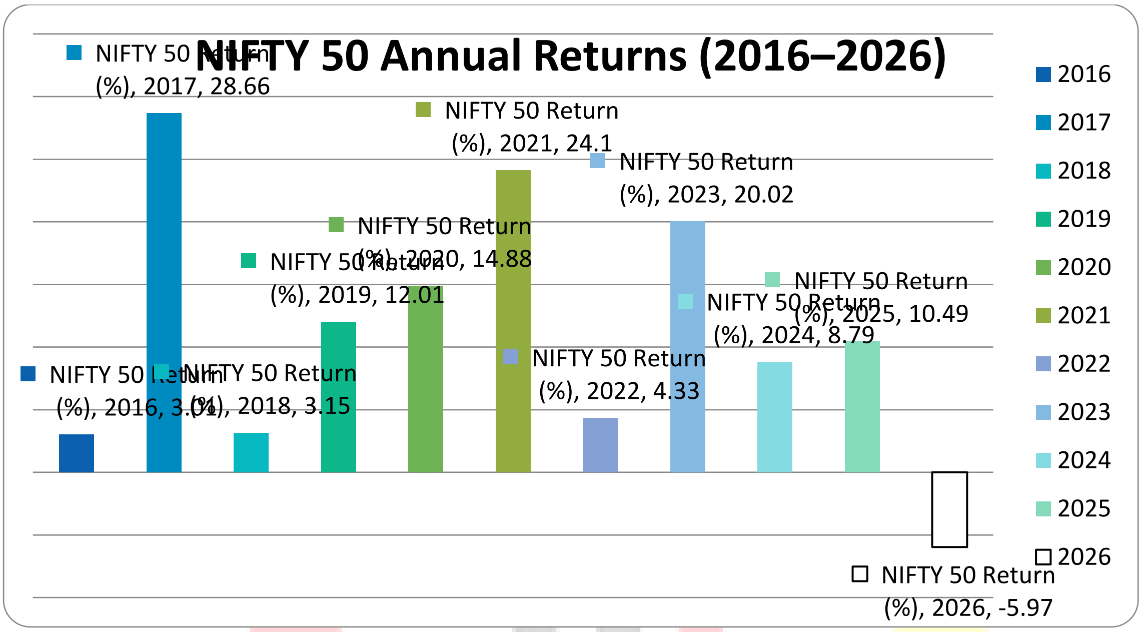
NIFTY 50 Annual Performance Analysis Report (2016–2026)

NIFTY 50 Annual Returns (2016–2026)

Year-wise annual percentage returns of the NIFTY 50 index.



Executive Summary

The NIFTY 50 Index has demonstrated strong long-term growth despite periodic market corrections. Between **2016 and 2026**, the index recorded **positive returns in 10 out of 11 years**, highlighting the resilience of the Indian equity market. The only negative return in the period was recorded in **2026 (-5.97%)**, indicating a temporary correction following several years of strong market performance.

The period includes:

- Strong bull markets (2017, 2021, 2023)
- Moderate recovery years (2019, 2020, 2025)
- Sideways/low-growth years (2016, 2018, 2022)
- One correction year (2026)

Year-wise Performance Analysis

Year	Annual Return	Market Performance
2016	3.01%	Weak recovery year with limited upside.
2017	28.66%	Exceptional bull market driven by strong earnings and economic optimism.
2018	3.15%	Market consolidation after the sharp rally of 2017.
2019	12.01%	Healthy recovery supported by policy reforms and corporate earnings.
2020	14.88%	Strong rebound despite COVID-19 volatility due to liquidity and recovery expectations.
2021	24.10%	One of the strongest years with robust economic recovery and investor participation.
2022	4.33%	Global inflation, rising interest rates, and geopolitical tensions limited gains.
2023	20.02%	Strong recovery supported by domestic economic strength and institutional investments.
2024	8.79%	Moderate growth with stable corporate earnings.
2025	10.49%	Continued positive momentum despite valuation concerns.
2026	-5.97%	Market correction due to profit booking and macroeconomic uncertainties.

Statistical Analysis

Metric	Value
Study Period	2016–2026
Total Years	11
Positive Years	10
Negative Years	1
Best Performing Year	2017 (28.66%)
Worst Performing Year	2026 (-5.97%)
Average Annual Return	**11.59%**
Median Return	**10.49%**
Highest Return	**28.66%**

Metric	Value
Lowest Return	**-5.97%**
Range	**34.63 percentage points**

Trend Analysis

1. Bull Market Phase (2017)

The index generated **28.66%**, reflecting:

- Strong GDP growth
- Increased foreign institutional investment
- Corporate earnings improvement
- Positive investor sentiment

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2. Consolidation Phase (2018)

Following the exceptional rally, markets stabilized with only **3.15%** returns as valuations normalized.

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3. Recovery Phase (2019–2021)

This period delivered consistent double-digit returns.

Highlights include:

- Economic stimulus
- Pandemic recovery
- Record retail participation
- Technology-led market expansion

Average return during this period:

17.00%

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4. Stable Growth (2022–2025)

Although global uncertainties increased, India maintained positive market performance.

Average annual return:

10.91%

This reflects:

- Stable corporate earnings
- Strong domestic consumption
- Continued SIP inflows
- Government infrastructure spending

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5. Market Correction (2026)

The decline of **5.97%** suggests:

- Profit booking after multiple years of gains
- Global economic slowdown
- Higher interest rates
- Valuation corrections

Such corrections are common in long-term equity markets and often reset valuations.

Risk Analysis

Low Return Years

- 2016
- 2018
- 2022

These years indicate consolidation rather than severe downturns.

High Return Years

- 2017
- 2021
- 2023

These periods rewarded long-term investors significantly.

Correction

Only one negative year indicates relatively strong market resilience during the study period.

Investment Insights

Long-Term Investors

Investors remaining invested throughout the period would have benefited from:

- Strong compounding
- Recovery after corrections
- Lower volatility than short-term trading

SIP Investors

Regular SIP investments would likely have:

- Reduced market timing risk
- Averaged purchase costs during corrections
- Benefited from long-term wealth creation

Value Investors

Correction years such as **2026** often present opportunities to accumulate quality stocks at more attractive valuations.

Key Observations

- The market delivered positive returns in approximately **91%** of the years studied.
- Average annual return was **11.59%**, broadly consistent with long-term equity return expectations.
- Returns were cyclical, with periods of rapid growth followed by consolidation.
- Strong recoveries followed weaker years, illustrating the importance of staying invested.
- The 2026 decline appears to be a correction rather than evidence of a prolonged bearish trend based solely on the data provided.

Conclusion

The NIFTY 50's performance from **2016 to 2026** demonstrates the resilience and long-term growth potential of the Indian equity market. Despite short-term fluctuations and one negative year, the index maintained a strong average annual return of **11.59%**. The data reinforces the principle that disciplined, long-term investing is generally more effective than attempting to time the market. Periodic corrections, such as in **2026**, are a normal part of market cycles and can create opportunities for investors with a long investment horizon.

Overall Assessment: Positive Long-Term Outlook with Normal Cyclical Volatility.