

# Stock broking firms laugh all the way to the bank as trade volumes surge

Retail participation grows as WFH option and attractive valuation trigger sudden interest

## OUR BUREAU

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The sharp rise in stock market trading volumes with growing retail participation in the cash segment will be value accretive for brokerage companies, given the higher yields associated with these segments.

Interestingly, the domestic capital market has witnessed an unexpected surge in the current fiscal, in stark contrast to the overall economic outlook.

The equity markets reported a 24 per cent increase in aggregate turnover to ₹1,719 lakh crore in the first five months of this fiscal against ₹1,366 lakh crore logged in the same period last year. The average daily turnover increased to

₹16.69 lakh crore against ₹13.26 lakh crore in the same period. It hovered around ₹14.39 lakh crore last fiscal.

The cash segment outperformed the industry in terms of volume growth with turnover of ₹63 lakh crore (₹37 lakh crore) till August this fiscal.

The average daily turnover in the cash segment more than doubled to ₹0.61 lakh crore (₹0.36 lakh crore) in this fiscal till August. The average daily turnover in the deriv-

atives segment increased 25 per cent to ₹16.08 lakh crore (₹12.91 lakh crore).

Interestingly, the average daily turnover remained subdued in April and fell by two per cent to ₹12.02 lakh crore compared to March. Thereafter, there has been a

steady increase in trading volumes for reasons best known to investors.

Samriddhi Chowdhary, Vice President, Financial Sector Ratings,

ICRA, said the option of work from home (WFH), coupled with limited investment opportunities given the challenging economic environment and attractive valuations fol-

lowing the sharp fall in March has helped drive investor interest in capital markets.

Top 20 brokerage houses together accounted for about 77 per cent of total active clients as of June. However, discount brokerage houses scored over traditional brokerage companies in garnering new accounts, supported by their technology-driven business model. The margin funding business of top 11 broking firms increased 30 per cent to ₹6,100 crore as of June over March. The book is expected to rise further with brokerages looking to scale up the margin-funding business, to increase profitability.

Chowdhary said trading volumes may moderate over the coming months, compared to the July peak, given the challenging macroeconomic and geo-political scenario.

