

# India now top weight in key MSCI EM gauge

## Dethrones China as EM IMI leader

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Mumbai, 5 September

India has surpassed China to become the top weight nation in the MSCI Emerging Market (EM) Investable Market Index (IMI) for the first time.

Indian equities together carry a weighting of 22.27 per cent in the index, edging ahead of Chinese stocks, whose combined weight now has fallen to 21.58 per cent.

This shift comes despite China's market capitalisation of \$8.14 trillion being over 60 per cent greater than India's \$5.03 trillion, according to *Bloomberg* data.

Though assets tracking the MSCI EM IMI, an offshoot of the main MSCI EM index followed by funds managing approximately \$500 billion in assets, are not known, US brokerage Morgan Stanley highlighted that India's position as the top weight in the index is likely to attract additional foreign capital into Indian firms.

While the main MSCI EM index (standard index) covers the large and midcap space, the IMI includes a more comprehensive range, encompassing large, mid, and smallcap stocks.

India's heavier weight vis-à-vis China stems from the greater smallcap weighting in this EM basket, according to Sriram Velayudhan, senior vice-president at IIFL Securities.

Over the past two years, MSCI, the global index provider, has been trimming Chinese stocks off its indices following a protracted period of underperformance. Meanwhile, Indian equities in MSCI indices have been rising in prominence.

Last week, MSCI added seven Indian stocks to its



## NEW ANCHOR

The MSCI EM IMI, a broad-based index, takes into account smallcaps where India's weighting is higher

Weighting in MSCI EM (%)

■ IMI ■ Standard

India	22.27	20.79
China	21.58	23.98
Taiwan	18.31	11.78
S. Korea	11.22	11.23
Brazil	5.06	5.32

Data as on Sep 4, 2024

Source: MSCI

standard index while cutting 60 Chinese names, driving China's weighting in the EM index below 24 per cent and pushing that of India above 20 per cent for the first time.

At present, China's weighting in the MSCI EM index exceeds India's by 320 basis points. However, this gap has narrowed dramatically. At the beginning of 2021, China's 38.7 per cent weighting was much greater than India's 9.2 per cent.

The rebalancing reflects broader market trends. While China has struggled with economic headwinds and regulatory crackdowns, India's markets have benefitted from favourable macroeconomic conditions.

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**DEMAT ACCOUNTS HIT NEW HIGH IN AUG, CROSS 170 MILLION MARK**

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## Retail PV sales down 4.5% in Aug, inventory at 'alarming' levels



Retail sales of passenger vehicles (PV) declined by 4.53 per cent in August, hurt by "alarming" leftover inventory and excess rainfall dampening consumer interest, said a dealers' association. As many as 309,053 PVs were sold in August compared to 323,720 in the same month in 2023, according to the Federation of Automobile Dealers Associations (FADA).

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## Telco revenue rises 7.2% in Q1FY25

Adjusted gross revenue in the telecom sector rose 7.2 per cent year-on-year to ₹61,400 crore in the first quarter of financial year 2025 (Q1FY25), an impressive showing which surprised many analysts.

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## INDIA-UAE TRADE TANGLE

New Delhi seeks review of CEPA as a surge in silver and gold imports raises concerns over tariff concessions, value addition norms, etc.

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# India may have 250 padel courts by 2024-end

Ronnie Sehgal, secretary at the Indian Padel Federation, says the sport began to be played in India eight years ago in Bengaluru. It picked up steam as people became confined to their homes and video meetings during the pandemic, and grew faster in popularity from 2022 onwards. "Companies are investing in the sport because the younger generation is picking up the sport, though the interest is still nascent," he says.

According to him, there are 150 padel courts in India and likely to rise to 250 by the end of this year.

Nikhil Mathure, Treasurer, All India Pickleball Association, says the sport is now played in 23 states in India and has 35,000 amateur players. "Companies are looking at the game closely in terms of investments," he said.

