

The [markets](#) have performed better under the National Democratic Alliance's (NDA's) Narendra Modi, as compared to Atal Bihari Vajpayee's tenure as India's Prime Minister (PM).

The [Nifty 50 index](#) (Nifty as it was known then), notched up a gain of 5.7 per cent, while the Sensex lost one per cent on an absolute basis between October 13, 1999, when Vajpayee assumed charge as the PM, and May 19, 2004, when he left office, data shows.

Both these indices have surged a whopping 47 per cent and 45 per cent, respectively, under [PM Modi](#) – hugely outperforming the rally seen during 1999 – 2004. This, experts say, is despite the two key events, [demonetisation](#) drive in 2016 and the rush to implement the [goods and services tax](#) (GST), which disrupted the economic growth momentum.

The gain under Vajpayee's tenure, analysts say, came on the back of the government's increased focus on infrastructure development, especially roads (the golden quadrilateral, or the GQ), and the push for big bang reforms such as the four big-ticket strategic divestments – in Bharat Aluminium and Hindustan Zinc (both to Sterlite Industries), Indian Petrochemicals Corporation (to Reliance Industries) and VSNL (to the Tata group).

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Besides the reform/policy measures under Modi's regime, a key factor that drove [markets](#) higher has been flows – both domestic and foreign – into the equity markets, analysts say. That apart, India was a favourite among the foreign investors in the emerging market pack given the health of other major global economies.

“Modi has been good with reforms as well and opened [foreign direct investment](#) (FDI) avenues, such as in insurance and aviation. Demonetisation, though a drastic step, was seen as a measure to tackle the menace of black money. Investors saw this in a positive light. The reforms undertaken till now got retail investors and mutual funds, too, to invest in equities as an asset class. This crucial aspect of financialisation was missing in the Vajpayee government,” explains G Chokkalingam, founder and managing director at Equinomics Research.

And the numbers prove him right.

While [foreign institutional investors](#) (FIIs) pumped in around Rs 717 billion in Vajpayee's tenure, they have invested over Rs 1,410 billion from May 26, 2014 to June 13, official data shows. Mutual funds, on the other hand, which withdrew a net Rs 66.5 billion in Vajpayee's tenure, have pumped in a huge Rs 3,345 billion under Modi.

Going ahead, Jan Dehn, head of research at Ashmore Investment Management, expects flows to [emerging markets](#) to pick up pace. India, he says, will get a share of these, but it will be less than what it deserves due to the outdated capital controls still in place in the country.

Though the jury may still be out on how effective the policies and governance has been under both these regimes, stock market investors surely have seen *acche din* under Modi.

INDIA SHINING vs ACCHE DIN

	VAJPAYEE			MODI		
	12-Oct-99	19-May-04	Change (%)	23-May-14	12-Jun-18	Change (%)
Nifty	1483	1567	5.7	7367	10842	47.2
Sensex	5057	5006	-1.0	24693	35692	44.5
NetFII investment (Rs bn)	717			1410		
Net Mutual Fund investment (Rs bn)	-66.5			3345		

Data compiled by BS Research Bureau