Press Release

Exchange Traded Funds (ETFs) in India achieve a new milestone
100 ETFs listed on India’s National Stock Exchange of India

Mumbai, July 05, 2021: The Exchange traded funds (ETFs) began their journey in India way back in 2002, when the first ETF by Nippon India Mutual fund (erstwhile Benchmark Asset Management Company Ltd) was launched in India on the Nifty 50 Index. The ETF was listed on NSE on January 8, 2002 and day one witnessed trading of Rs. 1.30 crores on NSE.

The journey to listing of the 100th ETF on NSE took more than 19 years. Last one-year period has seen a lot of activity in the ETF space, with 21 ETFs getting listed on NSE. The assets under management of ETFs in India is now at Rs. 3.16 lakh crores (end of May 2021), witnessing more than 13.8 times increase in five years, as compared to Rs. 23,000 crores (end of April 2016).

On the occasion, Mr. Vikram Limaye, MD & CEO, NSE said: “India is a retail investor driven market. Channelizing household savings into financial products which aids capital formation has always been one of our key objectives. Exchange traded funds are simple and low-cost investment option, particularly for small and first-time investors to take exposure to equity markets through participation on the stock exchanges. Apart from retail investors, participation of provident/pension funds in equity markets through ETFs and Government of India using ETFs for their disinvestment programs have given a big boost to the ETF industry in India.

I thank our regulator Securities Exchange Board of India (SEBI) and congratulate all the asset management companies who have launched the ETFs, index providers who provided benchmark indices for the ETFs, trading members and all other stakeholders. Achievement of this milestone has been made possible by the support of entire ecosystem.”

The Nifty 50 Index continues to be the most post popular index and 17 asset management companies (AMCs) have launched ETF on this index. The other popular equity indices on which AMCs have launched ETFs include Nifty Bank Index and Nifty Next 50 index. With the increasing popularity of ETFs and acceptances of passive investment options by investors, AMCs are now seeing an increasing traction and have been launching ETFs on different themes such as sectoral ETFs like Healthcare & Consumption, strategy ETFs on indices such as Nifty50 Value 20 index, Nifty 100 Low Volatility 30 Index, Nifty Alpha Low-Volatility 30 Index, and Nifty 200 Quality 30 Index, etc.

ETFs are also available on Gold. There are 11 ETFs with the underlying assets as Gold. Last financial year witnessed a record participation, with more than 12 lakh investors transacting in Gold ETFs. The Assets under management in Gold ETFs has touched Rs. 16,624 crores; 2.5 times increase in the last 5 years.

Debt oriented ETFs in India has assets under management of about Rs 40,230 crores and 13 ETFs are listed on NSE with underlying investments in Government securities – Central Government as well as State Government, Corporate Bonds and money market instruments. The most popular corporate bond ETFs are on the Bharat Bond Index series with assets under management of about Rs. 34,000 crores. The ETFs launched on Bharat Bond index had many firsts to its credit - First ETFs with underlying as the public sector enterprises corporate bonds and First Target maturity ETFs.
There are 60 ETFs available under the securities lending and borrowing scheme, where investors can lend or borrow the ETF units. Cross margin to index-based exchange-traded funds benefit is also available on some of the ETFs like the facility available in the equity stocks, index futures and stock futures.

To encourage participation in equity ETFs, Government of India has also reduced securities transaction tax (STT) to just 0.001% applicable only during selling of the units. Further, STT is not applicable to the non-equity-oriented ETFs.

The average daily turnover of ETFs on NSE stood at around Rs. 265 crores in the current financial year. The number of investors transacting in ETFs has also gone up by 96% from 20.4 lakhs in FY20 to 40.1 lakhs in FY21. The first 3 months of FY22 has already seen transactions by more than 22 lakh investors.

As per the data available with the World Federation of Exchanges, NSE now ranks 9th globally in terms of number of trades in ETFs as on May 2021.

**About National Stock Exchange of India Limited (NSE):**
National Stock Exchange of India (NSE) is the world’s largest derivatives exchange by trading volume (contracts) as per the statistics maintained by Futures Industry Association (FIA) for calendar year 2020. NSE is ranked 4th in the world in the cash equities by number of trades as per the statistics maintained by the World Federation of Exchanges (WFE) for calendar year 2020. NSE was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, based on SEBI data. NSE has a fully-integrated business model comprising exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading and clearing members with the rules and regulations of the exchange. NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology.

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