Shankar Sharma said that small-cap market is here to stay.

As small caps are not correlated with macros such as crude oil prices and RBI's interest rate policy, investors can look towards investing in them in this volatile market. Since the growth has turned tepid and rate cycle has turned for worse, the investors should not expect a blow-out performance from large cap stocks, small cap guru Shankar Sharma told CNBC TV18. The small caps may fall nearly 25 percent in a good correction, he also expected. The crude oil prices still remain one of the biggest genuine risks for India, Shankar Sharma, VC & Joint MD, First Global, said when asked about the surging global crude prices.

"I do not see any of this as being extraordinary. We had a great 2017. The market was due for a correction. It was not due for a bear market. This is not a bear market. This is a good correction in an overall still what is a very strong smallcap bull market," said Shankar Sharma.

He also said that the small-cap bull market is here to stay and there are a plenty stocks that are set for great returns at the current valuations.

I continue to believe that we are in a 'oil bull market.' I have always said that India trades between two liquids – one is oil and one is water – the water being the monsoons. We will see how monsoons will go, but for now oil is problematic, he said.

Speaking on the governance and other accounting related problems which are plaguing a few firms in the market at present, Shankar Sharma said that many large companies are battling problems due to dodgy accounting. He also said that investors stuck with their investments in stocks like Manpasand or Vakrangee is a sheer bad fortune. He also stated that macros are problems for stock markets at present due to widening current account and fiscal deficit.