

global wonderland of industry and commerce. All these bode well for the Indian stock market, which is expected to undergo significant changes in terms of policy, and technology, and will see greater participation from smaller cities by 2047, when India celebrates its centenary of Independence.

## TECH ADVANCEMENT

Technology will play a crucial role in driving innovation in the Indian market. It will make transactions easier and cheaper, attracting more investors. "Increased algorithmic trading will make markets more efficient. As India's share of the world GDP grows, there will be more global integration, enabling seamless cross-border trading and investment," Bahety says.

For data analytics and security, Rupen Rajguru, Head of Equity Investments and Strategy at Julius Baer India, says, the exchanges may use AI and blockchain technology. Gurpreet Sidana, CEO of Religare Broking, expects blockchain to revolutionise settlements by 2047, making them faster and more secure. And, quantum computing could unlock unprecedented analytical power, while virtual and augmented reality may transport investors to immersive trading experiences.

Over the years, India's stock trade settlement cycle transitioned from T+5 (or trade plus five days) to T+1 in 2021. In fact, currently, the beta version of same-day settlement (T+0) is available for 25 stocks. "Going forward, instant settlement can come into play. Technological advancements can also help in developing voice-based trading platforms and real-time resolution of client queries," says Sarvjeet Singh Virk, Co-founder and MD of Shoonya by Finvasia.

# NIFTY COMPOSITION

• The weightage of the private banking sector increased in the past 20 years, while that of the oil & gas sector has reduced substantially

Sector	WEIGHTAGE IN NIFTY 50 (%)			
	Dec 2004	Dec 2012	Dec 2020	Jul 2024
Automobile	6.7	8.8	5.4	8.2
Banks (Private)	4.7	16.9	24.7	25.1
Banks (Public)	5.8	4.7	1.8	3
NBFC+Insurance	2.1	7.9	12.3	4.7
Capital Goods	4	5.9	2.6	4
Cement	2.8	4.2	2.2	2.2
Consumer	7.8	12.3	10.4	9.7
Healthcare	6.3	5	3.6	4.3
Metals	8.2	3.8	2	2.9
Oil & Gas	27.1	12.3	12.5	11
Telecom	6.3	2	2	3.6
Technology	14.5	11.4	16.3	13.8
Utilities	1.9	4.5	2.1	4.3
Miscellaneous	2	0.5	2.1	3.1

**NOTE** MERGER OF HDFC AND HDFC BANK RESULTED IN A SHIFT IN WEIGHTAGE FROM NBFCs TO PRIVATE BANKS IN 2023 **SOURCE** MOTILAL OSWAL FINANCIAL SERVICES

Rajkumar Singhal, CEO of Quest Investment Advisors, predicts that the investing community, stock exchanges, and regulators will all embrace AI and machine learning. "Investors will use them for predictive analytics and algorithmic trading," he says.

## MARKET DRIVERS

There are three key factors that have a significant impact on equity markets: sentiment, liquidity, and fundamentals. The first two influence short-term performance, while the fundamentals determine the long-term trajectory of the market.

The market has been surging ahead for some time now, thanks to

a stable government at the centre and a rising economy, among other factors. Government, corporate, and household balance sheets in India are all strong, which, according to Rajguru, has kick-started a strong economic cycle.

Another factor likely to significantly impact the stock market is the financialisation of savings into equities. Currently, equity accounts for just 4% of household assets in India, compared to around 11% in the US. "We expect equity weight to increase to 10% over the next decade, resulting in an inflow of \$2 trillion, which is substantial compared with current market cap of \$5 trillion," says Bahety. And, this inflow, coupled with other factors mentioned