information technology and financial services to telecommunications, consumption-driven businesses, and several new-age sectors.

The sectoral composition of the Nifty itself illustrates this transformation.

When the index was launched in FY96, sectors such as IT and Communication Services had virtually no presence in the index. Today, together they account for about 13.5% of the Nifty's weight. The Financial sector has expanded significantly, with its weight increasing from around 21% at the time of launch to about 38% as at end of Feb-2025.

At the same time, the growth of the broader market ecosystem has been equally remarkable.

India today has over 140 million unique investors, reflecting a steady shift of household savings toward capital markets. The market capitalisation of companies listed on NSE now exceeds 130% of GDP, compared with around 35 percent in FY95. Individuals and domestic mutual funds together now hold about 36% of the free-float market capitalisation of Nifty 50 companies.

The strength of India's market infrastructure has also played a vital role in this journey.

Today, India's exchanges rank among the most active globally. Our markets host one of the largest numbers of listed companies, facilitate a very large number of IPOs each year, and account for one of the highest volumes of derivatives contracts traded worldwide.

India has also emerged as a major global market in terms of efficiency, with faster settlement cycles and shorter listing timelines.

An important feature of our market ecosystem is that while exchanges compete with each other, they also collaborate when it comes to strengthening system-wide resilience.

Initiatives such as common contract notes, interoperability across exchanges / clearing corporations, and the creation of alternate trading arrangements reflect this collaborative approach.

These developments reflect a deeper and more mature market ecosystem.

From Benchmark to Market Ecosystem

While the Nifty was originally introduced as a benchmark index, its role has expanded considerably over time. Today it serves as a central reference point for institutional investors, mutual funds, and portfolio managers.

Since its inception, the Nifty 50 has increased around 25-fold, delivering a compound annual growth rate of around 11 percent.

More than 40 exchange-traded funds and index funds track the Nifty 50 index - providing investors with simple and cost-effective ways to participate in equity markets.

Nifty 50 constituent companies, today account for around 44% of the total market capitalisation of all listed companies - highlighting their significance in India’s corporate landscape.

At the same time, derivative products based on the index have become important instruments for price discovery and risk management.

These developments have transformed the Nifty from merely a measurement tool into a core component of the capital market ecosystem.

Building Strong and Resilient Market Institutions

Market growth of this nature requires strong institutions and a robust regulatory framework. Over the past three decades, India’s securities market has seen the steady strengthening of its institutional pillars — exchanges, clearing corporations, depositories, and intermediaries.

Regulatory frameworks have evolved continuously to support the expansion of markets while safeguarding their integrity.

Key areas such as market surveillance systems, clearing and settlement mechanisms, and risk management practices have been strengthened over time.

Our objective is clear — to enable innovation and growth while preserving market integrity and investor confidence.

In this direction, we have introduced several reforms to strengthen governance and oversight of Market Infrastructure Institutions (MIIs).

- We have mandated external independent performance evaluations of MIIs and their statutory committees.
- We have issued governance guidelines to strengthen board oversight, including norms relating to the appointment of key directors and clearer reporting lines for key management personnel.
- Boards of listed companies are being nudged from ceremonial oversight to active stewardship.
- We have set up a high-level expert working group to develop a short-term and a long-term strategic technology roadmap for the securities market ecosystem.

Technology is increasingly central to both market functioning and regulation.

At SEBI, we are strengthening our supervisory capabilities through internally developed tools such as SEBI Sudarshan - a real-time scanner for surveillance of unauthorized digital activity, and SEBI R(AI)DAR - an AI-driven system for reviewing advertisements. We are also deploying analytical tools to conduct sentiment analysis of corporate announcements.

At the same time, exchanges and other market institutions must continue to invest in technology infrastructure, cyber resilience and advanced risk management systems.

The Next Phase of Market Evolution

While today's occasion invites reflection on the past, it also encourages us to look ahead.

India's economy is evolving rapidly. New sectors are emerging, driven by technology, digital innovation, advanced manufacturing and the green transition.

The next generation of companies that shape our markets may come from industries that are still at an early stage today. As India's economy continues to grow and integrate with global financial systems, our markets will also become larger and more complex.

This will create new opportunities — but also new responsibilities.

In this evolving landscape, the role of regulators and market institutions becomes even more important.

Closing: A Continuing Journey

As we celebrate three decades of the Nifty 50, we are not just marking the history of an index. We are recognising a broader journey — the journey of India's capital markets and the institutions that support them.

Over these thirty years, the Nifty has become a mirror of corporate India, a barometer of investor sentiment, and a compass for the direction of our markets.

This journey has been made possible by the collective efforts of many stakeholders — exchanges, regulators, intermediaries, market institutions, and millions of investors.

I congratulate all of them for contributing to the evolution of India's capital markets.

If the past decades were about building strong market foundations, the decades ahead will be about deepening participation, strengthening resilience and expanding opportunities.

And I am confident that the Nifty will continue to remain an important anchor in this journey.

Thank you.