

Indian equity markets '2009 election-2014 election'- a quick and concise view

Dr.Sanjiv Mehta, 17th May, 2009, Sensex @ 12173

For Indian markets, it is a very good result. The new government, now that it has a better majority, is likely to implement major reforms and also at the same time continue its redistributive and inclusive policies. Purely from an economic perspective, this is likely to result in sustainable growth; BRIC report mentioned two factors of political stability and inclusiveness to be extremely important for sustainability.

Therefore, if one has to take a view from election 2009 to election 2014, it is bullish for Indian equities.

Market is likely to be significantly up on Monday, after that it will move in its usual way of upmoves and many corrections. The new government has to take concrete action steps to convert this mandate into real results. However, entering now will be advantageous, timing lowest entry levels is always very difficult.

For NRIs, current currency levels are an additional attractive factor. The principles of valuation, diversification and time horizon remain sacrosanct.

Best regards,

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