

**ET NOW** Q&A **Sunil Singhania**  
CIO, Reliance MF

## India is One Bright Spot for Global Investors

**I**n a chat with ET NOW, Sunil Singhania, CIO - Equity Investments, Reliance MF, says unless there is a major disaster in the world, India will be a big beneficiary of the huge sums of money available at low cost. Edited excerpts:

**Markets have been very unpredictable. In February, it appeared that there was no good news in the world and then we saw a monster rally. Today if we discussed the**



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**Market action, looks like there is no worry in the world...**

I think that is the beauty and that is interesting thing about our profession. Every day is a new day and the only things which have changed over the last few years is that the synchronisation of action based on news flow is very fast and common. So everyone wants to be in the same asset class at the same time and vice versa and that is the reason you see this huge bouts of markets moving up and down globally, not only in India.

**Do you think it is time to exercise some caution now?**

You have to be aware that the world is a very dynamic place and there are lot of moving parts. You have the Brexit coming up. You have the threat of interest rates moving up or down in some or the other geographies in the world. You have geopolitical issues everywhere going on and at the same time you also have to realise that the demand growth scenario and the GDP growth scenario in the world is not

as strong as it used to be in the 2003, 2008, level. Having said that, at the same time, you should also be cognisant of the fact that we are reaching the stage where things can improve from here not only in the world, not only in India but in lot of other parts.

**If global growth is a concern, do you think the underlying thesis for equities to do well would be very weak?**

Global growth is not strong, but there is a still positive growth and I think this scenario is good for India. There is so much money available at negative interest rates, India needs that money. Now because of the slow global growth, commodity and oil prices are likely to remain weak and that again is positive for India. So I think India stands out. In a world where interest rates are negative, India still has 7.5% interest rates. So we can look at interest rates going down. In a scenario where global commodity prices are going down, India stands to be a big beneficiary. In a world where global growth is almost zero, India is one bright spot where GDP growth rate from 7% plus can with some luck based on monsoon and economic revival go up to 8% plus. So I think the scenario is set for India. So unless there is a major disaster in the world, I think India will be a big beneficiary of this huge sums of money available at low cost, low benign commodity prices and a scenario where interest rates in India also can move down.

**GROWTH IS KEY**

**Money chases growth and not vice versa. Yes we need capital to fuel growth but I think money will come where there is growth**

**Some would argue that India is already a crowded trade. Do you think now to make a case that further money will come into India would be difficult?**

Money chases growth and not vice versa. Yes we need capital to fuel growth but I think money will automatically come where there is growth and whether it comes from domestic institutions or domestic investors or global investors, it does not matter. Even in the last two years, India has outperformed even the developed world quite a bit and definitely has been the big performer in the emerging market space. So I think the crowded trade has worked for investors.