

A background bar chart with several vertical bars of varying heights and colors (teal, dark blue, purple). A faint line graph is also visible in the background. The number "77.3" is displayed above one of the bars, and "23,7" is displayed below another bar.

# NIFTY 50: The Asset Class Killer

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## Dominating Over 28 Years

# What is NIFTY 50?



The NIFTY 50, short for National Stock Exchange Fifty, is a key benchmark index in the Indian stock market, **representing the performance of the top 50 companies listed on the National Stock Exchange (NSE)**. The index serves as a benchmark for mutual funds, facilitates derivatives trading, and is commonly used in investment vehicles like index funds and ETFs.

## Did you know?

1. NIFTY 50 was first launched on **April 22, 1996**.
2. The NIFTY 50 uses the **free-float market capitalization method** to rank and select companies. This approach considers only the shares readily available for public trading, excluding those held by promoters or insiders.
3. It's rebalanced **semi-annually** to reflect changes in the market.
4. The index's market cap coverage grew from **33.7%** in 1995 to **47.35%** in 2024, while turnover coverage dropped from **62.2%** to **28.34%**.

# The Companies under NIFTY 50

- |   |   |   |
|---|---|---|
| <ol style="list-style-type: none"> <li>1. <b>Reliance Industries</b> ★</li> <li>2. <b>Tata Consultancy Services</b></li> <li>3. <b>HDFC Bank</b> ★</li> <li>4. <b>Bharti Airtel</b></li> <li>5. <b>ICICI Bank</b> ★</li> <li>6. <b>Infosys</b></li> <li>7. <b>State Bank of India</b> ★</li> <li>8. <b>Hindustan Unilever</b> ★</li> <li>9. <b>ITC</b> ★</li> <li>10. <b>Larsen &amp; Toubro</b> ★</li> </ol> | <ol style="list-style-type: none"> <li>18. Oil &amp; Natural Gas Corporation (ONGC)</li> <li>19. <b>Tata Motors</b> ★</li> <li>20. Mahindra &amp; Mahindra</li> <li>21. UltraTech Cement</li> <li>22. Titan</li> <li>23. Adani Enterprises</li> <li>24. <b>Bajaj Auto</b> ★</li> <li>25. Asian Paints</li> <li>26. Power Grid Corporation of India</li> <li>27. Adani Ports &amp; SEZ</li> <li>28. Bajaj Finserv</li> <li>29. Coal India</li> <li>30. Wipro</li> <li>31. Nestle</li> <li>32. JSW Steel</li> <li>33. LTI Mindtree</li> </ol> | <ol style="list-style-type: none"> <li>34. <b>Tata Steel</b> ★</li> <li>35. SBI Life Insurance</li> <li>36. Grasim Industries</li> <li>37. Tech Mahindra</li> <li>38. <b>Hindalco Industries</b> ★</li> <li>39. HDFC Life Insurance</li> <li>40. Britannia Industries</li> <li>41. Divis Laboratories</li> <li>42. Bharat Petroleum</li> <li>43. Eicher Motors</li> <li>44. Shriram Finance</li> <li>45. Cipla</li> <li>46. Tata Consumer Products</li> <li>47. Hero Motocorp</li> <li>48. IndusInd Bank</li> <li>49. Dr. Reddy's Laboratories</li> <li>50. Apollo Hospitals</li> </ol> |
|---|---|---|

The top 10 companies together account for nearly **56%** of the index's total weight.

★ These 11 companies have been a part of index's journey since inception.

# NIFTY Next 50

The NIFTY Next 50 is a benchmark index on the National Stock Exchange (NSE) that **represents the performance of the next 50 companies (following Nifty 50) in the NIFTY 100 universe** in terms of market capitalization and liquidity. These companies are typically mid-cap stocks with significant potential for growth. It's essentially a way to track the performance of the companies that might become part of the NIFTY 50 in the future.

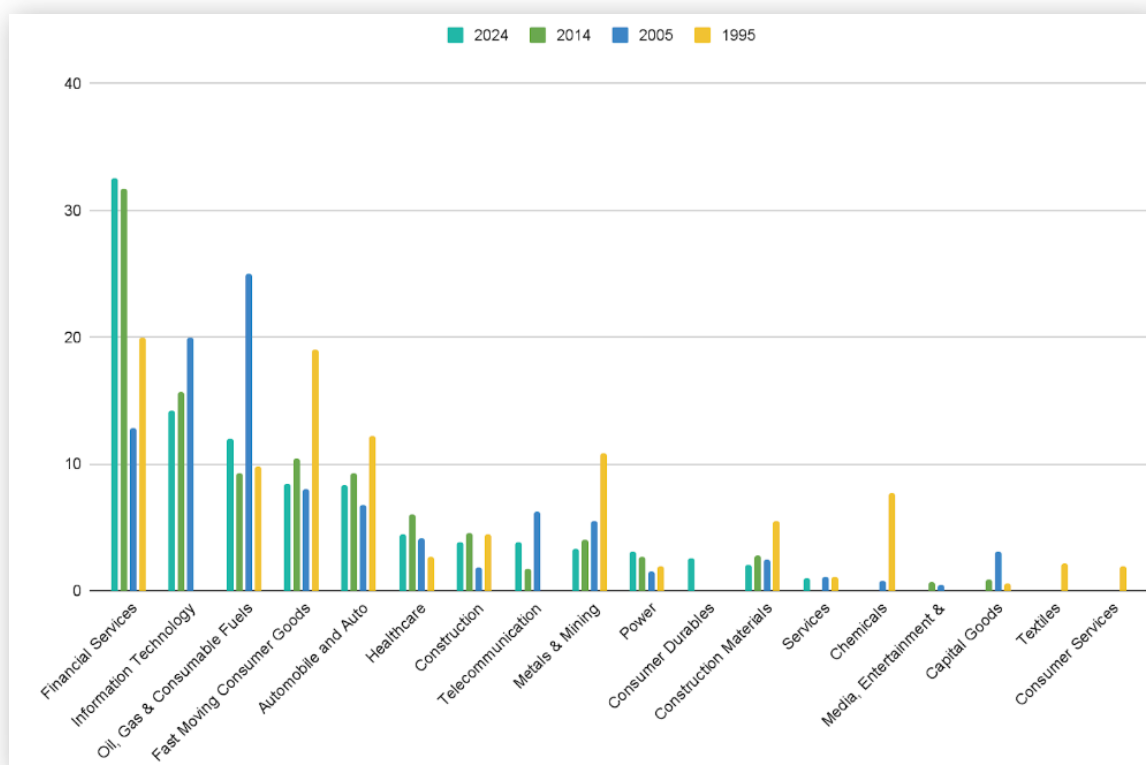
Here are a few notable companies that are part of the NIFTY Next 50 index:



Godrej Consumer Products

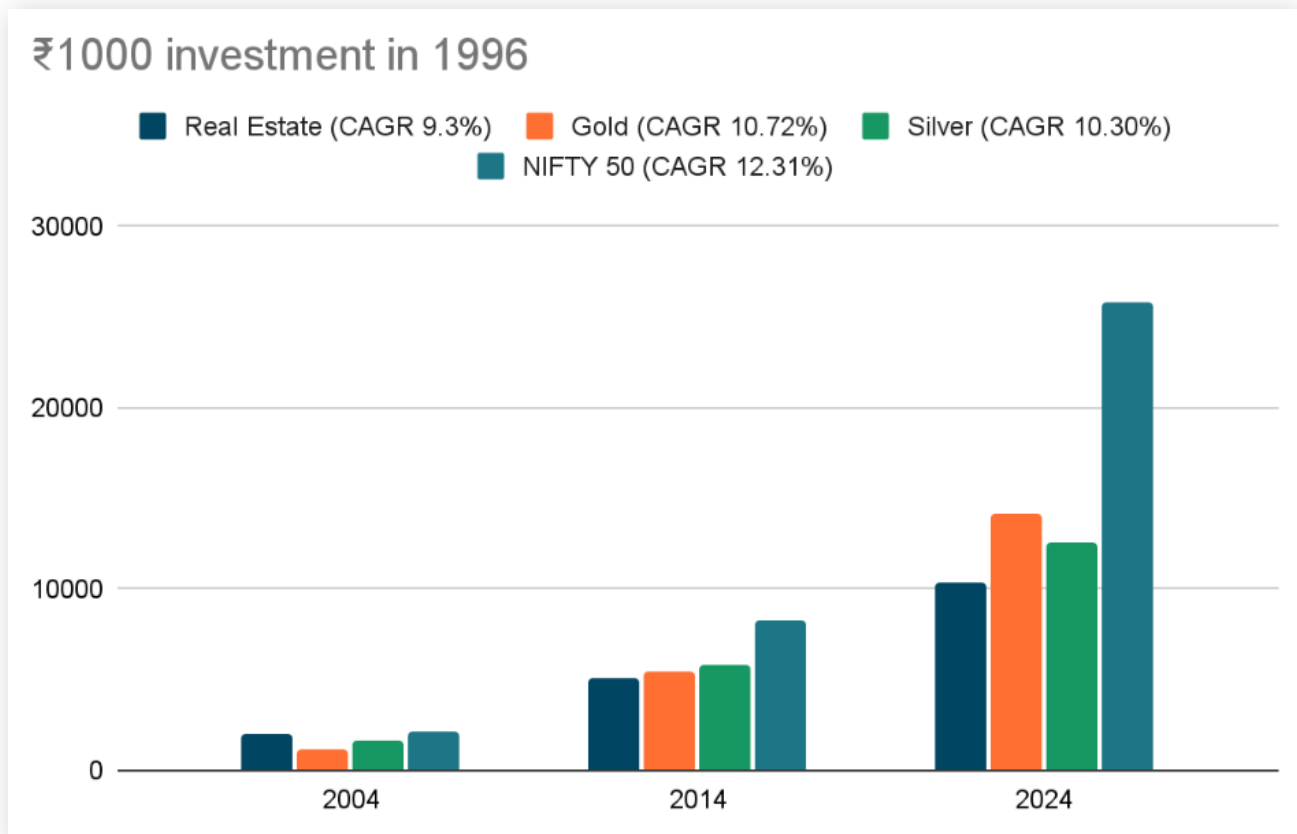


# Sectoral Composition of NIFTY 50 Over the Years



- The sectoral composition of NIFTY 50 shows India's shift from manufacturing and resource-based sectors to a service and tech-driven economy, with financial services and IT dominating nearly 47% of the index.
- Financial services have significantly grown, reaching **32.6%** in 2024 from **20%** in 1995.
- The **IT sector**, non-existent in 1995, surged in 2005 (20%) but has slightly declined in 2024 (14.17%).
- Sectors like **Metals & Mining**, **Power**, and **Chemicals** have steadily declined. **Fast Moving Consumer Goods (FMCG)** has seen a decline from **19%** in 1995 to **8.47%** in 2024.
- **Automobiles** have fluctuated but remain significant at **8.31%** in 2024, while **Healthcare** grew from **2.7%** in 1995 to **4.5%** in 2024.

# Comparative Analysis of Different Asset Classes



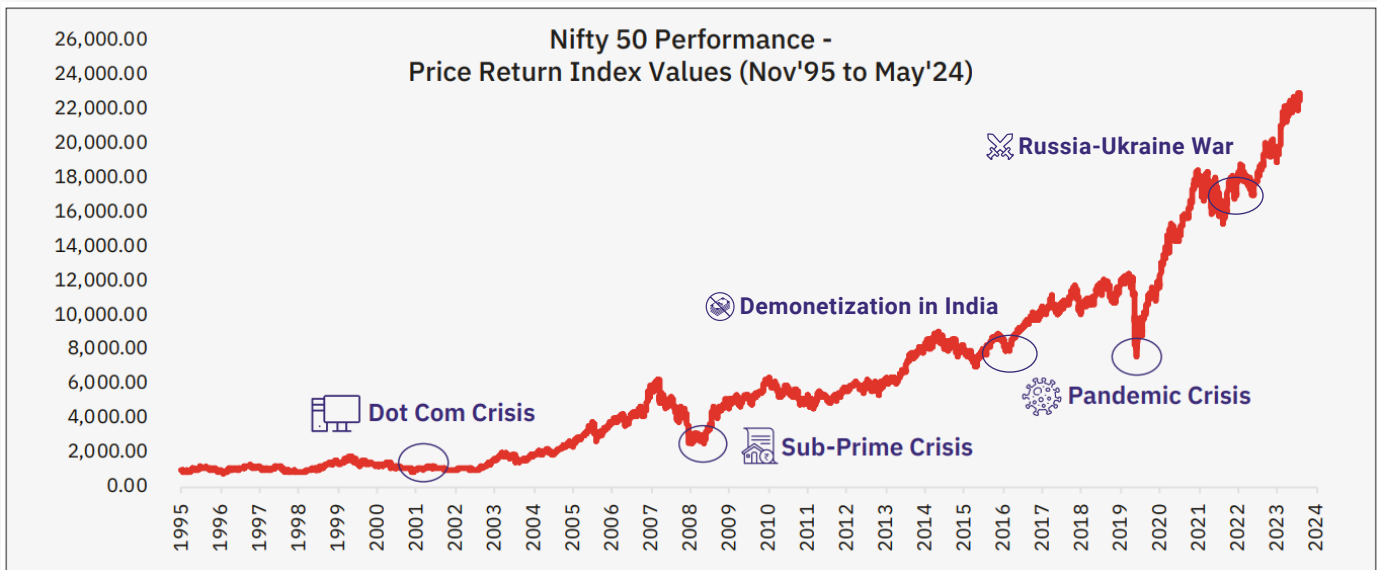
## Analysis and Insights

The comparative analysis shows that **NIFTY 50** has outperformed gold, silver, and real estate over the 28-year period, delivering the highest returns to **₹25,790.95** by 2024, reflecting a **12.31% compound annual growth rate (CAGR)**. While gold and silver are reliable stores of value, particularly during times of economic instability, returning **₹14,193.80**, and **₹12,591.89** respectively.

Real estate,<sup>2</sup> with a **9.3% CAGR**, would have resulted in a value of **₹10,903** by 2024. While real estate offers steady returns and tangible benefits such as rental income, it lags behind in pure financial gains compared to equity markets.

<sup>2</sup>For Real estate, we have used a 9.3% compound annual growth rate (CAGR), which is the standard according to the report "House Prices in India: How High, and for How Long?" by the Center for Social & Economic Progress (CSEP) - <https://csep.org/wp-content/uploads/2023/10/House-Prices-in-India-1.pdf>

# The NIFTY 50: A Journey of Growth and Resilience



Since its launch in 1995, the NIFTY 50 has witnessed remarkable growth, reaching a high of **25,000.00** as of September 2024. Along the way, it has faced several challenges, including the **Dot-com Crisis (2000–2002)**, **Sub-Prime Crisis (2007–2008)**, **Demonetization in India (2016)**, **Pandemic Crisis (2020)**, and the **Russia–Ukraine War Crisis (2022–ongoing)**, but has consistently demonstrated its resilience and emerged stronger.

# Risk–Return Profile: A Consistent Performer

Annualised Return and Annualised Volatility Profile of Nifty 50 TR index (As of March 31, 2024)

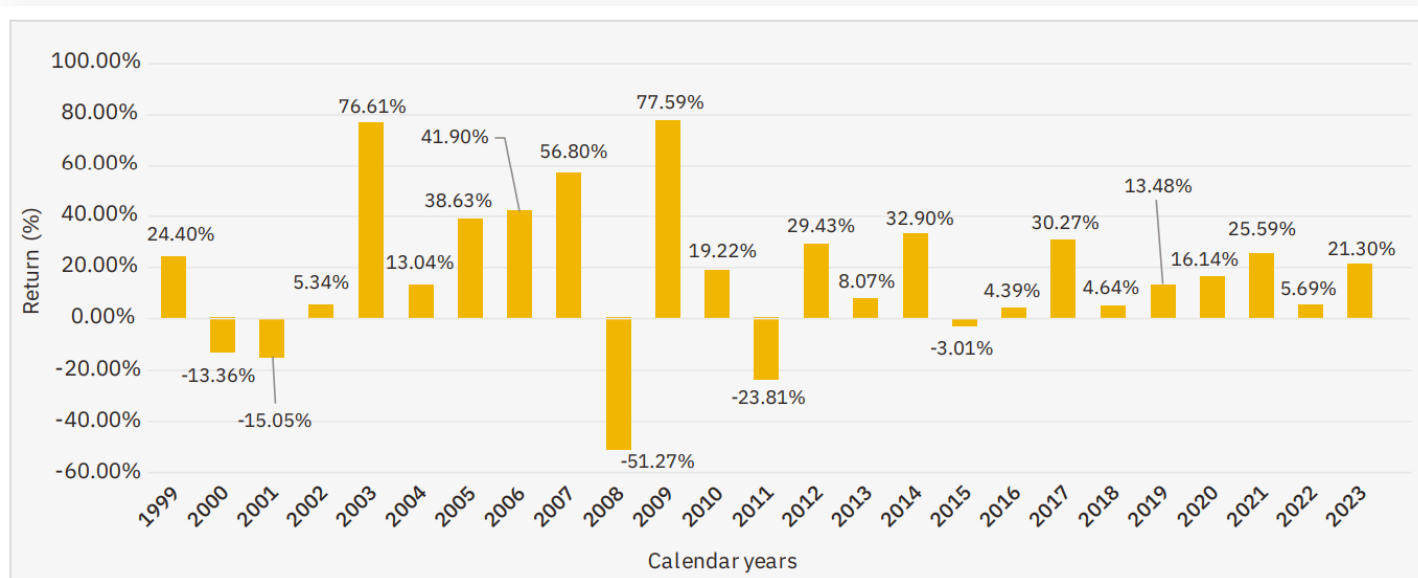
Period	Returns	Volatility	Return to Risk
Since Inception (June 30, 1999)	14.10%	22.25%	0.63
15 years	15.63%	18.05%	0.87
10 years	14.16%	16.48%	0.86
7 years	14.93%	17.21%	0.87
5 years	15.28%	19.07%	0.80
3 years	16.31%	13.71%	1.19
1 year	30.08%	9.77%	3.08

Returns are calculated based on TR index values. Returns greater than one year are annualized, the returns up to one year are absolute returns; The TR values of the Nifty 50 index are available from June 30, 1999.

The NIFTY 50 Total Return (TR) index has delivered a consistent risk–return profile over the years. Since inception, it has generated an annualized return of **14.10%** with an annualized volatility of **22.25%**, resulting in a return–to–risk ratio of **0.63**. The index has outperformed its long–term average returns in the recent past, indicating strong momentum.



# Year-by-Year Performance: A Mixed Bag



Return based on TR index values. Return for 1999 is calculated from June 30, 1999, to December 31, 1999. Return for 2024\* is calculated from December 29, 2023 to March 28, 2024

The NIFTY 50 TR index has exhibited a mixed performance over the years, with **positive returns in 20 out of 25 calendar years**. While the index has experienced significant volatility, particularly during the global financial crisis of 2008, it has shown resilience and rebounded strongly in subsequent years.

# NIFTY 50 Trivia

1. Across 25 years, there have been **101 inclusions** in Nifty 50, **averaging 4 per year**.<sup>2</sup>

The Nifty 50 Index represents about **57% of the free float market capitalization** of the stocks listed on NSE and these 50 companies collectively represent approximately **47% of the total full market capitalization as on July, 2024**.<sup>3</sup>

3. From June 30, 1999, till March 28, 2024, the Nifty 50 index has delivered **14.10% CAGR with annualized volatility of 22.25%**.

4. The Nifty 50 index has delivered **positive returns in 20 out of 25 calendar years**.

## Stocks with **exclusions** most number of times<sup>4</sup>

### Vedanta Limited

● 4 ■ No

### Tata Motors Ltd.

● 3 ■ Yes

### Dr. Reddy's Laboratories Ltd.

● 2 ■ Yes

### Reliance Petroleum Ltd.

● 2 ■ Yes (Merged with RIL)

### Nestle India Ltd.

● 2 ■ Yes

## Stocks with **inclusions** most number of times<sup>5</sup>

### Wipro Ltd

● 3 ■ Yes

### Asian Paints Ltd

● 2 ■ Yes

### Hindustan Petroleum Corporation Ltd.

● 2 ■ No

### Bharat Petroleum Corporation Ltd.

● 2 ■ Yes

### Dr. Reddy's Laboratories Ltd.

● 2 ■ Yes

● Number of Exclusions    ● Number of Inclusions    ■ Whether or not these companies are still in the index

<sup>2</sup>[https://www.niftyindices.com/docs/default-source/indices/nifty-50/25-years-journey-of-nifty-50\\_2022-01.pdf?sfvrsn=18ff9634\\_12](https://www.niftyindices.com/docs/default-source/indices/nifty-50/25-years-journey-of-nifty-50_2022-01.pdf?sfvrsn=18ff9634_12)

<sup>3</sup>[https://www.niftyindices.com/docs/default-source/indices/nifty-50/nifty-50-whitepaper-2024.pdf?sfvrsn=1cd6e35\\_4](https://www.niftyindices.com/docs/default-source/indices/nifty-50/nifty-50-whitepaper-2024.pdf?sfvrsn=1cd6e35_4)

<sup>4</sup>[https://www.niftyindices.com/Monthly\\_Report/IndexInclExcl.xls](https://www.niftyindices.com/Monthly_Report/IndexInclExcl.xls) <sup>5</sup>[https://www.niftyindices.com/Monthly\\_Report/IndexInclExcl.xls](https://www.niftyindices.com/Monthly_Report/IndexInclExcl.xls)

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