

# MARKETS IN MOTION

developments that matter in financial markets

## Mumbai, the Financial Capital of India

“Mumbai needs to become the first world city that can attract the brightest minds of the world by being an attractive place to live, work and play.”

High Powered Expert Committee on Making Mumbai an International Financial Centre


**FTKMC**  
 FINANCIAL TECHNOLOGIES KNOWLEDGE MANAGEMENT CO.

### MARKETS

- Equities
- Commodities
- Currencies
- Debt
- Banking
- Insurance
- Financial Services

### PRACTICE

- Executive Education
- Certification
- Consultancy
- Research
- Advisory Services

### FORUMS

- The Strategy Dialogue
- Financial Markets Forum
- FINET
- Commodities Camp

### REPORTS

- Financial Markets Review
- Market Briefings

### SPL PROGRAMMES

- Markets in Motion
- Global Financial Markets Practice
- Winter School

NATIONAL  
SIMULATION LAB

www.ftkmc.com

### Forthcoming Programme

## MCX CERTIFIED COMMODITY PROFESSIONAL (MCCP)

May 24 - June 1, 2011  
Venue: Mumbai

For details, contact:

**Bhairavee Redkar**  
Mobile: +91 9930267955  
Email: bhairavee.redkar@ftkmc.com  
**Giridhari Kawadker**  
Mobile: +91 9930267985  
Email: giridhari.kawadker@ftkmc.com

### Introduction

Mumbai enjoys the distinction of being the financial capital of India. A city comprising seven islands, Mumbai has a long history of establishing trade relationships with Rome as early as in 300 BC. Mumbai is ranked the fourth biggest city among the 30 urban agglomerations in the world by a recent study by PricewaterhouseCoopers.

Mumbai has a long history of financial system development. Jignesh Shah, promoter of the Financial Technologies Group, in his book that traced the origins of commodities trading in India, notes, “Through the many phases of urbanization in India, it is clear that the expansion of trade and the development of markets were central to the development of not only cities and the urban landscape, but also the growth of the kingdom and civilization itself.” Mumbai has several unique features that make it a competitive city that attracts business, people and investments from India and abroad. Apart from being located in a favourable time zone (GMT+5.5 hours) that provides Mumbai with access to markets in Africa, Europe and the Middle East during the day time, and the US also to some extent in the evening, which has relevance for trading in commodities and currencies, it is endowed with numerous other features that add to its competitiveness.

### Contribution to India's Economy

Mumbai makes significant contribution to size, growth and development of numerous segments of the real economy and the financial markets. Several innovations in the Indian financial markets originated in Mumbai, which include:

- Stock market culture in India
- Financial markets regulation
- Spot, futures and other derivatives trading
- Electronic and online trading
- National Stock Exchanges (NSE/BSE/MCX-SX)
- Credit rating agencies (CRISIL/CARE)
- Self-regulatory institutions (IBA, AMFI, FIMDA, FEDAI, etc.)
- Securities settlement; T+2 days
- Dematerialization and depositories ( NSDL/CDSL)
- Multi-asset-class trading platforms (Financial Technologies Group)
- Modern commodities markets (MCX/NCDEX)
- Growth of currency derivatives (MCX-SX)
- Biggest private sector collateral management for agricultural markets (NBHC)
- Spot market for agricultural commodities (NSEL)

Besides, Mumbai also contributes sizably to various segments of finance and the economy.

### Size and Significance of Mumbai

As of Sept 30, 2010	Size (\$ bn)	%
Bank Deposits	210	20
Bank Advances	183	24
Cheques Cleared	431	19
Trading in Equities (cash market)	752	61

A sizable part of the business of commercial and investment banks, exchanges, securities firms, private equity and other financial services operates from Mumbai as the base. The significance of Mumbai could be measured from the presence of premier institutions across all major constituents of the financial sector.

### Contribution to Financial Market

A large part of the growth in Indian capital markets in terms of business and expansion is contributed by Mumbai. In the last five years, Indian financial sector has shown exceptional growth, drawing on the strengths of financial centres such as Mumbai. For instance, bank deposits in India during 2005-10 more than doubled from \$535 billion to \$1,339 billion and bank advances from \$250 billion to \$721 billion. There are nearly 5,000 companies listed in the Indian stock markets, making Mumbai as a capital market with largest number of listings. Stock market capitalization during 2005-10 rose nearly three times from \$553 billion in 2005 to \$1,631 billion in 2010 and stock market turnover from \$314 billion to \$801 billion. There are about 1,700 foreign institutional investors with their investment flows showing a sharp rise from \$9.5 billion in 2005 to about \$40 billion in 2010.

In 2007, Ministry of Finance, the Government of India, constituted a High Powered Expert Committee to examine various aspects of making Mumbai an International Financial Centre. By 2025, it is estimated that Mumbai, with a population of 26.4 million, will be the second biggest urban agglomeration after Tokyo. GDP in Mumbai (estimated in PPP terms) was \$209 billion in 2008 that makes GDP per capita at \$10,800. In terms of GDP basis, Mumbai is closer to cities such as Sydney, Singapore, Madrid, and Shanghai. In terms of size of the GDP, (Tokyo (\$1,479 billion), New York (\$1,406 billion) and Los Angeles (\$792 billion) are in the top of the league of cities.

Published by  
Financial Technologies Knowledge Management Company Limited

Exchange Square, 1st Floor, Suren Road,  
Chakala, Andheri (East), Mumbai - 400093, India.  
Tel: +91 22 6731 8842- Fax: +91 22 6726 9541  
Email: marketinmotion@ftkmc.com • Website : www.ftkmc.com

### Upcoming Programme:

For details, contact:  
Ms Maggie Rodrigues  
Mobile: +91 99302 68329  
maggie.rodrigues@ftkmc.com

## FINANCING GROWTH Opportunities & Challenges for Banks in Resource Mobilization

May 18, 2011  
Mumbai