ANNUAL REPORT

2025-26

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

This Report is in conformity with the format as per the Securities and Exchange Board of India (Annual Report) Rules, 2021, notified in Official Gazette on March 12, 2021

तुहिन कांत पाण्डे
अध्यक्ष
Tuhin Kanta Pandey
Chairman

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

डीईपीए/2026/I/14241/2026
19 जून, 2026

सचिव,
भारत सरकार,
आर्थिक कार्य विभाग,
वित्त मंत्रालय, कर्तव्य भवन -1,
नई दिल्ली - 110 001

प्रिय महोदय,

भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 की धारा 18(2) के प्रावधानों के अनुसार, मैं एतद्द्वारा भारत के राजपत्र, असाधारण के भाग-II खण्ड-3 उप-खण्ड (i) में, 12 मार्च, 2021 को अधिसूचित भारतीय प्रतिभूति और विनिमय बोर्ड (वार्षिक रिपोर्ट) नियम, 2021 में निर्धारित किए गए प्ररूप में, 31 मार्च 2026 को समाप्त वर्ष के लिए भारतीय प्रतिभूति और विनिमय बोर्ड (सेबी) की वार्षिक रिपोर्ट की प्रति अग्रेषित कर रहा हूँ ।

भवदीय,

तुहिन पांडे

(तुहिन कांत पाण्डे)

संलग्न: उपरोक्तानुसार

DEPA/2026/I/14241/2026
June 19, 2026

The Secretary,
Government of India,
Department of Economic Affairs,
Ministry of Finance, Kartavya Bhawan-1,
New Delhi -110 001

Dear Sir,

In accordance with the provisions of Section 18(2) of the Securities and Exchange Board of India Act, 1992, I forward herewith the copy of the Annual Report of the Securities and Exchange Board of India for the year ended March 31, 2026, in the format prescribed in the Securities and Exchange Board of India (Annual Report) Rules, 2021, notified on March 12, 2021, in Part II Section 3 Sub-section (i) of the Gazette of India Extraordinary.

Yours faithfully,

Pandey

(Tuhin Kanta Pandey)

Encl.: As above

MEMBERS OF THE BOARD

(As on March 31, 2026)

Appointed under Section 4(1)(a) of the SEBI Act, 1992 (15 of 1992)

- **Shri Tuhin Kanta Pandey**
  Chairman

Appointed under Section 4(1)(d) of the SEBI Act, 1992 (15 of 1992)

- **Shri Amarjeet Singh**
  Whole Time Member
- **Shri Kamlesh Chandra Varshney**
  Whole Time Member
- **Shri Sandip Pradhan**
  Whole Time Member
- **Shri N. Venkatram**
  Part-Time Member

Nominated under Section 4(1)(b) of the SEBI Act, 1992 (15 of 1992)

- **Ms. Deepti Gaur Mukerjee**
  Secretary
  Ministry of Corporate Affairs
  Government of India
- **Ms. Anuradha Thakur**
  Secretary
  Department of Economic Affairs
  Ministry of Finance
  Government of India

Nominated under Section 4(1)(c) of the SEBI Act, 1992 (15 of 1992)

- **Shri Shirish Chandra Murmu**
  Deputy Governor
  Reserve Bank of India

MEMBERS OF THE BOARD

(As on March 31, 2026)

Tuhin Kanta Pandey
Chairman

Amarjeet Singh
Whole Time Member

Kamlesh Chandra Varshney
Whole Time Member

Sandip Pradhan
Whole Time Member

Deepti Gaur Mukerjee
Secretary
Ministry of Corporate Affairs
Government of India

Anuradha Thakur
Secretary
Department of Economic Affairs
Ministry of Finance
Government of India

Shirish Chandra Murmu
Deputy Governor
Reserve Bank of India

N Venkatram
Part-time Member

Chairman, Whole Time Members and Executive Directors

(Left to Right)

Sitting: **Shri Amarjeet Singh**, Whole Time Member; **Shri Tuhin Kanta Pandey**, Chairman; **Shri Kamlesh Chandra Varshney**, Whole Time Member; **Shri Sandip Pradhan**, Whole Time Member

Standing: Executive Directors: **Shri Shashikumar Valsakumar, Ms. Maninder Cheema, Shri Govindayapalli Ram Mohan Rao, Shri Manoj Kumar, Shri Amit Pradhan, Shri Sanjay C Purao, Ms. Yatri Dave Vitekar** (Chief Vigilance Officer), **Dr. Ruchi Chojer, Ms. G. Babita Rayudu, Shri Jeevan Sonparote, Shri Aliasgar S. Mithwani, Shri Sunil Jayawant Kadam, Shri Avneesh Pandey, Dr. Sadanand S. Date**

EXECUTIVE DIRECTORS

(As on March 31, 2026)

Executive Director	Departments
Ms. G Babita Rayudu	Legal Affairs Department (Vertical 2), Supreme Court-SAT Department
Shri Manoj Kumar	Investment Management Department, General Services Department [Establishment Division, Treasury & Accounts Division and Protocol & Security Division]
Dr. Ruchi Chojer	Alternative Investment Fund and Foreign Portfolio Investors Department (AFD), RTI Appellate Authority for all matters except AFD.
Shri G Ram Mohan Rao	Market Intermediaries Regulation and Supervision Department and Regional & Local Offices
Shri Jeevan Sonparote	Corporation Finance Department, PACL Cell and Special Enforcement Cell
Shri Aliasgar S Mithwani	Integrated Surveillance Department and Human Resources Department
Shri Shashikumar Valsakumar	Market Regulation Department including Regulation of Commodity Derivatives Market
Ms. Maninder Cheema	Department of Debt and Hybrid Securities, Office of International Affairs, and RTI Appellate Authority for AFD related matters
Shri Sunil Jayawant Kadam	Enforcement Department, Office of Investor Assistance and Education, Department of Economic and Policy Analysis 1 and 2, Official Language Division, Board Cell, RTI & PQ Cell, matters related to NISM, Inter-Regulatory Technical Group Transparency Officer for SEBI under the RTI Act, 2005
Shri Amit Pradhan	Legal Affairs Department (Vertical 1) and Prosecution & Settlement Department
Shri Avneesh Pandey	Information Technology Department
Shri Sanjay C. Purao	Corporation Finance Investigation Department, Internal Inspection Department and Recovery & Refund Department
Dr. Sadanand S. Date	Investigation Department

The financial year 2025-26 was a year of resilience for Indian securities markets. The year, one of the most eventful and challenging in recent times, showed that amid myriad uncertainties in the global environment - marked by geopolitical conflicts, trade wars, transformative technologies, volatility in asset prices and portfolio flows - our markets possess the institutional resilience to remain well-functioning and trustworthy. The true strength of a well regulated market lies not in the absence of volatility, but in its ability to ensure orderly price discovery, safeguard investor interests and facilitate efficient capital formation. Measured against these parameters, India's capital markets continued to deepen in both scale and sophistication during the year. As we progress towards the goal of Viksit Bharat 2047, the Indian securities market serves as a vital engine of national progress, anchored by four enduring principles: trust, transparency, teamwork and technology.

In pursuit of this vision, our regulatory philosophy has transitioned this year towards resilience by design - embedding structural integrity through optimum regulation and pioneering AI-driven oversight. By modernizing legacy frameworks and deploying sophisticated supervisory technology, SEBI has not only simplified the path for market participants but has also fortified the trust that is the bedrock of our financial future. This year's reforms represent a strategic leap from building market access to ensuring market endurance in an era of rapid technological and geopolitical evolution.

Capital Formation: Financing the National Vision

India's ambition of becoming a developed economy by 2047 places extraordinary demands on its capital formation ecosystem. The investments required across infrastructure, energy transition and manufacturing capacity cannot be met through the banking system alone. Consequently, our policy focus this year has been to ensure that the corporate bond market, the equity market and the alternative investment ecosystem serve as indispensable complements to traditional financing.

The primary equity market demonstrated continued dynamism, with India ranking first globally in the number of IPOs and third in terms of fund raised. To sustain this momentum, we restructured the **minimum public offer framework**, calibrating public float requirements to issue-size. By extending the timeline for the largest issuers to achieve 25 per cent minimum public shareholding to ten years, we have ensured that large-scale enterprises can access public capital, without facing challenges of regular dilution post listing. Similarly, by allowing founders of **new-age companies to retain ESOPs** granted prior to an IPO, we have maintained the alignment of long-term incentives while preserving transparency for public shareholders.

In the alternative investment space, AIFs have become a structurally important component of India's capital market. A new category, **accredited investors - only schemes** was introduced to provide additional relaxations and operational flexibilities. The minimum investment threshold for large value funds was reduced from ₹70 crore to ₹25 crore. Category I & II AIFs were permitted to offer Co-investment schemes to facilitate AIFs and investors to co-invest. These measures are designed to direct capital toward start-ups and strategic sectors under a lighter, yet robust, regulatory regime. REITs and InvITs have matured from nascent instruments into significant infrastructure financing channels. Furthermore, the reclassification of **REITs as equity related instruments** for any investment made by Mutual Funds and SIFs, is a landmark shift that should increase liquidity and broaden the investor base for these instruments.

India's corporate bond market has made measurable progress in recent years. On the issuance side, SEBI launched the inaugural **Pan-India Bond Issuer Outreach Programme**, a consultative initiative designed to hear directly from issuers about the practical barriers to bond market access. To broaden the retail investor base in debt, issuers were permitted to offer incentives such as additional interest or price discounts, to retail investors and senior citizens. The Electronic Book Provider (EBP) mechanism is now mandatory for the debt issuances of Rs. 20 crore or above – bringing higher fundraising onto a common, transparent and standardized marketplace leading to fair & efficient price discovery and enhanced transparency.

Simultaneously, urban local bodies were encouraged to access market-based funding for civic infrastructure. The municipal bond market witnessed 14 issuances raising ₹1,756 crore, supported by **targeted municipal bond outreach programmes** in cities like Bhopal and Raipur. This facilitates and enables urban local bodies to access domestic private capital for infrastructure financing.

The launch of electricity derivatives marks a key milestone in energy risk management. These contracts act as hedging instruments against price volatility and provide transparent forward price discovery for power generators and distribution companies.

Safeguarding Trust in the Digital Era

Historically, market infrastructure was understood in terms of exchanges, clearing corporations, and depositories. These remain essential; however, alongside them, a second layer of infrastructure has become equally critical: data. The quality of market data, the integrity of data systems, and the governance frameworks that regulate data use now matter as much to market functioning and investor protection as physical infrastructure. SEBI has responded to this shift by investing in technology and data analytics as core supervisory tools, ensuring that while the market scales, the safety net for the investor scales even faster.

The foundation of this protective architecture begins with the immediate and actionable verification of financial counterparties through **Validated UPI handles** and the **SEBI Check facility**, which empower investors to confirm in real-time whether a payment is being directed to a genuine SEBI-registered intermediary. To further secure the last mile of investor interaction, we have entered into a first-of-its-kind partnership with Google Play for the **verified app label initiative**, providing a visible signal of regulatory legitimacy directly on the platforms where investors discover stock trading apps. This digital vigilance is further necessitated by our latest **Investor Survey**, which revealed that 62 per cent of investors are influenced by finfluencers - many of whom operate without accountability or verified performance data.

Building upon these layers of individual safety, SEBI has made a generational leap in supervisory technology (SupTech) through the launch of **Project Sudarsan** – a tool developed to monitor unsolicited financial advice on social media and **SEBI R(AI)DAR**, an AI-enabled platform for reviewing advertisements. These tools allow us to actively identify unauthorized digital activity and finfluencers who may mislead investors through unverified claims.

To address the resulting information asymmetry in performance reporting, the launch of the **past risk and return verification agency (PaRRVA)** marks a transformative step towards institutionalizing performance claim. By providing an independent digital audit of claims made by intermediaries, PaRRVA ensures that the competition for investor capital is anchored in verified facts, establishing a genuine level playing field for both investors and intermediaries.

To reduce unclaimed financial assets, SEBI has enabled **integration of holdings with DigiLocker**, allowing investors to store and access demat and mutual fund information in a single secure location. A centralized reporting mechanism now enables nominees to report the demise of an investor once with a KRA, triggering updates across intermediaries without repeated processes. SEBI has also **streamlined the process of transmission** of securities from nominee to legal heir by mandating the reporting entities to use standard reason code while reporting the transmission to the CBDT.

But we recognise that even the strongest systems cannot replace awareness, which remains the core foundation of investor protection. Around 3.9 lakh awareness programmes were organised across 36 states and UTs in 2025-26. In collaboration with MIIs, a joint media campaign titled **SEBI vs SCAM** was launched during the year. We also collaborated with the Ministry of Panchayati Raj to **train the Panchayat** and **block-level representatives**, empowering them with knowledge to educate rural communities at the grassroot level. **Niveshak Shivirs** were organised throughout the year across India jointly with MCA. All these initiatives underline SEBI's mission to deepen awareness and nurture a culture of informed decision making.

Regulatory Evolution: Optimum Regulation and Seamless Access

SEBI's regulatory philosophy this year has been guided by the concept of **optimum regulation** - a calibrated approach that holds firm where investor protection requires it, and actively removes friction where simplification can be achieved without weakening safeguards. Our work on ease of doing business is directed at bridging the gap between regulatory intent and market accessibility, ensuring the Indian securities market ecosystem is more navigable for intermediaries, transparent for domestic participants and welcoming for global capital.

To this end, **SWAGAT-FI framework** has introduced a single-window automatic access mechanism for trusted foreign investors, such as sovereign wealth funds, while the **India Market Access portal** provides a consolidated digital gateway for regulatory and taxation information. By streamlining these entry points, we have addressed the long-standing challenge of navigating diverse compliance layers for FPIs. Domestically, the issuance of the **common contract note** marks a significant step in reducing the compliance burden on brokers, while the introduction of **closing auction session** ensures enhanced price discovery in closing prices, minimizing volatility and greater execution certainty during market close.

Net settlement of funds for transactions of FPIs in the cash market has been permitted, which will be operationalized soon. This measure will enhance operational efficiency and is expected to reduce the cost of funding for FPIs. The block deal window was revamped to enhance efficiency and transparency in large trades.

Perhaps the most significant structural reform of the year was the **comprehensive modernization of legacy rulebooks**. We comprehensively reviewed decades old regulations - stock brokers regulations, RTA regulations, and the mutual fund regulations. And made these regulations more relevant, simple and streamlined. The new mutual fund regulations have simplified the expense ratio framework, rationalized brokerage limits and compliance requirements - ensuring that the interests of the unit-holder always remain paramount.

The penalty structure applicable to brokers by stock exchanges was rationalized, with a focus on avoiding duplication and ensuring that regulatory consequences remain proportionate and purposeful.

Preserving Market Integrity

Market integrity continues to be treated as non-negotiable. A market may be large, liquid and technologically advanced, but it can remain strong only if investors trust that it functions fairly. SEBI, therefore, has continued to act against market abuse, including manipulation in the securities and derivatives markets, pump-and-dump schemes, insider trading, front-running, and corporate frauds. The message is clear: innovation, liquidity and participation are welcome, but they must operate within the boundaries of fair conduct, transparent disclosure and accountability.

SEBI undertook calibrated **measures to make derivatives markets more orderly, resilient and risk-aware**, particularly by reducing expiry-day concentration, rationalizing weekly index options, and strengthening intraday position-limit monitoring. These initiatives seek to preserve the useful role of derivatives in hedging, liquidity and price discovery, while ensuring that market activity remains within prudent guardrails and does not compromise market stability or integrity. The **governance framework of MIIs** was strengthened to ensure public interest always comes first.

Internal Reforms

We have also taken steps to further **strengthen internal governance** at SEBI. A High-Level Committee reviewed our framework on conflict of interest and disclosures, and it has been decided to implement several of its recommendations.

SEBI moved forward with **eOffice** to digitize internal workflows. This has reduced reliance on physical files, improved traceability and enabled closer monitoring of pending matters.

Capacity building remains central to the effectiveness of SEBI in navigating an increasingly complex and dynamic securities market. SEBI has placed a renewed strategic focus on strengthening the capabilities of its workforce.

Apart from exposure to specialised training in emerging areas such as technology, data analytics and surveillance, SEBI officials are actively engaging with peer regulators and international bodies to get exposure to global best practices and share our experiences in areas such as SupTech, technology-enabled supervision and market development.

SEBI has decided to expand its reach through the **opening of local offices**. This will enhance SEBI's connect with investors at a local level, apart from improving its ability to monitor unregulated activities and gather market intelligence.

SEBI is **harnessing technology** to strengthen market oversight and uses advance analytics, AI/ML models to detect complex market manipulation patterns and network-based frauds. To improve efficiency and speed of communication with external entity, we have introduced a Single Universal Platform for Communications **(SUPCOMS)**. Further to digitally enable quasi-judicial proceedings an **e-adjudication portal** has been launched.

The Road Ahead: Vision for 2026-27 and Beyond

During 2025-26, we introduced a series of reforms, yet our vision for the future is even more ambitious. As the Indian securities market continues to evolve in scale and complexity, SEBI remains committed to fostering a proactive, technology-driven regulatory landscape centered on ease of doing business, market deepening and preserving market integrity.

In the coming year, SEBI will continue to focus on identifying and removing regulatory redundancies, simplifying procedural requirements and leveraging technology to ease the compliance burden.

We will continue our focus on deepening the cash equities market to spur capital formation. The Securities Lending and Borrowing scheme needs revamping to improve price discovery and facilitate interlinkage between the cash and derivatives segments. We will continue our agenda to strengthen India's commodity markets – both agri and non-agri.

To further accelerate capital mobilisation, we will introduce a **fast-track mechanism for launch of AIF schemes** and develop a **single window clearance system** for intermediaries associated with multiple MIIs, significantly reducing the compliance burden. Our focus extends to the modernization of the market intermediary interface through the **launch of the SEBI Setu Portal** and a pilot project on the **tokenization of corporate bonds** using distributed ledger technology. In tandem, we are advancing our cybersecurity frontiers by **preparing the market for quantum-era risks** and developing long-term technology roadmaps for our MIIs.

At the heart of this evolution remains the empowerment of the individual investor. A landmark initiative in this direction is **Project Jagrook**, inaugurated by the Union Finance Minister. Project Jagrook is our effort to make **investor awareness a unified national mission**. It will bring together SEBI, the MIIs, AMFI and NISM, through a 360-degree campaign combining physical and digital outreach. The aim is not just wider participation, but about responsible participation. It will empower investors to ask the right questions, make informed choices, and enter the market with confidence, not confusion.

These future-ready steps, will ensure that SEBI's regulatory oversight remains as dynamic as the markets we serve, firmly anchoring our progress toward the goals of Viksit Bharat 2047.

In Appreciation

The progress of India's securities market is fundamentally a shared endeavour, and I am deeply grateful to the members of the SEBI Board for their guidance and to the entire SEBI team for the professionalism they bring to this complex mandate. Our achievements this year reflect a collaborative spirit shared with our fellow regulators, the Ministry of Finance, and the broader market community, including investors, issuers, intermediaries and MIIs, whose partnership remains central to our vision of a globally respected financial ecosystem.

As we look towards the horizon, let us continue to move forward with confidence and unity, committed to the enduring prosperity of all stakeholders in India's growth story.

Jai Hind!

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SEBI > Reports & Statistics > Publications > Annual Reports

(https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListing=yes&sid=4&ssid=80&smid=101)

Conventions used in this Report

₹	:	Rupees
Lakh	:	Hundred thousand
Crore	:	Ten million
Million	:	Ten lakh
Billion	:	Thousand million/hundred crore
NA	:	Not Available
Na	:	Not Applicable
p.a.	:	Per annum

Differences in total are due to rounding off and sometimes they may not exactly add up to hundred percent.
Source of Charts and Tables is SEBI, wherever the same is not mentioned.

CHAPTER

1

INTRODUCTION

1.1 YEAR IN REVIEW

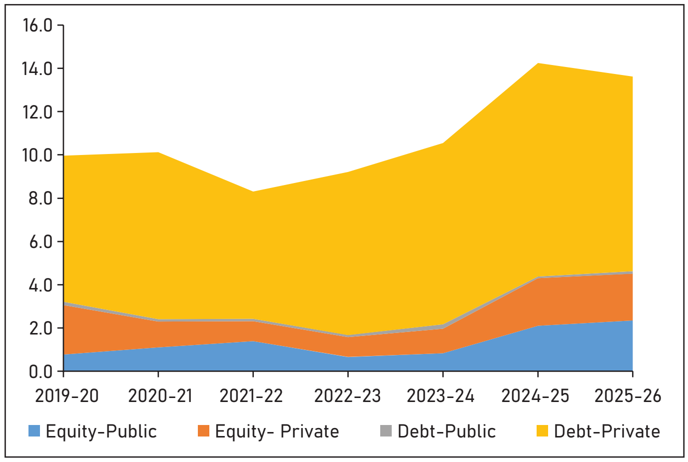
During the financial year 2025-26, the Indian securities market demonstrated remarkable resilience and strength, amid an uncertain global economic and geopolitical environment. The sustained momentum was driven by robust and diversified capital raising by corporates across equity, debt, and hybrid avenues and increased participation of domestic investors. Indian markets continued to rank among the leading global avenues for initial public offerings (IPOs), reflecting strong macroeconomic fundamentals, improving corporate performance and the deepening financialisation of household savings. While uncertainties arising from shifting trade policies, geopolitical conflicts, and capital outflows posed challenges to markets, domestic institutional investors (DIIs) and consistent retail participation provided resilience and stability.

The year also saw further progress in regulatory initiatives aimed at enhancing market integrity, improving ease of investing and doing business, strengthening risk management frameworks, and fostering innovation. Together, these developments reinforce the growing depth, efficiency and resilience of Indian securities markets, firmly positioning them as a trusted engine for sustained capital formation.

Primary Markets

India's primary market serves as a transparent and regulated gateway for capital formation, bridging savings and productive investments. In 2025-26, the market demonstrated continuous depth and maturity by mobilizing a total of ₹13.6 lakh crore. Although this represents a 4.4 per cent decline from the preceding year, the overall performance underscores the primary market's vital role as a catalyst for national economic growth (**Chart 1.1**).

Chart 1.1: Corporate Financing through Primary Market



Public equity fundraising through IPOs, FPOs, and rights issues reached a historic ₹2.3 lakh crore, an increase of 11.7 per cent over the preceding year. This performance was driven by robust macroeconomic fundamentals and expanding retail participation, which helped shield the domestic market from global challenges and foreign portfolio investor (FPI) outflows. While overall equity fundraising through IPOs and FPOs remained almost same at ₹1.9 lakh crore, the total number of newly listed companies grew from 320 to 366. Notably, main board IPOs successfully raised ₹1.8 lakh crore, an 8.9 per cent increase over the previous year.

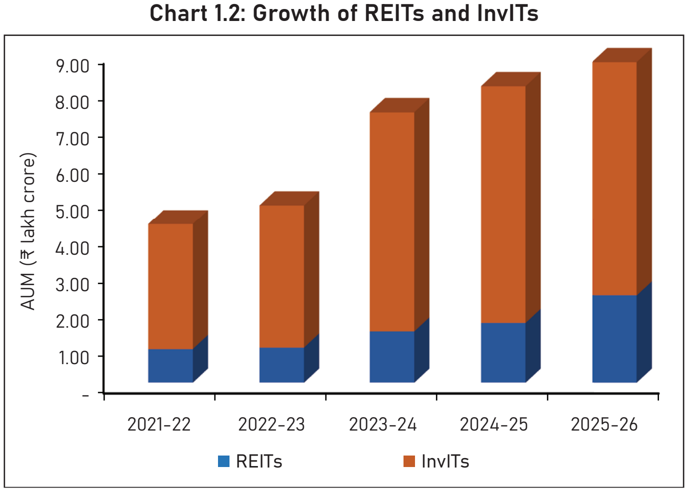
The small and medium enterprises platform continued its momentum, listing 257 companies and raising ₹11,587 crore, 18.1 per cent increase from the past year. Preferential allotments also experienced substantial growth, surging by 76.3 per cent to reach ₹1,48,219 crore. Conversely, Qualified Institutional Placements plummeted by 50 per cent to ₹67,853 crore, though the average issue size grew significantly. Additionally, the Social Stock Exchange expanded its footprint as five non-profit organizations raised ₹21.9 crore, up from the ₹14.8 crore mobilized in the preceding year.

Total funds mobilized through debt issuances fell by 8.4 per cent to ₹9,11,078 crore. This dip was primarily triggered by a hardening of corporate bond yields and widespread risk aversion amid macroeconomic uncertainties. Fund raising through private placements, which accounted for 98.8 per cent of the market share, faced its first contraction since 2021-22, with total fundraising declining 8.8 per cent to ₹9.0 lakh crore. Meanwhile, public debt issuances grew by 39.2 per cent to ₹11,343 crore across 43 public issues. The municipal bond market also witnessed a substantial surge, raising ₹1,756 crore through 14 issues, a massive leap from the single ₹100 crore issuance recorded the year before.

Furthermore, Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) have been playing a pivotal role in bridging the infrastructure financing gap. By financialising large-scale physical assets, they offer investors an attractive alternative asset class. During 2025-26, InvITs mobilised ₹21,026 crore, while REITs raised ₹9,300 crore through three issues. At the end of March 2026, the net AUM of REITs and InvITs stood at ₹2.4 lakh crore and ₹6.4 lakh crore (**Chart 1.2**).

Supporting this entire ecosystem, SEBI continues to maintain robust regulatory frameworks for primary market intermediaries to ensure market integrity, protect investors, and enhance the ease of doing business.

Chart 1.2: Growth of REITs and InvITs

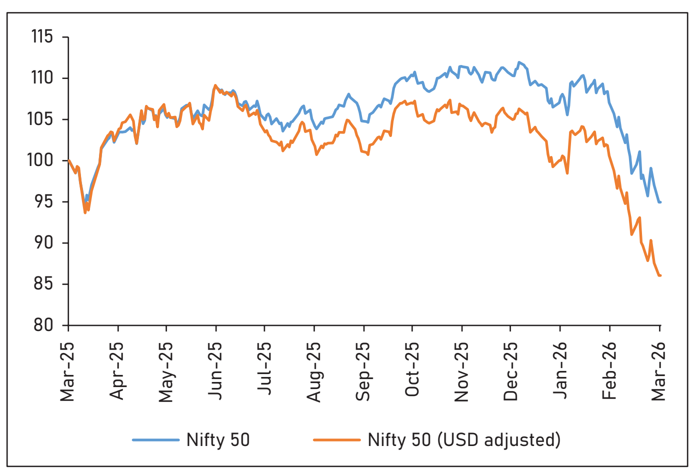


Secondary Markets

During the fiscal year 2025-26, the Indian securities market demonstrated exceptional resilience against a backdrop of heightened geopolitical risks, persistent FPI outflows, and trade wars. Although the benchmark Nifty 50 achieved a historic peak of 26,328.6 in early January 2026, subsequent geopolitical tensions in the Middle East prompted a 15.2 per cent correction from its peak, ending the year with an annual decline of 5.1 per cent. In U.S. dollar terms, the Nifty 50 recorded a more pronounced contraction of 13.9 per cent, reflecting the dual pressures of domestic market corrections and a sharp depreciation of the Indian Rupee (**Chart 1.3**).

Despite this volatility, Domestic Institutional Investors (DIIs), comprising Banks, DFIs, insurance, mutual funds and NPS, acted as a critical countervailing force, absorbing foreign divestments with a record cumulative net inflow of ₹8.5 lakh crore, heavily supported by consistent mutual fund SIPs. This led to a significant structural realignment, lifting DII equity holdings to an all-time high of 17 per cent by March 2026, while FPI ownership dropped to a 15-year low of 15.8 per cent. Aggregate market capitalization moderated marginally to ₹411.6 lakh crore, yet India maintained its position as the world's fifth-largest stock market.

Chart 1.3: Movement of Benchmark Indices



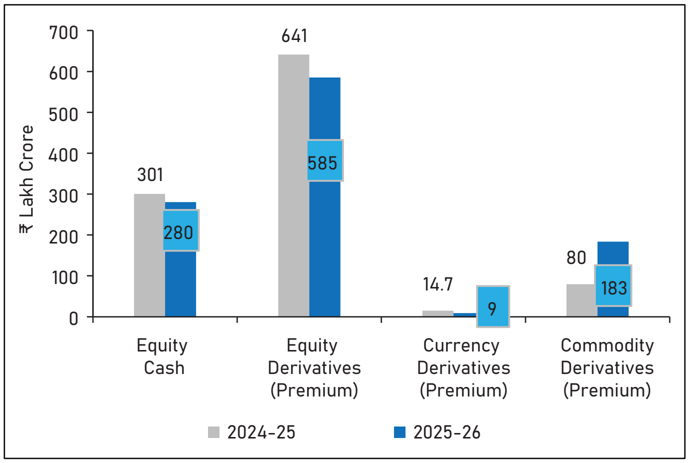
Note: All the indices have been indexed to 100 as on March 28, 2025
Source: Bloomberg

Trading activity within the cash equity segment reflected a general moderation, with total exchange turnover declining by 6.8 per cent to ₹280 lakh crore and the market capitalization-to-GDP ratio contracting from 130.1 per cent to 118.8 per cent **(Chart 1.4)**. This deceleration was influenced by valuation concerns and a shift in retail savings toward alternative safe-haven assets like gold and silver. Broad market indices generally tracked this downward trend, though sectoral performances diverged notably as Nifty PSU Bank and Nifty Metal posted strong gains of 25.7 per cent and 22.5 per cent, respectively, while the Realty and IT sectors emerged as the weakest performers.

The quality of market participation improved, as evidenced by an increase in delivery-to-traded quantity and value ratios to around 30 per cent, indicating a growing preference for asset ownership over speculative intraday activities. Retail engagement also expanded fundamentally post-COVID-19, with total demat accounts reaching 22.5 crore, driven by simplified digital onboarding processes and mobile trading applications offered by discount brokers.

The secondary corporate debt and hybrid markets experienced robust expansion during the period, with the traded value of settled corporate bonds rising by 27.9 per cent to ₹21.2 lakh crore, predominantly led by listed instruments. Off-market settlements via depositories also grew by 65.5 per cent to ₹89,293 crore, consisting mostly of unlisted corporate bonds.

Chart 1.4: Trading Activity across Market Segments



There was an exponential growth in electronic trading resulting in a 5.9-fold increase in trades executed via the electronic Request for Quote platform, which pushed average monthly turnover to ₹60,985 crore. Furthermore, the Limited Purpose Clearing Corporation, operating through AMC Repo Clearing Limited, gained substantial traction for corporate debt tri-party repos, increasing its average monthly trading volume by 2.6 times to ₹63,893 crore.

Conversely, the equity derivatives segment witnessed contrasting dynamics; while overall combined notional turnover edged up by 4.3 per cent to ₹1,10,418 lakh crore, total contract volumes in options declined by 51.5 per cent. This sharp decline in derivatives volume was primarily driven by targeted SEBI policy interventions including enhanced contract sizes, rationalized weekly expiries, and mandatory upfront premium collections alongside an upward revision in the securities transaction tax to mitigate systemic risks from retail speculation.

The derivatives landscape for commodities, currencies, and interest rates was heavily shaped by macroeconomic shifts and policy mandates. The commodity derivatives market boomed, with futures turnover rising 133.1 per cent to ₹166.4 lakh crore and options premium turnover jumping 107.2 per cent, fuelled by a global surge in energy and precious metal prices driven by safe-haven demand, while trading in major agricultural contracts remained suspended.

In the currency arena, despite a weakening global U.S. Dollar index, the Indian Rupee hit a historic low of ₹94.8 against the dollar on March 20, 2026 due to capital outflows and a widening trade deficit, resulting in 11 per cent annual depreciation. In the midst of this exchange rate pressure, currency derivative premium turnover plummeted by 39.6 per cent on account of the extant participation restriction to only those with verifiable underlying exposure. Finally, the interest rate derivatives market also experienced a significant contraction, with aggregate turnover dropping 23.4 per cent.

Asset Management

The Indian mutual fund industry is playing a pivotal role in the ongoing structural shift, driving the continuous reallocation of household savings away from traditional instruments and toward financial assets. This evolution is propelled by enhanced digital onboarding ecosystems, rising financial literacy, and regulatory reforms that support deeper market penetration beyond major metropolitan centers. The industry recorded a year-on-year growth of 12.2 per cent, with assets under management (AUM) rising to ₹73.7 lakh crore in March 2026 from ₹65.7 lakh crore a year earlier (**Chart 1.5**).

The unique investor base expanded by 13.2 per cent to 6.1 crore, driven by Tier II cities, where investor count rose by 37.6 per cent. Tier III cities hold the largest share of 55 per cent, highlighting deepening market penetration and the success of outreach efforts beyond traditional metro and urban centers.

During 2025-26, total gross resource mobilization by mutual funds climbed by 14.9 per cent, although a concurrent 16.5 per cent rise in liquidations/ redemptions caused overall net inflows to decline by 9.7 per cent to ₹7.4 lakh crore.

Passive investment instruments witnessed sustained traction, as the number of registered index funds and exchange-traded funds (ETFs) advanced significantly, drawing total net inflows of ₹2.1 lakh crore. Notably, net allocations into gold ETFs surged 4.6 times to ₹68,868 crore, reflecting heightened global geopolitical risks and domestic inflation concerns. Individual investors remained the bedrock of this expansion, holding 97.7 per cent of the industry's 27.4 crore total folios and accounting for 58.3 per cent of aggregate AUM. This retail momentum was heavily reinforced by systematic investment plans (SIPs), which saw total active accounts rise to 10.45 crore, while the average net monthly SIP contribution advanced by 25.8 per cent to a record ₹16,413 crore (**Chart 1.6**).

The number of Alternative Investment Funds (AIFs) increased to 1,829 entities by March 2026, with total commitments increasing by 25.6 per cent to ₹16.9 lakh crore by March 2026, anchored predominantly by Category II AIFs. Total cumulative net investments under AIFs reached an AUM of ₹6.8 lakh crore (**Chart 1.7**).

The Portfolio Management Services segment recorded 6.8 per cent increase in registered managers to 504, expanding its client base to over 2.15 lakh investors and growing its total AUM by 9.6 per cent to ₹41.4 lakh crore.

Foreign Portfolio Investors

Foreign Portfolio Investors (FPIs) continue to occupy a central position in India's capital market architecture, playing a vital role in enhancing market liquidity and supplementing domestic

Chart 1.5: Asset Management Ecosystem

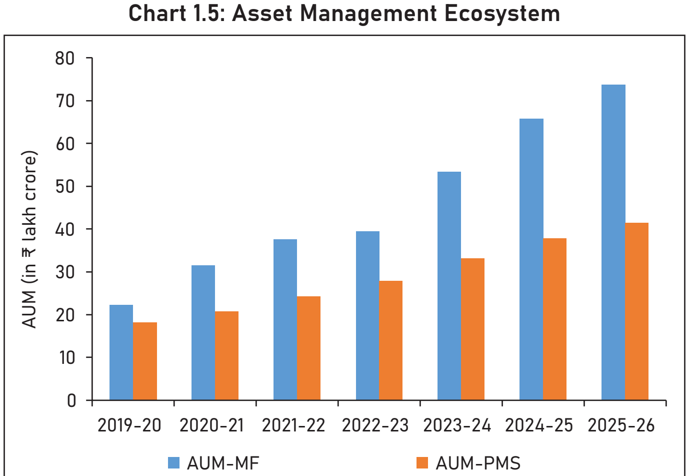


Chart 1.6: Trends in SIP Investments

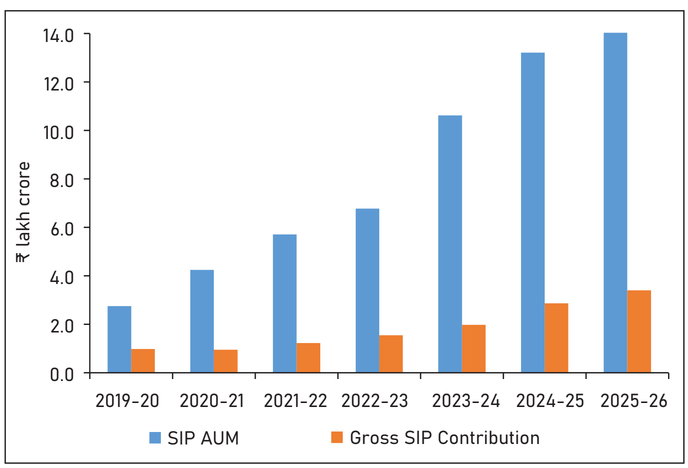
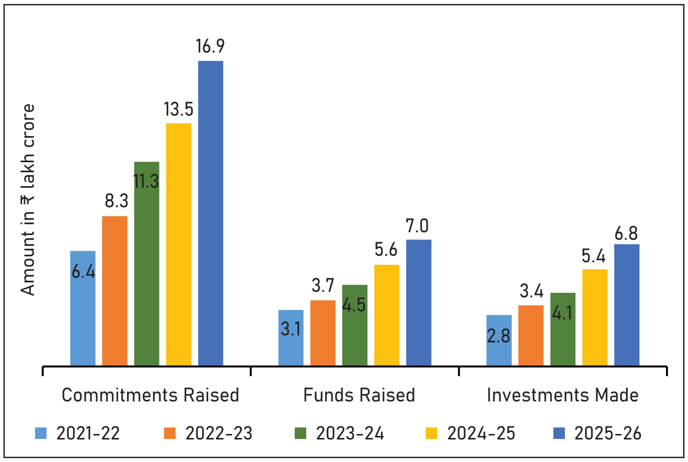


Chart 1.7: Growing Alternative Investment Fund Ecosystem



Notes: The above numbers are cumulative net figures at the end of each financial year.

capital formation. However, the 2025-26 fiscal year introduced a highly challenging external environment that accelerated cross-border capital outflows from the domestic market. Global macro pressures, including heightened risk aversion due to geopolitical tensions in West Asia, elevated crude oil prices, and rising U.S. bond yields, prompted widespread portfolio rebalancing toward technology-focused global markets. This external stress was further compounded by domestic headwinds, such as persistent depreciation of the Indian Rupee, relatively elevated equity valuations, moderating corporate earnings growth and a general underperformance of Indian equities relative to their major global peers.

As a consequence of these overlapping pressures, total FPI investment in Indian securities turned negative during 2025-26, registering a record net outflow of ₹1,52,692 crore. This historic exit represented a stark reversal from positive net inflows of ₹20,018 crore in 2024-25 and robust net inflows of ₹3,39,066 crore observed in 2023-24. Despite the unprecedented magnitude of the aggregate withdrawal, ratio of net FPI flow to asset under custody (AUC) ratio standing at 2.1 per cent, which indicates that the liquidations were relatively moderate compared to the overall scale of accumulated FPI holdings.

1.2 PERFORMANCE HIGHLIGHTS

SEBI remains committed to its core mandate of investor protection, market development, and regulatory oversight to safeguard India's securities market ecosystem. SEBI addresses the challenges of a rapidly evolving, technology-driven market landscape by introducing strategic policy updates, expanding data-driven supervision, investor education and integrating stakeholder feedback to improve governance and risk monitoring.

1.2.1 Policy Measures

Recognising the increasing scale, complexity and technology-driven transformation of securities markets, SEBI implemented several policy initiatives during 2025-26. These measures reflected its balanced approach towards market development, investor protection and systemic stability while also supporting innovation and ease of doing business.

The policy development process during 2025-26 remained anchored in extensive stakeholder engagement and institutional deliberation. The feedback received from market participants on any draft proposal was comprehensively analysed and further examined through Advisory Committees and Industry Standard Forums. During 2025-26, Advisory Committees held 49 meetings, in which 203 agendas related to policy and regulatory frameworks were discussed. A total of 82 consultations (includes consultation papers, draft circulars and investor charters) were issued for public comments during the year. Further, 69 meetings of Industry Standard Forums were held during the year, in which 148 agenda items were deliberated.

As part of its continuing efforts to simplify regulatory compliance and improve ease of doing business, SEBI consolidated and rationalised various regulatory directions through the issuance of 16 master circulars, thereby providing market participants with a single-point reference for applicable regulatory framework.

Further, SEBI issued 103 circulars, encompassing primary and secondary markets, market intermediaries, and asset management. This excludes circulars issued for clarificatory purposes and timeline extensions.

Some of the significant policy measures during 2025-26 are listed below:

1. Strengthening Regulatory Framework

i. The scope of compulsory dematerialization prior to DRHP filing was expanded significantly beyond promoters to include the promoter group, selling shareholders, KMPs, senior management, QIBs, directors, employees, shareholders with special rights, and all entities regulated by financial sector regulators.

ii. To mitigate risks from non-regulated businesses, Regulations were amended permitting Merchant Bankers and Debenture Trustees (DTs) to undertake non-SEBI regulated activities under strict safeguards and isolation rules.

iii. The reporting framework for issuers of non-convertible securities was streamlined for ensuring that DTs received timely information to protect investor interests and monitor security cover effectively. DTs were given explicit right to call for information from issuers.

iv. An operational framework was rolled out for social, sustainability, and sustainability-linked bonds.

v. To address hyperactivity on expiry days, stock exchanges were advised to designate either Tuesday or Thursday as uniform weekly/monthly expiry day. Exchanges can offer only one weekly benchmark index options contract; all other derivative products must have a minimum tenure of one month. A real-time intraday position monitoring mechanism was implemented for equity index options. Additional eligibility criteria were mandated for launching derivatives on non-benchmark indices.

vi. Calendar spread margin offset for single-stock derivatives on the exact expiry day of the near-month leg was discontinued.

vii. Rules governing the appointment, reappointment, termination, or resignation of KMPs of MIIs were prescribed. A mandatory cooling-off period was instituted for directors and KMPs joining a competing MII.

viii. To improve compliance efficiency, MIIs must set up a first-level appellate mechanism under their governing board for actions taken against members of MIIs by the Member Committee.

ix. A revised framework was introduced for capacity planning and real time performance monitoring of the critical information technology systems and supporting components in the commodity derivatives segment of the MIIs.

x. AIFs managers were mandated to upload the Net Asset Value (NAV) of their respective ISIN units directly to depositories to give unitholders a unified view of their holdings.

xi. The SEBI (Custodian) Regulations, 1996 were amended to strengthen the compliance and governance framework.

2. Fostering Market Development

i. SEBI (ICDR) and (LODR) Regulations were amended to include additional legal structures such as trusts registered under Indian Registration Act, 1908 as well as Schedule VII of Companies Act for CSR to the existing list of eligible activities.

ii. To enhance participation of long-term institutional investors in the IPO process, the anchor investor allocation framework was revised. Key changes include raising the overall anchor book portion to 40 per cent (from 33 per cent), dedicating 7 per cent exclusively to insurers and pension funds, and updating the number of permitted anchor investors.

iii. To address risk-appetite mismatches while expanding the availability of seed capital for start-ups, the regulatory framework for Angel Funds was thoroughly revised by lowering minimum deal sizes to ₹10 lakh, expanding the maximum investment cap to ₹25 crore, and eliminating the 25 per cent single-startup concentration limit, allowing contributions from more than 200 investors, removal of 5 year limit of drawing down capital etc.

iv. To facilitate increased participation of large trades in the large blocks and enhance normal market liquidity, the block deal price bands were widened from +/-1% to +/-3% and the minimum order threshold was raised from ₹10 crore to ₹25 crore, routing smaller block trades to the regular trading order book.

v. To align closing price discovery with international standards, a dedicated 20-minute closing auction session for the equity cash segment was introduced and will be implemented in a phased manner starting August 2026.

vi. Request for Quote platform was upgraded to offer real-time cash flow tracking for corporate bonds, improving price discovery.

vii. Mandatory Electronic Book Provider (EBP) Platform issuance threshold was lowered from ₹50 crore to ₹20 crore. Private placements of Securitised Debt Instruments, REITs, SM REITs, and InvITs were permitted on EBP platform.

viii. The conditions for the issuance of debt securities and non-convertible redeemable preference shares at a reduced face value of ₹10,000 on a private placement basis were amended to include Zero Coupon Bonds with fixed maturities to encourage wider participation.

ix. Sectoral Debt Fund was introduced to deepen the corporate bond market. Life Cycle Funds was introduced to promote goal-based and long-term investing through a predefined glide path that aligns asset allocation with the investor's life stage or target date.

x. To align asset valuation with domestic market conditions, physical gold and silver held by MF schemes is required to be valued as per polled spot prices published by recognized stock exchanges.

xi. Electricity Futures were launched at MCX on July 10, 2025, and at NSE on July 14, 2025.

xii. A separate type of AIF schemes exclusively for Accredited Investors (AIs) was introduced, with significant relaxations. Category I and II AIFs were permitted to offer 'Co-investment Schemes' to AIs.

xiii. REITs has been re-classified as equity instruments for purpose of investment by mutual fund investment including Specialised Investment Funds (SIFs), making REITs eligible for index inclusion and frees up the combined hybrid limits to be used exclusively by InvITs.

xiv. The definition of 'Strategic Investors' in public offerings by REITs and InvITs was widened to include all QIBs, registered intermediaries and family trusts with a minimum net worth of ₹500 crore, and RBI-registered Middle, Upper, and Top-layer NBFCs.

xv. REITs and InvITs investment criteria in liquid mutual funds have been broadened to include schemes which invest in securities rated AA and above.

xvi. Allowing REITs, SM REITs, and InvITs to deal in interest rate derivatives for hedging.

xvii. To encourage project-based municipal bond issuances for civic infrastructure, CRAs were permitted to apply an Expected Loss based rating scale alongside traditional Probability of Default metrics to better capture long-term recovery prospects.

3. Enhancing Ease of Doing Business

i. Following a comprehensive review, new regulations have been notified during the year, to simplify and modernize the existing regulatory frameworks by prioritizing transparency, structural simplicity, and investor protection. The newly notified list includes: SEBI (Registrars to an Issue and Share Transfer Agents), Regulations, 2025; SEBI (Stock Brokers Regulations), 2026 and SEBI (Mutual Funds) Regulations, 2026.

ii. To facilitate ease of doing business, LODR provisions were amended to introduce scale-based thresholds based on the annual consolidated turnover of the listed entity to determine material Related Party Transactions (RPTs). It simplified approvals for subsidiary RPTs and eased disclosures for smaller transactions.

iii. Special measures were approved to ease the voluntary delisting of Public Sector Undertakings (PSUs) where the Government or other PSUs hold 90 per cent or more of the shares (excluding banks, NBFCs, and insurance companies).

iv. Placement documents for QIP by listed entities were simplified and streamlined by leveraging existing public information to reduce or eliminate data duplication and by shifting to concise summaries.

v. The minimum public offer and minimum public shareholding rules were revised to improve ease of doing business and encourage large listings, allowing lower initial dilution for large issuers and provides extended timelines to meet the 25 per cent MPS threshold.

vi. The threshold for identifying High Value Debt Listed Entities (HVDLE) was increased from an outstanding debt of ₹1,000 crore to ₹5,000 crore. Further, corporate governance norms for HVDLEs were aligned with equity-listed companies for ease of doing business.

vii. DTs were allowed to use the Recovery Expense Fund for specific legal, asset recovery, and voting expenditures, without prior debenture holder consent, provided holders are intimated via mail or website.

viii. InvITs with leverage exceeding 49 per cent were permitted to utilize fresh borrowings for capital expenditure, major maintenance, and refinancing the principal component of eligible debt.

ix. To enhance ease of doing business for SM REITs, the public issue process and disclosure requirements were simplified to make it easier for smaller real estate projects to access capital markets.

x. The conversion process of private listed InvITs into public vehicles was streamlined by relaxing sponsor minimum contribution boundaries during conversion public issues and aligning listing disclosures directly with Follow-on Public Offer rules.

xi. Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI) framework was launched to minimize regulatory hurdles and streamline compliance for FPIs.

xii. A new Digital Signature Certificate application mechanism was integrated inside the Common Application Form portal, digitising FPI onboarding process.

xiii. A dedicated website, India Market Access, has been developed to serve as a single source of procedural and regulatory information for global FPIs.

xiv. A category was introduced for FPIs investing exclusively in Government Securities granting certain relaxations in onboarding and ongoing compliance requirements.

xv. FPI Regulations were amended to allow retail schemes in IFSCs with resident Indian sponsors/managers to register as FPIs, align fund sponsor limits with IFSCA specifications, and allow overseas mutual funds to include Indian mutual funds as investment constituents.

xvi. To facilitate ease of compliance by FPIs, additional disclosures framework was amended to increase the threshold under size criteria for submission of additional disclosures from ₹25,000 crore to ₹50,000 crore.

xvii. Accreditation framework for AIFs were simplified to enhance privacy and operational ease. The requirement to disclose granular asset-liability details in net worth certificates was removed to protect privacy. Furthermore, managers can execute contribution agreements with AIs based on internal due diligence prior to final certificate issuance, provided no capital is called.

1.2.2 Investor Education and Empowerment

Several investor-centric measures have been undertaken during 2025-26 to educate, empower and protect investors.

i. To increase retail participation, a concise and standardized summary of offer documents was mandated at the Draft Red Herring Prospectus stage.

ii. Public debt issuers were allowed to offer targeted financial incentives to specific categories like senior citizens, women, serving/retired defence personnel, and retail individual investors. These benefits apply exclusively to initial allottees and terminate upon transfer.

iii. The minimum investment value for individual investors in Social Impact Funds was reduced from two lakh rupees to one thousand rupees to enhance retail participation on the SSE.

iv. The maximum permissible exit load that can be charged on MF schemes was capped at 3 per cent (down from 5 per cent), ensuring the collected load continues to be credited back to the scheme to protect remaining unitholders.

v. An incentive structure for MF distributors in respect of investments from new individual investors from B30 cities and new women individual investors has been introduced. The incentive is capped at 1 per cent of the first application amount (in case of lumpsum investment) or total investment during the first year (in case of SIP) subject to a maximum of ₹2000.

vi. Transaction charges and upfront commissions payable by investors in MF investments have been discontinued, with the principle that distributors, as agents of AMCs, should be remunerated solely by the AMCs for services rendered.

vii. Investor Charter for REITs and InvITs was introduced outlining services, legal rights, "Do's and Don'ts," and grievance redressal mechanism.

viii. To safeguard investors from cyber frauds, a new sub-system of UPI – "Validated UPI handles" have been enabled for securities market. w.e.f. October 01, 2025. The 'Valid UPI Handles' and the 'SEBI Check' utility of SEBI has created a secure digital pathway for investors, ensuring that payments go only to registered intermediaries.

ix. To combat the problem of fake trading apps, SEBI has collaborated with Google to introduce a first-of-its-kind "Verified" Label on the Google Play Store. Any stock trading app that belongs to a genuine, SEBI-registered broker will display a "Verified" badge. Investors are encouraged to use the "CVV" (Check, Validate, Verify) protocol within the Saa₹thi app to ensure legitimacy and to verify app authenticity, a move backed by the Ministry of Finance designating SEBI as an authorized agency.

x. To enhance investor trust and distinguish regulated content from that of unregistered persons, SEBI has mandated that all regulated entities and their agents must prominently disclose their registered name and SEBI registration number on Social Media Platforms.

xi. In order to provide investors with independent verification of the risk and return metrics claims of IAs, RAs and algorithmic trading providers, a "Past Risk and Return Verification Agency (PaRRVA)" for risk-return performance verification was introduced.

xii. In an effort to enhance investor protection and curb financial fraud, SEBI has advised its regulated/ registered entities to only use the '1600' phone number series exclusively for service and transactional voice calls to their existing customers.

xiii. To enhance digital security for mutual fund holdings, SEBI introduced a voluntary debit freeze facility for both demat and non-demat folios, allowing investors to prevent unauthorized debits through a secure locking and unlocking mechanism managed via the MF Central platform.

xiv. To enhance investor convenience and reduce operational risks, SEBI dispensed with the issuance of the Letter of Confirmation, enabling the direct credit of securities into demat accounts and reducing the service timeline from approximately 150 days to 30 days.

Public Outreach and Awareness Campaigns

In order to enhance the visibility of SEBI's initiatives and also to give public quick access for various updates from SEBI, an official X Account @SEBI_updates, was launched on April 04, 2025.

SEBI, in co-ordination with MIIs, carries out investor education and awareness programmes across different parts of the country. During 2025-26, a total of 63,176 programmes were conducted free of cost, in various regional languages besides Hindi and English. These were complemented by digital platforms like SEBI investor website and Saa₹thi Mobile App. To strengthen investor protection and actively combat financial fraud and scams, the 'SEBI vs SCAM' campaign, was undertaken. SEBI Check campaign was also rolled out with an aim to develop a culture of "Verify Before You Pay" among retail investors. A nationwide training initiative for block level/ panchayat representatives was initiated to promote financial literacy and investor education at grassroots level.

1.2.3 Surveillance

The role of surveillance has become increasingly critical in ensuring the integrity and stability of the securities market, particularly in light of the substantial rise in trading activity in recent years. Stock exchanges perform real-time surveillance of market segments to flag irregularities in trading activities.

In addition, SEBI has a robust in-house surveillance infrastructure capable of monitoring activities across equity, equity derivatives, and commodity derivatives segments. This system is designed to detect market abuse, including emerging and sophisticated manipulative practices. In furtherance of its efforts to detect and address market misconduct, SEBI, conducted various Search and Seizure operations during 2025-26, covering 48 entities across 46 locations spanning 14 cities throughout the country.

1.2.4 Supervision

During 2025-26, comprehensive offsite inspections of MIIs were conducted by SEBI to assess compliance with relevant regulations, systemic risk management, technological resilience against technical glitches or cyber-attacks. Further, SEBI conducted inspections of the surveillance functions of NSE, BSE and MSEI, NSDL and CDSL, alongside listing related compliance audits at three exchanges.

To streamline data sharing, SEBI developed a cloud-based platform for the secure exchange of inspection data and alerts with brokers and depository participants (DPs), facilitating faster corrective actions. During 2025-26, SEBI and exchanges jointly conducted 179 inspections of 106 brokers. Independently, exchanges completed 973 inspections of 822 brokers across various market segments. Further, SEBI and depositories conducted 28 joint inspections of 23 DPs, while depositories executed 617 inspections of 583 DPs to safeguard securities holding systems.

SEBI employs a risk-based supervision framework to monitor MFs, portfolio managers, and RTAs. SEBI initiated inspections of 23 portfolio managers, 23 mutual funds, and two RTAs. Furthermore, SEBI leverages its advanced offsite monitoring for MFs and portfolio managers, by integrating multi-source data from AMCs, RTAs, valuation agencies, index providers, custodians and AMFI into an algorithm-driven alert ecosystem. As of March 31, 2026, 217 alerts were deployed for mutual funds, 17 alerts for SIFs and 90 alerts for portfolio managers, to ensure real-time compliance.

During 2025-26, SEBI took up 402 cases for formal investigations pertaining to various violations of securities laws, and 338 cases were completed. To undertake capacity building, development and enhancement of skills of officers of SEBI in the fields of digital forensic, forensic accounting, cyber security, SEBI has entered into an MoU with National Forensic Sciences University.

1.2.5 Technology

Rapid technological advancements are reshaping the market ecosystem by increasing the speed, complexity, and interconnectedness of financial systems. SEBI is actively adopting emerging technologies like data analytics, artificial intelligence (AI), and advanced surveillance tools to strengthen market supervision, enhance real-time monitoring, improve cyber risk preparedness, and ensure more robust, efficient investigations.

Several key IT and AI systems were operationalised during 2025-26. An API-based framework in collaboration with social media platform providers was implemented to ensure that only verified, SEBI-registered intermediaries can run advertisements related to the securities market. To safeguard retail investors from the proliferation of financial frauds and scam setups on social media, SEBI operationalized Project SUDARSAN, an AI-powered intelligence platform. To strengthen investor protection and ensure regulatory compliance within the Indian securities market, an AI-powered monitoring and enforcement support tool, R(AI)DAR, was developed and deployed for AMCs. Single Universal Platform for Communications (SUPCOMS) was launched to improve the efficiency and speed of communication with external entities. A next-gen E-adjudication portal was launched to digitally enable quasi-judicial proceedings. Further, an AI-enabled platform, Cyber-Sec Audit Compliance (C-SAC), has been designed to fully automate the cybersecurity audit tracking and oversight of regulated entities.

1.3 LOOKING FORWARD

As the Indian securities market continues to evolve in scale and complexity, SEBI remains committed to fostering a proactive, technology-driven regulatory landscape. SEBI's focus for 2026-27 centres on ease of doing business, market deepening, investor empowerment, and digital transformation.

1.3.1 Investor Education and Empowerment

Recognizing that a protected investor is an informed investor, SEBI plans to launch:

- **Project Jagrook:** A comprehensive, nation-wide campaign that seamlessly integrates both physical and digital initiatives towards investor awareness and education. With a multi-linguistic approach and 360-degree media reach, this project is a unified mission under the umbrella of SEBI and securities market partners including exchanges, depositories, AMFI and NISM. The aim of this project is to ensure that the securities market is an accessible, inclusive space with wider participation across the country in responsible manner.
- **Pan-India Public Awareness through WhatsApp:** An AI-enabled multilingual public awareness campaign through WhatsApp and other digital

platforms to disseminate verified information on safe investing practices and identification of fraudulent schemes, investor grievance redressal mechanism, etc.

- **Revamped SEBI Investor Website:** A complete revamping of the SEBI Investor Website with improved UI/UX and advanced search capabilities.
- **Nomination Reforms:** Modifying norms for nominations in demat accounts and mutual fund folios to simplify the onboarding and ease the nomination process.

1.3.2 Enhancing Ease of Doing Business

SEBI aims to reduce the compliance burden on market participants without compromising risk management. Key initiatives include:

- **Regulatory Streamlining:** A comprehensive review of the SEBI (LODR) Regulations (2015), SEBI (Depositories and Participants) Regulations (2018), and SEBI (Portfolio Managers) Regulations (2020) to streamline the regulations, remove ambiguities and simplify language.
- **Fast-Track Launch of AIF schemes:** Introduction of a fast-track mechanism for processing private placement memorandums (PPMs) filed with SEBI, leveraging sophistication level of AIF investors and the increased experience of Merchant Bankers with respect to due-diligence of PPMs.
- **Rationalising Intermediary Frameworks:** A dedicated Working Group will review and assess the existing regulatory frameworks for IAs and Mutual Fund Distributors to provide actionable recommendations for a more cohesive advisory ecosystem.

1.3.3 Corporate Bond and Hybrid Markets

- **SDI Regulation Alignment:** SEBI proposes to align certain provisions of Securitized Debt Instrument (SDI) Regulations with the revised directions issued by the RBI in September 2021 on Securitization of Standard Assets Directions, to enhance ease of compliance.
- **Municipal Bond Framework Expansion:** Amending the SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 to expand municipal bond market by specifying the requirements for refinancing, allowing pooled finance vehicle for two or more municipal corporations, and introducing measures to encourage retail participation in municipal debt securities.
- **REITs and InvITs Depository Receipts:** Specifying a framework for issuance of depository receipts on units of REITs and InvITs within permissible jurisdictions providing an additional investment option for foreign investors.
- **ESG Rating Providers (ERPs) Framework Review:** Reviewing the existing ERP regulatory framework and the Master Circular on ERPs based on stakeholder feedback and final recommendations of the dedicated Working Group.

1.3.4 Modernizing the Market Intermediary Interface

- **SEBI Setu Portal:** Launching a unified, one-stop portal to provide intermediaries with seamless, user-friendly access to regulatory information, tracking and registration processes.
- **Unified Standards:** Introducing a Common Advertisement Code, a uniform penalty structure for Investment Advisers and Research Analysts, and simplified and standardized transmission procedures for securities.
- **Digital Onboarding:** Simplifying client onboarding by reducing repetitive KYC requirements and rationalising risk management at KYC Registration Agencies (KRAs).
- **Single Window Clearance for multi-MII Intermediaries**: Developing a streamlined single-window mechanism for processing of registration and post-registration applications for intermediaries associated with multiple MIIs to enhance operational efficiency and reduce inconsistencies.

- **Centralised Post-Registration Processing:** Creating a framework for one-stop processing of post-registration applications of intermediaries having multiple distinct registrations with SEBI.

1.3.5 Deepening Commodity Derivatives

Recognising the vital role of the commodity derivatives market in the Indian economy, SEBI aims to enhance liquidity and market participation through the following initiatives:

- **FPI Participation:** Evaluating risk management frameworks to allow FPIs in non-cash settled non-agricultural commodity derivative contracts.
- **Ecosystem Strengthening:** Implementing recommendations from working groups focused on agricultural segment, with a specific focus on resolving delivery and settlement challenges faced by Farmer Producer Organizations.

1.3.6 Technology & Cybersecurity

SEBI plans to adopt emerging technologies, particularly AI-led process transformations and Generative AI initiatives (on premise and cloud ecosystems), to support ease of doing business, ensure investor protection, and strengthen technology risk preparedness.

- **AI and Analytics Initiatives:** An internal AI-enabled platform will be implemented to serve as a knowledge repository and institutional memory with an intuitive interface, enabling non-technical users to query data in natural language and produce standardised reports. SCORES portal will be enhanced with advanced AI capabilities for automatic complaint analysis, optimised routing and flagging of emerging issues. Furthermore, SEBI will be developing a market surveillance visualization platform and automating investigation workflows for corporate frauds and front running detection.
- **SEBI Intermediary Portal:** Revamping SEBI's primary digital interface with its regulated entities, integrating it with Digital Public Infrastructure to provide single window registration, and self-service capabilities to intermediaries.
- **Tokenization of corporate bonds:** SEBI is planning a pilot project on tokenization of corporate bonds aiming to evaluate the feasibility of tokenization of securities using Distributed Ledger Technology. The project will assess potential benefits such as faster settlement, operational efficiencies, programmability through smart contracts and integration with CBDC-based settlement mechanisms.
- **Quantum Readiness:** To prepare market for quantum-era risks and opportunities, SEBI will advance its initiatives through quantum readiness compliance, cryptographic bill of materials and its active global engagements as Vice-Chair of IOSCO's Quantum Working Group.
- **10-Year MII Tech Roadmap:** A working group will take a holistic and forward-looking view on adoption of emerging technologies by MIIs such as AI/ML, distributed ledger technology, cloud computing, SupTech and RegTech solutions, tokenisation, and quantum-safe systems and provide a 5 and 10 years Technology Roadmaps for MIIs.
- **Standardised Incident Reporting Portal:** SEBI will be launching a standardised incident reporting portal with defined workflows and timely dissemination of Indicators of Compromise to market participants to enable faster collective response.
- **Capacity Building:**

  a. To tackle cyber risk and ensure cyber resilience due to emerging technologies, SEBI will be conducting comprehensive sector specific cyber security trainings in collaboration with Rashtriya Raksha University and NISM.

  b. Capacity building initiatives on modern practices like Vibe Coding, DLT, Tokenisation etc. for SEBI employees will also be taken up to improve delivery speed, strengthening quality, and standardisation.

CHAPTER
2

REVIEW OF FINANCIAL MARKETS

This Chapter analyses the economic and investment environment in India and presents their comparison with advanced as well as some peer emerging market economies during the financial year 2025-26. The year was marked by an extraordinary convergence of geopolitical, macroeconomic, and financial market developments that collectively reshaped global economic expectations and capital allocation decisions.

2.1 ECONOMY

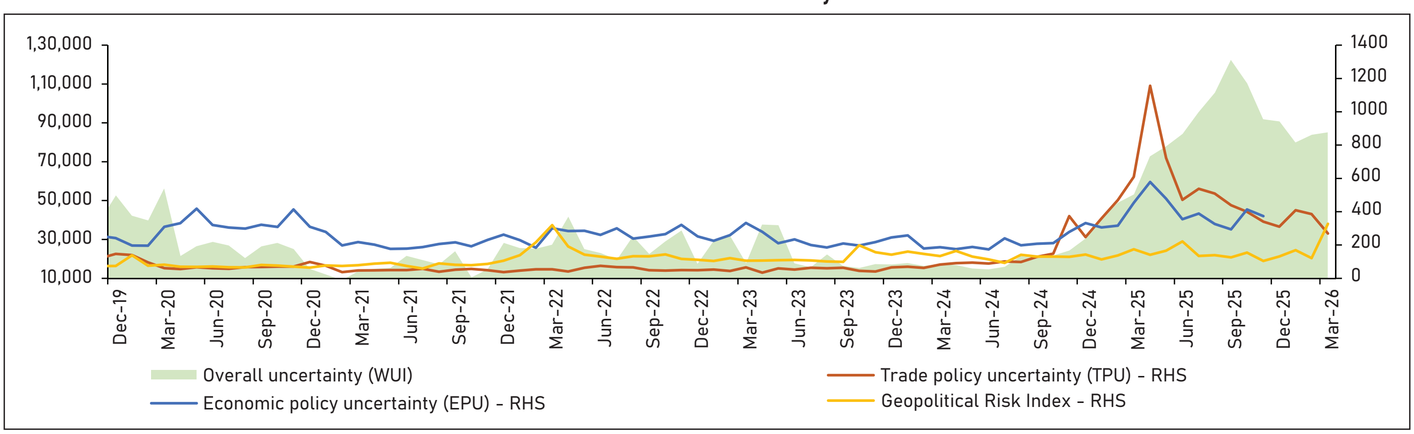
2.1.1 Global

The financial year 2025-26 was defined by a series of high-impact global events that fundamentally altered the trajectory of the global economy. The year began in the shadow of the US trade tariff regime that had intensified through the year, with the United States having imposed sweeping reciprocal import duties across a wide range of trading partners. While some diplomatic engagements during the year (including a US Supreme Court ruling that curtailed certain IEEPA-based tariffs) moderated the most extreme measures, the underlying uncertainty around trade policy persisted through much of the first three quarters. Global supply chains, which were still recalibrating from the pandemic-era dislocations, faced renewed pressure as trade flows became uncertain and capital redirected away from trade-exposed sectors. The net effect was a discernible softening of global growth momentum as the first half of the year progressed.

The most decisive event of the year, however, unfolded in the latter part of 2025-26 with the outbreak of armed conflict in the Middle East in late February 2026. The conflict led to the near-closure of the Strait of Hormuz - the world's most critical energy transit chokepoint through which roughly one-quarter of global oil supply and about one-fifth of global liquefied natural gas (LNG) trade normally transit. This triggered what the International Energy Agency described as the largest supply disruption in the history of the global oil market. Brent crude prices surged above USD 100 per barrel, European gas prices jumped by roughly 60 per cent, and cascading price pressures spread across fertilisers, aluminium, and food supply chains. A ceasefire was announced in early April 2026, providing partial relief, though normalisation of supply through the Strait was still incomplete at the close of the financial year.

These developments were clearly reflected in global uncertainty indices, as captured in **Chart 2.1.** Both

Chart 2.1: Trend in Uncertainty Index



Note: The uncertainty measures are news and media-outlets-based indices that quantify media attention to global news related to overall uncertainty (WUI), EPU and TPU.
Source: IMF

the Trade Policy Uncertainty (TPU) index and the Economic Policy Uncertainty (EPU) index climbed sharply during H1 of the fiscal on account of trade tariff confrontations, while the Geopolitical Risk Index (GPR) surged following the Middle East war outbreak, to levels comparable to that of Russia-Ukraine conflict. The interplay between trade policy anxiety during the first half and geopolitical risk in the second half created a sustained environment of uncertainty. The World Uncertainty Index (WUI) surged to unprecedented highs, surpassing even the peaks recorded during the height of the COVID-19 pandemic (**Box 2.1**).

Box 2.1: US Uncertainty Export: How shocks emanating from the US ripple through to World and India

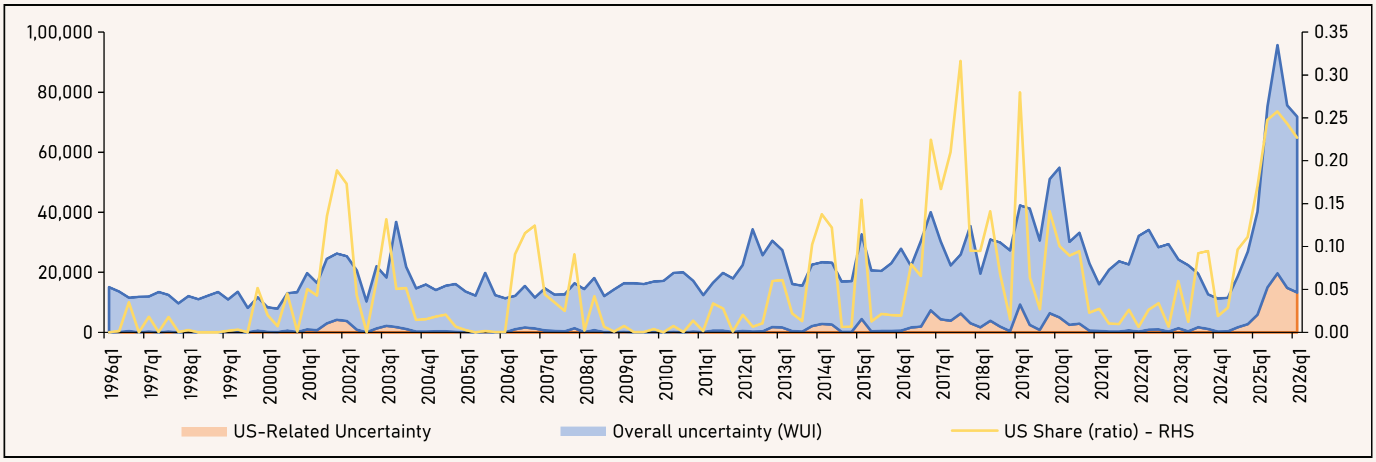
Geopolitical shocks and policy pivots originating in the United States have historically cast a long shadow over global economic sentiment. Measuring this shadow has been made possible by WUI and the World Uncertainty Spillover Index - United States (WUSI-USA)[1], both derived from the frequency of uncertainty-related language in Economist Intelligence Unit (EIU) country reports across 142 economies. The data from 1996Q1 to 2026Q1 reveals a striking discontinuity: the current episode of US-generated uncertainty is not merely acute, but uniquely persistent; and for India, the spillover has been unlike anything witnessed over the past three decades.

I. The United States as a Driver of Global Uncertainty

Chart 1 plots the GDP-weighted WUI (overall uncertainty) and the US-related component alongside their ratio (a proxy for the US share in world uncertainty). Through much of the late 1990s, the US contribution was negligible. Though this changed post the onset of 21st century, with the US share in overall uncertainty rising sharply, such surges were episodic and short-lived. The COVID-19 shock, though it propelled overall uncertainty to 49,821 (the then-highest on record), was primarily a global phenomenon and the US-specific share remained modest.

The current episode is categorically different. Beginning in 2025Q1, both overall and US-specific uncertainty have risen in tandem and to heights not seen before. By 2025Q3, overall uncertainty had surged to about 50 per cent above the COVID-era peak, with the US contributing roughly 25 per cent for four consecutive quarters spanning 2025Q2 to 2026Q1. The primary drivers have been the sweeping tariff regime announced by the US and the escalating Iran-US tensions, each feeding a sustained repricing of global risk. This marks the first time since the pandemic that world uncertainty has risen sharply, but unlike 2020, the uncertainty is clearly flowing from the US.

Chart 1: World Uncertainty and the US Contribution



(Contd...)

[1] Ahir, H, N Bloom, and D Furceri (2022), "World Uncertainty Index", NBER Working Paper

II. The Spillover to India: From Sporadic to Structural

Chart 2: US Uncertainty Spillover to India: WUSI-USA Index for India

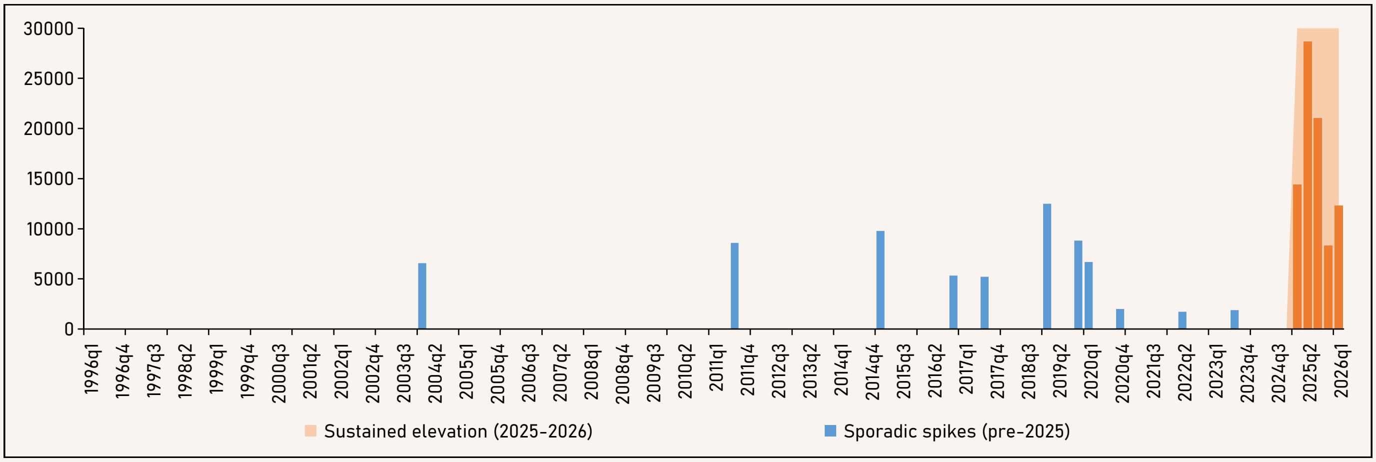


Chart 2 presents the WUSI-USA index data for India. The index measures how frequently EIU analysts associate US-related language with uncertainty in India's country reports, rescaled by a factor of one million. Before 2025, the time series is characterised by isolated, one-quarter spikes each invariably reverting to zero or near-zero in the immediately following quarters. Even during the elevated global-uncertainty episodes visible in Chart 1, the US-uncertainty spillover to India was fleeting: a blip rather than a trend.

Howbeit, since 2025Q1, the WUSI-USA for India has remained continuously elevated for five consecutive quarters - an occurrence with no historical precedent. The index touched 28,630 in 2025Q2, more than double the prior all-time peak for India (12,483 in 2019Q1), before moderating to 21,006 in 2025Q3, 8,293 in 2025Q4, and rebounding to 12,304 in 2026Q1. The persistence of elevated readings well into 2026Q1 suggests that US policy uncertainty has transitioned from a transient external shock into a structural risk factor that policymakers in India must now contend with on a sustained basis.

Against this backdrop, the International Monetary Fund's (IMF) April 2026 World Economic Outlook revised its global growth forecast to 3.1 per cent for 2026, down from the pre-conflict projection of 3.3 per cent. The IMF cautioned that the ultimate magnitude of the slowdown would depend on the duration and scale of the war, and presented adverse and severe scenarios in which global growth could fall to 2.5 per cent and 2.0 per cent, respectively, should the dislocations prove prolonged.

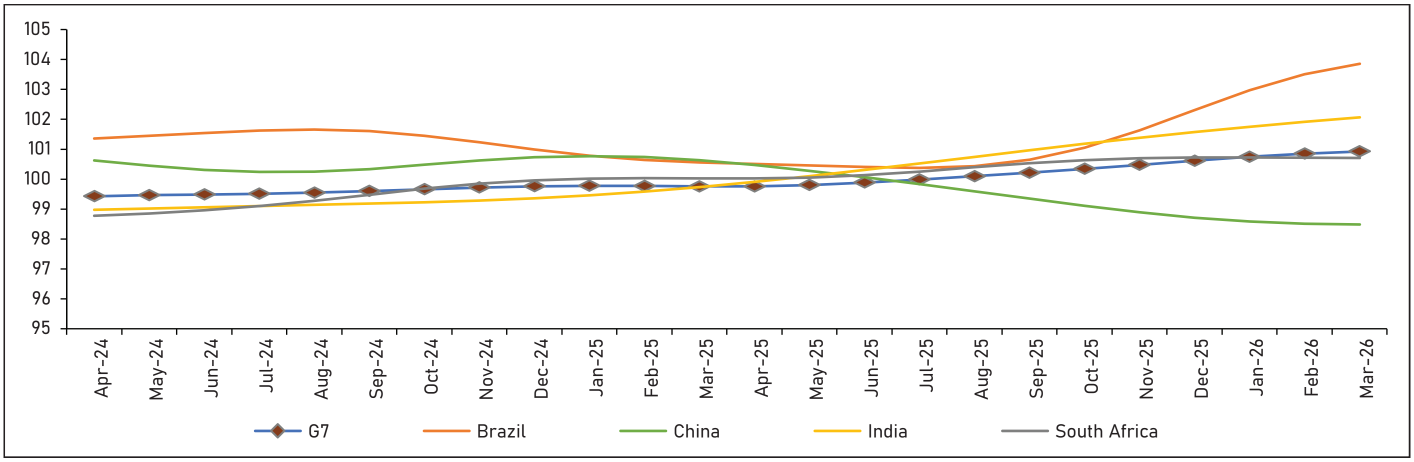
Global headline inflation, which had been on a sustained easing trend, was revised upward to 4.4 per cent for 2026 under the reference forecast. The inflationary pressure was concentrated particularly in energy and food prices, with the latter affected through higher fertiliser costs and disrupted trade routes from the Gulf.

OECD's Composite Leading Indicator (CLI), as shown in **Chart 2.2**, presented a nuanced picture of the global growth trajectory. Among G7 economies, the CLI remained broadly around the 100 benchmark for much of the 2025-26, signalling stability. Among BRICS nations, India demonstrated a consistent above-trend trajectory throughout the year, supported by strong domestic demand fundamentals. China's CLI showed improvement in the early part of the year, buoyed by fiscal stimulus measures, before moderating.

2.1.2 India

The Indian economy demonstrated continued resilience during 2025-26, navigating a challenging global environment with the support of robust domestic demand, a benign inflation cycle, and an accommodative monetary policy stance. While

Chart 2.2: Composite Leading Indicator (OECD)



Note: The CLI is designed to provide early signals of turning points in business cycles showing fluctuation of economic activity around its long-term potential level. It shows short-term economic movements in qualitative rather than quantitative terms.
Source: OECD

the broader global backdrop was marked by trade tensions and a sharp deterioration in geopolitical conditions in the fourth quarter, India's growth remained anchored to its structural domestic drivers: private consumption, sustained government capital expenditure, and a vibrant services sector, insulating the economy, to a significant degree, from the full force of external headwinds.

According to the provisional estimates released by the National Statistics Office (NSO) under the new GDP series with base year 2022-23, real GDP growth for 2025-26 is estimated at 7.7 per cent, representing a notable acceleration from 7.1 per cent recorded in 2024-25. This makes India one of the fastest-growing major economies in the world. Nominal GDP for the year was projected to reach ₹346 lakh crore, growing at 8.9 per cent.

The secondary sector (growing at 8.8 per cent, at constant prices) and the tertiary sector (at 9.3 per cent) were the primary growth engines, while the primary sector moderated to 3.2 per cent. Manufacturing emerged as a standout performer, recording double-digit growth for the second time in three years. Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF) accounted for 56.7 per cent and 31.9 per cent share in nominal GDP respectively, reflecting healthy consumption demand and sustained investment activity.

On the inflation front, 2025-26 was a landmark year for India. Consumer Price Index (CPI) inflation followed a sharply declining path, averaging approximately 2.1 per cent for the full year - its lowest level in several years. Headline inflation touched a historic low of 0.25 per cent in October 2025, driven by a sustained decline in food prices. This prolonged disinflation was supported by good monsoons, higher agricultural output, easing supply chains, and GST rate rationalisation from September 2025. The Reserve Bank of India (RBI), responding to the benign inflation environment, undertook a cumulative 125 basis point reduction in the repo rate over the course of the year beginning February 2025 (100 basis point during the fiscal), taking the policy rate to 5.25 per cent by March 2026. CPI inflation for 2025-26 was well below RBI's medium-term target of 4 per cent, creating significant policy space for pro-growth measures. However, the outbreak of the Middle East conflict raised concerns about potential upside risks to energy and food prices in the near term, adding an element of uncertainty to the inflation trajectory.

2.1.3 Outlook

The global economic outlook heading into 2026-27 is characterised by heightened uncertainty and material downside risk, dominated by the course of the Middle East conflict. Under the IMF's reference forecast, which assumes hostilities remain limited in scope and that the most acute phase of supply disruptions fades by mid-2026, global growth is projected at 3.1 per cent in 2026 and 3.2 per cent in 2027 (**Table 2.1**), below the long-run historical average of 3.7 per cent for 2000-2019. These projections remain contingent on the ceasefire announced on April 7, 2026, holding and on shipping through the Strait of Hormuz progressively returning to pre-war levels. The IMF has noted that risks are decisively tilted to the downside: a prolonged conflict, deeper geopolitical fragmentation, or renewed trade tensions could weaken growth significantly.

Table 2.1: Global Macro Economic Trends (Growth in per cent)

Parameter/Countries	2024	2025	2026*
Real GDP growth (Y-o-Y)			
World	3.4	3.4	3.1
G7	1.7	1.5	1.6
Brazil	3.4	2.3	1.9
China	5.0	5.0	4.4
India	7.1	7.6	6.5
Russia	4.9	1.0	1.1
South Africa	0.5	1.1	1.0
Gross national savings, per cent of GDP			
World	26.4	26.1	26.2
G7	19.7	19.8	20.2
Brazil	14.0	13.8	14.1
China	42.8	42.5	42.3
India	33.7	32.9	31.9
Russia	29.4	28.0	28.9
South Africa	13.4	13.3	12.6
Gross capital formation, per cent of GDP			
World	26.2	25.8	25.9
G7	22.0	21.9	22.0
Brazil	17.0	16.8	16.8
China	40.6	38.8	38.8
India	34.3	33.9	34.0
Russia	26.5	26.4	25.9
South Africa	14.1	13.9	13.5

Notes: i. *The figures for year 2026 are projections based on IMF staff estimates.

ii. For India, data and forecasts are presented on a financial year basis (2025-26 shown in 2025 column).

Source: World Economic Outlook, April 2026, IMF

For emerging market and developing economies (EMDE), the impact is expected to be disproportionately severe. The IMF has forecast EMDE growth at 3.9 per cent for 2026, revised down from the pre-conflict estimate of 4.2 per cent. Economies heavily reliant on energy imports face a double burden of higher input costs and weaker external demand, while those with limited fiscal buffers face compounded vulnerabilities. The Financial Stability Board has also flagged risks to global financial stability from rising market volatility, stretched asset valuations, and tighter financial conditions that could amplify the shock across sovereign bond and credit markets.

India's economic outlook, in contrast, remains relatively more resilient. The IMF has estimated India's real GDP growth at 7.6 per cent for 2025-26 and 6.5 per cent for 2026-27 under its reference forecast. The RBI has projected growth of 6.6 per cent for 2026-27, CPI inflation at 5.1 per cent, and core inflation at 4.7 per cent. While the Middle East Conflict introduces near-term risks through higher energy import costs, India being a significant net oil importer, the overall macroeconomic framework remains sound. India's adherence to a fiscal consolidation path, improving inflation dynamics, strengthened corporate balance sheets, and resilient domestic institutional investment are factors expected to support continued outperformance relative to global peers. However, a prolonged conflict that sustains elevated crude oil prices above USD 100 per barrel would increase the current account deficit and import-led inflationary pressures, warranting close monitoring.

2.2 SECURITIES MARKET

Global securities markets during 2025-26 navigated two distinct phases, each characterised by a different dominant risk. The first phase (broadly covering April through December 2025) saw global equity markets adapt to the trade tariff environment, finding support in cooling inflation, the initiation

Chart 2.3: Trend in Select Economic Indicators of India vis-à-vis Peer Countries and Advanced Economies

Source: World Economic Outlook, April 2026, IMF

of rate cutting cycles by central banks, resilient technology earnings, and fiscal stimulus across several economies. Fixed income markets, in turn, reflected a gradual recalibration, with yields in most advanced economies declining modestly in response to monetary easing expectations, even as concerns about elevated fiscal deficits in the United States kept long-duration yield spreads from compressing sharply.

The second phase (from January-March 2026) was defined by the acute geopolitical shock from the Middle East war, which sent energy prices soaring, triggered a broad-based flight to safety, and prompted central banks to pause their easing cycles as inflation risks re-emerged. This led to a sharp repricing of risk across equities, bonds, currencies, and commodities, and fundamentally altered the near-term investment outlook across asset classes.

The interplay between these two forces: trade policy overhang in the first half and geopolitical energy disruption in the second, produced a year of striking inter-market divergences. Extraordinary gains in AI and semiconductor-linked equity markets contrasted with significant losses in energy-importing EM equities; gold and energy assets reached multi-year or all-time highs while most fixed income markets saw elevated yield volatility; and the US dollar's moderate decline over the year masked sharp cross-currency movements in the second half.

2.2.1 Equity Market

Global equity markets delivered highly divergent returns in 2025-26, with the bifurcation between the first and second halves of the year starkly apparent. The first half (H1: 2025-26, April to September

2025) was characterised by broad-based gains across emerging and developed market indices alike, driven by easing monetary policy, improving corporate earnings expectations, and a resilient technology sector. MSCI World and MSCI EM indices both advanced meaningfully in H1, before the second half saw conditions reverse sharply on account of geopolitical tensions and elevated energy prices.

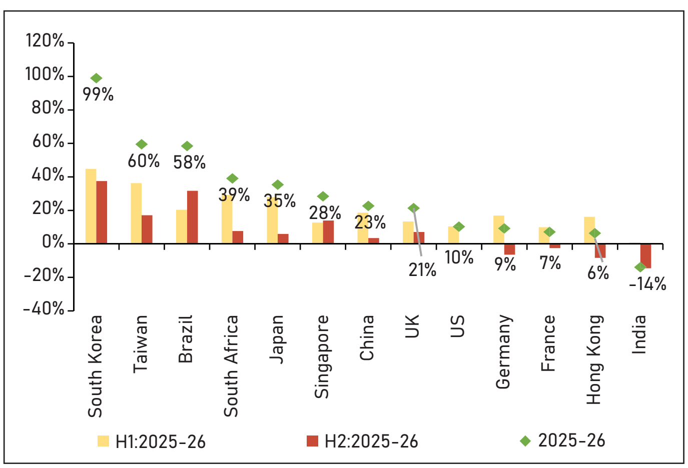
As depicted in **Chart 2.4**, returns across major global equity markets in 2025-26 reflected this pattern. South Korean equities led global markets with a remarkable full-year return of 99 per cent in US dollar terms, driven by a AI-driven boom in the semiconductor sector, strong exports, and recovery in consumer electronics. Taiwan followed with a 60 per cent return, similarly benefiting from the global technology boom and robust semiconductor demand, though the index did experience volatility in the second half. Brazilian equities gained 58 per cent, supported by commodity price gains in the latter part of the year as the Middle East conflict elevated oil and metal prices. South African equities also benefited from commodity tailwinds, rising 39 per cent. Japan's Nikkei posted a 35 per cent gain, supported by continued structural reforms.

Among major markets, the United States equity market gained 10 per cent over the full year in dollar terms, having given up a significant portion of its H1 gains in the face of the Middle East-driven sell-off. Germany and France experienced modest gains of 9 per cent and 7 per cent respectively, with European equity markets broadly supported in H1 by fiscal stimulus and infrastructure investment plans, but pressured in H2 by the energy shock, given Europe's significant dependence on Gulf LNG and oil. Hong Kong closed the year up 6 per cent, having experienced a sharp H2 sell-off of 8.4 per cent, reversing its earlier 16 per cent H1 gain.

Indian equity markets had a particularly challenging year. The Nifty 50 and broader Indian equity indices declined approximately 14 per cent in US dollar terms over 2025-26 on a full-year basis, with H2 performance a sharp -14.6 per cent contrasting with a modest 1 per cent gain in H1. The underperformance was attributable to a confluence of factors: sustained FPI selling pressure throughout much of the year, a weakening rupee that eroded dollar-denominated returns, valuation concerns given India's elevated price-to-earnings multiples, slowdown in corporate earnings growth, and the shock from the Middle East conflict in the fourth quarter. Despite the headline weakness, domestic institutional investors (DIIs) provided a significant buffer, with domestic mutual fund SIP flows remaining robust and partially offsetting FPI outflows.

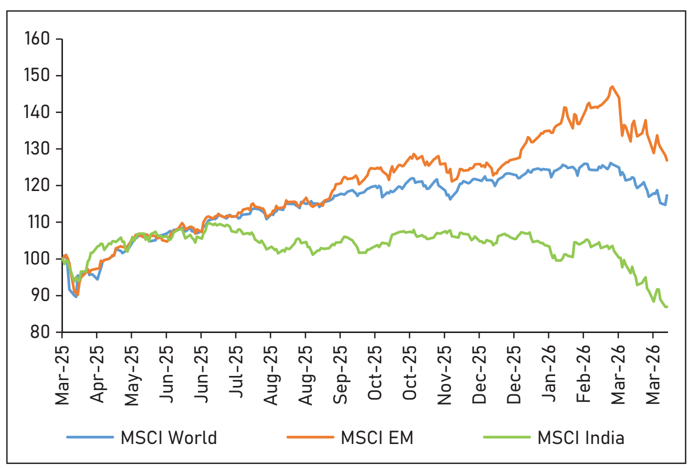
Chart 2.5 presents the trend in MSCI indices (indexed to 100 as at end-March 2025), highlighting the trajectory of MSCI World, MSCI EM, and MSCI India through the financial year. The indices broadly tracked higher through mid-2025 before undergoing

Chart 2.4: Returns across Major Markets in US Dollar terms



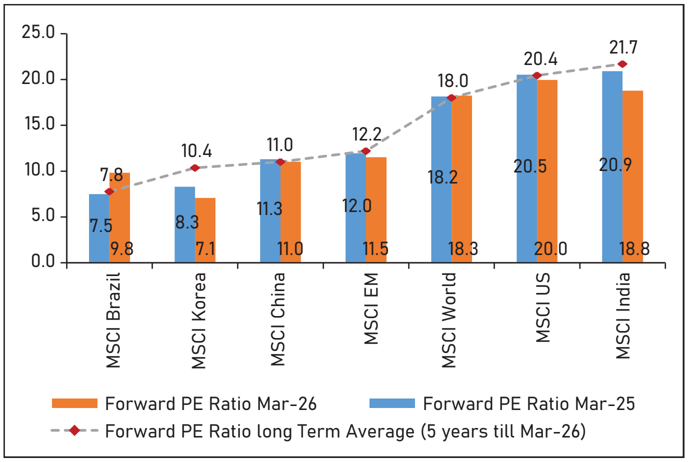
Source: Refinitiv

Chart 2.5: Trends in MSCI Indices



Source: Refinitiv. Base: March 31, 2025 = 100.

Chart 2.6: Trends in Forward PE Ratios of MSCI Indices



Source: MSCI Factsheets

significant correction in H2 following the outbreak of Middle East hostilities. MSCI EM underperformed MSCI World for much of the second half, reflecting the asymmetric impact of higher energy costs on energy-importing emerging economies.

Forward price-to-earnings (P/E) ratios across major MSCI indices, shown in **Chart 2.6**, moderated during the year relative to their March 2025 levels as equity markets corrected, particularly in the second half. MSCI US equities continued trading at elevated forward PEs. MSCI India's forward PE moderated from its elevated March 2025 levels as the market corrected and relative earnings delivery fell short of expectations, though India continued to trade at a premium to the broader MSCI EM universe.

2.2.2 Debt Market

Global sovereign bond markets navigated a complex environment in 2025-26, pulled between the easing monetary impulse from declining inflation in the first three quarters and the inflationary and fiscal risks that re-emerged sharply in Q4 following the Middle East conflict. In advanced economies, the broad direction of policy rates was downward for most of the year, as central banks responded to cooling inflation and moderating growth. However, the energy shock from February 2026 complicated the outlook materially, prompting some central banks to pause their easing trajectories and pushing long-end yields higher again in Q4.

The 10-year US Treasury yield ended 2025-26 at 4.3 per cent, broadly similar to the level at the close of 2024-25 (**Table 2.2**). However, the within-year trajectory was non-linear: the yield declined from a Q1 average of 4.4 per cent to 4.1 per cent in Q3, as Federal Reserve rate cuts and improving inflation data supported prices, before rising to an average of 4.2 per cent in Q4 as Middle East-driven energy inflation expectations, safe-haven demand, and fiscal concerns created cross-currents. German 10-

Table 2.2: 10-Year Government Bond Yields across Major Markets

Country	Yield as on		Average yield during 2025-26			
	March 31, 2026	March 31, 2025	Q1	Q2	Q3	Q4
Select G7 Countries						
Germany	3.0	2.7	2.6	2.7	2.7	2.9
Japan	2.4	1.5	1.4	1.6	1.8	2.2
UK	4.9	4.7	4.6	4.6	4.5	4.5
US	4.3	4.2	4.4	4.3	4.1	4.2
BRICS*						
Brazil	14.0	15.1	14.2	13.9	13.7	13.8
China	1.8	1.8	1.7	1.7	1.8	1.8
India	7.0	6.6	6.3	6.4	6.5	6.7
South Africa	9.3	10.6	10.5	9.6	8.7	8.4

Note: *10Y yield data for Russia is not available.

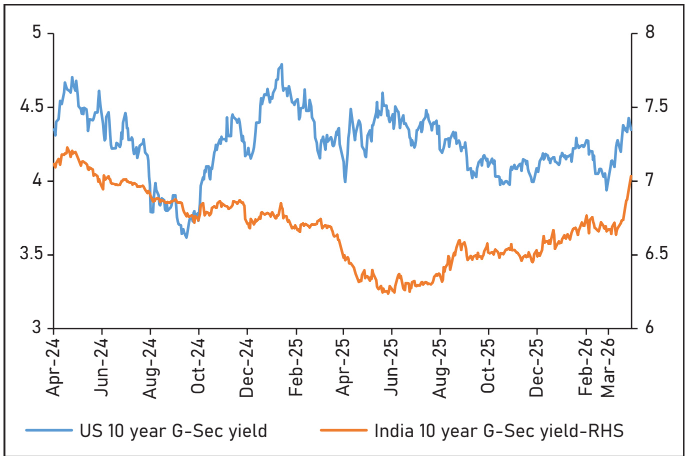
Source: Bloomberg

year Bund yields rose from 2.7 per cent at end March 2025 to 3.0 per cent by end-March 2026, as European energy vulnerability from the Gulf crisis re-elevated fiscal risk premiums and tempered the ECB's easing ambitions. UK Gilts also moved higher, with the 10-year yield rising from 4.7 per cent to 4.9 per cent, reflecting persistent domestic inflation concerns and fiscal pressures. Japan, which had been gradually exiting its ultra-accommodative monetary policy regime, saw its 10-year yield rise from 1.5 per cent to 2.4 per cent, as the Bank of Japan continued its normalisation path despite global headwinds.

Among BRICS economies, Brazil's 10-year yield declined from 15.1 per cent at end-March 2025 to 14.0 per cent by end-March 2026, with the compression reflecting improved fiscal credibility and commodity windfall revenues. China's 10-year yield remained effectively flat at 1.8 per cent at both ends of the year, constrained at low levels by deflationary pressures and policy support measures. South Africa's benchmark yield declined notably from 10.6 per cent to 9.3 per cent, supported by improved fiscal management and resilient commodity export revenues.

India's 10-year G-Sec yield followed a noteworthy trajectory over the year, as depicted in **Chart 2.7**. Underpinned by the RBI's cumulative 100 basis point rate cut and a materially benign domestic inflation environment, the yield eased steadily from 6.6 per cent at end-March 2025, averaging 6.3 per cent in Q1, 6.4 per cent in Q2, and 6.5 per cent in Q3. However, Q4 saw a reversal: the yield rose to an average of 6.7 per cent in Q4 and ended the year at 7.0 per cent, driven by energy-led inflationary concerns from the Middle East conflict, rising global yield benchmarks, concerns about India's current account trajectory from elevated oil prices, and some FPI selling in the debt segment.

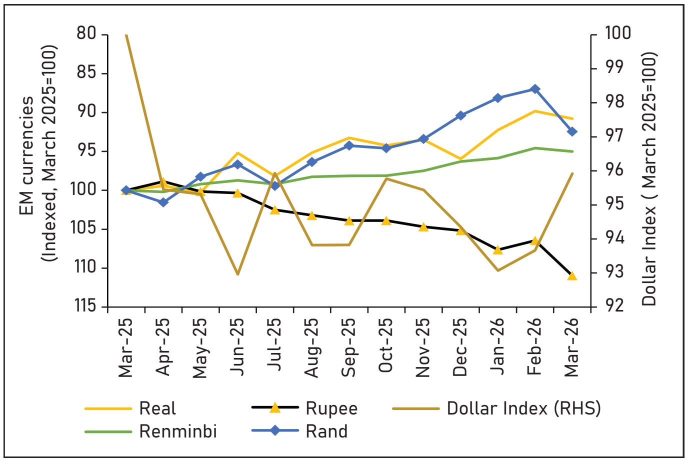
Chart 2.7: Trend in Movements of Sovereign Yields of US and India



In the foreign exchange market, the US Dollar Index experienced a notable downward trend, characterized by significant volatility (**Chart 2.8**). The Dollar index faced steep declines during the H1 of the fiscal, hitting multi-year lows before stabilizing during the latter part of the year on the back of a brief safe-haven surge following the outbreak of Middle East hostilities in late February 2026.

During 2025-26, the rupee depreciated the most among the basket, by approximately 9 per cent. The rupee started the financial year at approximately ₹85 per US dollar and progressively weakened: it moved into the ₹86-88 range through August-October 2025, breached ₹90 per dollar in December 2025 amid sharp FPI outflows and trade deadlock with the US, and closed the fiscal at ₹94.8 per dollar.

Chart 2.8: Trend in Movements of EM Currencies and Dollar Index



Notes: i. For EM currencies (Real, Rupee, Renminbi, Rand), an increase in the index value denotes depreciation against the US Dollar.

ii. For Dollar Index (RHS), an increase denotes appreciation of the US Dollar. Base: March 31, 2025 = 100.

Source: Bloomberg

The rupee's depreciation reflected a combination of factors: imposition of trade tariffs by the US, persistent FPI equity outflows reducing dollar supply, India's large oil import dependence making it particularly vulnerable to the energy price surge in Q4, and the broader risk-off global environment that channelled capital toward perceived safe-haven assets.

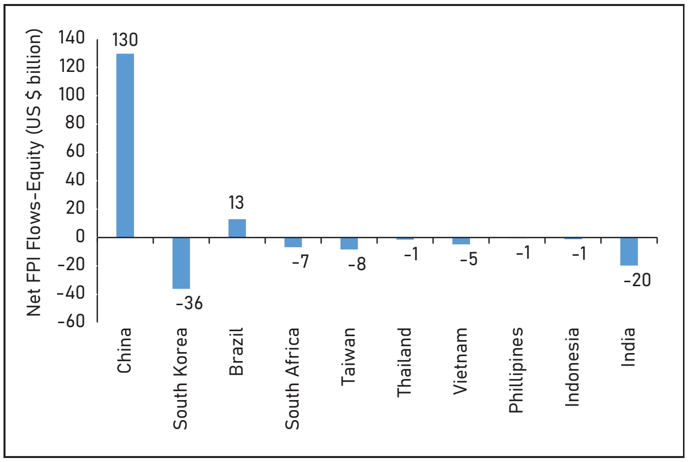
2.2.3 Fund Flows

FPI flows across emerging markets in 2025-26 were marked by sustained risk-off sentiment and a broad retrenchment from equity markets, driven first by global trade uncertainty and later by the geopolitical shock from the Middle East conflict. India was among the most significantly affected markets, with highest-ever FPI net equity outflows of USD 19.7 billion recorded during the fiscal, with outflows intensifying sharply following the outbreak of the Middle East conflict. These outflows were concentrated in the secondary market, even as primary market issuances (IPOs) continued to attract selective FPI participation. The reversal in FPI sentiment was driven by a complex interplay of factors: escalating global risk aversion, concerns about India's premium equity valuations in the context of moderating earnings growth, a weakening rupee amplifying dollar-denominated losses, India's energy import dependence raising current account concerns, and the fundamental reallocation of global EM passive flows toward AI and semiconductor-dominated markets such as Taiwan and South Korea.

India's outflows, while significant, were cushioned by the counterbalancing strength of DIIs, who deployed record capital into Indian equities during the year, with domestic mutual funds providing a vital stabilising force during periods of FPI-led selling.

Chart 2.9 illustrates FPI equity flows across select emerging markets during 2025-26. The AI-led semiconductor investment boom during the year has fundamentally restructured FPI flows, causing a significant shift of capital toward Asian markets like Taiwan and South Korea during H1 of the fiscal. However, the flows turned highly volatile during

Chart 2.9: Trend in FPI Flows in Equities in Select Emerging Markets



Source: NSDL (for FPI flows to India) and Bloomberg

H2, resulting in net outflows of USD 36 billion and USD 8 billion from South Korea and Taiwan equity markets for the fiscal. On the other hand, China's equity market recorded a whopping net FPI inflow of USD 130 billion during 2025-26, notwithstanding USD 64 billion net outflows in March 2026 following the outbreak of war in the Middle East.

In the debt segment, FPI flows into India were more resilient in the first three quarters, supported by India's ongoing integration into the JPMorgan EM Bond Index and anticipation of potential Bloomberg Global Aggregate Index inclusion. Flows moderated as the fiscal year came to close, with the Middle East conflict raising concerns about India's fiscal and current account trajectory. The benchmark 10-year G-Sec yield's rise to 7.0 per cent by year-end also tempered enthusiasm for Indian debt among some global investors.

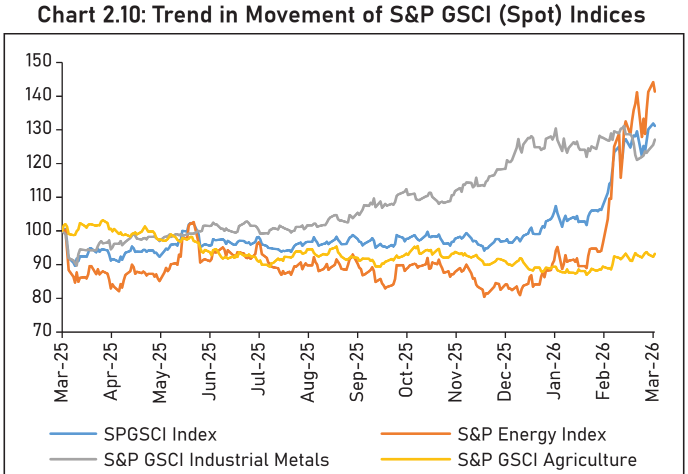
Looking ahead, tighter global financial conditions from the Middle East conflict are expected to continue placing downward pressure on portfolio flows to emerging markets. Nevertheless, the structural reconfiguration of global trade and supply chains is expected to create new investment opportunities in select emerging economies including India. A sustained resolution of the Middle East conflict and normalisation of energy prices would likely be the most significant near-term catalyst for a recovery in FPI flows to India.

2.3 COMMODITY MARKET

Global commodity markets in 2025-26 experienced one of their most turbulent years in recent memory, shaped decisively by the geopolitical shock of the Middle East war that erupted in late February 2026. The year began on a relatively subdued note, with commodity prices continuing their broad-based easing trend from the previous year, supported by moderating global demand, ample supply in most agricultural segments, and the ongoing rebalancing of energy markets. However, the outbreak of conflict in the Middle East, and the near-closure of the Strait of Hormuz, triggered a historically significant commodity price shock that reversed these trends sharply, sending energy and several industrial and precious metals prices to multi-year or all-time highs.

As shown in **Chart 2.10**, the S&P GSCI Composite Commodity Index experienced distinct phases during the year. The first three quarters (April to December 2025) witnessed broadly stable to moderately declining commodity prices, with the energy sub-index under pressure from weakening global oil demand expectations and ample OPEC+ supply. Industrial metals, however, performed strongly, driven by structural demand from the energy transition, electric vehicle adoption, and data centre build-outs. The agricultural index remained relatively soft, reflecting improved global harvest conditions and easing supply chain pressures. Gold and precious metals began ascending from the very outset of the financial year, supported by global trade uncertainty, steady central bank gold accumulation, and unprecedented ETF inflows into gold and silver.

Chart 2.10: Trend in Movement of S&P GSCI (Spot) Indices



Source: Bloomberg. Base: March 31, 2025 = 100.

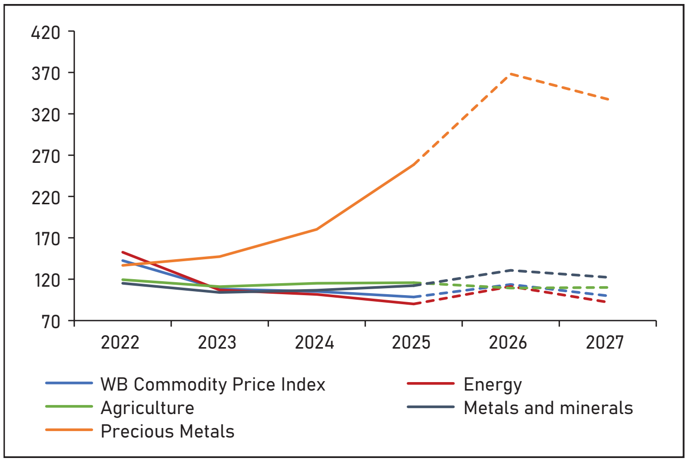
The energy market witnessed a dramatic transformation in Q4 of 2025-26. Prior to the Middle East conflict, Brent crude oil had remained in the USD 64-69 per barrel range through much of 2025. Following Iran's effective closure of the Strait of Hormuz in late February 2026, Brent crude surged above USD 100 per barrel, registering its largest single-month price increase on record. The disruption amounted to the largest oil supply loss in the history of the global oil market according to the International Energy Agency, with initial production losses exceeding 10 million barrels per day. A partial ceasefire in early April 2026 provided some stabilisation, but prices remained more than 50 per cent above their start-of-year levels. The World Bank's Commodity Markets Outlook of April 2026 projected Brent to average USD 86 per barrel for full year 2026, significantly above the USD 69 per barrel average of 2025, with upside scenarios envisaging prices as high as USD 115 per barrel if disruptions proved more severe or prolonged.

Natural gas prices also surged dramatically in the wake of the conflict. Strikes on critical gas fields triggered sharp jump in European gas prices by approximately 60 per cent as European economies, which relied heavily on LNG imports, scrambled to secure alternative supplies.

In metals, the World Bank April 2026 Commodity Markets Outlook projected average metal and mineral prices to rise 17 per cent in 2026. Base metal prices, including aluminium, copper, and tin, were expected to reach all-time highs, driven by the structural demand pull from data centres, electric vehicles, and renewable energy infrastructure, compounded by supply disruptions affecting the Gulf region's aluminium and petrochemical output.

Precious metals, and gold in particular, delivered exceptional returns during the year. Going forward, gold and precious metal prices are expected to surge

Chart 2.11: World Bank Commodity Price Index Forecasts



Source: Commodity Markets Outlook Report, April 2026, World Bank Group.

by 42 per cent in 2026 to record highs. As shown in **Chart 2.11**, the World Bank Commodity Price Index forecast trajectory shows a sharp upward revision for 2026 relative to earlier projections, with precious metal and energy prices dominating the increase.

Agricultural commodity prices, despite being more insulated from the initial Middle East shock compared to energy, faced secondary pressures through higher fertiliser costs and elevated transportation costs. The agriculture price index is projected to fall 6 per cent in 2026 on aggregate – a sharp drop in beverage prices (around -30 per cent) more than offsetting a modest 2 per cent increase in food prices. The food price stability was, however, conditional on fertiliser supply disruptions not intensifying through the planting season. The United Nations World Food Programme estimated that if crude oil remained above USD 100 per barrel for an extended period, up to 45 million additional people could face acute food insecurity, underscoring the severe human dimension of the commodity market disruptions.

The World Bank's April 2026 report characterised 2026 as potentially the most volatile year for commodity markets in over 50 years, carrying significant inflationary and growth implications for the global economy. For India, the commodity market developments presented a dual challenge: as a significant net importer of crude oil, higher energy prices elevate the import bill and widen the current account deficit, while posing upside risks to fuel and food inflation. The effective management of these imported commodity price pressures, through strategic petroleum reserve utilisation, import diversification, and targeted fiscal support, will be central to sustaining India's macroeconomic stability in the period ahead.

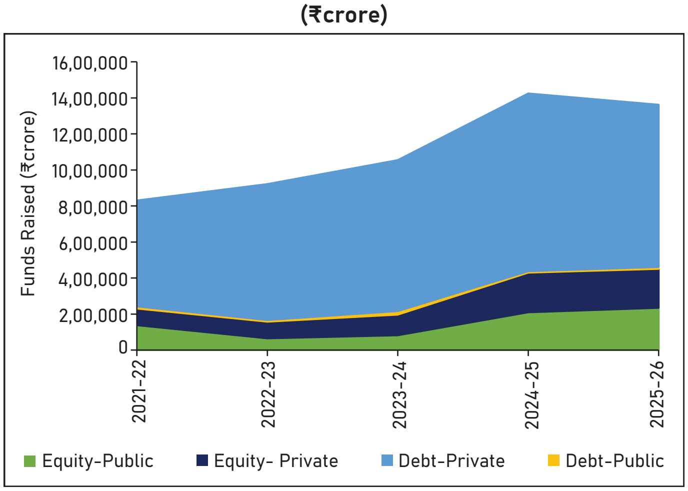
CHAPTER 3

PRIMARY MARKETS

Primary market is built on a foundation of public trust, providing a transparent and regulated environment for companies to raise capital and for investors to grow their wealth. It ensures that the entire process of capital formation is rooted in the core values of investor protection, informed decision-making and fair disclosures. By effectively bridging the gap between idle savings and productive investments in equity and debt, a well-functioning primary market serves as a catalyst for national growth. Reflecting this robustness, the total resource mobilization from primary markets stood at ₹13.6 lakh crore in 2025-26. Although this represents a 4.4 per cent moderation from the preceding year, the underlying activity underscores the continued depth and maturity of India's primary markets **(Chart 3.1)**.

The following sections provide various policy measures taken by SEBI during 2025-26 to further refine the primary market landscape, alongside a review of market trends that highlight its robustness.

Chart 3.1: Trends in Fund Mobilisation through Equity and Debt (₹crore)



Note: Note: Equity-Public includes IPO, FPO and Rights issue.
Source: BSE and NSE

3.1 EQUITY MARKET

In a year marked by global headwinds and domestic volatility, India's primary equity markets demonstrated remarkable resilience, scaling a new peak in capital mobilisation. Total fundraising through IPOs, FPOs, and rights issues reached ₹2.3 lakh crore, a 11.7 per cent increase over the preceding year. This momentum was fuelled by strong macroeconomic fundamentals and deepening retail participation, which effectively cushioned the impact of geopolitical shifts and FPI outflows. To support this momentum, SEBI streamlined capital raising processes and introduced measures to further bolster market trust. The following section outlines the key developmental and regulatory policies implemented by SEBI to foster the primary equity markets during 2025-26:

3.1.1 Policy Developments

A. **Special measures to facilitate voluntary delisting:** SEBI has eased voluntary delisting norms for Public Sector Undertakings (PSUs) where the government and/or other PSUs hold 90 per cent or more of the shares **(Box 3.1)**.

B. **Startup IPO and reverse flipping reforms:** To facilitate the reverse flipping of startups relocating back to India, IPO norms regarding holding periods, promoter contributions, and employee stock options has been relaxed. The one-year pre-IPO holding period exemption for OFS was extended to equity shares derived from compulsorily convertible securities (CCS) acquired via approved restructuring schemes. Additionally, entities such as AIFs, FVCIs, scheduled commercial banks, and insurance companies, were permitted to contribute toward the minimum promoter contribution using

Box 3.1: Introduction of a Special Framework for Voluntary Delisting of PSUs

Overview of SEBI (Delisting of Equity Shares) Regulations

Under Delisting Regulations, delisting of a company is considered successful only if the post-offer shareholding of the promoter/promoter group along with the shares tendered/offered by public shareholders reaches at least 90 per cent of the company's issued capital. Additionally, Regulation 19A stipulates that the final exit price offered to shareholders cannot be lower than the stipulated floor price. While these safeguards protect investor interests, certain institutional challenges necessitated a more nuanced approach for PSUs.

The PSU Challenge: Valuation Disconnect

In certain PSUs with low public float, share prices often trade at levels that do not reflect the company's actual financial performance, net worth, or operations. Because these entities are government-backed, they are perceived as lower risk, leading to inflated market prices that far exceed their book value. Under the erstwhile framework, the floor price was determined using a 60-day volume-weighted average market price. For frequently traded PSUs, this methodology often resulted in an inflated floor price that did not reflect intrinsic value, thereby imposing a disproportionate budgetary burden on the Government.

Special Measures for PSU Delisting

To address these challenges and facilitate the ease of doing business, SEBI introduced a dedicated carve-out for eligible PSUs as below:

i. **Eligibility Criteria:** PSUs (other than banks, NBFCs and insurance companies) in which aggregate shareholding of Government of India and/or any PSUs equals or exceeds 90 per cent of total issued shares.

ii. **Procedural Relaxations:** The requirement for a two-thirds majority approval in favour of the delisting from public shareholders is waived. Delisting will occur through a fixed price delisting process which shall be at least 15 per cent premium over the floor price.

iii. **Enhanced Floor Price Methodology:** The floor price under this route should be at least the highest of:

- The volume-weighted average price paid or payable for acquisitions by the acquirer during the 52 weeks immediately preceding the reference date;
- The highest price paid or payable for any acquisition by the acquirer during the 26 weeks immediately preceding the reference date;
- The price determined by a joint valuation report from two independent registered valuers, taking into account various financial parameters as on reference date.

iv. **Post-Delisting Voluntary Strike-Off:** If an eligible PSU undergoes a voluntary strike-off within 30 days from the expiry of the one-year period subsequent to delisting:

- Any amount due to the public shareholders who did not tender their shares during the period of one year from the date of delisting shall be transferred to an appropriate account of designated stock exchange. The amount would be held for a period of seven years during which investors can claim their dues from the exchange.
- After seven years, the remaining amount, if any, shall be transferred to the IEPF for entities established under Companies Act, 2013 or SEBI's IPEF. For any claims to be made subsequent to such transfer, the investors can approach the designated stock exchange, which will be reimbursed by IEPF or IPEF as applicable.

shares from converted CCS. Further, founders who transitioned into official promoter roles were legally permitted to retain their existing ESOPs and share-based benefits, provided those options were granted at least one year before filing the draft red herring prospectus, removing the previous requirement to liquidate them.

C. **Reforms on anchor investor allocation framework in IPOs:** Anchor investor allocations were modified to enhance the participation of long-term institutional investors in IPOs, categories I (up to ₹10 crore) and II (₹10 crore to ₹250 crore) were merged into a single category for allocations up to ₹250 crore, which allows 2 to 15 allottees with a minimum investment of ₹5 crore per investor. For allocations exceeding ₹250 crore, a minimum of 5 and a maximum of 15 investors are permitted, with an additional 15 investors allowed for every extra ₹250 crore or part thereof, subject to the same ₹5 crore minimum allotment. Further, IRDAI-registered life insurance companies and PFRDA-registered pension funds have been included alongside domestic mutual funds in the reserved anchor portion, expanding the total anchor reservation to 40 per cent, with 33.33 per cent for mutual funds and 6.67 per cent for life insurance/ pension funds.

D. **Revamped framework for MPO and MPS norms:** The framework for minimum public offer and minimum public shareholding norms was revamped into a six-tier post-issue capital-based structure. This reform permitted large issuers to undertake smaller IPOs, thereby reducing the initial dilution burden requirements and providing extended, flexible timelines to meet the 25 per cent MPS threshold.

E. **Rationalized related party transaction framework:** Related party transaction (RPT) framework was rationalized by replacing the flat ₹1,000 crore materiality threshold with a scale-based cap of up to ₹5,000 crore linked to a listed entity's annual consolidated turnover (and a ₹50 crore or 10 per cent limit for SMEs effective from April 1, 2025). The revised rules streamline subsidiary RPTs by requiring audit committee approval only if transactions exceed ₹1 crore and 10 per cent of the subsidiary's turnover, while simplifying disclosure mandates by exempting smaller transactions under ₹1 crore from detailed reporting. Additionally, the framework codifies shareholder omnibus approval validity periods directly into the regulations and clarifies that holding company strictly refers to a listed holding company.

F. **Review of SSE framework:** To enhance the efficiency and reach of the Social Stock Exchange (SSE), following measures were implemented vide amendments to ICDR Regulations and LODR Regulations:

i. Inclusion of additional legal structures, such as trusts registered under the Indian Registration Act, 1908, and alignment of eligible social activities with Schedule VII of the Companies Act.

ii. Disclosure requirements for not-for-profit organizations (NPOs) were bifurcated into separate financial and non-financial aspects, with distinct timelines.

iii. NPOs were permitted to self-report their annual impact reports for projects that were not funded through the SSE mechanism.

iv. To make individual investing more accessible, the minimum investment for Social Impact Funds was slashed from ₹2 lakh to ₹1,000, aligning it with the minimum application size for subscribing to zero coupon zero principal instruments.

G. **Facilitating ease of doing business:** In order to facilitate ease of doing business, enhance retail participation and to streamline the listing process, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 were amended to bring in the following measures:

i. The lock-in requirements for pre-issue capital held by non-promoters were amended to allow for pledged securities. Depositories are now mandated to mark such pledged shares as non-transferable for the lock-in duration, ensuring that any invocation or release of the pledge automatically maintains the lock-in for the remaining period.

ii. To streamline disclosures, a concise and standardized summary of the offer document in the form of abridged prospectus must now be filed at the DRHP stage and hosted online for easier investor access.

iii. Mandatory dematerialization requirements were extended to include the promoter group, selling shareholders, KMPs, senior management, QIBs, directors etc. Consequently, these stakeholders were required to dematerialize their holdings prior to the filing of the DRHP by the issuer.

iv. Placement document for QIP by listed entities were simplified and streamlined by leveraging existing public information to reduce data duplication. The disclosures in the following areas were converted into concise summaries:

- Risk factors specified in relation to the issue, the objects of the issue and the material risks;
- Providing summary of financial position;
- Providing a summary of issuer's business and the industry in which it operates.

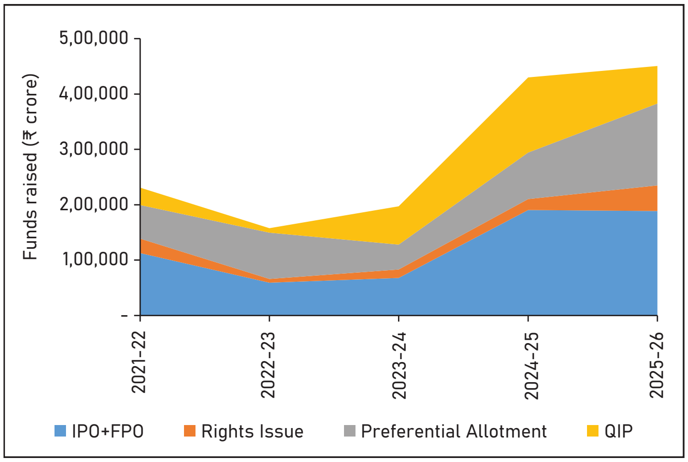
3.1.2 Market Activity and Trends Observed

A. **Resource mobilisation through public and rights issues:** During 2025-26, fundraising through equity public issues (IPOs and FPOs) declined by 0.9 percent compared to 2024-25, reaching ₹1.9 lakh crore (**Chart 3.2a**). Despite this dip in value, the number of newly listed companies rose to 366, up from 320 in the previous year (**Chart 3.2b**). Notably, SME listings reached a historic peak of 257, compared to 241 in 2024-25. On the main board, IPOs totalled 109 during the year, with the median issue size increasing to ₹760 crore from ₹740 crore in 2024-25. These main board IPOs successfully raised ₹1.8 lakh crore, marking an 8.9 percent increase over the previous year.

During 2025-26, the number of rights issues declined slightly to 139, compared to 142 in 2024-25; however, the total amount mobilized surged by 134.2 percent (**Table 3.1**). The largest rights issue was particularly dominant, accounting for approximately 54 percent of the total amount raised through rights issues during 2025-26.

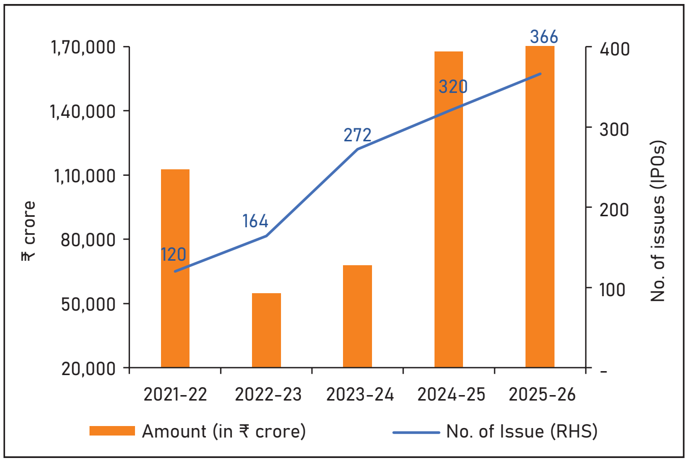
An analysis was conducted on 543 mainboard IPOs and 1,391 SME IPOs listed between April

Chart 3.2a: Fund Mobilisation through Equity Issues (₹crore)



Source: BSE and NSE

Chart 3.2b: Trend in IPO Volumes



Note: The data includes issuances in both Mainboard and SME Platform.
Source: BSE and NSE

Table 3.1: Resource Mobilisation through Public and Rights Issues

Particulars	2024-25		2025-26		Percentage Share in Total Amount Raised	
	No.	Amount (₹crore)	No.	Amount (₹crore)	2024-25	2025-26
1) Public Issues, of which	**322**	**1,90,478**	**367**	**1,88,704**	**90.6**	**80.3**
A) IPOs of which	320	1,72,328	366	1,88,616	82.0	80.3
a) Only OFS Issue	15	58,994	19	50,849	28.1	21.6
b) Only Fresh Issue	215	22,108	214	21,866	10.5	9.3
c) Both (OFS + Fresh Issue)	90	91,226	133	1,15,901	43.4	49.3
Breakup of Both (OFS + Fresh Issue)						
OFS component	-	46,630	-	57,735	22.2	24.6
Fresh capital component	-	44,596	-	58,166	21.2	24.8
B) FPOs	2	18,150	1	88	8.6	0.04
2) Rights Issues	**142**	**19,712**	**139**	**46,168**	**9.4**	**19.7**
Total (1+2)	**464**	**2,10,190**	**506**	**2,34,872**	**100**	**100**

Note: The data is inclusive of amount raised on the SME platform.
Source: BSE and NSE

2011 and December 2025, highlighting trends in fresh capital raising and OFS (**Box 3.2**).

i. **Sector-wise resource mobilisation**: During 2025-26, of the 506 issues that accessed

Box 3.2: IPO: Trends in Fresh Issue/OFS

Background

Over the past decade, India's IPO market has matured into a vibrant ecosystem that enables companies to finance growth through fresh capital, and offers a transparent avenue for orderly shareholder exits via OFS.

An analysis of the IPO activity of the companies listed on Indian stock exchanges between April 2011 and December 2025, captured the trends of fresh capital raising and OFS across 543 mainboard IPOs and 1,391 SME IPOs. These IPOs mobilized ₹7.9 lakh crore during the said period, out of which ₹2.9 lakh crore (37 per cent of the total) were fresh proceeds while ₹5 lakh crore (63 per cent) went to selling shareholders (OFS).

Further, the analysis also covered utilization of net IPO proceeds (as disclosed in the offer documents) for 1,620 IPOs during the period, revealing the trends in intended deployment of the capital mobilized.

Trends of Fresh Issue/OFS in IPOs

i. For Mainboard IPOs, proportion of OFS rose from sub-50 per cent levels (2011–2015) to consistently above 60 per cent from 2016 onwards. OFS reached peak of 87 per cent in 2020 and remained very high during 2018-2022. Recent years show a relative decline in OFS share, indicating a partial shift towards fresh capital raising.

ii. Across almost all years, larger IPOs consistently exhibit higher OFS proportions. The ₹1000+ crore segment shows persistently high OFS, generally in the 60–90 per cent range from 2016 onwards.

iii. The share of 'OFS-Dominant' main board IPOs (having OFS proportion above 70 per cent) has declined significantly from over a half during 2017–2021 to about one-fourth in recent years, indicating a shift towards more balanced, capital formation oriented IPO structures.

iv. SME IPOs remained predominantly fresh-issue, with OFS generally remaining in the range of 0 to 27 per cent.

India consistently exhibits the higher OFS proportion

Across almost all years since 2013, India's OFS share dominated other markets, often exceeding 50 per cent of total IPO size. In contrast, as per the data available in Bloomberg, IPOs of China and Hong Kong showed negligible OFS share (0-4 per cent), while US (ranging from 6-29 per cent) and South Korea (7-49 per cent) issues recorded moderate and cyclical OFS usage.

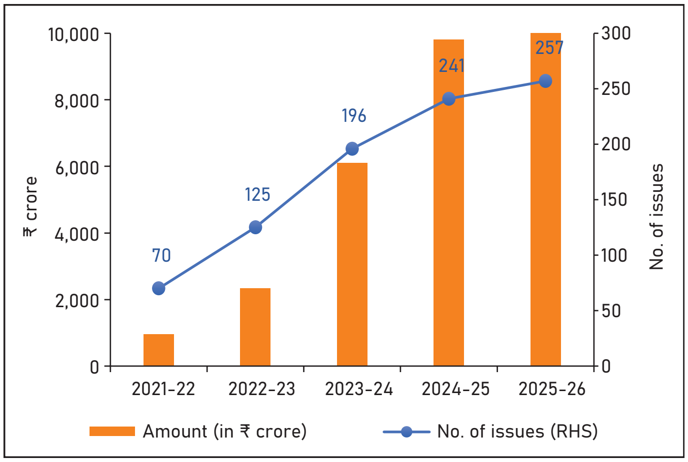
the market, 504 were from private sector while only two belonged to the public sector. Consequently, private sector accounted for 98.8 percent of the total resources mobilized during the year.

ii. **Size-wise resource mobilisation:** During 2025-26, capital raised was concentrated in large-scale offerings. A total of 78 issues, each exceeding ₹500 crore in size, mobilized ₹2,01,619 crore, representing 85.8 percent of the total resources raised during the period (**Table 3.2**).

iii. **Industry-wise Resource Mobilisation:** From an industrial perspective, the 'Financial Services' category led resource mobilization in 2025-26, accounting for 28.6 percent of the total capital raised. This was followed by 'Metals & Mining' at 12.0 percent and 'Consumer Services' at 11.3 percent (**Table 3.3**).

iv. **Resource mobilisation on SME Platform**: The SME platform maintained its upward trajectory during 2025-26, seeing growth in both the number of listings and the total capital raised. A total of 257 companies were listed on the platform, mobilizing ₹11,587 crore - an increase of 18.1 percent over the amount raised in 2024-25 (**Chart 3.3**). The average issue size grew to ₹45.1 crore, up from ₹40.7 crore in the previous year.

Chart 3.3: Resource Mobilisation through SME IPOs



Source: BSE and NSE

During 2025-26, out of 257 issues listed on the SME platform, three issues were of issue size '₹5 crore or more but less than ₹10 crore', 197 issues were of issue size '₹10 crore or more but less than ₹25 crore' and 57 issues were of issue size '₹25 crore or more' (**Chart 3.4**).

B. **Resource mobilisation through QIP:** QIP is an alternative mechanism for the listed companies to raise funds from qualified institutional

Table 3.2: Size-wise Resource Mobilisation

Issue Size	2024-25		2025-26		Percentage Share in Total Amount	
	No.	Amount (₹crore)	No.	Amount (₹crore)	2024-25	2025-26
< ₹ 5 crore	9	30	2	8	0.0	0.0
≥ ₹ 5 crore & < ₹ 10 crore	28	207	15	113	0.1	0.0
≥ ₹ 10 crore & < ₹ 50 crore	256	8,098	251	7,860	3.9	3.3
≥ ₹ 50 crore & < ₹ 100 crore	54	3,694	86	6,199	1.8	2.6
≥ ₹ 100 crore & < ₹ 500 crore	55	12,182	74	19,074	5.8	8.1
≥ ₹ 500 crore	62	1,85,979	78	2,01,619	88.5	85.8
Total	**464**	**2,10,190**	**506**	**2,34,872**	**100**	**100**

Note: The data includes both public and rights issues.
Source: BSE and NSE

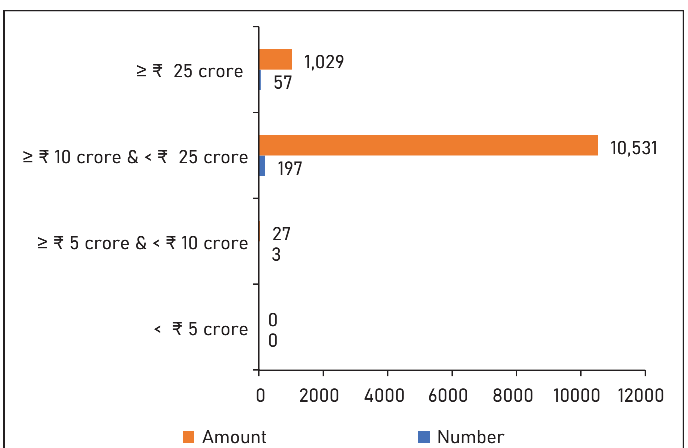
Table 3.3: Industry-wise Resource Mobilisation

Sector	2024-25			2025-26		
	No.	Amount (₹crore)	Percentage Share in Total Amount	No.	Amount (₹crore)	Percentage Share in Total Amount
Automobile and Auto Components	19	36,659	17.4	13	10,788	4.6
Capital Goods	86	18,127	8.6	92	20,658	8.8
Chemicals	23	4,611	2.2	33	4,325	1.8
Construction	26	9,425	4.5	28	5,068	2.2
Construction Materials	1	400	0.2	2	4,100	1.7
Consumer Durables	24	3,128	1.5	37	18,432	7.8
Consumer Services	23	28,696	13.7	27	26,455	11.3
Fast Moving Consumer Goods	38	6,689	3.2	43	5,137	2.2
Financial Services	43	23,962	11.4	43	67,241	28.6
Forest Materials	2	85	0.0	6	247	0.1
Healthcare	23	14,820	7.1	32	9,784	4.2
Information Technology	22	14,566	6.9	37	8,329	3.5
Media, Entertainment & Publication	8	221	0.1	13	1,005	0.4
Metals & Mining	4	342	0.2	12	28,222	12.0
Power	3	10,298	4.9	2	3,129	1.3
Oil, Gas & Consumables Fuels	3	79	0.0	4	3,928	1.7
Realty	8	2,643	1.3	5	4,061	1.7
Services	64	9,306	4.4	49	11,855	5.0
Telecommunication	4	22,725	10.8	2	844	0.4
Textiles	29	1,597	0.8	23	1,201	0.5
Utilities	10	1,803	0.9	2	57	0.0
Diversified	1	7	0.0	1	6	0.0
Total	**464**	**2,10,190**	**100**	**506**	**2,34,872**	**100**

Source: BSE and NSE

investors in the domestic market. During 2025-26, ₹67,853 crore was raised through QIPs (including institutional placement programme - IIP), representing a 50 percent decline from the ₹1,35,597 crore raised during 2024-25 (**Table 3.4**). However, the average QIP issue size grew to ₹1,885 crore, up from ₹1,490 crore in the previous year.

Chart 3.4: Size-wise Resource Mobilisation of SME Issuers



Source: BSE and NSE

Table 3.4: Resource Mobilisation through Qualified Institutional Placement

Year	Total	
	No. of Issues	Amount (₹crore)
2024-25	91	1,35,597
2025-26	36	67,853

Source: BSE and NSE

Table 3.5: Resource Mobilisation through Preferential Allotments

Year	Only NSE		Only BSE		Only MSEI		Common		Total	
	No. of Issues	Amount (₹crore)	No. of Issues	Amount (₹crore)	No. of Issues	Amount (₹crore)	No. of Issues	Amount (₹crore)	No. of Issues	Amount (₹crore)
2024-25	149	4,198	478	20,194	6	87	355	59,604	988	84,084
2025-26	203	3,679	691	17,029	7	71	403	1,27,441	1,304	1,48,219

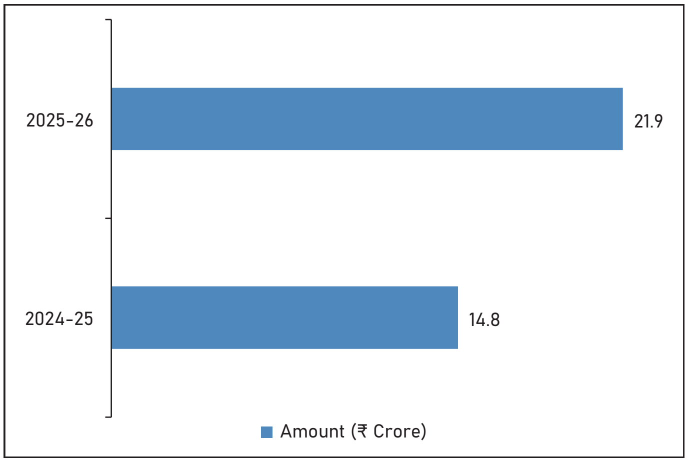
Source: BSE, MSEI and NSE

C. **Resource mobilisation through preferential allotments:** Preferential allotment serves as an alternative mode of resource mobilization for listed companies, enabling the issuance of shares or convertible securities to a select group of investors. During 2025-26, the capital raised through preferential issues reached ₹1,48,219 crore, marking a significant increase of 76.3 per cent compared to previous year (**Table 3.5**).

D. **Resource mobilisation through social stock exchange:** During 2025-26, five non-profit organizations were listed on the SSE of the BSE/NSE. These listings raised ₹21.9 crore, up from ₹14.8 crore mobilized through six issuances in 2024-25 (**Chart 3.5**).

E. **Regulatory approvals:** During 2025-26, 244 new applications for public issuances were received and 61 applications were carried over from the previous year, of which, 247 offer documents were processed. The median processing time for these applications (excluding the time for which queries were pending with intermediaries or with other regulator) was 25 working days. By the end of 2025-26, 58 applications remained pending (**Table 3.6**).

Chart 3.5: Fund Mobilisation through SSE (₹crore)



Source: BSE and NSE

Table 3.6: Time Taken for Regulatory Approval of Applications for Public Issues

Year	Total Applications received	Processed	Pending	Median (Average) Time for Processing of Applications* (Working days)
2024-25	190	164	61	26 (28)
2025-26*	244	247	58	25 (27)

Notes: i. *Represents the median (average) time taken, excluding the time for which the queries were pending with intermediary or with other regulator.

ii. During 2025-26, the median (average) time taken including the time for which the queries were pending with intermediary or with other regulator is 84 (86) working days.

3.2 DEBT MARKET AND HYBRIDS

During 2025-26, the Indian corporate bond market experienced a contraction for the first time since 2021-22, declining by 8.4 per cent to ₹9.1 lakh crore. Despite the dip in overall fund mobilisation, the market demonstrated resilience as the number of issuances rose to 1,967. To sustain this momentum and counter the drop in volume, SEBI implemented various measures focused on deepening market liquidity, expanding retail investor participation, and leveraging advanced digital technology.

Key policy initiatives implemented by SEBI during 2025-26 to foster and develop the corporate debt market are detailed below:

3.2.1 Policy Developments

A. **Streamlining Cash Flow Disclosure:** The Request for Quote platform (RFQ) framework was reviewed and the yield-to-price computation for non-convertible securities (NCS) was streamlined by using scheduled due dates instead of actual payment dates. Further, issuers were mandated to submit a detailed interest/ dividend/redemption cash flow schedule to the centralised database upon ISIN activation.

B. **Enhancing utility of EBP Platform:** To enhance the efficacy and utility of private debt placements, the provisions related to the Electronic Book Provider (EBP) platform were revised as follows:

   i. Mandatory EBP threshold was reduced from ₹50 crore to ₹20 crore.

   ii. Private placements of securitised debt instruments, REITs, SM REITs and InvITs were permitted on the EBP platform.

   iii. Anchor investor portion was enhanced based on credit rating of the instrument.

   iv. Submission timelines for placement memoranda was reduced for first-time issuers.

   v. Disclosure requirements were strengthened related to green shoe option.

   vi. Disclosures by EBP on their website upon completion of the issue were enhanced.

   vii. Allotment on pro-rata basis was permitted, where two or more bids were received at the same cut-off coupon/price/spread.

C. **Permitting debt issuers to offer incentives in public issues:** To encourage broader participation of certain categories of investors and provide a significant fillip to public issuances in the debt market, issuers were permitted to provide incentives such as additional interest or price discounts to specific retail investor categories, including senior citizens, women, and defence personnel, to boost participation in the corporate debt market. These financial benefits are restricted to initial allottees and cease upon any transfer or transmission of the securities.

D. **Framework for independent review of green debt securities:** Green debt securities framework was revised by aligning third-party reviewer requirements with broader ESG debt instrument norms to prevent greenwashing. The updated mandate required issuers to appoint independent external reviewers, including SEBI-registered ESG rating providers, to certify that all issuances met regulatory definitions, project eligibility criteria, and disclosure standards. To ensure impartiality, these expert reviewers operated completely independent of the issuer's management and under conflict-free remuneration structures, while issuers disclosed the exact scope of this certification within their official offer documents.

E. **Transfer of unclaimed amount to the IEPF:** SEBI (LODR) Regulations were amended, to align the timelines for transferring unclaimed interest and principal on listed NCS with Section 125 of the Companies Act and the Investor Education and Protection Fund (IEPF) Rules. Earlier, the Companies Act mandated transfers seven years after maturity, while LODR regulations required transfers seven years after the funds entered an escrow account. The amendment resolved this discrepancy by synchronizing both frameworks, mandating all listed entities to transfer unclaimed amounts to the IEPF only after seven years from the actual date of maturity of the security.

F. **Reporting timelines for NCS Issuers:** The reporting framework for issuers of NCS was streamlined to ensure debenture trustees received timely information for protecting investor interests and monitoring security cover. Issuers were required to submit security cover certificates, pledged security values, and debt service reserve account values quarterly within 60 days, or 75 days for the final quarter. Personal guarantors' net worth certificates were mandated half-yearly within 60 days, while corporate guarantors' audited financials or valuations were due annually within 60 days of the financial year's end. Furthermore, asset valuations and title search reports for immovable or movable assets had to be submitted every three years within 60 days from the end of the financial year.

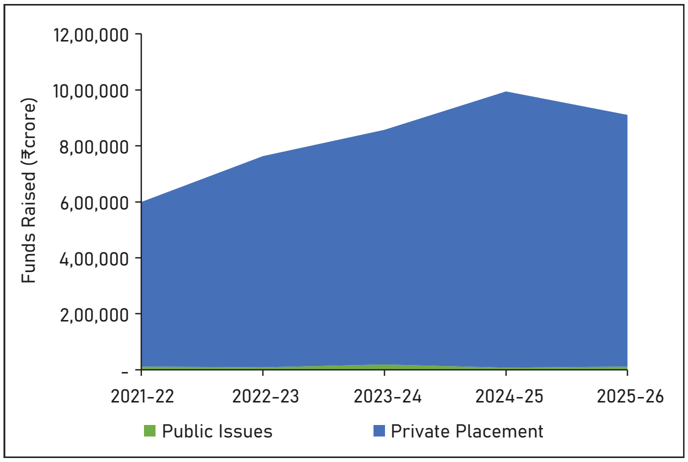
G. **Periodic disclosure requirements for Securitised Debt Instruments:** To enhance transparency and provide investors with periodic, granular data regarding the quality and performance of underlying assets, trustees of Special Purpose Distinct Entities (SPDEs) were mandated to submit specific disclosures on a half-yearly basis to both the Board and designated stock exchanges. This regulatory shift aligned disclosure norms with banking standards, forcing originators to deliver audited quarterly data to trustees and necessitating annual credit rating reviews to strictly protect investor interests through heightened asset oversight.

3.2.2 Market Activity and Trends Observed

A. **Corporate Bonds:** Despite a consistent upward trend since 2021-22, the total funds mobilized through debt issuances declined by 8.4 per cent to ₹9,11,078 crore during 2025-26 (**Chart 3.6 and Table 3.7**). The market remained skewed toward private placements, which accounted for 98.8 per cent of the total funds mobilized. While resource mobilization through public issuances increased by 39.2 per cent to ₹11,343 crore.

During 2025-26, ₹11,343 crore was raised through 43 public issues, comprising 40 issues from the financial sector and three from the

Chart 3.6: Resource Mobilisation through Debt Issues



Source: BSE and NSE

Table 3.7: Resource Mobilization through Debt Issues

Category	2024-25		2025-26	
	No. of Issues	Amount (₹crore)	No. of Issues	Amount (₹crore)
Public Issues#	43	8,149	43	11,343
Private Placement*, *of which*	1,659	9,86,735	1,924	8,99,736
EBP Issues	*1,347*	*9,52,521*	*1,602*	*8,60,614*
Total	**1,702**	**9,94,884**	**1,967**	**9,11,078**

Notes: i. #Data for public debt issues has been taken on the basis of final post issuance reports received.

ii. *Listed issues; EBP - Electronic Book Provider issues included in the total.

Source: BSE and NSE.

Table 3.8: Size-wise Resource Mobilization through Public Debt Issues

Issue Size	2024-25			2025-26		
	No. of Issues	Amount (₹crore)	Percentage Share in Total Amount	No. of Issues	Amount (₹crore)	Percentage Share in Total Amount
< ₹ 50 crore	0	0	0.0	0	0	0.0
≥ ₹ 50 crore & < ₹ 100 crore	14	1022	12.5	11	941	8.3
≥ ₹ 100 crore & < ₹ 500 crore	27	5,327	65.4	26	5,679	50.1
≥ ₹ 500 crore	2	1,800	22.1	6	4,722	41.6
Total	**43**	**8,149**	**100**	**43**	**11,343**	**100**

Source: BSE and NSE

Table 3.9: Details on Listed Commercial Papers

Year	No. of Issuers which Listed CPs	No. of Unique ISINs	Value of Listed CPs (₹ crore) at the end of the period	Total Amount Outstanding of Listed CPs at the end of the period (₹ crore)
2024-25	245	4,222	15,48,091	4,30,663
2025-26	275	4,492	16,68,834	4,46,583

Note: The above information pertains to total number of issuers who listed their CPs and unique ISINs listed.

Source: BSE and NSE

non-financial sector. Size-wise comparison shows that 50.1 per cent of the total funds were mobilized through issues ranging between ₹100 crore and ₹500 crore. Similarly, issues exceeding ₹500 crore accounted for 41.6 per cent of the total funds mobilized (**Table 3.8**).

B. **Listed Commercial Papers:** The value of CPs listed on exchanges increased by 7.8 per cent to ₹16,68,834 crore in 2025-26 as compared to ₹15,48,091 crore in 2024-25 (**Table 3.9**).

Box 3.3 highlights the targeted stakeholder engagement programs undertaken by SEBI to strengthen the corporate bond, municipal bond and REIT/InvIT ecosystems in India.

C. **Issuance of Municipal Bonds:** During 2025-26, the municipal bond market witnessed a surge

Box 3.3: Deepening India's Corporate Bond, Municipal Bond and REIT/InvIT Ecosystem

During 2025-26, SEBI conducted 22 outreach programs aimed at deepening institutional participation, enhancing investor awareness and strengthening issuer capacity across the REIT/InvIT, corporate bond and municipal bond markets.

REITs & InvITs

- A Pan-India outreach programme was organised to promote greater participation by insurance companies and pension funds in REITs and InvITs. In this program representatives of 49 insurance companies, 12 pension funds, IRDAI, PFRDA, Bharat InvIT Association, Indian REIT Association and REIT/InvIT Managers participated. The recommendations of the participants were shared with PFRDA and IRDAI.
- Four outreach programmes were conducted with State governments namely Uttar Pradesh, Rajasthan, Tamil Nadu and Gujarat to create awareness regarding the use of REITs and InvITs as innovative instruments for monetisation of State Government assets and accelerating infrastructure development.

(Contd...)

Corporate Bonds

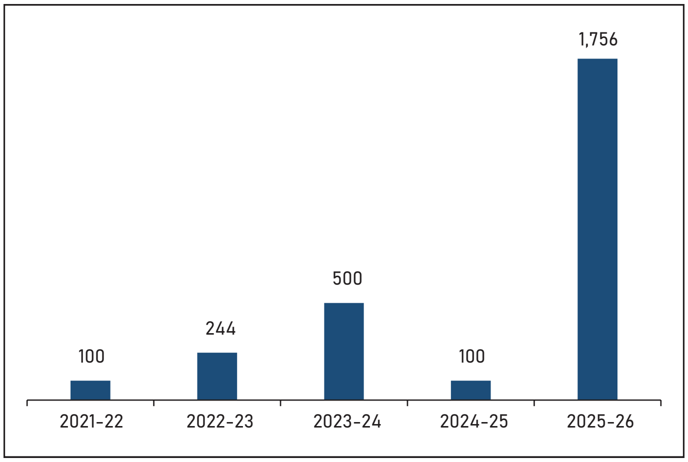
- A Pan-India outreach program to encourage corporates to leverage the bond market for their capital requirements was conducted. In this program, four investor awareness videos, a documentary on the evolution of India's bond market, and the "Bonds – Ek Sashakt Bandhan" campaign identity were launched.
- 12 bond-focused investor awareness programmes across country for students, corporates, public sector officials, law enforcement personnel and industry associations were conducted.

Municipal Bonds

- Four municipal bond outreach programmes were organised across Kerala, Madhya Pradesh, Chhattisgarh and Tamil Nadu to build awareness among Urban Local Bodies and State Government departments about raising funds through municipal bond.

Going forward, SEBI will continue to engage with the stakeholders to support the development of India's Corporate Bond, Municipal Bond and REIT/InvIT markets.

Chart 3.7: Fund Mobilisation by Municipal Corporations (₹crore)



Source: SEBI

in activity, as 14 issues raised ₹1,756 crore. This marked a significant expansion compared to the previous year, during which the market saw a single issuance that raised ₹100 crore (**Chart 3.7**). This increased traction was backed by SEBI's targeted outreach by conducting four municipal bond awareness programs during the year.

3.3 CORPORATE GOVERNANCE AND CORPORATE RESTRUCTURING

The following sections highlight the major policy measures taken by SEBI in 2025-26 for enhancing transparency and governance of listed entities and also show key trends in corporate restructuring.

3.3.1 Policy Developments

A. **Framework for Environment, Social and Governance Debt Securities:** The operational framework for the issuance of social, sustainability, and sustainability-linked bonds was introduced, which, alongside green debt securities, were collectively termed as Environment, Social, and Governance (ESG) Debt Securities (**Box 3.4**).

B. **Threshold for identification of HVDLE:** The high value debt listed entity (HVDLE) identification threshold was raised from ₹1,000 crore to ₹5,000 crore while aligning governance standards with equity-listed norms, such as substituting income with turnover for subsidiary thresholds. Key reforms included mandating special resolutions for directors over age 75, enforcing a three-month timeline to fill board and KMP vacancies, and exempting nominee directors from shareholder approval. The amendments also streamlined RPTs and intra-group asset sales while retaining the requirements of obtaining no objection certificate of debenture trustee and debenture holders to ensure rigorous oversight for large-scale debt issuers.

3.3.2 Merger and Acquisition Deals

A. **Open Offer:** During 2025-26, 122 open offers with offer size of ₹35,185 crore were closed compared to 71 open offers with open offer size

Box 3.4: Expansion of the Sustainable Finance Ecosystem- Framework for ESG Debt Securities

Overview

SEBI has introduced a comprehensive operational framework for Environment, Social, and Governance (ESG) Debt Securities. The Government's focus on enhancing capital availability for climate adaptation and mitigation directly complements SEBI's efforts to broaden the sustainable finance landscape. While the regulatory landscape for green debt securities was already established, this new framework expands the sustainable finance frontier to include social, sustainability, and sustainability-linked bonds, providing corporate issuers a structured and transparent pathway to mobilize capital for both social impact and environmental resilience.

Scope and Taxonomy of ESG Instruments

The framework defines three primary categories of ESG debt securities (excluding green debt securities) which are listed or proposed to be listed on a recognized stock exchange. The definitions of these bonds as per SEBI NCS Regulations and SEBI LODR regulations are given below:

i. **Social bonds:** Securities raised for social projects aiming to mitigate specific social issues or achieve positive outcomes for target populations. Eligible projects include affordable housing, clean drinking water, healthcare, education, and employment generation.

ii. **Sustainability bonds:** Securities where proceeds are utilized for a combination of eligible green and social projects.

iii. **Sustainability-linked bonds:** Securities with financial or structural characteristics linked to predefined sustainability objectives, measured through key performance indicators (KPIs) and sustainability performance targets.

Disclosure Requirements

To ensure transparency and market integrity, issuers are required to adhere to following stringent disclosure standards:

i. **Initial disclosures:** Offer documents must detail social/sustainability objectives, project selection processes, tracking procedures for funds, and perceived social or achievement risks.

ii. **Continuous disclosures:** Annual reports must include the utilization of proceeds (verified by an external auditor), the performance of selected KPIs and the qualitative/quantitative impact of the projects.

iii. **Impact reporting:** Issuers of social bonds must report social impacts on a project-by-project basis, following recognized standards or taxonomies.

Independent review and oversight

i. **Mandatory external review:** Issuers have to appoint an independent third-party reviewer or certifier to verify alignment with recognized international or Indian standards.

ii. **Eligible entities**: Reviewers are independent of the issuer's management and possess ESG expertise. SEB registered ERPs are also eligible for this role.

iii. **Review scope:** The reviewers are required to assess the relevance and reliability of KPIs, the ambition level of sustainability targets, and the credibility of the strategy to achieve them.

Mitigating "Purpose-Washing"

To prevent misleading claims and ensure market credibility, the framework mandates:

i. Issuers to continuously monitor operations to ensure they reduce the adverse social/sustainable impacts as mentioned in the offer documents.

ii. Funds should only be used for the specific social or sustainability categories defined in the framework.

iii. If an issuer fails to meet these standards, they have to inform investors and, if required, by a majority of debenture holders, they have to undertake early redemption of the securities.

iv. Issuers are prohibited from using misleading labels, hiding negative trade-offs, or cherry-picking data from research to highlight social practices/ sustainable practices better than they are.

v. Issuers to maintain the highest standards associated with their bond labels while adhering to their assigned credit ratings.

vi. The issuers to quantify negative externalities associated with the use of funds.

vii. Issuers should not make untrue statements about being certified by a third party if they are not.

Table 3.10: Trends in Open Offers

Year	Objectives						Total	
	Change in Control		Consolidation of Holdings		Substantial Acquisition		No. of Offers	Amount (₹crore)
	No. of Offers	Amount (₹crore)	No. of Offers	Amount (₹crore)	No. of Offers	Amount (₹crore)		
2024-25	70	15,451	1	6	-	-	71	15,457
2025-26	118	35,135	2	31	2	19	122	35,185

of ₹15,457 crore during 2024-25. Out of the 122 open offers closed during the year, 118 open offers with offer size of ₹35,135 crore were made with the objective of change in control and two open offers of size ₹31 crore were made with the objective of consolidation of holdings (**Table 3.10**).

B. **Buy-Back:** Buyback is the process by which a company repurchases its own shares from the marketplace. During 2025-26, the total buyback offer size surged to ₹19,238 crore, marking 143.6 percent increase over the ₹7,897 crore in 2024-25. The average utilization reached 99.9 percent of the total offer size, up from 98.8 percent in the preceding year. All 17 buyback offers during 2025-26 were conducted through the tender offer route, compared to 36 tender offers in 2024-25 (**Table 3.11**). This shift aligned with the regulatory phase-out of open market buybacks, which took full effect on April 1, 2025.

3.3.3 Issuance of observations on offer documents

A. **Observations on offer documents:** During 2025-26, 156 draft letters of offer were processed, comprising 113 letters of offer received during the year and 43 that had been carried over from the previous year. SEBI issued observations for 125 filings, while no filings were withdrawn. As of March 31, 2026, 31 draft letters of offer remained pending with SEBI for the issuance of observation letters (**Table 3.12**).

Regulation 11 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, provides a formal mechanism for acquirers to seek an exemption from the mandatory open offer obligations. During 2025-26, 47 applications were filed with SEBI seeking

Table 3.12: Status of Draft Letters of Offers for Open Offers

Status	2024-25	2025-26
Pending draft letters of offer at the beginning of the year	23	43
Draft letters of offer received during the period	107	113
Total	**130**	**156**
Observations issued by SEBI during the year	86	125
Offers withdrawn	1	0
Draft letter of offers in process at the end of the year	43	31

Table 3.11: Buy-back through Tender Offer

Particulars	2024-25			2025-26		
	No. of Cases	Buy-back Size (₹crore)	Actual Amount Utilized for Buy-back (₹crore)	No. of Cases	Buy-back Size (₹crore)	Actual Amount Utilized for Buy-back (₹crore)
Cases Received and Closed	36	7,897	7,800	16	19,216	19,212
Cases Received but not Closed	-	-	-	1	22	-

Table 3.13: Exemption applications under Regulation 11 of Takeover Regulations

Status	2024-25	2025-26
Application pending at the beginning of year	15	13
Applications received during the year	43	47
Total applications	58	60
Applications disposed during the year	45	47
of which		
Exemption granted	19	33
Exemption not granted	-	-
Returned/Withdrawn/Not maintainable (without passing order)	26	14
Applications in process at the end of the year	13	13

exemption as compared to 43 during 2024-25. Among the outstanding 60 applications, 33 applications were granted exemption from making open offer vis-à-vis 19 during 2024-25, 14 applications were returned/withdrawn/not maintainable (disposed without passing an order) and 13 applications were under process as on March 31, 2026 **(Table 3.13).**

B. **Schemes of arrangement:** Listed entities undertaking a scheme of arrangement (merger, amalgamation, reduction of capital) are required to file draft documents with stock exchanges for an observation/no-objection letter, according to SEBI LODR Regulation 37, before filing with any Court or Tribunal. SEBI receives draft documents from stock exchanges and issues observations. During 2025-26, SEBI issued observations on 92 draft scheme documents, compared to 65 in 2024-25 (**Table 3.14**).

Table 3.14: Schemes of Arrangement

Year	Observations Issued
2024-25	65
2025-26	92

3.3.4 Defaulter companies listed at exchanges and penal action

SEBI issued a SOP outlining the punitive measures to be taken by stock exchanges in case listed entities are non-compliant with the provisions of SEBI (LODR) Regulations, 2015. The SOP encourages better compliance culture by outlining a well-defined procedure for stock exchanges to follow while levying penalties and taking subsequent actions. During 2025-26, the demat account of promoter(s) of 626 companies were frozen, 31 companies were suspended and fines aggregating ₹64 crore were levied for non-compliance with the SOP **(Table 3.15)**.

Table 3.15: Actions Taken by Exchanges for Non-compliance

Actions Taken	2024-25			2025-26		
	BSE	NSE	MSEI	BSE	NSE	MSEI
Fines Levied* (₹crore)	34.5	29.8	2.9	32.1*	29.5*	2.3*
No. of Companies in which Demat Account of Promoter(s) were Frozen	457	73	36	486	99	41
No. of Companies Suspended (Non-Compliance with SOP)	32	9#	0	22	8#	1

Notes: i. * Data for 2025-26 is provisional.

ii. The fine is not levied for the quarter ended March 31, 2026 as on date.

iii. # Suspended under SEBI Master Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 issued on July 11, 2023 and last updated on January 30, 2026.

3.4 INTERMEDIARIES ASSOCIATED

Market intermediaries occupy a pivotal position within the securities ecosystem, serving as critical conduits between issuers and investors to facilitate efficient market operations. To maintain high standards of market integrity and safeguard investor interests, SEBI regulates these entities through comprehensive frameworks while implementing measures to enhance the ease of doing business. The subsequent sections provide the major policy developments and the market trends related to intermediaries associated with primary market.

3.4.1 Policy Developments

A. **SEBI (Merchant Bankers) Regulations, 1992:** Merchant Bankers regulations were amended to permit registered entities to undertake non-SEBI regulated, fee-based financial services through a strictly segregated separate business unit protected by a Chinese wall. This regulatory framework ring-fenced a merchant banker's net worth from unregulated activities and mandated explicit client disclosures stating that SEBI's investor protection mechanisms did not apply to such services. Further, the amendments restructured merchant bankers into a two-tier system, designating Category 1 firms with a minimum net worth of ₹50 crore for all permitted activities and Category 2 firms with a minimum net worth of ₹10 crore for all functions except the management of Main Board equity issues. Additionally, the updated rules required these professionals to maintain 25 percent of their net worth in liquid assets, meet specific three-year cumulative revenue targets, and ensure that all compliance officers held professional legal or secretarial qualifications.

B. **Strengthening the role of Debenture Trustees:** To strengthen the position of debenture trustees (DTs) and enhance their supervisory powers, structural independence, and operational efficiency during issuer defaults, the SEBI (DT), Regulations, 1993 were amended to introduce the following:

   i. **Expanded supervisory powers:** DTs are now explicitly authorized to inspect corporate records and access books of accounts directly, replacing passive inspection clauses with the power to demand information from issuers and intermediaries.

   ii. **Structural ring-fencing:** Trustees must segregate non-SEBI regulated activities into separate business units protected by Chinese walls, ensuring operational independence through distinct staff and records while disclosing that SEBI protections do not apply to unregulated services.

   iii. **Streamlined expense recovery:** The framework now permits DTs to utilize the recovery expense fund for predefined legal and recovery costs without prior investor consent, enabling swifter action to protect stakeholder interests during defaults.

3.4.2 Market Activity and Trends Observed

A. **Registered intermediaries associated with the primary market**: During 2025-26, new registrations were granted to 17 merchant bankers, seven registrars to issue and share transfer agent and one banker to an issue (**Table 3.16**).

   As on March 31, 2026, there were 240 merchant bankers, 80 registrar to issue and share transfer agents, 60 bankers to an issue and 25 debenture trustees registered with SEBI (**Table 3.17**).

Table 3.16: Status of Registration of Intermediaries

Type of Intermediary	Opening Balance	Application Received during 2025-26	Registration Granted during 2025-26	Application Rejected/Returned/ Withdrawn during 2025-26	Pending as on March 31, 2026	Median time for Processing Applications (in Working Days)	
						2025-26	2024-25
Merchant Banker	1	29	17	5	8	5#	39
Registrar to Issue and Share Transfer Agent	2	15	7	3	7	48	50
Bankers to an Issue	1	3	1	0	3	3#	39

Notes: i. #Working days between the date of receipt of complete information/documents from applicant and the date of the approval of the said application (excluding the time taken by applicant to submit requisite documents).

ii. During 2025-26, the median processing time for Merchant Banker and Bankers to an Issue applications was 89 and 94 days, respectively. These figures include the 90-day grace period provided to applicants for completing documentation.

Table 3.17: Registered Intermediaries Associated with the Primary Market

Type of Intermediary	No. of Registered intermediaries			
	Registered as on March 31, 2025	Registration Granted during 2025-26	Registration Surrendered/Cancelled during 2025-26	Registered as on March 31, 2026
Merchant Bankers	230	17	7	240
Registrar to Issue and Share Transfer Agent	77	7	4	80
Bankers to an Issue	60	1	1	60
Debenture Trustees	25	0	0	25

CHAPTER
4

SECONDARY MARKET

The Indian securities market exhibited resilient performance during 2025-26, amidst heightened geopolitical uncertainty, sustained FPI outflows, and shifting global trade dynamics. While the benchmark Nifty 50 scaled a historic peak of 26,328.6 in early January 2026, the trajectory moderated in the final quarter as the escalation of the Iran-U.S. conflict triggered a spike in crude oil prices and surge in global risk aversion. A defining feature of the fiscal year was the maturing role of DIIs, who acted as a critical countervailing force by absorbing persistent foreign selling with a record net inflow of ₹8.5 lakh crore. This institutional depth culminated in a fundamental structural shift: by March 2026, DII holdings in the NSE-listed universe reached an all-time high of 17 per cent, consistently outpacing FPI shareholding throughout the year. Despite a marginal contraction in aggregate market capitalisation to ₹411.6 trillion by March 31, 2026, India successfully maintained its standing as the world's fifth-largest stock market, underscoring its enduring appeal and systemic stability within the global financial architecture.

During the year, SEBI implemented several measures aimed at enhancing transparency, ease of doing business, reducing speculative activities, and strengthening the market infrastructure across equity-cash, debt, and derivatives segments. This chapter provides a comprehensive overview of these key policy initiatives, alongside detailed analyses of market trends, trading volumes, and the evolving role of intermediaries within the secondary market ecosystem.

4.1 CASH MARKET: EQUITY

4.1.1 Policy Developments

A. **Review of Block Deal Framework:** In response to evolving market dynamics and based on feedback received from various stakeholders, SEBI has reviewed the block deal framework. Key revisions include increase in price bands from +/-1 per cent to +/-3 per cent to facilitate increased participation of large trades in the block deal window and increasing minimum order size from ₹10 crore to ₹25 crore, which shall push block trades below the revised threshold to the normal market thereby improving cash market liquidity and depth.

B. **Introduction of Closing Auction Session (CAS):** In order to align the determination of closing prices of stocks in equity cash segment with that in other major jurisdictions globally and to provide fair, equal and transparent access to all categories of investors, a framework for CAS has been introduced **(Box 4.1)**.

C. **Relaxation in timeline:** In order to ensure ease of doing business, the requirement to submit the net worth certificate by the stock brokers for margin trading facility was aligned with the requirement of submitting financial results by the listed companies i.e., by May 31 and November 15 for the half years ended on March 31 and September 30, respectively.

4.1.2 Market Activity and Trends Observed

A. **Performance of Indices:** During 2025-26, the Indian capital market exhibited notable resilience, navigating a complex volatile landscape of substantial FPI outflows, evolving global trade policies, and heightened geopolitical uncertainties. The benchmark Index Nifty 50 exhibited strong early momentum, surging 11.9 per cent to reach a historic closing high of 26,328.6 on January 2, 2026. However, this growth trajectory was subsequently reversed

Box 4.1: Introduction of Closing Auction Session

The Indian capital markets have witnessed a transformative shift toward passive investing, with passive funds now accounting for approximately 30 per cent of FPI equity AUM and 28 per cent of domestic mutual fund equity AUM as of March 31, 2026. This growth, coupled with the rising weight of Indian stocks in global indices like MSCI and FTSE, where they command weights between 12 per cent and 30 per cent, has intensified the demand for precise execution at closing prices to minimize tracking errors.

Historically, India's reliance on the volume weighted average price (VWAP) methodology often led to intraday price swings and volatility, particularly during index rebalancing, as the market struggled to absorb large institutional flows in real-time.

To address these challenges and align with international best practices seen in markets like the NYSE, LSE, and HKEX, SEBI has introduced the closing auction session (CAS). Unlike the VWAP approach, which averages trades executed during the last 30 minutes of the continuous trading session in the cash segment, CAS concentrates liquidity into a single and transparent auction. By allowing all buy and sell interests to interact simultaneously, the mechanism facilitates the formation of a single equilibrium price based on the maximum matching of supply and demand. This process ensures lower price disruption and greater execution certainty, providing a more stable and reliable closing price even during periods of high trading volume.

The new framework is scheduled to come into force on August 03, 20F26, with the auction session conducted between 03:15 pm and 03:35 pm. In the initial phase, CAS will apply to stocks in the equity cash segment on which derivative contracts are available. For all other securities, the closing price will continue to be determined based on the existing 30-minute VWAP methodology.

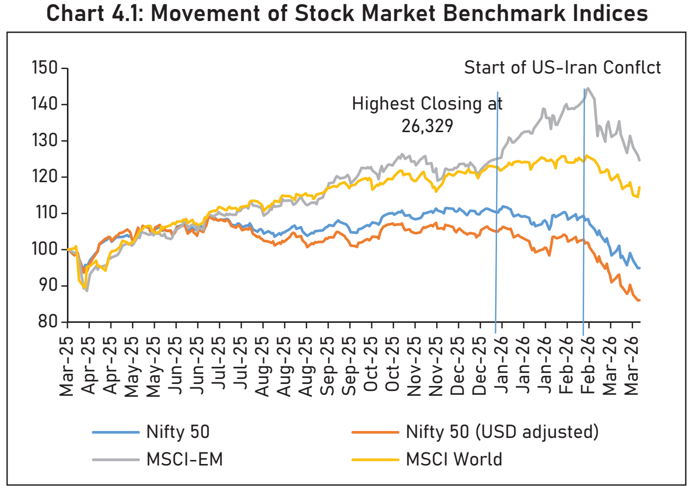
This strategic transition marks a significant step in achieving cross-market consistency and enhancing the robustness of India's price discovery mechanism.

by the escalation of the Iran-U.S. conflict, which triggered a steady 15.2 per cent correction from the peak, as markets responded to rising crude oil prices and global risk aversion.

During this period of heightened volatility and sustained FPI selling, DIIs continued to provide stability to the equity market with a record net inflow of ₹8.5 lakh crore in 2025-26. However, despite the domestic support, the Indian market witnessed a 5.1 per cent decline during 2025-26, marking a period of underperformance relative to global peers. In contrast, the MSCI Emerging Market Index and MSCI World Index witnessed robust growth of 24.7 per cent and 17.2 per cent, respectively during the same period. The impact of this divergence was further compounded by currency volatility; the Indian Rupee's depreciation against the U.S. Dollar led to a more pronounced decline in dollar-adjusted terms. Consequently, Nifty 50 recorded 13.9 per cent decline in USD terms, highlighting the dual pressure of domestic equity corrections and exchange rate headwinds **(Chart 4.1)**.

2025-26 was characterized by two distinct phases of heightened volatility, reflecting Indian market's sensitivity to global macroeconomic shifts and geopolitical risks. The year

Chart 4.1: Movement of Stock Market Benchmark Indices



Note: All the indices have been indexed to 100 as on March 28, 2025
Source: Bloomberg

commenced with a sharp spike in global risk aversion, triggered by escalating U.S.-China trade tensions. The CBOE VIX, which is widely regarded as a key indicator of expected volatility in the US equity markets, surged by 134.9 per cent in just six trading days, rising from 22.3 (March 31, 2025) to 52.3 on April 8, 2025. Mirroring this global volatility, India VIX also increased by 60.7 per cent, climbing from 12.7 to 20.4 during the same window. However, following the initial spikes, the volatility indices CBOE VIX and India VIX stabilized and maintained yearly averages of 19.4 and 13.7, respectively.

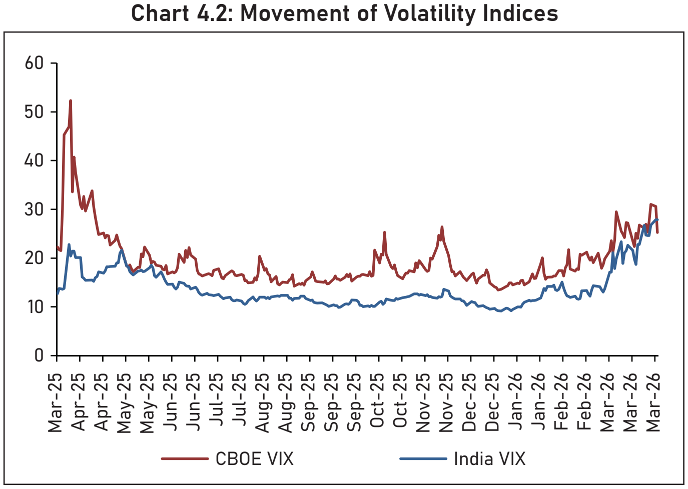
Further, again in March 2026, both the volatility indices went up steadily, triggered by the U.S.-Iran conflict. During March 2026, India VIX went up by 103.6 per cent, significantly outpacing the 27.1 per cent rise witnessed by CBOE VIX, majorly due to heightened sensitivity of Indian markets to escalating crude oil prices and the subsequent depreciation of the domestic currency (**Chart 4.2**).

However, among the major global markets, the annualized volatility of Indian market remained relatively low, along with UK market. Conversely, Japan recorded the highest level of volatility, followed closely by Taiwan, Hong Kong and USA (**Chart 4.3**).

Majority of the Indian broader market indices also went down during 2025-26, with Nifty 500 and Nifty Smallcap 100 declining by 3.8 per cent and 5.5 per cent, respectively. This is in line with the 5.1 per cent and 7.1 per cent fall witnessed by Nifty 50 and Sensex respectively. However, Nifty Midcap 100 index witnessed a marginal gain of 1.9 per cent during the same period. Among sectoral indices, Nifty PSU Bank emerged as the top performer with a return of 25.7 per cent, followed by Nifty Metal (22.5 per cent) and Nifty Auto (11.6 per cent). Conversely, the Realty and IT sectors were the weakest performers, recording declines of 23.5 per cent and 21.2 per cent respectively (**Chart 4.4**).

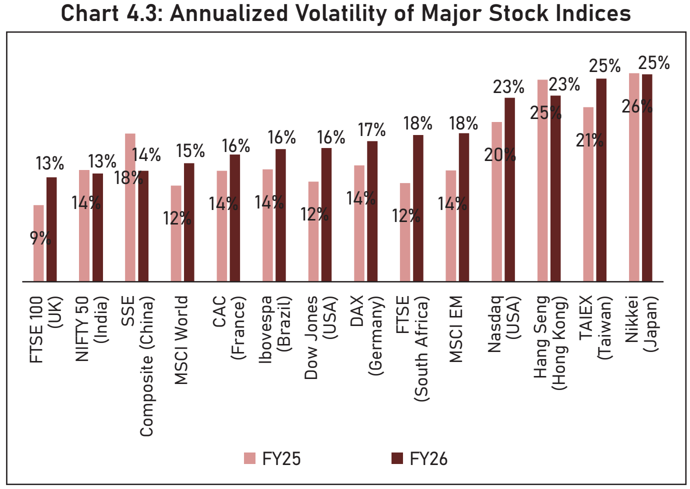
B. **Turnover and Market Capitalisation in Cash Segment:** During 2025-26, trading activity in cash segment moderated, with total turnover across all the exchanges declining by 6.8 per cent to ₹280 trillion from ₹301 trillion in 2024-25. Similarly, the combined average daily turnover (ADT) across exchanges fell by 6 per cent to ₹1,13,467 crore from ₹1,20,730 crore during the same period. This decline may be attributed to a confluence of factors, including falling benchmark indices, valuation concerns, and a notable shift in retail investment toward alternate assets like gold and silver amid high interest rate environment, among other factors.

Chart 4.2: Movement of Volatility Indices



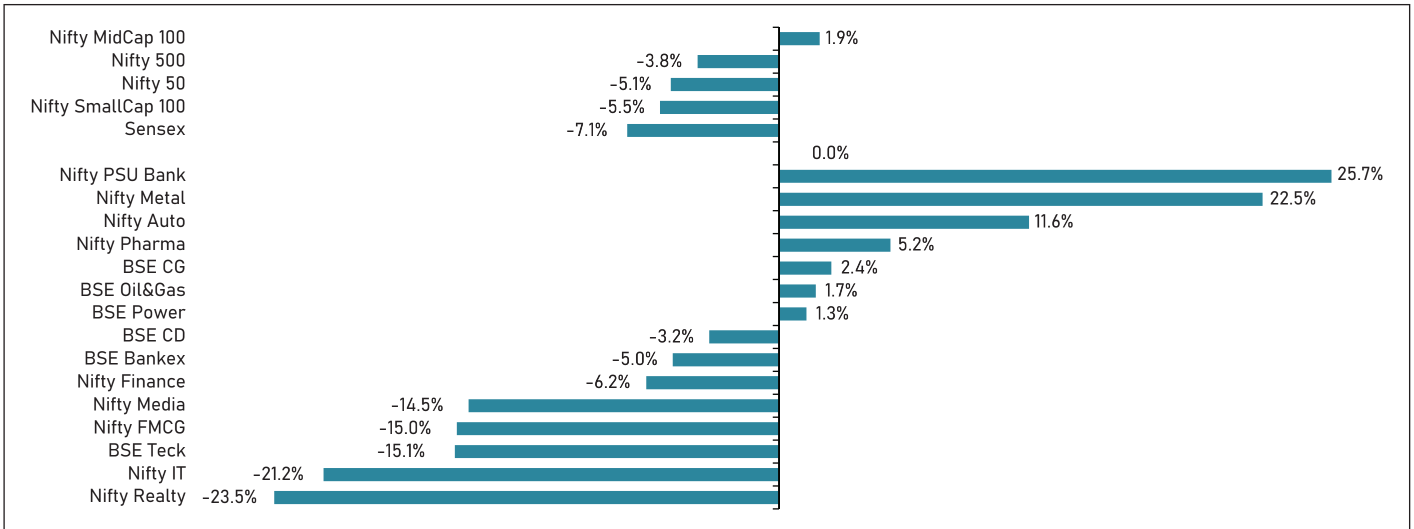
Source: Bloomberg

Chart 4.3: Annualized Volatility of Major Stock Indices



Source: Bloomberg

Chart 4.4: Annual Returns in Major Indices in 2025-26



Note: BSE CG: BSE Capital Goods, BSE CD: BSE Consumer Durables
Source: NSE and BSE

Further, in line with the weak performance exhibited by Indian benchmark indices, the all India market capitalisation declined marginally (0.5 per cent) to ₹411.6 trillion as of March 31, 2026, from ₹413.8 trillion recorded a year earlier, although ₹16 trillion was added to market capitalization by the newly listed companies during the year. However, despite this moderation, India maintained its position as the world's fifth-largest stock market by market capitalization as of March 31, 2026 (**Table 4.1**).

The geographical distribution of the turnover (based on broker terminal location) shows that Mumbai/ Thane continued to be the top contributor with a 60.1 per cent market share in 2025-26, followed by Ahmedabad with a share of 16.5 per cent. Bangalore, Delhi, Kolkata, and Hyderabad were the only other cities to have turnover share exceeding one per cent during the same period (**Table 4.2**).

Table 4.1: Exchange-wise Trading Statistics for Cash Segment

Stock Exchange	2024-25	2025-26	Variation (per cent)
Turnover (₹crore)			
NSE	2,81,27,848	2,60,62,617	-7.3
BSE	19,33,907	19,63,647	1.5
MSEI	26	98	274
Total	**3,00,61,781**	**2,80,26,362**	**-6.8**
All India Market Capitalisation (₹crore)			
All India	4,13,75,586	4,11,55,003	-0.5

Source: BSE, NSE and MSEI

Table 4.2: City-wise Distribution of Turnover in the Cash Segment (per cent)

	NSE and BSE	
City	**2024-25**	**2025-26**
Mumbai / Thane	61.0	60.1
Ahmedabad	16.2	16.5
Bangalore	3.5	5.2
Delhi/Ghaziabad	2.1	1.5
Kolkata	1.6	1.5
Hyderabad	2.4	1.3
Rajkot	0.6	0.5
Pune	0.4	0.5
Chennai	0.8	0.4
Kanpur	0.1	0.2
Others	11.4	12.2
Total	**100**	**100**

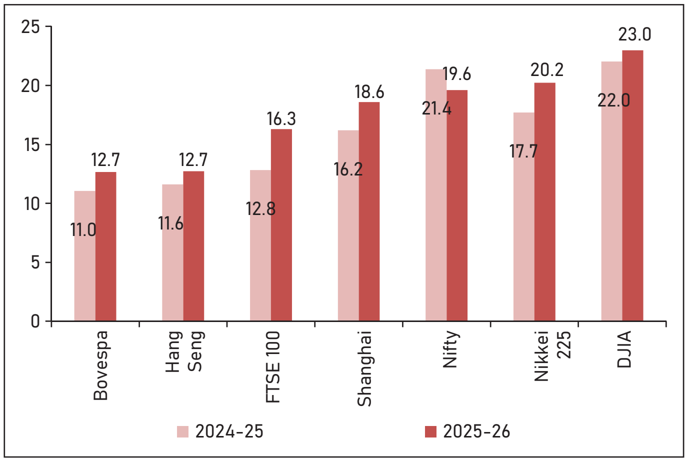
Note: City-wise turnover is calculated on gross basis.
Source: NSE and BSE

C. Stock Market Indicators: The market capitalisation-to-GDP ratio serves as a key parameter to measure growth of the financial market relative to real economy. As of March 31, 2026, India's market capitalization to GDP ratio declined to 118.8 per cent from 130.1 a year ago, driven by a broad-based contraction in total market capitalisation. Trading activity also moderated relative to economic output: the cash turnover-to-GDP ratio fell to 80.9 per cent (from 94.5 per cent in 2024-25), while the equity derivatives (premium turnover)-to-GDP ratio decreased to 169 per cent from 201.6 per cent during the same period **(Table 4.3).**

Consequent to the correction in price levels and moderated earnings, the trailing Price-to-Earnings (P/E) ratio for Nifty 50 moderated to 19.6 at the end of March 31, 2026, down from 21.4 at end of 2024-25. However, India's valuation remained elevated compared to Brazil, Hong Kong, China and UK except Japan and USA (**Chart 4.5**).

D. Trading Frequency: During 2025-26, the proportion of equity stocks trading for more than 100 days saw diverging trends across major exchanges. At NSE, this figure declined slightly to 91.6 per cent, down from 92.1 per cent in 2024-25. Conversely, at BSE, the share of frequently traded stocks rose to 83.3 per cent, compared to 82.3 per cent in the previous year (**Table 4.4**).

Chart 4.5: Trailing Price to Earnings Ratio



Source: Bloomberg and NSE

Table 4.3: Select Ratios Relating to the Stock Market (per cent)

Year	Market Capitalisation to GDP Ratio (All India)	Total Turnover to GDP Ratio	
		Cash Segment	Equity Derivatives Segment (Premium)
2024-25	130.1	94.5	201.6
2025-26	118.8	80.9	169.0

Notes: i. First revised estimate of GDP at current prices for 2024-25 and provisional estimate for 2025-26, have been taken for computation based on new series of GDP estimates with base year 2022-23;

ii. For options, premium turnover has been considered

Source: BSE, NSE, MSEI and National Statistical Office (NSO).

Table 4.4: Trading Frequency of Listed Stocks (No. of Stocks Traded)

Trading Frequency (Range of Days)	2024-25*		2025-26	
	BSE	NSE	BSE	NSE
Above 100	4,014	2,441	4270	2,682
91-100	23	15	33	25
81-90	40	20	37	10
71-80	30	13	39	20
61-70	33	20	43	21
51-60	49	16	58	22
41-50	52	14	50	10
31-40	51	11	47	4
21-30	52	23	44	17
11-20	37	9	44	34
1-10	71	68	69	83
Below 1	427	0	393	0
Total	**4,879**	**2,650**	**5,127**	**2,928**

Notes: i. Only fully paid equities of companies listed on Mainboard, SME and ITP platforms are considered.

ii. *Data for 2024-25 for NSE and BSE has been revised.

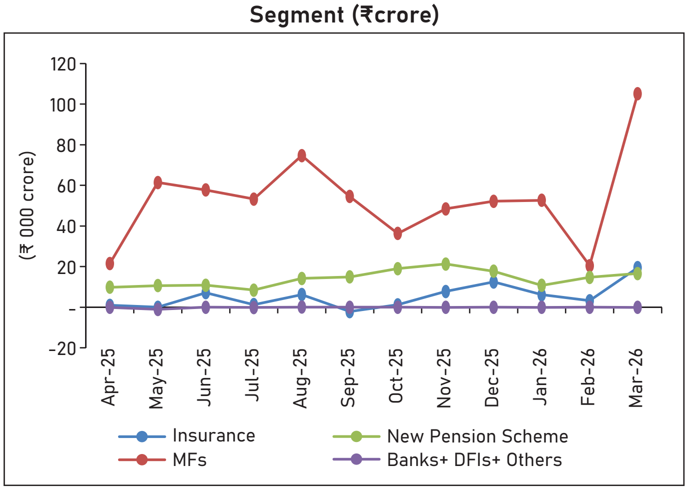
Source: NSE and BSE

E. **Participation of DIIs:** DIIS, comprising banks, DFIs, insurance, mutual funds and NPS continued to provide stability to the equity market, amid sustained FPI outflows witnessed during 2025-26. DIIs effectively counteracted persistent foreign selling with a record cumulative net inflows of ₹8.5 trillion during 2025-26 against FPI net equity outflows of ₹1.8 trillion. This robust participation represents a significant 44 per cent increase in net investments compared to previous year, underscoring the growing depth and resilience of domestic capital pools. The expanding role of DIIs has helped cushion market volatility and mitigate the impact of foreign divestment.

The surge in net investment by DIIs was predominantly led by mutual funds, contributing nearly 75 per cent of total DII net inflows. Mutual funds contributed ₹6.4 trillion during 2025-26 compared to ₹4.9 trillion in 2024-25. Driven by sustained momentum in SIP inflows, mutual funds continue to engage retail investors, reinforcing the structural shift toward disciplined, long-term financial savings (**Chart 4.6**).

Amid continued net outflows by FPIs during 2025-26, FPI shareholding in the NSE-listed universe declined to a 15-year low of 15.8 per cent. Conversely, the share of DIIs in NSE total market capitalization increased to a record high of 17 per cent at end of March 2026. This consistent outperformance by DIIs across all quarters of 2025-26 reflects a significant shift toward domestic ownership in India's equity markets.

Chart 4.6: Trends in Domestic Institutional Investment in Cash Segment (₹crore)



Source: NSE and BSE

F. **Settlement:** Clearing corporations carry out clearing and settlement functions according to the settlement cycles outlined in the settlement schedule. Clearing involves the post-trade process of determining members' obligations to deliver and their entitlements to receive on the settlement date. Settlement is the final step where the actual transfer occurs - securities are moved to the buyer's demat account and funds to the seller's bank account on a designated settlement date. A multilateral netting procedure is employed to determine the net settlement obligations of clearing members, resulting in a single pay-in or pay-out position for funds and securities, respectively. However, for specific categories such as auction trades and the Trade-for-Trade - surveillance segment, obligations are determined on a gross basis.

During 2025-26, the ratio of delivery-to-traded quantity across both the clearing corporations, NCL and ICCL, went up to 29.3 per cent from 23.6 per cent in 2024-25. Similarly, the ratio of delivery-to-traded value increased to 27.4 per cent from 24.4 per cent during the same period. The rise in delivery share highlights a growing preference for ownership transfers over intra-day activity. The clearing corporation-wise delivery statistics is given in **Table 4.5**.

G. **Dematerialisation:** Post-COVID-19, the Indian capital market has witnessed an unprecedented surge in individual and DII participation. The ease of investing via digital platforms and

Table 4.5: Delivery Statistics (Per cent)

Clearing Corporation	Quantity Delivered (as per cent of Quantity Traded)		Value Delivered (as per cent of Value Traded)	
	2024-25	2025-26	2024-25	2025-26
NCL	22.6	30.2	24.7	30.9
ICCL	28.9	25.7	21.9	15.0
Total	**23.6**	**29.3**	**24.4**	**27.4**

Source: ICCL and NCL

Table 4.6: Depository Statistics

Particulars	NSDL		CDSL	
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
No. of Investor Accounts (lakh)	395	444	1,530	1,801
No. of Listed Companies Signed up for Demat	6,287*	6,668	6,657	7,006
Quantity of Listed Equity in Demat Form (crore)	85,230	1,01,756	41,628	46,357
Value of Listed Equity in Demat Form (₹crore)	3,52,07,811	3,47,78,796	61,13,471	63,93,060
No. of Unique Demat Accounts (lakh)	Across CDSL and NSDL			
	31-Mar-25		31-Mar-26	
	1,043		1,218	

Note: *indicates that data has been revised.

Source: NSDL and CDSL

the widespread adoption of mobile trading apps by discount brokers have acted as key catalysts, significantly deepening retail investor engagement across the country. At the end of 2025-26, the total number of demat accounts across NSDL and CDSL reached 22.5 crore, with a staggering 18.8 crore of these opened since April 2020. Concurrently, the number of unique demat accounts more than tripled to 12.2 crore from 3.3 crore over the same period.

During 2025-26, the number of listed companies opting for dematerialisation grew by 6.1 per cent at NSDL and 5.2 per cent at CDSL compared to 2024-25. However, despite the surge in volume of listed demat equities, the total value of listed equity in demat form saw a marginal year-on-year decline of 0.4 per cent, falling to ₹412 trillion from ₹413 trillion **(Table 4.6)**.

4.1.3 Risk Management Measures

A. **Suspension of Scrips:** During 2025-26, a total of 60 scrips at BSE, 33 scrips at NSE and one scrip at MSEI were suspended on account of surveillance measures, non-payment of fees and non-compliance of various regulations and procedures. At NSE, most suspensions were attributed to procedural reasons. Conversely, the majority of suspensions at the BSE stemmed from violations of the SEBI (Depositories and Participants) Regulations, 2018 **(Table 4.7)**.

Table 4.7: Details on Suspended Scrips

Reason for Suspension	BSE		NSE		MSEI	
	2024-25*	2025-26	2024-25	2025-26	2024-25*	2025-26
Non-Payment of Annual Fees	28	8	3#	0	22	0
Surveillance Measures	0	0	0	0	0	0
Non-Compliance of LODR Regulations (Corporate Governance Related) [Regulation 17(1), 18(1), 27(2)]	3	3	3	0	0	0
Any Other (Reg. 31, 33, 34 and Reg. 76 of SEBI (Depositories and Participant) Regulation, 2018	29	26	7	8	0	1
Procedural	30	23	27	25	0	0
Total	**90**	**60**	**40**	**33**	**22**	**1**
Suspensions Revoked during the Year	89	72	4	2	10	5

Notes: i. *Data for MSEI and BSE for 2024-25 has been revised.

ii. # indicates that data has been revised.

Source: BSE, NSE and MSEI

Table 4.8: Details on Delisted Scrips

Reason for Delisting	BSE		NSE		MSEI	
	2024-25*	2025-26	2024-25	2025-26	2024-25	2025-26
Voluntary Delisting	10	12	5	10	3	3
Compulsory Delisting	67	31	5^	3	0	2
Delisting Pursuant to Liquidation	0	0	0	0	1	0
Any Other (Procedural Delisting)	9	17	1	0	0	3
Total	**86**	**60**	**11**	**13**	**4**	**8**

Notes: i. *Data for BSE for 2024-25 has been revised.

ii. ^Revised data excludes one company previously included, following the SAT order of February 19, 2026, which withdrew its delisting status.

Source: BSE, NSE and MSEI

B. **Delisting:** During 2025-26, a total of 60 scrips were delisted from BSE, while NSE and MSEI saw 13 and eight delistings, respectively **(Table 4.8)**.

4.1.4 Market Concentration

A. **Share of Participants in Annual Cash Segment Turnover:** During 2025-26, the share of proprietary traders, domestic institutions and mutual funds in annual cash market turnover increased to 31.3 per cent, 2.8 per cent and 9.9 per cent respectively from 29.7 per cent, 2.3 per cent and 8.7 per cent in the previous year. Conversely, participation from corporates and the 'others' category-which comprised of individual domestic investors, partnership firms/LLPs, trust/society, AIFs, depository receipts, portfolio management service (PMS) clients, statutory bodies, venture capital funds (VCFs), non-banking financial companies (NBFC), etc.-experienced decline. Their respective market shares fell to 3.7 per cent and 38.4 per cent, compared to 4.7 per cent and 40.5 per cent recorded during 2024-25 **(Table 4.9)**.

Table 4.9: Participant-wise Share in Cash Segment Turnover (per cent)

Category	BSE^		NSE^		Total	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Proprietary Traders	37.3	36.6	29.2	30.9	29.7	31.3
Domestic Institutions*	2.2	3.0	2.3	2.8	2.3	2.8
FPIs	5.6	7.6	14.6	14.3	14.0	13.8
Mutual Funds	3.1	6.9	9.1	10.1	8.7	9.9
Corporates	6.1	4.7	4.6	3.7	4.7	3.7
Others**	45.7	41.2	40.2	38.2	40.5	38.4
Total	**100**	**100**	**100**	**100**	**100**	**100**

Notes: i. *Domestic institutions (excluding mutual funds) include banks, DFIs, insurance companies and the NPS;

ii. **Others include individual domestic investors, Partnership Firms/LLPs, Trust/Society, AIFs, Depository Receipts, PMS clients, Statutory Bodies, VCFs, NBFC, etc.;

iii. ^Data for 2024-25 for BSE and NSE has been revised.

Source: BSE and NSE

Table 4.10: Mode of Trading in Cash Segment (per cent)

Mode of Trading	BSE		NSE*		Total	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Co-location	39.6	30.3	36.5	39.4	36.7	38.7
Mobile	24.9	24.7	20.7	21.4	20.9	21.7
Non-Algo	20.1	18.2	14.3	12.3	14.7	12.7
Internet Based Trading	7.9	7.2	7.8	7.6	7.8	7.6
Algorithmic Trading	4.7	15.3	13.2	12.5	12.6	12.7
Direct Market Access	0.4	1.4	6.8	4.8	6.4	4.6
Smart Order Routing	1.7	2.5	0.7	2.0	0.8	2.0
FOW-NOW	0.7	0.4	-	-	0.0	0.0
Total	**100**	**100**	**100**	**100**	**100**	**100**

Note: *Data for 2024-25 for NSE has been revised.

Source: BSE and NSE

Co-location remained the dominant trading mode during 2025-26, accounting for 38.7 per cent of total cash market turnover, followed by mobile trading at 21.7 per cent. In both modes, the share of value traded across NSE and BSE saw a year-on-year increase **(Table 4.10)**.

B. **Share of Top-100 Brokers/ Securities:** During 2025-26, the top 100 brokers in equity cash segment across NSE and BSE accounted for 91 per cent of the aggregate cash turnover, up marginally from 90.5 per cent in the previous year. Conversely, the market exhibited a trend toward greater asset diversification, as the turnover share of the top 100 securities declined to 48.8 per cent from 50.5 per cent during the same period **(Table 4.11)**.

The top 10 brokers in the cash segment of BSE, who represent 32.7 per cent of the total clients, contributed 53.2 per cent of its gross turnover in 2025-26. On the other hand, top 10 brokers in the cash segment of NSE, who represent 51.5 per cent of the total clients, contributed 41.6 per cent to its gross turnover **(Table 4.12)**.

Table 4.12: Top-10 Brokers in Cash Segment

Exchange	Percentage share in Gross Turnover		Percentage share in the Total Clients (as on)	
	2024-25	2025-26	March 31, 2025	March 31, 2026
BSE	54.9*	53.2	32.3*	32.7
NSE	41.5	41.6	48.3	51.5

Note: *Data for 2024-25 for BSE has been revised.

Source: BSE and NSE

Table 4.11: Share of Top-100 Brokers/Securities (per cent)

Particulars	BSE		NSE		Total	
	2024-25*	2025-26	2024-25	2025-26	2024-25	2025-26
Share of Top-100 Brokers in Annual Cash Market Turnover	90.3	91.2	90.5	91.0	90.5	91.0
Share of Top-100 Scrips/Securities in Annual Cash Market Turnover	43.6	44.5	51.0	49.1	50.5	48.8

Note: *Data for 2024-25 for BSE has been revised

Source: BSE and NSE

4.2 SECONDARY MARKET: DEBT MARKET AND HYBRIDS

4.2.1 Policy Developments

During 2025-26, SEBI introduced several policy measures in debt segment to encourage market participation, simplify processes and facilitate the ease of doing business and compliance. While these are detailed in Chapter 3, policy initiative for secondary market trading in debt securities is given below:

A. **Review of RFQ Platform framework:** To improve price discovery and simplify yield-to-price computations for non-convertible securities, SEBI streamlined the operational processes and provided clarifications regarding the cash flow disclosure in corporate bond database. This initiative enhances transparency by establishing a centralized, real-time database for tracking the cash flows of debt securities traded on the RFQ platform.

4.2.2 Market Activity and Trends

A. **Settled Trades:** During 2025-26, the traded value of corporate bonds settled through clearing corporations (ICCL and NCL) rose by 27.9 per cent to ₹21.2 trillion, up from ₹16.6 trillion in 2024-25. Listed corporate bonds dominated this segment, accounting for 89.5 per cent of the total settled value. Additionally, the value of corporate bonds settled off-market through depositories (NSDL and CDSL) increased by 65.5 per cent to ₹89,293 crore in 2025-26, compared to ₹53,950 crore in the previous year. Unlike exchange-settled trades, the majority of off-market transactions involved unlisted corporate bonds, which comprised 64.1 per cent of the total off-market value in 2025-26. Furthermore, the number of trades settled through clearing corporations and off-market platforms also increased by 143.3 per cent and 46.5 per cent, respectively during the same period **(Table 4.13)**.

B. **Request for Quote Platform (RFQ):** The RFQ platform was established to revitalise trading in the corporate bond market by transitioning from traditional OTC-based methods to a transparent and fully electronic trading system. Functioning as a multi-asset marketplace, the platform facilitates trading in corporate bonds, commercial papers (CPs), certificates of deposit (CDs), government securities (G-Secs), State Development Loans (SDLs), and Treasury Bills. Since its launch in February 2020, and in alignment with SEBI regulatory mandates, institutional participants - including mutual funds, AIFs, portfolio managers, and FPIs – and stock brokers have been required to

Table 4.13: Settlement of Corporate Bonds

Period	Settled through Clearing Corporations*				Off-market Transfer**			
	Listed Corporate Bonds		Unlisted Corporate Bonds		Listed Corporate Bonds		Unlisted Corporate Bonds	
	No. of Trades Settled	Amount (₹crore)	No. of Trades Settled	Amount (₹crore)	No. of Trades Settled	Amount (₹crore)	No. of Trades Settled	Amount (₹crore)
2024-25	11,00,916	15,52,176	32,239	1,03,807	23,456	11,827	34,211	42,122
2025-26	26,83,066	18,96,164	74,319	2,21,690	34,162	32,023	50,307	57,270

Notes: i. *Trades executed on OTC + RFQ + anonymous platforms and settled through clearing corporations (ICCL and NCL).

ii. **Trades settled through Off-market at depositories (CDSL and NSDL).

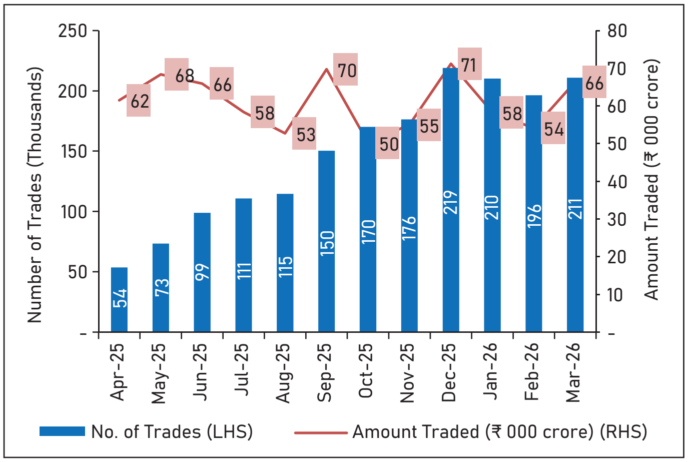
Source: NCL, ICCL, NSDL & CDSL

execute a specified threshold percentage of their corporate bond trades through the RFQ platform. Consequently, the platform has seen consistent growth in adoption, with market participants increasingly utilizing it for active trading in corporate bond market. During 2025-26, the RFQ platform experienced an exponential growth, with the total number of trades initiated via the RFQ platform increased by nearly 5.9 times. This led to a 6.5-fold rise in trades on the RFQ platform, contributing to 38.3 per cent rise in the total amount traded compared to previous year. Consequently, the average monthly turnover on the RFQ platform reached ₹60,985 crore during 2025-26, up significantly from ₹44,096 crore in 2024-25 **(Table 4.14** and **Chart 4.7)**.

C. **Participation in Debt and Hybrid Market:** Mutual funds remain the primary participants in the Indian corporate bond market, followed by banks and corporates. During 2025-26, the turnover share of mutual funds grew to 32.1 per cent, up from 29 per cent in the previous year. Conversely, the market shares of both banks and corporates contracted, declining to 18.7 per cent and 9.4 per cent, respectively, compared to 21.1 per cent and 9.8 per cent a year earlier **(Table 4.15)**.

D. **Limited Purpose Clearing Corporation (LPCC):** AMC Repo Clearing Limited (ARCL) serves as an LPCC, functioning as a central counterparty for tri-party repo trades in corporate debt securities. During 2025-26, the average monthly trading volume in corporate bonds under ARCL went up by 2.6 times to ₹63,893 crore, rising from ₹24,817 crore in 2024-25. Since commencing operations on July 28, 2023, ARCL has facilitated cumulative repo transactions in corporate debt securities exceeding ₹10.98 trillion. On a year-on-year basis, the turnover has grown by 157 per cent, highlighting strong and accelerating adoption of ARCL's tri-party repo platform by market participants. Additionally, the average monthly funds settled more than doubled to ₹15,983 crore, compared to ₹7,368 crore in 2024-25.

Charts 4.7: Trends in RFQ Platform during 2025-26



Source: NSE and BSE

Table 4.14: Activity and Trends on RFQ Platform for Corporate Bonds

Period	No. of Participants Registered During the Year	No. of Participants	No. of Unique Participants*	Total no. of RFQs Initiated	Total no. of Responses to the RFQs	Number of Trades	Traded Value (₹crore)
2024-25	182	2,04,507	595	3,13,656	3,01,949	2,76,467	5,29,147
2025-26	230	15,86,311	657	18,42,362	18,38,008	17,84,184	7,31,818

Notes: *Sum of unique participants at NSE and unique participants at BSE.

Source: NSE and BSE

Table 4.15: Participant-wise Share in Trading in the Corporate Bond Market

Category	Amount (₹ lakh crore)				Percentage Share			
	BSE		NSE*		BSE		NSE*	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Mutual Funds	0.2	0.1	8.4	11.3	6.1	2.2	29.0	32.1
Banks	0.2	0.1	6.1	6.6	4.6	0.9	21.1	18.7
Insurance Companies	0.1	0.0	2.5	3.0	2.7	0.5	8.7	8.5
Trading Members	0.7	1.3	1.8	2.2	18.3	21.4	6.1	6.1
Corporates	0.9	1.6	2.9	3.3	23.9	26.0	9.8	9.4
Primary Dealers	0.0	0.0	1.7	1.8	1.2	0.6	5.8	5.2
FPIs	0.0	0.0	1.7	2.0	0.7	0.2	5.9	5.6
Domestic Financial Institutions (Other than MFs, Insurance, Banks)	1.0	1.8	2.5	3.1	24.5	29.9	8.5	8.7
Others	0.7	1.1	1.4	2.0	18.1	18.3	5.0	5.7
Total	**3.9**	**6.1**	**29.0**	**35.2**	**100**	**100**	**100**	**100**

Note: *Data for 2024-25 for NSE has been revised.

Source: BSE and NSE

4.3 EQUITY DERIVATIVES MARKET

The Indian equity derivatives market has experienced phenomenal growth over the last five years, driven by enhanced digital access, the proliferation of mobile applications from discount brokers and simplified on-boarding processes. While shorter contract durations and social media education have boosted trading in index options, the surge in speculative activity - particularly among individual traders - poses risks to investor protection and market stability. Consequently, SEBI has implemented several policy measures over the past two financial years to strengthen the equity derivatives market. The measures taken during 2025-26 are given in following section:

4.3.1 Policy Developments

A. **Strengthening risk metrics and enhancing trading convenience:** In order to review the existing regulatory measures for investor protection while ensuring the orderly development and strengthening of equity Futures and Options (F&O) market, SEBI introduced various measures to strengthen the equity derivatives framework **(Box 4.2)**.

Box 4.2: Strengthening Risk Metrics and Enhancing Trading Convenience in Equity Derivatives

In view of the evolving market dynamics in derivatives segment in recent years, with increased retail participation and heightened trading volumes in index derivatives on expiry day, real time risk management, adequate surveillance and smooth settlement of trades are absolutely crucial to safeguard investors and to ensure integrity of capital market ecosystem.

In order to review the existing regulatory measures for investor protection while ensuring the orderly development and strengthening of equity Futures and Options (F&O) market, SEBI deliberated the matter with expert working group on derivatives and with Secondary Market Advisory Committee along with stock exchanges and CCs, to improve risk metrics with the following objectives:

i. Better monitoring and disclosure of risks in F&O

ii. Reduce instances of spurious F&O ban periods in single stocks

(Contd.)

iii. Better oversight over the possibility of concentration or manipulation risk in index options

Based on the deliberations, SEBI introduced following measures to strengthen the equity derivatives framework:

- **Formulation of Future Equivalent Open Interest (FutEq OI)**

  As a better measure to gauge risk in equity derivatives segment, FutEq OI was introduced to calculate open interest, which computes the net delta adjusted open positions at portfolio level across futures and options for an underlying at a given point in time. The definition of MWPL was also calibrated using future-equivalent Open Interest metrics and also linked to cash market trading activity.

- **Framework for intraday position limits monitoring**

  To prevent undetected breaches of position limits during trading hours, especially on high-volume expiry days, a framework for intraday position limits was introduced in equity index options. The framework provides for separate intraday limits for index options and mandates stock exchanges to monitor the intraday positions of entities through a minimum of four random snapshots during the day. This ensures market stability, while facilitating participation by various market participants.

- **Introduction of pre-open session**

  The pre-open session was extended to current-month futures contracts on both single stocks and indices, mirroring the modalities of the cash market's pre-open and post-closing sessions.

- **Derivatives on existing non-benchmark indices**

  With a view to ensure robustness and integrity of derivatives products, additional eligibility criteria for derivatives on non-benchmark indices was mandated in consultation with market participants and stock exchanges.

B. **Framework for Final settlement day (expiry day):** To reduce expiry-day hyperactivity, manage concentration risks and ensure orderly market functioning, a framework for final settlement (expiry) day of equity derivatives contracts was specified. The said framework, inter-alia, mandates the stock exchanges to designate either Tuesday or Thursday as the uniform expiry day for all equity derivatives contracts on their exchange. Further, exchanges are permitted to offer only one weekly benchmark index options contract, while all other equity derivatives contracts shall have a minimum tenor of one month and expire in the last week of the month on the designated day.

C. **Review of calendar spread margin benefit:** The margin benefit on offsetting single stock derivatives positions across different expiries was discontinued on the day of expiry of first leg of position. The measure was implemented with a view to provide sufficient time to the end entities / trading members to bring additional margin on the expiry day or to roll over / close calendar spread positions on expiry day.

D. **Revision of Order-to-Trade ratio (OTR):** With a view to rationalize the OTR framework, it was mandated that for equity options contracts, orders within ±40 per cent of last traded price (premium) or ±INR 20, whichever is higher, shall be exempted from the framework for imposing penalty for high OTR. Further, the orders placed by designated market makers for market marking activity shall not be considered towards computation of OTR.

4.3.2 Market Activity and Trends Observed

A. **Trading Activity:** As on March 31, 2026, at NSE, 211 stocks and five indices were eligible for trading in equity derivatives segment, whereas, at BSE, 203 stocks and three indices were eligible.

During 2025-26, the combined notional turnover in the equity derivatives segment across NSE and BSE went up by 4.3 per cent to ₹1,10,418 lakh

Table 4.16: Trading Activity in Equity Derivatives Market

Contracts	Parameter		BSE		NSE	
			2024-25	2025-26	2024-25	2025-26
No of Contracts Traded (in crore)	Options	Index	3,055	2,816	10,091	3,469
		Stock	0.0	0.0	175	175
	Futures	Index	0.1	0.1	12	4
		Stock	0.0	0.0	52	48
Notional Turnover (₹ Lakh crore)	Options	Index	27,556	46,227	76,586	62,574
		Stock	0.0	0.0	1,311	1,222
Premium Turnover (₹ lakh crore)	Options	Index	22.4	48.2	136	125
		Stock	0.0	0.0	20	18
Turnover (₹ lakh crore)	Futures	Index	0.5	0.8	88	73
		Stock	0.0	0.0	375	320
Open Interest at the End of the Year	No. of Contracts Outstanding (in lakh)		18.1	15.3	15.3	149
	Value (₹ lakh crore)		2.8	2.2	2.2	13

Source: NSE and BSE

crore, up from ₹1,05,916 lakh crore in 2024-25. While the options segment witnessed growth in both premium and notional terms, the turnover in futures segment declined by 14.8 per cent, falling to ₹395 trillion from ₹463 trillion during the same period. The trend remained similar in the average daily turnover (ADT), where futures ADT went down by 14.1 per cent year-on-year, while options notional ADT and premium ADT rose by 5.2 per cent and 8.1 per cent, respectively.

Furthermore, during 2025-26, the volume of contracts traded in the options segment dropped significantly by 51.5 per cent to 6,460 crore, down from 13,321 crore in 2024-25. The futures segment also witnessed contraction, with the number of contracts traded declining by 17.7 per cent during the same period. This significant decline in F&O volumes during 2025-26 was possibly driven by a series of regulatory interventions –including increased contract sizes, the rationalization of weekly expiries, mandatory upfront premium collection etc. alongside an increase in the securities transaction tax.

B. **Settlement:** In India, index futures and options are cash settled for both daily Mark-to-Market (MTM) and final expiry. In contrast, physical settlement is mandatory for stock futures and options if positions are held until expiry. During 2025-26, the options segment saw significant decline, with the premium and exercise settlements dropping by 20.7 per cent and 40.5 per cent respectively. Consequently, the total options settlement fell to ₹1.8 trillion, down from ₹2.4 trillion in the previous year. Although the futures segment - including MTM and final settlements rose by 4 per cent, the total equity F&O settlement value decreased by 5 per cent to ₹7.3 trillion **(Table 4.17)**.

4.3.3 Market Concentration and Risk Management Measures

While NSE leads in both stock and index derivatives, BSE has a significant presence primarily in index derivatives. In the index futures segment, NSE maintained a dominant 98.9 per cent market share during 2025-26. However, in terms of index options premium turnover, NSE's share

Table 4.17: Settlement Statistics in Equity Derivatives Segment (₹crore)

Year	Index/Stock Futures		Index/Stock Options		Total
	MTM Settlement	Final Settlement	Premium Settlement	Exercise Settlement	
2024-25	5,20,012	5,150	1,97,639	45,424	7,68,225
2025-26	5,40,896	5,044	1,56,664	27,013	7,29,617

Source: ICCL, NCL

declined to 72.1 per cent (down from 85.9 per cent in 2024-25), while BSE's share expanded to 27.9 per cent from 14.1 per cent over the same period.

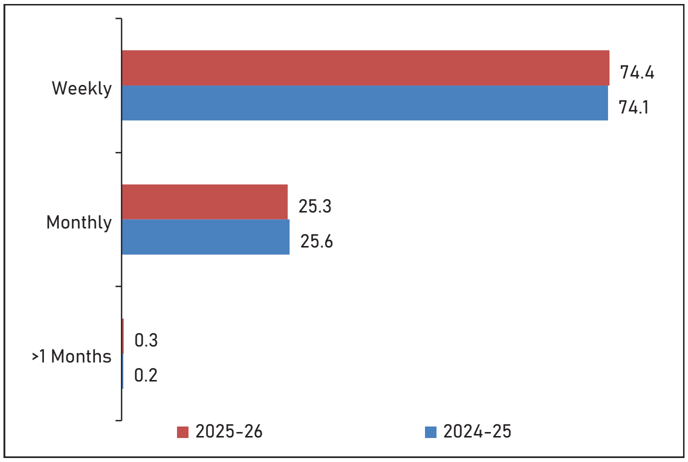
A. Market Concentration

i. **Product-wise:** Index options continue to dominate the equity derivatives segments of both BSE and NSE, accounting for 98.5 per cent of the aggregate notional turnover. At BSE, trading activity is almost entirely concentrated in index options, with the SENSEX alone contributing 99.6 per cent share of the exchange's derivative volume. Similarly, index options at NSE represented 97.5 per cent of its total notional turnover during 2025-26, driven majorly by Nifty 50 and Bank Nifty. The share of Nifty 50 options surged to 93.1 per cent, a significant rise from 45.4 per cent in the previous year, following the regulatory mandate to restrict weekly derivatives to a single benchmark index per exchange. Conversely, the Bank Nifty's share contracted to 6 per cent, down from 34.8 per cent a year earlier, as the trading activity shifted to Nifty 50 option contracts.

ii. **Maturity-wise:** While BSE permits weekly index futures, futures contracts at NSE remain limited to monthly expiries. However, both exchanges offer weekly index options, which have become India's most actively traded derivatives. During 2025-26, weekly options accounted for 74.4 per cent of the total index options turnover, a marginal increase from 74.1 per cent in the previous year. On the other hand, the share of monthly options accounted for 25.3 per cent of the total turnover, a marginal decrease from 25.6 per cent recorded for the previous year. (**Chart 4.8**).

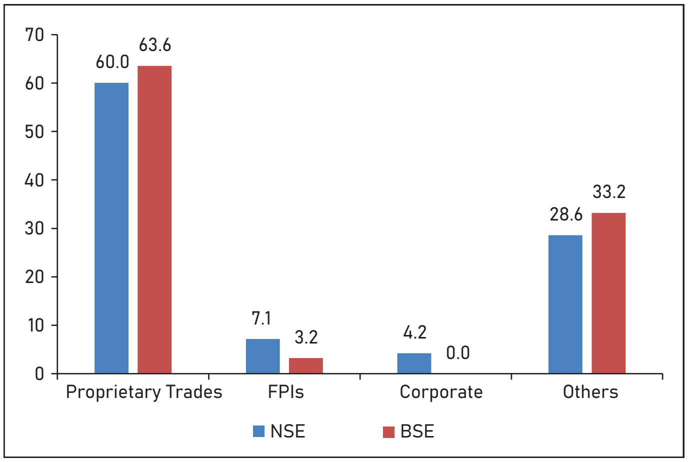
iii. **Participant-wise:** During 2025-26, the overall notional turnover in the equity F&O segment experienced a shift in participant composition. The share of proprietary traders, FPIs and corporates declined at both NSE and BSE. In contrast, domestic institutional participation went up. Notional turnover by mutual funds rose by 17 per cent to ₹98 trillion, while other domestic institutions (excluding banks and insurance) also saw a 7 per cent increase to ₹1.5 trillion during the same period. The category-wise share of notional turnover in equity F&O segment for both exchanges during 2025-26 is illustrated in **Chart 4.9**.

Chart 4.8: Maturity-wise Share in Index Options (per cent)



Note: Calculation is based on notional turnover.
Source: BSE and NSE

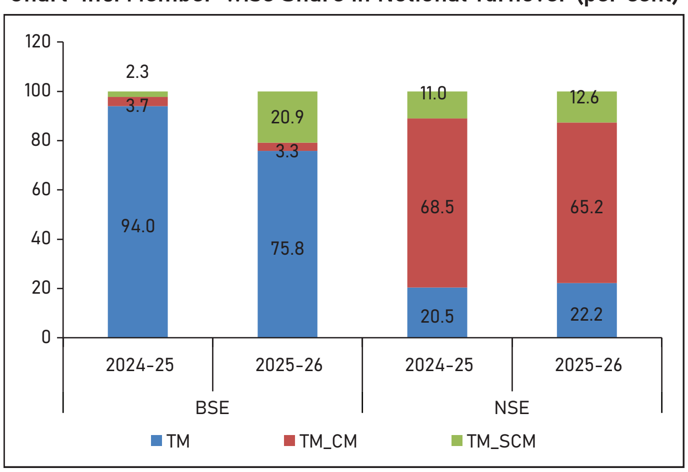
Chart 4.9: Participant-wise Share in Notional Turnover during 2025-26 (per cent)



Note: Calculation is based on notional turnover.
Source: NSE and BSE

iv. **Member-wise:** In terms of member categories, during 2025-26, trading-cum-clearing members (TM_CM) - eligible for clearing both their own trades and those of others were dominant group at NSE. They represented 65.2 per cent of total notional turnover. This was followed by trading members (TM) at 22.2 per cent and trading-cum-self clearing members (TM_SCM) at 12.6 per cent. Conversely, at BSE, TMs were dominant with share of 75.8 per cent followed by TM_SCMs at 20.9 per cent (**Chart 4.10**).

Chart 4.10: Member-wise Share in Notional Turnover (per cent)



Note: Data for NSE has been revised following category re-classification by members, new membership approvals or voluntary surrender of clearing/self-clearing membership.
Source: NSE and BSE

Table 4.18: Top-10 Brokers in Equity Derivatives Segment

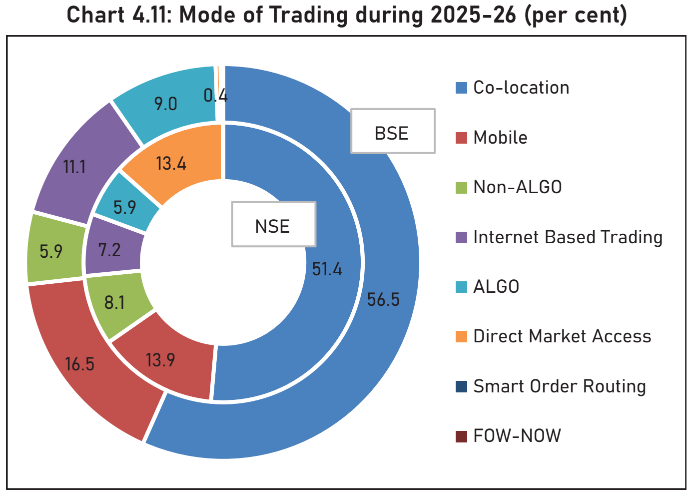
Exchange	Percentage Share in Gross / Notional Turnover		Percentage Share of the Total Clients	
	2024-25	2025-26	31-Mar-25	31-Mar-26
NSE	64.0	65.9	40.2	41.2
BSE	75.1	69.0	43.6	72.7

Source: BSE and NSE

During 2025-26, at BSE, top 10 brokers (including proprietary traders) dominated the equity derivatives segment, accounting for 72.7 per cent of the client base and 69 per cent of total gross notional turnover. In contrast, while top 10 brokers at NSE contributed a comparable 65.9 per cent to gross notional turnover, they represented a much smaller share of the exchange's total client base at 41.2 per cent (**Table 4.18**).

v. **Mode of Trading:** During 2025-26, co-location remained the major trading mode in the equity F&O segment, accounting for 51.4 per cent of total turnover at NSE and 56.5 per cent at BSE. This was followed by direct market access (DMA) and mobile trading as the next most utilized channels for market participation **(Chart 4.11)**.

Chart 4.11: Mode of Trading during 2025-26 (per cent)



Source: NSE and BSE

4.4 COMMODITY DERIVATIVES MARKET

The commodity derivatives market plays a vital role in India's economy by enabling price discovery, mitigating price risks for producers, and offering robust hedging mechanisms for industrial consumers. While the Government of India has notified 104 distinct commodities for trading as of March 2026, the active market currently features 55 commodities across BSE, MCX, NCDEX, and NSE. This includes 24 agricultural and 31 non-agricultural products (including options on index). Notably, the segment has seen a steady rise in trading volumes, driven largely by non-agricultural commodities.

4.4.1 Policy Developments

A. **Review of Settlement Guarantee Fund Norms:** The framework for settlement guarantee framework (SGF) coverage was revised to improve capital efficiency and maintain adequate risk safeguards. Clearing Corporations were mandated to calculate the credit exposure due to simultaneous default of at least three clearing members (CMs) (and their associates) causing highest credit exposure. The earlier requirement of 50 per cent credit exposure due to default of all CMs was removed. SEBI may grant exemptions or relaxations from the strict enforcement of provisions relating to the SGF in the commodity derivatives segment, on a case to case basis after taking into account the prevailing market conditions, the adequacy of applicable risk management framework and keeping in view the overall objective of investor protection.

B. **Launch of Electricity Derivatives:** Electricity Futures were launched at MCX on July 10, 2025 and at NSE on July 14, 2025 **(Box 4.3)**.

Box 4.3: Powering the Future- Launch of Electricity Derivatives

Rationale and Objective

India is the world's third-largest electricity market, with generation expanding from 1,168 billion units in FY16 to an estimated 1,837 billion units in FY26. As the country balances the twin goals of rapid economic growth and a sustainable energy transition, its share in global primary energy consumption is projected to double by 2035. While the physical power market has matured, the sector historically lacked structured financial instruments to manage price volatility - a critical gap given that electricity is one of the 104 commodities notified by the Central Government for the purposes of commodity derivatives.

Institutional Framework and Global Best Practices

The lack of forward price signals has been a structural gap in India's power market evolution. To address this gap, a coordinated effort was undertaken by the Ministry of Power, SEBI and the Central Electricity Regulatory Commission (CERC) to facilitate electricity derivatives in India. A formal delineation of jurisdictions was established and a joint working group was setup between SEBI and CERC to work out the modalities for introduction of electricity derivatives.

SEBI and CERC have followed a robust, consultative, and data-driven approach to design the contract specifications and risk management norms to ensure that electricity derivatives remain tools of hedging, rather than undue speculation, for power distribution companies, generators, and large industrial consumers with a regulated mechanism

Globally, electricity derivatives markets are well established. In regions like the EU and the USA, they support deeper competition, better investment signals and efficient price discovery and the launch aligns India with global best practices observed in mature markets like the European Energy Exchange (EEX), where derivative volumes often exceed physical market volumes. By providing a financial hedge for intermittent

(Contd.)

renewable generators, electricity derivatives support India's net-zero transition and the broader Viksit Bharat vision. The contracts provide transparent price discovery, allowing participants to lock in future prices and stabilize procurement costs.

Market Performance and Impact

Since its inception in June 2025, the contract has demonstrated reliable spot-market linkage and healthy liquidity. Currently traded on both MCX and NSE, the electricity futures recorded a total turnover of ₹16,010 crore during FY26. The market activity during 2025-26 reflects growing confidence across the value chain, supported by extensive capacity-building initiatives comprising over 350 seminars and webinars for institutional and retail participants.

Regulatory Milestones

A significant milestone in the instrument's adoption has been the progressive enablement by State Electricity Regulatory Commissions. In February 2026, Uttar Pradesh Electricity Regulatory Commission became the first regulator to permit State power distribution companies to participate in electricity derivatives on a pilot basis. Similarly, Haryana Electricity Regulatory Commission directed its two power distribution utilities to examine the feasibility of using these futures as a hedging tool.

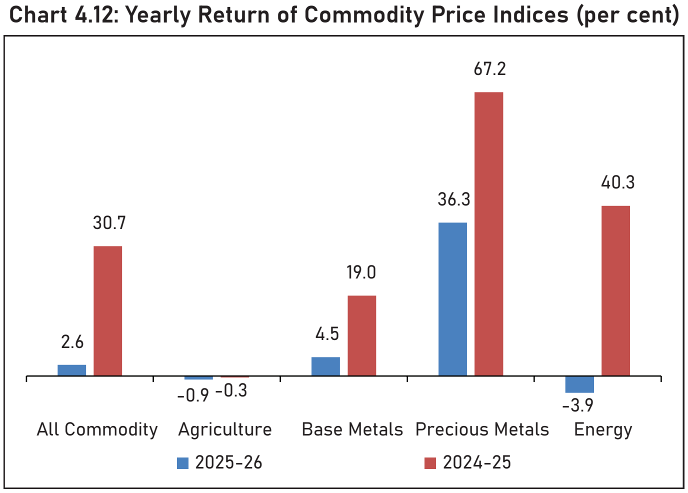
Moving forward, increased participation from power distribution companies is expected to further catalyse market depth, establishing electricity as a robust tradable asset class while enhancing systemic financial stability in the energy sector.

C. **Review of Provisions relating to Product Advisory Committee:** Relaxing the earlier mandate, the Product Advisory Committee for agricultural commodities was allowed to meet at least once in a year, instead of twice a year.

4.4.2 Global Commodity Price Movements

During 2025-26, the IMF's All Commodity Price Index surged by 30.7 per cent, primarily driven by a 67.2 per cent jump in precious metals and a 40.3 per cent rise in energy prices. Base metals also grew by 19.0 per cent, while the agriculture index declined marginally by 0.3 per cent **(Chart 4.12)**.

Chart 4.12: Yearly Return of Commodity Price Indices (per cent)



Source: IMF

These divergent trends reflected shifting global demand-supply dynamics. Precious metals rose sharply on safe-haven demand amid geopolitical instability. Conversely, agricultural prices softened due to improved supply conditions, despite volatile input costs and trade disruptions. Though energy prices saw a sharp spike in March 2026, the annual average softened compared to the previous year.

4.4.3 Price Discovery in Indian Markets

A. **Movement of Commodity Futures Indices:** MCX iCOMDEX Composite index increased by 56.4 per cent in 2025-26 over last year reflecting a broad-based increase in prices across commodity segments including bullion, base metals and energy. Among sectoral indices, MCX iCOMDEX Bullion recorded gain of 69.2 per cent followed by MCX iCOMDEX Energy index (45.9 per cent), MCX iCOMDEX Metal (18.6 per cent) **(Table 4.19)**.

During 2025-26, a divergence in performance was observed between domestic commodity indices (MCX indices) and global commodity indices (S&P GSCI indices). The divergence was

Table 4.19: Domestic Commodity Futures Indices

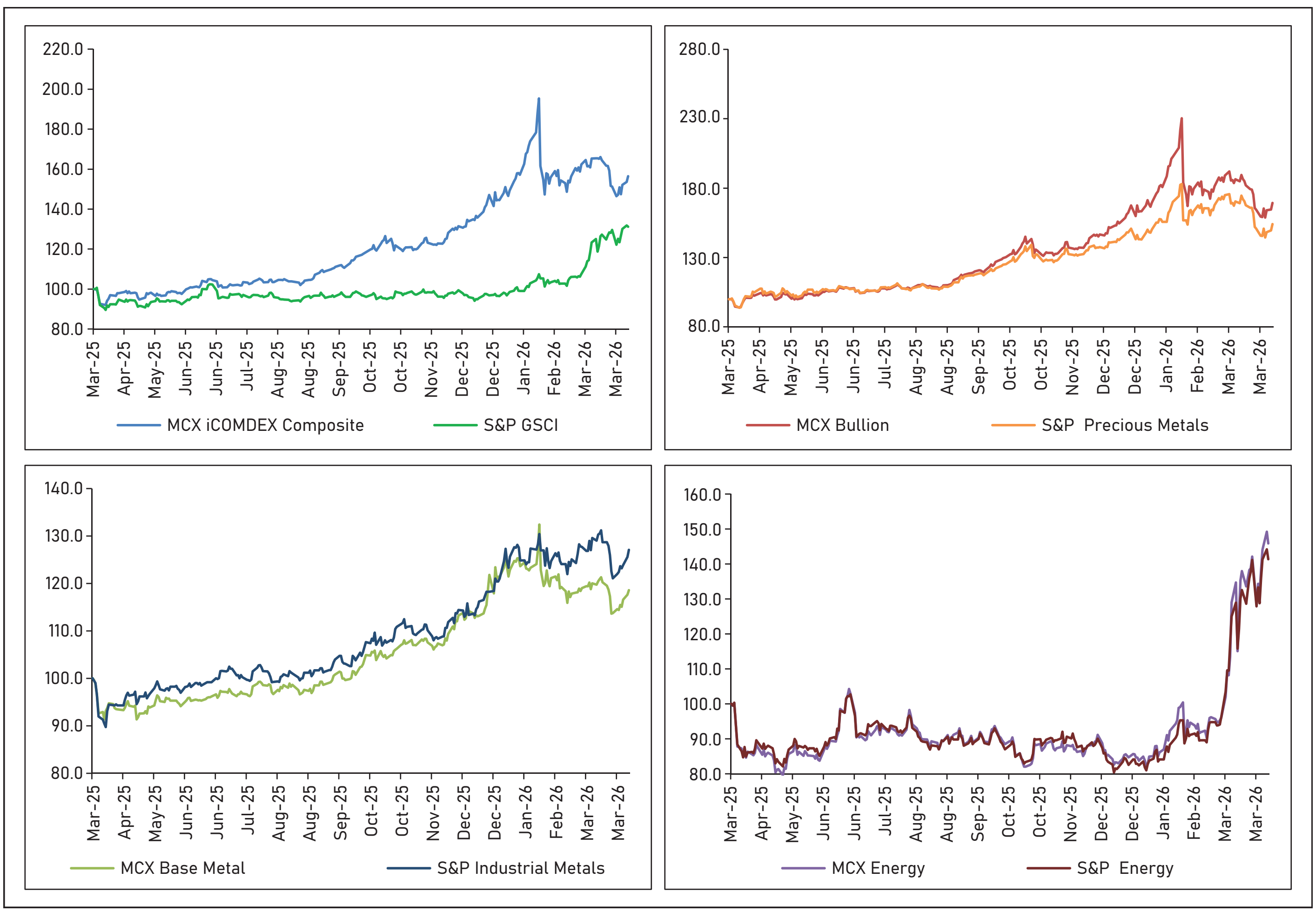
Particulars	2024-25	2025-26	Variation (per cent)	Annualised Volatility (per cent)
MCX iCOMDEX Composite	15,483	24,218	56.4	30.2
MCX iCOMDEX Bullion	21,375	36,173	69.2	35.2
MCX iCOMDEX Metal	17,840	21,153	18.6	18.5
MCX iCOMDEX Energy	5,755	8,395	45.9	41.7

Source: MCX

primarily driven by composition and weightage within indices. The return variation was the highest between MCX composite index and S&P GSCI Composite at 25.3 percentage point, followed by bullion (+15.3 percent) energy (+4.5 percent) and base metals (-8.5 per cent) **(Chart 4.13).**

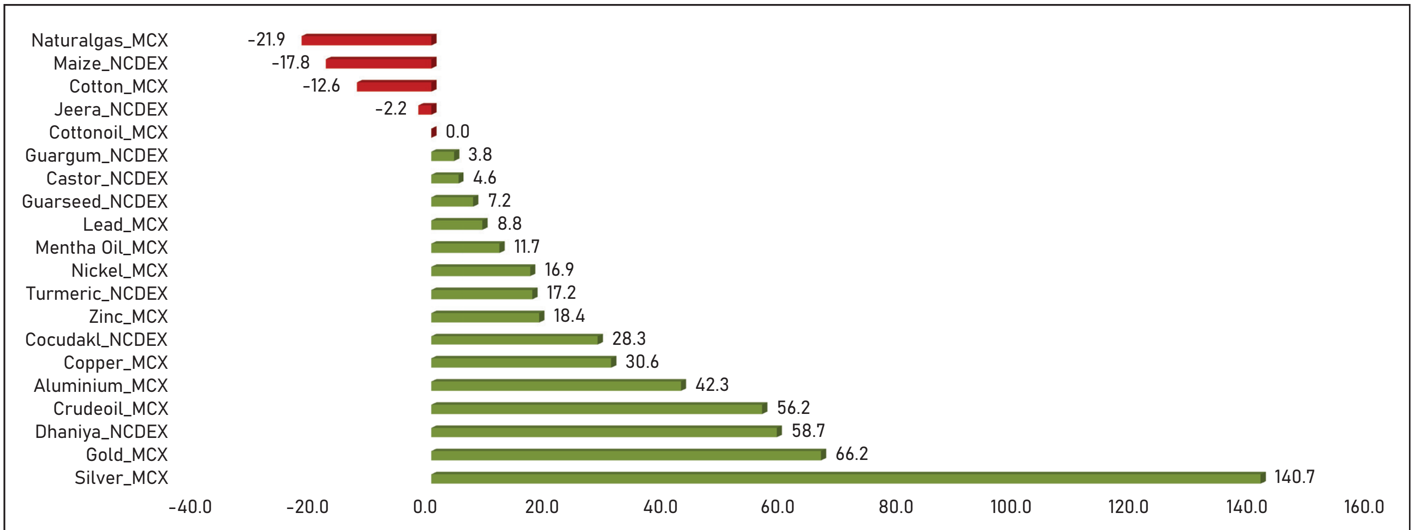
B. **Commodity Price Movements for Key Traded Commodities:** A total of 56 commodity futures contracts were traded on the Indian exchanges during 2025-26. Of these, 37 posted gains, while 12 recorded declines (excluding seven commodities which reported nil trading during previous or current year). The Bullion segment led the market, with silver and gold contracts

Chart 4.13: Trends in Domestic and Global Commodity Indices



Source: MCX and Bloomberg

Chart 4.14: Trends in Prices of Select Commodities



Note: Variation is computed based on the closing prices of March 31, 2026 of near-month contracts over 2024-25.
Source: MCX and NCDEX

soaring by 140.7 per cent and 66.2 per cent, followed by Dhaniya (58.7 per cent) and crude oil (56.2 per cent). Conversely, Natural gas futures fell by 21.9 per cent during the financial year, followed by maize (17.8 per cent) and cotton (12.6 per cent) **(Chart 4.14)**.

The surge in gold and silver prices was driven by safe haven demand amid geopolitical tensions and shifting US trade policies while structural supply deficits in the silver market pushed prices to lifetime highs during 2025-26. The crude oil market rallied in March 2026 due to geopolitical uncertainties; however, for most part of the year, crude oil prices moved sideways due to increase in supply in the face of varied demand. The global transition to green energy and AI infrastructure drove the demand for copper and aluminium while mining disruptions in South America and production caps in China created deep market deficits. Natural gas prices declined till March due to record US supply, mild weather and high storage levels.

During 2025-26, five most actively traded commodities on Indian exchanges (based on turnover) were gold, silver, natural gas, copper and crude oil. The spot price (based on the 2nd session) of silver surged by 127 per cent followed by gold (65 per cent), copper (30 per cent) and crude oil (59 per cent). In contrast, natural gas declined by 18 per cent during the period.

4.4.4 Market Activity and Trends Observed

A. **Market Activity:** Across all the exchanges, commodity contracts of 34 commodities were traded in 2025-26. Exchange-wise commodities traded are given in **Table 4.20**.

   i. **Trends in Turnover:** During 2025-26, in aggregate, the futures turnover increased by 133.1 per cent to ₹166.4 trillion, whereas the options turnover (notional) increased by 140.3 per cent to ₹1,221.7 trillion. The premium turnover also increased by 107.2 per cent to ₹16.8 trillion from ₹8.1 trillion during the period (**Table 4.21**).

   ii. **Turnover of Agri and Non-Agri Contracts:** The suspension of trading in derivative contracts of major essential agricultural commodities (initially started on December 2021) was further extended till March 31

Table 4.20: Permitted and Traded Contracts

Exchanges	No. of Permitted Commodities		No. of Commodities available for trading		No. of traded commodities during 2025-26	
	Non-Agri	Agri	Non-Agri	Agri	Non-Agri	Agri
MCX	13	5	13	5	14	4
BSE	7	0	7	0	0	0
NCDEX	1	19	1	19	0	11
NSE	10	0	10	0	5	0

Notes: i. All variants are considered as one commodity.

ii. Non-agri commodities include derivatives on commodity indices.

Source: All Exchanges

2027. The trading activities at exchanges were concentrated on non-agri segment throughout the year **(Chart 4.15)**.

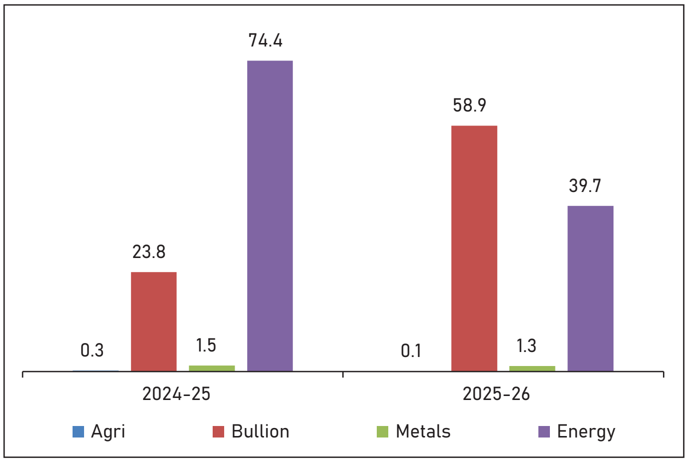
Table 4.21: Turnover of Commodity Derivatives Market

Particulars	2024-25	2025-26	Change year-on-year (per cent)
All-India Total Turnover (₹crore)			
Futures	71,41,361	1,66,43,000	133.1
Options (notional)	5,08,30,600	12,21,68,457	140.3
Options (premium)	8,12,439	16,83,116	107.2
MCX			
Futures	70,05,485	1,64,88,278	135.4
Options (notional)	4,95,12,692	12,07,40,086	143.9
Options (premium)	8,07,693	16,72,788	107.1
BSE			
Futures	5	0	-100.0
Options (notional)	275	0	-100.0
Options (premium)	1	0	-100.0
NCDEX			
Futures	1,35,621	1,41,437	4.3
Options (notional)	12,427	33,011	165.6
Options (premium)	104	209	100.0
NSE			
Futures	250	13,286	5212.8
Options (notional)	13,05,206	13,95,361	6.9
Options (premium)	4,641	10,119	118.0

Source: All Exchanges

During 2025-26, the turnover (futures and notional turnover for options) in the agri segment increased by 16.8 per cent to ₹1.8 trillion from ₹1.5 trillion in 2024-25. In the non-agri segment, the turnover increased to ₹1,386 trillion in 2025-26 from ₹578 trillion in 2024-25. Within the non-agri segment, the notional turnover of bullion contracts increased by 491.7 per cent to ₹817 trillion from ₹138 trillion in the previous year. Similarly, notional turnover of energy contracts increased by 27.6 per cent to ₹551 trillion from ₹432 trillion, while that of base metal contracts increased by 114.4 per cent to ₹18.4 trillion from ₹8.6 trillion.

Chart 4.15: Product-wise share in Notional Turnover (per cent)



Source: BSE, MCX, NCDEX and NSE

The rise in non-agri turnover was mainly due to significant trading activities in both futures and options segment since September 2025. In the metal segment at MCX, during second half of 2025-26, the monthly average number of contracts in the options (put and call) traded increased by 10.9 times over first half of 2025-26. In case of bullion and energy, the monthly average number of contracts traded increased by 3.2 times and 1.8 times during the period.

iii. **Participant-wise Turnover:** In the agri segment, the proportionate share of proprietary traders in total turnover increased to 32 per cent, up from 26.7 per cent in the previous year, while that of 'others' declined to 54.5 per cent in 2025-26 from 60.3 per cent in 2024-25. The share of FPOs/farmers/ VCPs/hedgers remained almost same.

In the non-agri segment, proprietary traders accounted for 57 per cent of the total turnover, followed by others at 39.5 per cent, FPIs at 2.2 per cent, and VCPs/hedgers at 1.2 per cent in 2025-26 (**Table 4.22**).

B. **Details of New Products Approved by SEBI:** SEBI approved five commodity futures contracts and two options on futures contract during 2025-26. The details of new contracts approved by SEBI and time taken for regulatory approval are given in **Table 4.23**.

C. **Commodities Physically Delivered through the Platform:** During 2025-26, the quantity of physical delivery across all exchanges decreased by 15.5 per cent to 2.8 lakh MT. In agri segment, the physical delivery stood at 1.9 lakh MT compared to 1.7 lakh MT recorded last year. In case of non-agri, the physical delivery increased to one lakh MT from 0.7 lakh MT during the same period.

During 2025-26, the quantity of physical delivery at commodity level was the highest in case of cotton seed oil cake at NCDEX (79,510 MT), followed by MCX copper (40,068 MT), NCDEX Guar seed (32,395 MT), MCX Aluminium (25,460 MT), NCDEX castor seed (24,350 MT), NCDEX Guargum (17,805 MT). During 2025-26, the delivery of gold and silver stood at 120 MT (two per cent of traded amount) and 404 MT (0.1 per cent of traded amount), respectively.

D. **Warehouse Capacity Utilization:** The warehousing capacity indicates storage space available for various clearing members and their respective constituents/ depositors who are willing to store goods and give delivery on

Table 4.22: Participant-wise Share in Turnover (per cent)

Segment	Year	FPOs/ Farmers	VCPs/ Hedgers	Proprietary traders	Domestic Financial Institutional Investors	Foreign Participants	Others
Agri	2024-25	0.2	12.9	26.7	0.0	0.0	60.3
	2025-26	0.3	12.9	32.0	0.3	0.0	54.5
Non-Agri	2024-25	0.0	1.4	55.3	0.1	1.8	41.5
	2025-26	0.0	1.2	57.0	0.1	2.2	39.5

Notes: i. Others include HUF, individual proprietary firms, partnership firms/limited liability partnership, public and private companies or body corporates.

Source: BSE, MCX, NCDEX and NSE

Table 4.23: New Commodity Derivatives Contracts Approved during 2025-26

Sr. No.	Contract Type	Contract Name	Applicant Exchange	No. of Applications Approved	Median Time Taken for Approval (No. of Working Days)
1	Commodity Futures Contracts	Brent Crude Oil Futures contract	NSE	5	14.0
		Indian Natural Gas	NSE		
		Gold 10 grams Futures Contract	NSE		
		Electricity Futures	NSE and MCX		
2	Options on Futures Contract	Futures with Silver Micro (1 kg)	MCX	2	9.5
		Bullion Index	MCX		

Note: For calculation of median time taken (working days), processing time has been computed from latest date of receipt of complete information from the exchanges.

respective CC's platform. During 2025-26, agri warehouse capacity for storage was utilised to the extent of 43.5 per cent by NCDEX and 2.4 per cent by MCX. In case of non-agri commodities, the storage capacity utilisation for bullion and metal was 39.1 per cent and 54.7 per cent, respectively at MCX **(Table 4.24)**.

Table 4.24: Warehouse Capacity Utilisation at Exchanges (As on March 31, 2026)

Particulars	Total No. of Registered Warehouses	No. of Warehouse Service Providers	Capacity of Warehouses (MT)	Capacity Utilised (MT)	Percentage of Capacity Utilised
MCX					
Agri	10	2	9,750	230	2.4
Bullion	10	4	29,375	11,482	39.1
Metal	14	2	53,758	29,414	54.7
BSE					
Agri	0	0	0	0	0.0
Metal	0	0	0	0	0.0
NCDEX					
Agri	110	7	2,60,193	1,13,286	43.5
Metal	1	1	1,166	0	0.0
NSE					
Bullion	1	1	100	0	0.0
Metal	3	1	1,450	0	0.0

Note: The warehousing capacity at MCX includes the details of Warehouse Service Provider (for other than bullion) and Vault Service Provider (for bullion)

Source: BSE, MCX, NCDEX and NSE

4.4.5 Risk Management Measures

During 2025-26, agri segment constituted less than one per cent of total turnover. Commodity derivatives trading remains highly concentrated, with MCX accounting for 98.9 per cent in total turnover while non-agri commodities dominate with 99.9 per cent share. Trading in bullion segment accounted for 58.9 per cent of the total turnover across exchanges, followed by energy at 39.7 per cent, metal at 1.3 per cent and agri segment at 0.1 per cent in 2025-26 (**Chart 4.16**).

4.4.6 Discontinued Contracts from Trading

During 2025-26, no commodity contracts have been discontinued. However, since December 19, 2021, stock exchanges having commodity derivatives have been directed to suspend trading in select agricultural commodities. The suspension, which has been extended till March 31, 2027, applies to paddy (non-basmati), wheat, chana, mustard seeds and its derivatives complex, soybean and its derivatives complex, crude palm oil, and moong.

4.5 CURRENCY DERIVATIVES

Exchange traded currency derivatives serve as one of the major tools for managing foreign exchange risk, enabling market participants to hedge or capitalize on currency fluctuations. In India, currency futures were introduced in August 2008, followed by options in October 2010. While three exchanges namely BSE, MSEI and NSE are authorized to offer currency derivatives products, trading activity is concentrated on NSE. Currently, trading is permitted in four major INR-based pairs viz., USD-INR, EUR-INR, GBP-INR, and JPY-INR and also three cross-currency pairs, viz. EUR-USD, GBP-USD, and USD-JPY on these exchanges.

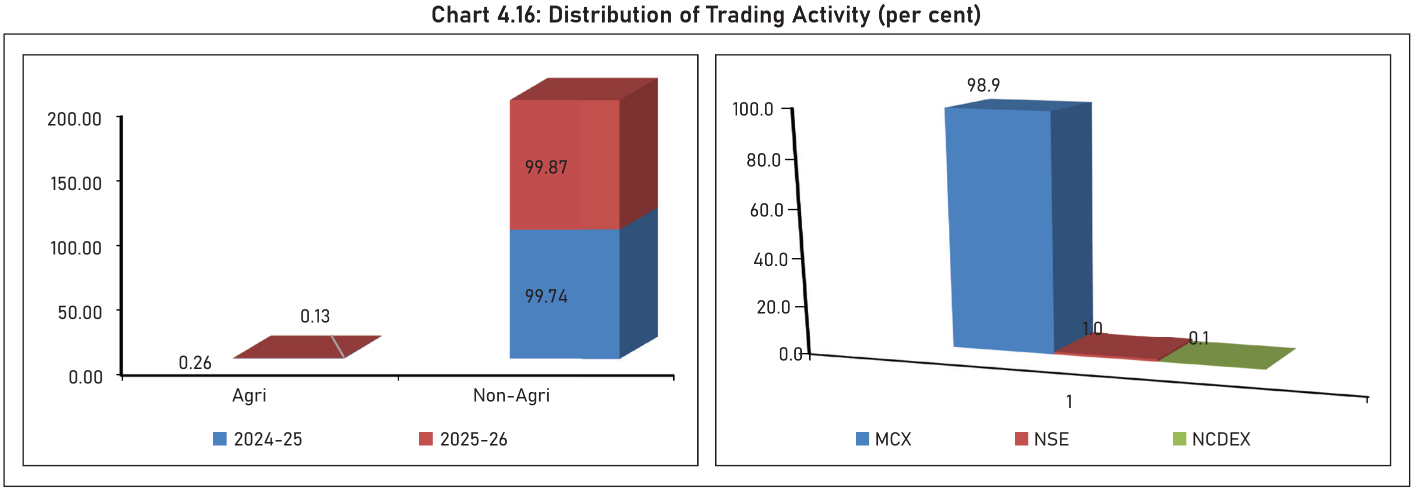
4.5.1 Policy Developments

No specific policy development w.r.t. currency derivatives was initiated during 2025-26. However, the overall policy developments for various products traded in derivatives segment are detailed in Sections 4.3 and 4.4.

4.5.2 Global Currency Movements and Performance of Indian Rupee

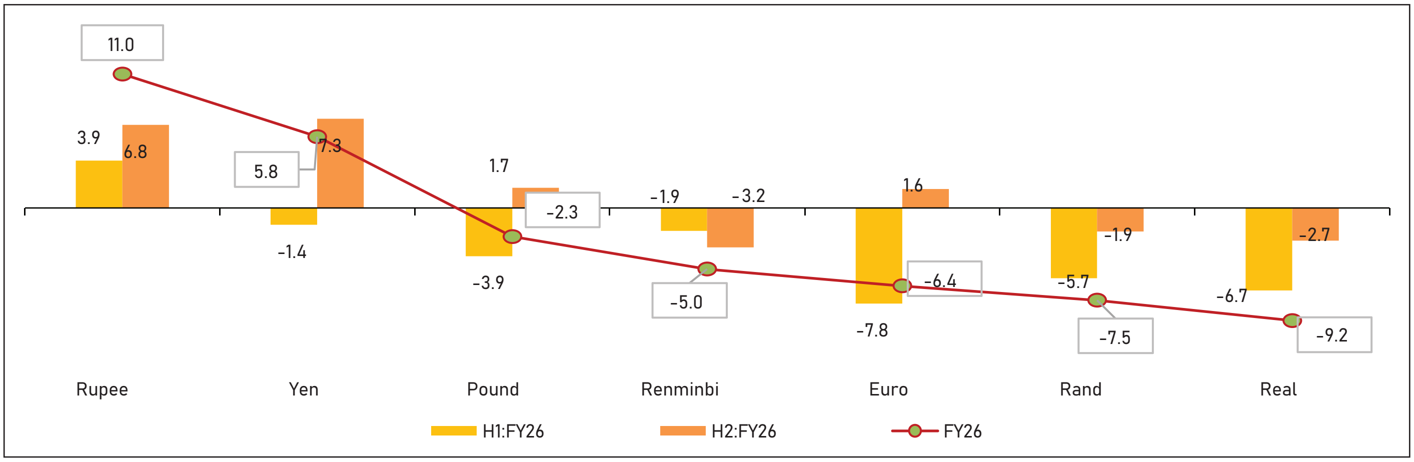
During 2025-26, the global currency markets experienced significant volatility amidst escalating geopolitical tensions. The US Dollar index, a key benchmark measuring the value of the USD against a weighted basket of six major foreign currencies, declined by 4.3 per cent during 2025-26. This was primarily driven by evolving trade tensions, a pivotal Federal Reserve policy shift toward easing, and heightened geopolitical uncertainties.

Chart 4.16: Distribution of Trading Activity (per cent)



Note: The calculations are based on notional turnover.
Source: MCX, NCDEX and NSE

Chart 4.17: Variations in Major Exchange Rates (percentage change)



Notes: i. H1 (Mar-25 to Sep-25) and H2 (Oct-25 to Mar-26) are first and second half of FY 2025-26
ii. Brazil: Real; India: Rupee; China: Renminbi; Japan: Yen; UK: Pound; South Africa: Rand
iii. Negative sign (in percentage change) indicates appreciation of quote currency against the base currency (USD)
Source: Bloomberg

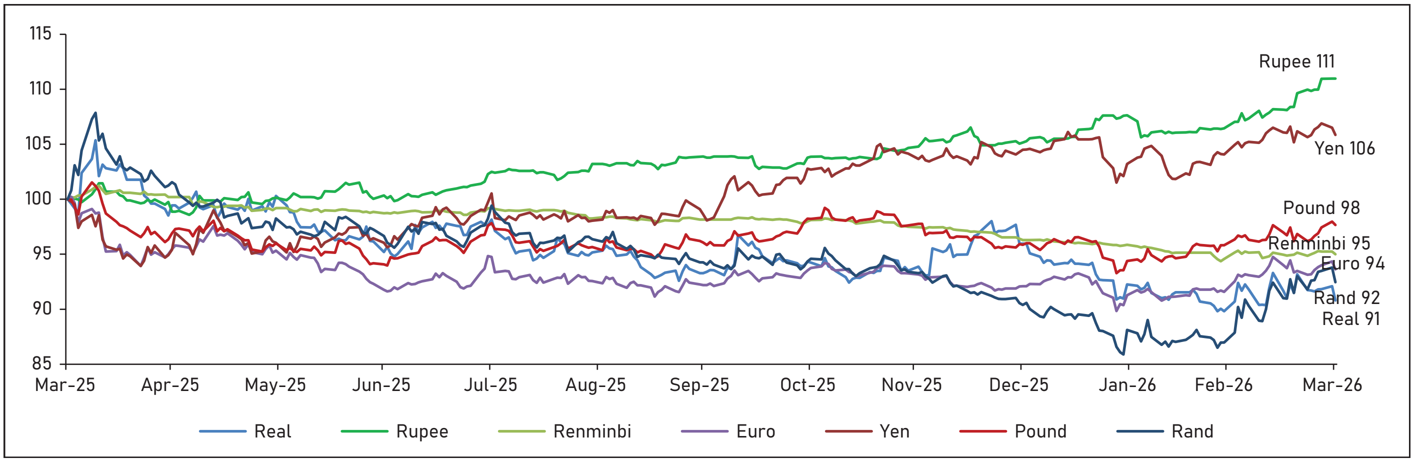
Despite the broad-based weakness in the dollar globally, the Indian Rupee faced significant downward pressure, reaching a historic all-time low of approximately ₹94.8 against the USD on March 30, 2026. This resulted in 11 per cent annual depreciation of Indian rupee against USD. This decline was primarily driven by sustained FPI outflows and the escalation of the U.S-Iran conflict, which led to sharp rise in crude oil prices, thereby, widening the trade deficit and straining the current account balance.

The performance of the Indian Rupee stood in sharp contrast to several other major global currencies that recorded gains against the USD during the same period. The Brazilian Real witnessed the highest appreciation of 9.2 per cent against USD, followed by South African Rand (7.5 per cent), Euro (6.4 per cent), Chinese Renminbi (5 per cent) and British Pound (2.3 per cent). Conversely, the Japanese Yen depreciated, recording a 5.8 per cent decline against the USD during the same period (**Chart 4.17** and **4.18**).

4.5.3 Market Activity and Trends Observed

In the currency derivatives segment, total premium turnover from futures and options across all exchanges fell by 39.6 per cent to ₹8.9 lakh

Chart 4.18: Trends in Global Currencies vs. USD



Note: All the exchange rates have been indexed to 100 as on March 31, 2025
Source: Bloomberg

Table 4.25: Trends in the Currency Derivatives Segment

Exchange	No. of Contracts Traded (Lakh)		Turnover (₹crore)	
	2024-25	2025-26	2024-25	2025-26
BSE	47	0	39,304	0
MSEI	63	5	54,103	4,600
NSE	1,829	997	13,75,014	8,81,862
Total	**1,939**	**1,002**	**14,68,421**	**8,86,462**

Note: For options, premium turnover has been considered
Source: BSE, NSE and MSEI

crore in 2025-26, down from ₹14.7 lakh crore in 2024-25. This trend is a continuation of the 84.8 per cent decline witnessed during the previous financial year (**Table 4.25**). The sharp drop may be attributed to the stipulation that exchange-traded currency derivatives could only be utilized for hedging against foreign exchange rate fluctuations, effectively restricting market participation to participants with underlying exposure.

A. **Settlement:** During 2025-26, currency options and currency futures recorded significant declines in settled trades. The currency options fell by 92.8 per cent while futures also fell by 23.4 per cent, over the previous year. As a result, the total value of settled trades for both currency options and futures declined by 25.7 per cent. The value reached ₹7,742 crore, down from ₹10,426 crore recorded during 2024-25. This trend follows a 60 per cent decline already witnessed during 2024-25 **(Table 4.26)**.

1.5.4 Market Concentration and Risk Management Measures

A. **Market Concentration:** During 2025-26, NSE further increased its dominance in the currency derivatives segment, with its market share rising to 99.5 per cent from 94.3 per cent in the previous year. Within this segment, the share of futures in total notional turnover increased significantly to 98.8 per cent, up from 89.3 per cent in 2024-25. Furthermore, trading remained highly skewed with 95.2 per cent of the total turnover concentrated in USD-INR futures contracts **(Table 4.27)**.

In the currency derivatives market, proprietary traders remained the largest participant group with a 56.2 per cent market share, despite a significant decline from 73.3 per cent in the previous year. They were followed

Table 4.27: Product-wise Market Share in Currency Derivatives Segment (per cent)

Type	Currency Pair	Exchanges	
		2024-25	2025-26
Futures	USD-INR	86.3	95.2
	EURO-INR	1.1	1.7
	GBP-INR	1.6	1.8
	Others	0.4	0.2
Options	USD-INR	10.7	1.2
	EURO-INR	0.0	0.0
	GBP-INR	0.0	0.0
	Others	0.0	0.0
Total		**100**	**100**

Source: BSE, NSE and MSEI

Table 4.26: Settlement in Currency Derivatives (₹crore)

Year	Currency Futures		Currency Options		Total
	MTM Settlement	Final Settlement	Premium Settlement	Exercise Settlement	
2024-25	9,574	495	310	47	10,426
2025-26	7,566	150	15	11	7,742

Source: ICCL, NCL

Table 4.28: Participant-wise Share in Currency Derivatives Segment (per cent)

Category	Exchanges (NSE, BSE and MSEI)	
	2024-25	2025-26
Proprietary Trades	73.3	56.2
FPIs	7.4	15.8
Banks	1.7	2.8
Corporates	8.1	15.4
Others	9.6	9.8
Total	**100**	**100**

Notes: i. Data for 2024-25 for NSE has been revised.

ii. Calculation is based on notional turnover.

Source: BSE, NSE and MSEI

by FPIs at 15.8 per cent and corporates at 15.4 per cent (**Table 4.28**).

4.6 INTEREST RATE DERIVATIVES MARKETS

Exchange-traded interest rate derivatives (IRD) are standardised contracts traded on recognised stock exchanges, where the contract value is derived from reference interest rates or the market prices of interest-rate securities. Currently, in India, interest rate futures contracts are traded only at NSE and available on Government of India (GoI) securities, Treasury bills, and MIBOR, while interest rate options contracts are limited to GoI securities. Institutional participants—including banks, corporates, and insurance companies—leverage these instruments to hedge interest rate risks within their government securities portfolios.

4.6.1 Policy Developments

No specific policy development w.r.t. IRD was initiated during 2025-26. However, the overall policy developments for various products traded in derivatives segment are detailed in Sections 4.3 and 4.4.

4.6.2 Market Activity and Trends Observed

During 2025-26, the aggregate turnover in IRD segment fell by 23.4 per cent to ₹19,379 crore. This contraction follows a significant 56.6 per cent decline witnessed in the previous year. As a consequence, the open interest in this segment also came down from ₹830 crore in 2024-25 to ₹736 crore at the end of 2025-26 (**Table 4.29**).

A. **Settlement:** During 2025-26, the MTM settlement in interest rate futures rose by 6 per cent, reaching ₹353 crore compared to ₹333 crore in the previous year. Although the final settlement saw a slight contraction of 3.3 per cent, falling to ₹12.7 crore, the overall settlement amount grew by 5.6 per cent to ₹365 crore during the same period **(Table 4.30)**.

4.6.3 Market Concentration and Risk Management Measures

During 2025-26, the share of proprietary trades in total turnover in IRDs increased from 10.6 per cent in 2024-25 to 36.2 per cent. Conversely, corporate participation saw a significant decline, with its share of total turnover falling to 56.3 per cent, down from 72.7 per cent in the previous year (**Table 4.31**).

Table 4.30: Settlement in Interest Rate Derivatives (₹crore)

Year	Index/Stock Futures		Total
	MTM Settlement	Final Settlement	
2024-25	333	13.1	346
2025-26	353	12.7	365

Source: ICCL, NCL

Table 4.29: Trends in Interest Rate Derivatives

Exchange	No. of Contracts Traded (Lakh)		Turnover (₹crore)		Open Interest at the End of Year (₹crore)	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
NSE	12	10	25,307	19,379	830	736

Source: NSE

Table 4.31: Participant-wise Share in Interest Rate Derivatives

Category	2024-25	2025-26
Proprietary Trades	10.6	36.2
Corporate	72.7	56.3
Insurance Companies	0.0	0.1
FPIs	0.2	0.5
Banks	0.0	0.0
Others	16.5	6.9

Source: NSE

4.7 INTERMEDIARIES ASSOCIATED

According to section 12(1) of the SEBI Act, 1992, no intermediary associated with the securities market shall buy, sell, or deal in securities except under and in accordance with the certificate of registration obtained from the board in accordance with regulations made under the SEBI Act.

4.7.1 Stock Brokers

Since 1992, the certificates of registration to brokers were being granted under the SEBI (Stock Brokers) Regulations, 1992. However, due to dynamic and evolving nature of stock broking business and as announced in the Union Budget for 2023-24 to carry out a comprehensive review of existing regulations, the SEBI (Stock Broker) Regulations, 1992 were replaced with SEBI (Stock Brokers) Regulations, 2026.

During 2025-26, the number of SEBI-registered stock brokers grew across most market segments, with the debt segment leading the surge at 5.9 per cent year-on-year. This was followed by 4.5 per cent growth in the commodity derivatives and 3.9 per cent growth in the equity F&O segment respectively. Conversely, the currency derivatives segment was the sole outlier, witnessing a 2.4 per cent decline in broker registrations across exchanges (**Table 4.32**).

Table 4.32: Number of Registered Stock Brokers

Stock Exchange	Brokers as on March 31, 2025	Addition during the Year 2025-26	Cancel-lation/ Surren-der of Mem-berships	Brokers as on March 31, 2026	Net Addition during the Year
Cash Segment					
BSE	1227	39	21	1245	18
NSE	1,213	39	19	1233	20
MSEI	291	49	8	332	41
Equity Derivatives					
BSE	932	48	12	968	36
NSE	1148	39	23	1164	16
MSEI	269	47	7	309	40
Currency Derivatives					
BSE	547	7	16	538	-9
NSE	727	12	55	684	-43
MSEI	460	22	12	470	10
Debt					
BSE	295	12	4	303	8
NSE	284	23	10	297	13
MSEI	13	15	1	27	14
Commodity Derivatives					
BSE	295	10	2	303	8
NSE	378	31	4	405	27
MCX	545*	58#	19	584	39
NCDEX	225	10	19	216	-9

Notes: i. *Data has been revised;
ii. #One member not added in the list as SEBI registration is awaited.

Source: All exchanges

Further, corporates continued to constitute the majority of registered stock brokers across all market segments - including cash, equity F&O, currency derivatives, debt, and commodity derivatives - on all major exchanges (**Table 4.33**).

Table 4.33: Classification of Registered Stock Brokers as at the end of 2025-26

Stock Exchange	Total No. of Stock Brokers	Number					Percentage Share				
		Propri-etorship	Part-nership	Corpo-rate	LLP	Others (if any)	Propri-etor-ship	Part-nership	Corpo-rate	LLP	Others (if any)
Cash Segment											
BSE	1245	96	32	1078	39	0	7.7	2.6	86.6	3.1	0.0
NSE	1233	38	42	1110	43	0	3.1	3.4	90.0	3.5	0.0
MSEI	332	13	7	304	8	0	3.9	2.1	91.6	2.4	0.0
Equity Derivatives											
BSE	968	27	18	887	36	0	2.8	1.9	91.6	3.7	0.0
NSE	1164	31	39	1046	48	0	2.7	3.4	89.9	4.1	0.0
MSEI	309	12	7	285	5	0	3.9	2.3	92.2	1.6	0.0
Currency Derivatives											
BSE	538	7	6	492	13	20	1.3	1.1	91.4	2.4	3.7
NSE	684	8	13	647	16	0	1.2	1.9	94.6	2.3	0.0
MSEI	470	23	16	427	4	0	4.9	3.4	90.9	0.9	0.0
Debt											
BSE	303	4	1	291	4	3	1.3	0.3	96.0	1.3	1.0
NSE	297	3	3	290	1	0	1.0	1.0	97.6	0.3	0.0
MSEI	27	0	0	27	0	0	0.0	0.0	100.0	0.0	0.0
Commodity Derivatives											
MCX	584	12	26	532	14	0	2.1	4.5	91.1	2.4	0.0
NCDEX	216	4	11	199	2	0	1.9	5.1	92.1	0.9	0.0
NSE	405	4	11	376	14	0	1.0	2.7	92.8	3.5	0.0
BSE	303	2	5	286	10	0	0.7	1.7	94.4	3.3	0.0

Source: All exchanges

4.7.2 Clearing Members

In 2025-26, the number of registered clearing members (CMs) across ICCL and NCL declined by 0.9 per cent in cash segment and 2.3 per cent in currency derivatives segment, compared to the previous year. In contrast, equity derivatives and debt segments witnessed an expansion of 3.3 per cent and 6.2 per cent, respectively during the same period **(Table 4.34)**. Furthermore, corporates constitute the majority of clearing members across all market segments **(Table 4.35)**.

As of March 31, 2026, the composition of SEBI-registered CMs varied across segments. The cash segment recorded the highest concentration of Self-Clearing Members (SCMs) at 94.4 per cent, whereas the currency derivatives segment saw the lowest at 47.4 per cent. In other segments, SCMs accounted for 67.3 per cent of CMs in equity derivatives, 79.2 per cent in commodity derivatives, and 61.7 per cent in the debt segment.

Table 4.34: Number of Registered Clearing Members

Clearing Corporations	Clearing Members as of March 31, 2025	Addition during 2025-26	Cancellation/ Surrender of Memberships	Registered Clearing Members as of March 31, 2026	Net Addition during the Year
Cash Segment					
ICCL	1,245	12	20	1,237	-8
NCL	1,066	20	32	1,054	-12
Equity Derivatives					
ICCL	202	13	1	214	12
NCL	628	28	13	643	15
Currency Derivatives					
ICCL	115	2	4	113	-2
NCL	276	7	14	269	-7
Debt					
ICCL	55	7	1	61	6
NCL	122	9	4	127	5
Commodity Derivatives					
MCXCCL	220	29	23	226	6
NCCL	106	6	5	107	1
NCL	97	29	-	126	29
ICCL	40	2	2	40	0

Source: Clearing Corporations

Table 4.35: Classification of Clearing Members as at the end of 2025-26

Clearing Corporations	Total No. of Clearing Members	Number					Percentage Share				
		Propri-etor-ship	Part-ner-ship	Corpo-rate	LLP	Others (if any)	Propri-etor-ship	Part-ner-ship	Corpo-rate	LLP	Others (if any)
Cash Segment											
ICCL	1,237	127	27	1,055	28	-	10.3	2.2	85.3	2.3	-
NCL	1,054	32	27	963	25	7	3.0	2.6	91.4	2.4	0.7
Equity Derivatives											
ICCL	214	1	1	206	6	-	0.5	0.5	96.3	2.8	-
NCL	643	9	9	593	19	13	1.4	1.4	92.2	3.0	2.0
Currency Derivatives											
ICCL	113	1	2	110	-	-	0.9	1.8	97.3	-	-
NCL	269	1	1	238	6	23	0.4	0.4	88.5	2.2	8.6
Debt											
ICCL	61	-	-	61	-	-	-	-	100.0	-	-
NCL	127	-	-	119	-	8	-	-	93.7	-	6.3
Commodities Derivatives											
MCXCCL	226	3	4	211	8	-	1.3	1.8	93.4	3.5	-
NCCL	107	3	4	99	1		2.8	3.7	92.5	0.9	-
NCL	126	1	1	114	7	3	0.8	0.8	90.5	5.6	2.4
ICCL	40	1	-	39	-	-	2.5	-	97.5	-	-

Source: Clearing Corporations.

4.7.3 Depository Participants

During the fiscal year 2025–26, the total number of depository participants saw a net increase of 28, comprising 17 new additions to NSDL and 11 to CDSL. As of March 31, 2026, the total count of registered depository participants stood at 294 for NSDL and 585 for CDSL **(Table 4.36)**.

4.7.4 Other Registered Intermediaries

Intermediary registrations grew across most categories in 2025-26. Most other registered categories saw a year-on-year increase in their total count, led by research analysts, who witnessed 15.8 per cent surge in total registrations as of March 31, 2026 **(Table 4.37)**.

4.7.5 Process of Registration of Various Intermediaries

During 2025-26, the median processing time for intermediary applications was the highest for RTAs at 48 working days, followed by stockbrokers at 22 working days. In contrast, applications for depository participants, Investment Advisers (IAs), and Research Analysts (RAs) saw faster turnaround times, with a median of 15 working days each **(Table 4.38)**.

4.7.6 Policy Developments

i. **Stock Brokers/Depository Participant:** Common Contract Note: In a significant step toward promoting ease of doing business for institutional investors and market participants, common contract note with a single Volume Weighted Average Price (VWAP) was made mandatory with effect from June 27, 2025. The objective of the reform was to simplify the post-trade reporting process by consolidating trades executed across multiple exchanges into a single, harmonized document, eliminating the need to process multiple contract notes. This measure aimed at increasing cost efficiency, reducing compliance burden and ensuring consistent trade reporting aligned with the CC interoperability framework.

Table 4.36: Number of Registered Depository Participants

Depository	Registered Depository Participants as on March 31, 2025	Addition during 2025-26	Cancellations/ Surrender of Memberships during 2025-26	Registered Depository Participants as on March 31, 2026	Net Addition during the year
NSDL	294	22	5	294	17
CDSL	574	25	14	585	11

Source: NSDL and CDSL

Table 4.37: Registered Intermediaries

Type of Intermediary	Registered Intermediaries as on March 31, 2025	New Registrations during 2025-26	Cancellations/ Surrender during 2025-26	Pending as on March 31, 2026	Registered Intermediaries as on March 31, 2026
KRA	5	1	0	0	6
RTA	77	5	2	7	80
Stock Brokers	4,744	56	79	4	4,721
Depository Participants	850*	41	4	2	887
Investment Advisors	931	329	279	43	981
Research Analyst	1,577	514	265	130	1,826

Notes: i. Table pertains to unique number of intermediaries across MIIs.

ii. *indicates that data has been revised.

Table 4.38: Median Time Taken for Approval of Registrations for Intermediaries

Type of Intermediary	Balance Carried Forward from March 31, 2025	During 2025-26			Pending as on March 31, 2026	Median Time for Processing Applications (in working days) 2025-26
		Application Received	Registration Granted	Applications Rejected / Returned / Withdrawn		
RTA	2	16	6	2	7	48
Stock Brokers	5	83	82	2	4	22
Depository Participants	0*	57	55	0	2	15
Investment Advisors	26	298	329	9	43	15
Research Analyst	99	852	514	25	130	15

Note: *Indicates that data has been revised.

ii. **Upgradation of Super App:** In order to provide investors with a bird's eye view of their securities related data across stock brokers and depository participants, a unified app was launched on February 20, 2025. Building upon the existing features such as consolidated view of clients' securities across depositories, transaction and holding statements at one place, monitoring of open positions and margin details across exchanges and CCs, e-voting on company resolutions, etc., further enhancements were undertaken during 2025-26. These include features such as complaint/dispute resolution, access to recommendations of proxy advisers on resolutions and removal of recommendations of proxy advisor against whom an enforcement action has been taken.

iii. **Review of Basic Services Demat Account (BSDA) framework:** In order to enhance financial inclusion and ease of investing for investors, the BSDA framework was reviewed and strengthened. The key measures included exclusion of Zero Coupon Zero Principal bonds and delisted securities for eligibility determination, valuation of illiquid securities at last closing price, periodic reassessment of eligibility by Depository Participants and enabling digital modes for consent by investors for availing BSDA facility.

iv. **Rationalisation and standardisation of penalties:** To enhance ease of doing business for stock brokers, a comprehensive review and rationalisation of the penalty framework was undertaken by stock exchanges in consultation with SEBI. The key reforms include uniform penalty structure across all exchanges to ensure consistency, introduction of lead exchange mechanism to levy penalty in order to avoid jeopardy, replacement of the term 'penalty' with 'financial disincentive' for minor procedural violations to remove stigma on the stock brokers etc.

v. **Facilitation to SEBI registered stock brokers in GIFT-IFSC:** In order to enhance operational efficiency and facilitate SEBI registered stock brokers to undertake securities market related activities in GIFT-IFSC, SEBI, vide circular dated May 02, 2025 enabled these entities to operate through a Separate Business Unit (SBU) of the stock broking entity itself in addition to the existing subsidiary route. In a significant move to streamline the on-boarding process, the requirement for obtaining specific prior approval from SEBI was done away with. Stock brokers are required to ensure ring-fencing of their stock broking operations from that of the SBU and maintain separate account and net worth for their activities in IFSC and securities market.

vi. **Samuhik Prativedan Manch for stock brokers:** To enhance ease of doing business and to rationalize the compliance reporting for stock brokers, SEBI introduced the Samuhik Prativedan Manch, a technology-driven common reporting mechanism for stockbrokers. The platform eliminates the requirement for brokers to submit compliance reports to multiple exchanges, a framework expected to substantially reduce compliance costs for stock brokers.

vii. **Notification of SEBI (Stock Brokers) Regulations, 2026:** SEBI (Stock Brokers) Regulations, 2026 (SB Regulations) were notified on January 07, 2026 to simplify and modernize the existing framework for stock brokers with the objective to provide clarity, remove redundancies, align with contemporary market environment and practices and to facilitate ease of compliance. These regulations replaced the erstwhile SEBI (Stock Brokers) Regulations, 1992. The key changes include reorganizing the regulations into 11 chapters, deleting unnecessary schedules and integrating relevant content into the main regulations, and prescribing registration forms via circulars (in consultation with the Industry Standard Forum). The SB Regulations streamline the regulatory framework by consolidating duplicate provisions (e.g., underwriting, code of conduct), clarify key definitions (e.g., clearing member, proprietary trading, designated director), and introduce compliance-friendly measures such as enabling joint inspections, allowing electronic maintenance of books, etc.

viii. **Master circular for stock brokers:** In order to enable the stakeholders to have an access to provisions of all applicable requirements at one place, all circulars issued till June 03, 2025 were rescinded and replaced with the Master Circular for Stock Brokers dated June 17, 2025.

ix. **Review of Framework to address technical glitches:** To enhance ease of compliance and facilitate ease of doing business for market intermediaries, the technical glitch framework was revised. Key modifications in the new framework include streamlining eligibility criteria by excluding small stock brokers, providing exemptions for specific glitch scenarios, simplifying reporting requirements, rationalizing overall technology compliance for brokerage firms and financial disincentive structure.

A. Registrars to an Issue and Share Transfer Agents

i. Amendment to LODR Regulations

a. Amendment to Regulation 39 (Dispensing with Letter of Confirmation (LoC) and enabling direct demat credit of securities in demat account): Under the revised framework, instead of issuing an LoC, the RTA/listed company is required to directly credit the securities into the investor's demat account through the depository-enabled process after necessary due diligence. This was done to streamline the end-to-end process, reduce risks like LoC loss/ pilferage and significantly compress timelines, bringing demat credit down from ~150 days to ~30 days, thereby improving investor convenience and efficiency of service requests.

b. Amendment to Regulation 40 (Facilitating transfer of physical securities purchased before April 01, 2019): To facilitate long-pending cases relating to transfer of physical securities, investors, who possess the original physical share certificates along with the transfer deed evidencing purchase before April 1, 2019, were allowed to lodge these documents during a special window, subject to conditions to be prescribed by SEBI and due diligence by RTAs/

listed companies. The facility explicitly excludes dispute/fraud cases, aiming to provide a controlled, one-time-type route for genuine legacy holders to regularize ownership and move toward dematerialised holdings. Vide circular dated January 30, 2026, a special window was opened for a period of one year from February 05, 2026 to February 04, 2027.

c. In order to encourage dematerialisation of securities and streamline processes in line with the current regulatory landscape, amendments were carried out to certain provisions of LODR Regulations. By inserting Regulation 39(2A) under LODR Regulations, listed entities were mandated to issue securities only in dematerialised form pursuant to corporate actions such as consolidation, split/sub-division of face value and schemes of arrangement so that such actions do not result in fresh creation of physical holdings. Further, amendments were made to Schedule VII of LODR Regulations to remove the requirement for listed entities to maintain proof of delivery (speed post acknowledgements) for certain signature-mismatch intimations, since entities already keep proof of dispatch and postal/courier systems retain delivery proof for up to six months, making the additional record keeping requirement redundant.

ii. **Review of process for issuance of duplicate certificates:** To enhance ease of investing for investors and reduce procedural complexities, the process for issuance of duplicate security certificates was streamlined. The circular adopts a risk-based approach and standardises documentation requirements for processing request for issuance of duplicate security certificates, thereby enabling faster and more efficient processing of investor requests.

iii. **Measures for transmission of securities:** To enhance ease of investing and to address operational and tax-related challenges in transmission cases, standardised reporting mechanism was introduced to streamline processes and to facilitate smooth transfer of securities from nominees (acting as trustees) to rightful beneficiaries.

iv. **Notification of SEBI (Registrar to an Issue & Share Transfer Agent) Regulations, 2025:** In order to align regulatory oversight with evolving market practices and to improve ease of compliance, a comprehensive overhaul of the RTA regulatory framework was undertaken and new SEBI (Registrar to an Issue and Share Transfer Agent) Regulations, 2025 were notified. Key features of the revised regulatory framework include introduction of activity-based regulations for RTAs, unified RTA definition, net-worth requirement, revision in fee structure, introduction of institutional mechanism for RTAs etc.

v. **Master circular for RTAs:** In order to enable the stakeholders to have an access to provisions of all applicable requirements at one place, all circulars issued till January 30, 2026 were rescinded and replaced with the Master circular for RTAs dated February 06, 2026.

vi. **Investor charter for RTAs:** In view of recent securities market developments, including the launch of SCORES 2.0 and the Online Dispute Resolution (ODR) platform, the Investor Charter for RTAs has been revised. The revised framework strengthens financial consumer protection by adopting G-20 and OECD principles, ensuring that investor rights evolve alongside efforts toward financial inclusion and financial literacy.

B. **Investment Advisers and Research Analysts**

i. **Risk and Return Verification Agency (PaRRVA) for risk-return performance verification:** To standardise verification of performance claims made by market intermediaries, a comprehensive framework for PaRRVA was introduced (**Box 4.4**).

ii. **Amendments to SEBI (Investment Advisers) Regulations, 2013 (IA Regulations) and SEBI (Research Analysts) Regulations, 2014 (RA Regulations):** To simplify the advisory ecosystem and encourage formalisation, certain provisions of the IA and RA Regulations were amended. The key changes include relaxed eligibility criteria,

Box 4.4: Strengthening Performance Transparency: The PaRRVA Framework

Background

SEBI registered intermediaries and other entities showcase their performance to investors to attract more clients and grow and continue to do business. However, the pursuit of more client acquisition may lead some entities to inflate or provide misleading performance claims, as claims made by these intermediaries/entities are mostly self-verified.

To address the issue, and as a measure of ease of doing business for SEBI registered intermediaries and other entities, SEBI came up with a proposal for creation of an independent Past Risk and Return Verification Agency (PaRRVA) to validate any claims of performance by SEBI registered intermediaries and other entities.

The PaRRVA Framework

Accordingly, pursuant to the consultative process, the comprehensive framework for recognition and operationalisation of PaRRVA was introduced. The framework mandates that risk-return metrics of IAs, RAs, algorithmic trading providers and similar regulated entities can be used in their communications only if verified by a SEBI-recognised PaRRVA, thereby, curbing misleading claims and improving investor protection.

The eligibility criteria for entities to act as PaRRVA and PaRRVA Data Centre (PDC) were also specified, wherein only established credit rating agencies meeting specified track record, net worth and operational requirements can be recognised as PaRRVA, in partnership with a recognised stock exchange acting as the PDC. PaRRVA is responsible for verification methodology and oversight, while PDC shall manage data processing and system operations. The framework also provides standardised methodologies, disclosure norms and mandatory disclaimers for presenting verified performance, along with governance mechanisms such as an oversight committee for monitoring and dispute resolution.

Interim arrangement for certified past performance of IAs and RAs

SEBI, further introduced an interim framework to facilitate sharing of past performance by IAs and RAs for period prior to operationalisation of PaRRVA. Recognising that PaRRVA would verify performance only prospectively, the framework allows IAs/RAs to communicate historical performance data for the pre-PaRRVA period.

Under the interim framework, the past performance data must be certified by a member of ICAI or ICMAI and can be shared only upon specific request of a client (including prospective clients) on a one-to-one basis. Public dissemination of such certified performance data through advertisements, websites or social media is prohibited. The communication must include standard disclaimers clarifying that the data is not verified by PaRRVA and may not be comparable, along with cautionary statements on market risks and limitations of past performance.

simplified documentation through use of declarations, eased transition norms for corporatisation of IAs etc.

iii. **Enabling IAs to provide second opinion to clients:** As a measure of ease-of-doing-business and to provide investors the opportunity of obtaining a second opinion on assets under pre-existing distribution arrangement with other entity, IAs were permitted to charge assets under advice based fee and provide second opinion to their clients on investments held under pre-existing distribution arrangements with other entities.

iv. **Relaxation for Persons Associated with Research Services (PARS):** In order to ease compliance requirements, a lighter NISM certification module "NISM Series-XXV-A: Persons Associated with Research Services (Sales and Other Non-Core Services) Certification Examination" has been specified for PARS.

v. **Master Circular for IAs and RAs:** In order to enable the stakeholders to have an access to provisions of all applicable requirements at one place, all circulars issued till December 10, 2025 were rescinded and replaced with the Master Circular for IAs and RAs dated February 06, 2026.

vi. **Investor Charter for IAs and RAs:** In view of recent securities market developments, including the launch of SCORES 2.0 and the Online Dispute Resolution (ODR) platform, the Investor Charter for IAs and RAs has been revised. The revised framework strengthens financial consumer protection by adopting G-20 and OECD principles, ensuring that investor rights evolve alongside efforts toward financial inclusion and financial literacy.

4.8 MARKET INFRASTRUCTURE INSTITUTIONS

Market Infrastructure Institutions (MIIs) in India- comprising of stock exchanges, clearing corporations, and depositories—provide the essential framework for the trading, clearing, settlement, and record-keeping of securities. By maintaining robust governance and adhering to international risk management standards, MIIs ensure the transparency, efficiency, and structural integrity of the financial market ecosystem.

4.8.1 MIIs Functioning

The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations) govern the functioning of stock exchanges and clearing corporations, while the functioning of depositories is governed by the SEBI (Depositories and Participants) Regulations, 2018 (D&P Regulations), and various circulars issued thereunder.

4.8.2 Ownership and Governance of MIIs

The SECC Regulations and D&P Regulations, along with various circulars issued thereunder prescribe the framework for ownership and governance of MIIs. These norms, prescribed by SEBI, are periodically updated to reflect the evolving role of MIIs as systemically important public utilities with significant regulatory and supervisory mandates. Under SECC and D&P Regulations, eligible domestic and foreign entities are allowed to hold up to 15 per cent equity in an MII, while all other individuals or entities are restricted to a maximum holding of 5 per cent. The regulations further require entities intending to acquire or hold shares in an MII to meet specific eligibility criteria and to seek prior or post-facto approval from SEBI, depending on the scale of the acquisition.

A. **Stock Exchanges:** Stock exchanges in India are recognised under Section 4 of the Securities Contracts (Regulation) Act, 1956 (SCRA). As of

March 31, 2026, there were five permanently recognised stock exchanges (BSE, NSE, CSE, MCX, and NCDEX) in India. Among them, MCX and BSE have been listed since 2012 and 2017, respectively. Calcutta Stock Exchange (CSE) has applied for exit and the same is under process.

SEBI renewed the MSEI's recognition vide notification dated September 09, 2025, for one year to September 15, 2026. As of March 31, 2026, individual investors emerged as the largest shareholder group in NSE and MSEI, holding 24 per cent and 48.3 per cent of shares, respectively. In contrast, corporates held the majority stake in the BSE (39.2 per cent) and NCDEX (35.9 per cent).

Meanwhile, mutual funds remained the dominant shareholders in MCX with a 34 per cent stake (**Table 4.39**)

As at end of March 2026, the shareholding of top 10 shareholders at BSE, NSE and MSEI stands at 20 per cent, 39 per cent and 25.5 per cent, respectively.

B. **Clearing Corporation:** Clearing Corporations (CCs) perform essential market functions, including clearing, settlement, collateral management and risk management. As of March 31, 2026, India's clearing infrastructure comprised four primary CCs- Indian Clearing Corporation Limited (ICCL), NSE Clearing Limited (NCL), National Commodity Clearing Limited (NCCL), and Multi Commodity Exchange Clearing Corporation Limited (MCXCCL) – all of which operate as wholly-owned subsidiaries of their parent exchanges. Additionally, AMC Repo Clearing Limited (ARCL) was incorporated in April 2021 with share capital contribution from AMCs based on their debt assets under

Table 4.39: Ownership Pattern of Stock Exchanges (per cent)

Category	BSE		NSE^		MSEI		MCX*		NCDEX*	
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
Foreign Shareholding (A)	**23.0**	**23.3**	**29.3**	**28.1**	**4.2**	**3.4**	**22.9**	**27.0**	**0.8**	**6.6**
FDI	-	-	21.7	20.35	-	-	-	-	-	-
FPI	18.3	19.42	6.3	6.3	-	-	21.8	26.1	-	-
Others	4.8	3.84	1.2	1.43	4.2	3.4	1.0	0.9	0.8	6.59
Domestic Shareholding (B)	**77.0**	**76.7**	**70.8**	**71.9**	**95.8**	**96.6**	**77.2**	**73.0**	**99.2**	**93.4**
Banks	0.1	0.08	4.7	4.57	10.8	5.9	15.0	15.1	13.32	7.53
Insurance Companies	11.0	11.88	19.4	19.34	-	-	0.0	-	11.1	8.64
Mutual Funds	10.6	12.52	-	-	-	-	35.6	34.0	-	-
Pension Funds	-	0.18	-	-	-	-	0.0	-	-	-
Domestic Financial Institutions (Other than Mutual Funds, Banks, Insurance and Pension Funds)	0.5	0.42	5.3	5.44	-	1.8	7.5	5.3	11.1	7.28
Corporates	41.1	39.17	18.3	16.91	34.2	37.0	2.5	2.3	39.3	35.86
Individuals	11.6	10.44	21.4	23.96	46.0	48.3	16.3	16.2	23.2	25.7
Others^	2.1	2.04	1.7	1.7	4.8	3.6	0.2	0.2	1.2	8.4
Total (Foreign + Domestic)	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Notes: i. *Data pertaining to corporates and individuals has been revised for 2024-25 for MCX and NCDEX.

ii. ^Data for 2024-25 for NSE has been revised.

Source: BSE, NSE, MSEI, MCX and NCDEX

Table 4.40: Clearing Corporations and its Parent Exchanges

Clearing Corporation	Parent Exchange
Indian Clearing Corporation Limited	Bombay Stock Exchange
NSE Clearing Limited	National Stock Exchange
National Commodity Clearing Limited	National Commodity and Derivative Exchange
Multi Commodity Exchange Clearing Corporation Limited	Multi Commodity Exchange
AMC Repo Clearing Limited	AMCs in proportion to their respective assets under management for open-ended debt-oriented mutual fund schemes

management. ARCL was recognized as a LPCC by SEBI in January 2022 **(Table 4.40)**.

C. **Depositories:** NSDL and CDSL serve as the two principal central securities depositories within India's capital market infrastructure. Their core mandate is the custody and maintenance of financial instruments in a dematerialised format, ensuring security, efficiency, and seamless accessibility for beneficiary owners. These depositories operate through a network of authorised intermediaries known as Depository Participants (DPs), who act as the primary operational link between the depositories and the investors. As of March 31, 2026, the shareholding structure at CDSL remained stable with domestic and foreign holdings at 86.2 per cent and 13.8 per cent, respectively. In contrast, NSDL's shareholding structure shifted significantly as foreign ownership rose to 15.1 per cent, reducing domestic shareholding to 84.9 per cent. Among domestic shareholders, individuals remained the largest shareholders in CDSL at 54.1 per cent, whereas banks held the largest stake in NSDL at 30.4 per cent, followed by individuals at 28 per cent **(Table 4.41)**.

Table 4.41: Ownership Pattern of Depositories (per cent)

Category	CDSL		NSDL	
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
Foreign Shareholding	**13.8**	**13.8**	**0.0**	**15.1**
- FDI	-	-	-	
- FPI	11.3	11.4	-	3.2
- Others	2.5	2.5	0.0	11.9
Domestic Shareholding	**86.2**	**86.2**	**100.0**	**84.9**
- Banks	0.0	0.1	59.3	30.4
- Insurance Companies	8.1	7.7	1.4	1.6
- Domestic Financial Institutions (Other than Banks and Corporates) (including MFs, NBFCs, AIFs)	7.3	6.6	7.5	5.6
- Individuals	53.1	54.1	3.8	28.0
- Corporates	17.5	17.2	27.8	17.9
- Others	0.3	0.5	0.2	1.3
Total (Foreign + Domestic)	**100**	**100**	**100**	**100**

Source: NSDL and CDSL.

4.8.3 Policy Developments

A. Norms for internal audit mechanism and composition of audit committee of MIIs: To strengthen the governance mechanism at MIIs, norms for internal audit mechanism and composition of audit committee have been prescribed. Further, it was prescribed that the audit committee of the MIIs shall not consist of the Managing Director and Executive Directors. The KMPs shall have a right to be heard in the meetings of the audit committee when it considers the auditor's report but shall not have the right to vote.

B. Revision in governance framework of MIIs: In order to further strengthen the governance framework of MIIs and pursuant to approval of the Board, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and SEBI (Depositories and Participants) Regulations 2018 were suitably amended and operational guidelines were broadly prescribed with regard to process for appointment, re-appointment, termination or acceptance of resignation of specific KMPs of an MII, cooling-off period for directors and KMPs of an MII joining a competing MII and provisions relating to re-appointment of public interest directors.

C. Review of penalty framework: To enhance ease of doing business for members/participants of MIIs, the framework pertaining to request for review, appeal or waiver of penalty filed for actions taken against members of MIIs has been rationalized and standardised. For actions taken by the member committee (MC), the framework mandated MIIs to establish a first level appellate mechanism under their governing board, composed of PIDs and/or independent external professionals not forming part of the MC. The governing board shall issue the Standard Operating Procedures with regard to handling of such review, appeal or waiver of penalty requests, if any, emanating out of actions taken by the MC.

D. Provisions relating to strengthening governance of MIIs: Reflecting the securities market's significant growth and the critical public interest role of MIIs, the SECC Regulations and D&P Regulations, 2018 were suitably amended and operational guidelines were issued regarding the roles and responsibilities of MD; directorship(s) of the MD in other companies; and appointment, roles and responsibilities of ED, CTO and CISO of the MIIs.

CHAPTER
5

FUND MANAGEMENT ACTIVITIES

India's financial landscape is undergoing significant transformation as investors increasingly favour financial assets over traditional instruments. This shift is driven by rising financial literacy, digital integration, and regulatory reforms that simplify investing while fostering inclusion. The mutual fund industry remains central to this trend, effectively mobilising domestic savings through accessible routes like Systematic Investment Plans (SIPs). Complementing this, the Alternative Investment Funds (AIFs), Portfolio Management Services (PMSs), and specialized vehicles such as REITs and InvITs are playing a crucial role in diversifying the market. SEBI remains committed to working with the industry to strengthen regulatory frameworks, ensuring transparency, robust investor protection, and broader investor base nationwide.

5.1 MUTUAL FUNDS

Enabled by an increasingly digital onboarding ecosystem, the asset management industry is witnessing a structural shift in retail capital allocation. The ongoing transition of household savings into financial instruments has propelled the growth of mutual fund industry. Over the past five years, total mutual fund AUM more than doubled from ₹31.43 lakh crore in March 2021 to ₹73.7 lakh crore by March 2026. In 2025-26, the unique investor count grew by 13.2 per cent year-on-year to 6.1 crore. This growth is notably decentralized, with Tier III cities accounting for 55 per cent share of the investor base, reflecting deep semi-urban penetration. SIPs have evolved as cornerstone of market resilience, with gross inflows increasing by 20.8 per cent during 2025-26 as investors favour disciplined, long-term participation. In this context, SEBI continues to safeguard mutual fund industry through interventions aimed at market development, regulation and investor protection. The following sections detail key policy measures and market trends for mutual fund industry during 2025-26.

5.1.1 Policy Developments

A. **Review of Mutual Funds Regulations, 1996:** Following a comprehensive review of the Mutual Funds regulatory framework, SEBI introduced the SEBI (Mutual Funds) Regulations, 2026 to simplify compliance, improve readability and strengthen investor protection **(Box 5.1)**.

B. **Introduction of Incentive Framework for Mutual Fund Distributors:** SEBI introduced an incentive structure for mutual fund distributors to encourage participation from new women investors (identified via new PAN). Aligned with the B30 incentive framework, this includes a cap of up to one per cent of eligible investments, subject to an overall limit of ₹2,000 per investor. This initiative is aimed at gender inclusion and financial awareness within the mutual fund industry.

C. **Rationalization of Maximum Permissible Exit Load:** The maximum permissible exit load that can be charged on mutual fund schemes has been reduced from 5 per cent to 3 per cent, with such load continuing to be credited back to the scheme for the benefit of remaining unitholders. This measure aligns the regulatory cap with prevailing industry practices, where exit loads are generally in the range of 1 per cent to 2 per cent, thereby easing the financial burden on investors seeking to exit. At the same time, the revised cap continues to safeguard the interests of remaining unitholders, particularly in schemes with exposure to relatively less liquid securities.

Box 5.1: Review of Mutual Fund Regulatory Framework

Over the past three decades, the mutual fund industry has undergone significant growth and transformation, including changes in market practices and widespread adoption of technology in the investment management space. To keep pace with evolving market dynamics and to safeguard investor interests, the mutual fund regulatory framework has been periodically updated over time. While these incremental amendments addressed specific regulatory needs, they also resulted in an increasingly extensive and layered regulatory structure. This created a need to undertake a comprehensive review of the Regulations aimed at offering stakeholders greater clarity, improved readability, and enhanced structural coherence.

While simplifying compliance, the revised framework retains the core principles, safeguards, and regulatory intent built over the years, and further strengthens investor protection, transparency, and governance standards within the mutual fund ecosystem. The revised SEBI (Mutual Fund) Regulations, 2026 was notified on January 14, 2026.

Pursuant to the notification of SEBI (Mutual Funds) Regulations, 2026, a comprehensive review of the master circular for mutual funds was undertaken to align it with the Regulations and also enhance clarity, simplify provisions, and improving ease of compliance. Some of the key features of the review include:

i. Improved readability and quick reference: Complex provisions, such as those relating to Gold ETF, Silver ETF and cumulative gross exposure limits etc., were converted into tabular formats to enable easier comprehension and quick reference.

ii. Principle-based drafting: Provisions containing rationale, commentary, or extracts of regulations were removed to ensure a precise, principle-based and "to-the-point" approach.

iii. Reorganization and thematic structuring: Provisions were systematically reorganized across chapters to improve logical flow and navigation.

iv. Consolidation of valuation provisions: Valuation-related provisions, previously dispersed across multiple sections, were consolidated into a dedicated chapter to enhance coherence and accessibility.

v. Integration of operational provisions: Provisions removed from the Regulations but requiring operational continuity, as well as certain prudential limits and valuation guidelines, were incorporated within the master circular at appropriate places to ensure completeness of the framework.

vi. Standardization: Scheme-related disclosures (SID, SAI, KIM) were transitioned into prescribed formats. Also all templates were reviewed and grouped under a dedicated "Formats" section for improved usability.

vii. Digitalization and 'Go Green' initiative: Requirements of newspaper advertisements were rationalized, with greater emphasis placed on website disclosures and digital communication modes such as SMS and email, in line with SEBI's "go green" initiative.

D. **Rationalization of B30 Incentive Framework:** The incentive structure for mutual fund distributors in respect of investments from B30 (beyond top 30 cities) locations has been rationalized to enhance financial inclusion and improve transparency. The revised framework provides for additional incentives only for investments from new individual investors (new PAN) at the industry level. Incentives are capped at one per cent of the first application amount (subject to one-year holding period for lump sums) and total investments made during the first year (in case of SIPs), subject to an overall cap of ₹2,000 per investor. Such incentives are funded through the investor education and awareness fund thereby ensuring that no additional expense is charged to the scheme. The changes also promote uniform applicability across schemes, reduce the scope for selective charging of incentives, and discourage churn-driven distribution practices.

E. **Discontinuation of Transaction Charges and Upfront Commissions:** Transaction charges and upfront commissions payable by investors in mutual fund investments have been discontinued, with the principle that distributors, as agents of AMCs, should be remunerated solely by the AMCs for services rendered. This measure removes direct costs for and enhances transparency.

F. **Transfer of Mutual Fund Units in SOA Mode:** A new framework has been operationalized to facilitate the transfer of mutual fund units held in Statement of Account (SOA) mode through the online portals of Mutual Fund RTAs. This initiative enhances operational efficiency and provides greater convenience to investors.

G. **Categorisation and Rationalisation of Mutual Fund Schemes:** Scheme categorisation has been updated to simplify product architecture, improve scheme comparability and enhancing transparency. Key changes include introduction of sectoral debt funds to support development of the corporate bond market and rationalisation of residual portions across categories to ensure consistency and alignment with scheme objectives.

New portfolio overlap conditions have been introduced to prevent excessive similarity in exposures, particularly in the sectoral/thematic categories. SEBI also mandated public disclosure of portfolio overlap across categories to improve transparency and aid informed decision-making. Further, the introduction of life cycle funds seeks to promote goal-based and long-term investing through a predefined glide path that aligns asset allocation with the investor's life stage or target date.

H. **Specialized Investment Funds:** SEBI through amendments to the SEBI (Mutual Funds) Regulations, 1996 and its circular dated February 27, 2025, had introduced a comprehensive regulatory framework for Specialized Investment Funds (SIF). The framework is designed to bridge the gap between traditional mutual funds and portfolio management services by providing greater portfolio flexibility while maintaining appropriate regulatory oversight.

During 2025–26, through various circulars, SEBI introduced standardized formats for SIF application forms and investment strategy information documents to ensure disclosure consistency. Additionally, a mechanism was established to monitor the minimum ₹10 lakh investment threshold per investor. SEBI also prescribed uniform formats for compliance test reports and half-yearly trustee reports to streamline regulatory reporting.

I. **Facilitation of Point of Presence Activities:** Pension Fund Management Companies, which are subsidiaries of AMCs and registered as points of presence (PoPs), have been permitted to provide PoP services in accordance with the provisions of the PFRDA (PoP) Regulations, 2018 and related circulars. This recognizes the distribution of pension products through PoPs as an activity incidental to pension fund management, with a clear structural distinction and separate charge framework under the PFRDA regime. The measure is aligned with the objective of facilitating ease of doing business while ensuring regulatory clarity in the conduct of such activities.

J. **Borrowing by Equity-Oriented Passive Funds:** Pursuant to introduction of CAS in the equity cash segment of the stock exchanges, an enabling provision permitting borrowing by equity-oriented index funds and equity-oriented ETFs for participation in CAS was inserted in SEBI (Mutual Funds) Regulations, 2026.

K. **Timeline for Rebalancing of Portfolios:** Rebalancing timelines for passive breaches, the current timelines for rebalancing deviation from asset allocation limits, have now been made applicable for all the prudential limit, including issuer, group and sectoral caps.

L. **Valuation of Physical Gold and Silver:** With the objective of using valuation which is reflective of domestic market conditions and to ensure uniformity in the valuation practices, it has been decided that physical gold and silver held by mutual fund schemes are now valued based on spot prices published by recognised stock exchanges, replacing the previous reliance on LBMA prices.

M. **Streamlining of Mutual Fund Reports/Filings:** As part of ease-of-doing-business and compliance simplification measures, SEBI after reviewing the reports and filings submitted by mutual funds has discontinued the requirement for AMCs to file 52 reports and notices.

N. **Change in Cut-Off Timings:** To facilitate upstreaming of clients' funds placed with stock brokers/clearing members to clearing corporations via the pledge of units overnight schemes, the cut-off timings to determine applicable NAV for repurchase of units in these schemes was extended from existing 3 PM to 7 PM, applicable only for repurchase of units received through online mode.

5.1.2 Market Activity and Trends Observed

A. **Mutual Funds Registered with SEBI:** As of March 31, 2026, the number of Asset Management Companies (AMCs) registered with SEBI increased to 54, an increase of eight from the previous year (**Table 5.1**). Out of these 54 entities, five belong to the public sector.

B. **Schemes Launched:** During 2025-26, new schemes launched remained almost same, with 246 schemes at the end of March 2026 compared to 247 last year (**Table 5.2**). Among the 246 schemes, 244 were open-ended schemes, while two were close-ended schemes.

Table 5.1: Number of Mutual Funds Registered

Sector	2024-25	2025-26*
Private Sector	41	49
Public Sector	5	5
Total	46	54

Note: *Additionally, there are three inactive Mutual Funds – two Private Sector and one Public Sector.

Table 5.2: Mutual Funds Schemes Launched

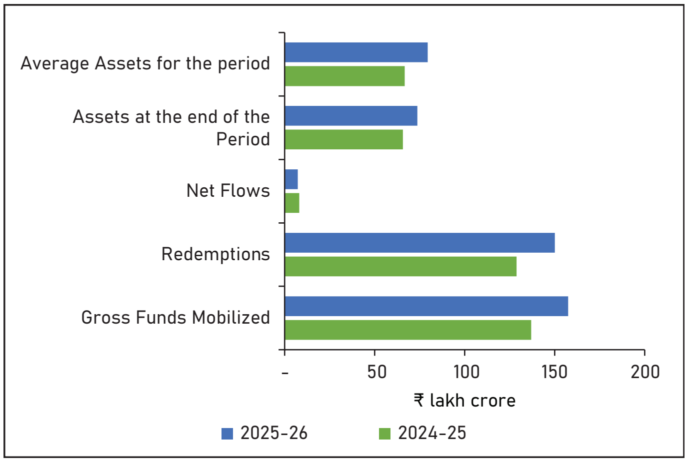
Scheme Category	No. of Schemes Launched	
	2024-25	2025-26
A. Open-Ended Schemes	**245**	**244**
i. Income/Debt Oriented Schemes	10	16
ii. Growth/Equity Oriented Schemes	70	63
iii. Hybrid Schemes	12	15
iv. Solution Oriented Schemes	3	0
v. Other Schemes	150	150
B. Close-Ended Schemes	**2**	**2**
i. Income/Debt Oriented Schemes	2	2
ii. Growth/Equity Oriented Schemes	0	0
iii. Other Schemes	0	0
C. Interval Schemes	**0**	**0**
Total (A+B+C)	**247**	**246**
Fund of Funds Schemes (Domestic)	14	49

Note: As on March 31 of respective year-end

C. **Resource Mobilization:** The mutual fund industry saw impressive resource mobilization in 2025-26. Gross mobilization reached ₹157.5 lakh crore, a 14.9 per cent increase from the ₹137.0 lakh crore recorded during the previous year. However, a 16.5 per cent rise in liquidations led to a 9.7 per cent decline in net inflows, which fell from ₹8.2 lakh crore in 2024-25 to ₹7.4 lakh crore in 2025-26. The details are shown in **Chart 5.1.**

In 2025-26, the public sector's share in mutual fund resource mobilization rose marginally to 22.9 per cent from 21.5 per cent the previous year. Similarly, its share of net fund inflows

Chart 5.1: Mobilisation of Resources by Mutual Funds (₹lakh crore)



Note: As on March 31 of respective year-end.

grew to 13.4 per cent from 11.8 per cent during the same period (**Table 5.3**).

By the end of 2025-26, total AUM of mutual funds grew by 12.2 per cent to ₹73.7 lakh crore. Open-ended schemes account for 99.7 per cent of total net AUM. Within this category, growth/ equity-oriented schemes led with a net inflow of ₹3.5 lakh crore, primarily driven by flexi-cap funds (₹89,213 crore), small-cap funds (₹51,872 crore), mid-cap funds (₹51,197 crore), and large & mid-cap funds (₹44,306 crore).

The passive investing continued to grow in both product offerings and capital inflows. The number of registered index funds rose to 360 from 309 in the previous year, while gold and other ETFs increased to 328 from 252. Overall net inflows into passive schemes (including index funds, ETFs, and overseas fund of funds) climbed to ₹2.1 lakh crore, from ₹1.4 lakh crore in 2024-25. Notably, net inflows into gold ETFs surged 4.6 times to ₹68,868 crore, driven by rising gold prices, inflation concerns, and heightened geopolitical risks.

During 2025-26, open-ended income/debt oriented schemes recorded a net inflow of ₹22,162 crore (**Table 5.4**). Money market funds led this category with the largest net inflow of ₹59,478 crore, followed by low duration funds at ₹8,762 crore and ultra-short duration funds at ₹6,143 crore. In contrast, several sub-categories faced significant redemptions, with short duration funds seeing outflows of ₹10,762 crore, followed by banking and PSU funds (₹8,653 crore), corporate bond funds (₹8,121 crore), and gilt funds (₹7,799 crore).

Hybrid schemes performed well, with almost all sub-categories reporting positive inflows except for conservative hybrid funds, which saw a marginal outflow of ₹278 crore. Multi-asset allocation funds attracted the highest interest with ₹65,209 crore in inflows, followed by

Table 5.3: Sector-wise Resource Mobilisation (₹crore)

Financial Year	Private Sector Mutual Funds				Public Sector Mutual Funds				Grand Total
	Open	Close	Interval	Total	Open	Close	Interval	Total	
Mobilisation of Funds									
2024-25	1,07,54,242	509	0	1,07,54,751	29,48,600	-	-	29,48,600	1,37,03,351
2025-26	1,21,47,200	810	0	1,21,48,010	36,01,621	-	-	36,01,621	1,57,49,631
Redemptions/Repurchases									
2024-25	1,00,33,055	2,125	444	1,00,35,624	28,51,709	902	-	28,52,611	1,28,88,236
2025-26	1,15,09,599	1,328	42	1,15,10,969	35,00,573	2,068	-	35,02,641	1,50,13,610
Net Inflows/Outflows									
2024-25	7,21,188	-1,617	-444	7,19,127	96,891	-902	-	95,989	8,15,115
2025-26	6,37,601	-518	-42	6,37,041	1,01,048	-2,068	-	98,980	7,36,021

Table 5.4: Scheme-wise Statistics

Scheme Category	No. of Schemes	No. of Folios	Funds Mobilized (₹crore)	Repurchase/ Redemption (₹crore)	Net Inflow (+ve)/ Outflow (-ve) (₹crore)	Net AUM as on March 31, 2026 (₹crore)
	(As on March 31, 2026)		(From April 01, 2025 to March 31, 2026)			
A. Open ended Schemes	**1,865**	**27,34,52,370**	**1,57,48,822**	**1,50,10,172**	**7,38,649**	**73,48,614**
i. Income/Debt Oriented Schemes	335	82,84,434	1,39,19,494	1,38,97,332	22,162	16,51,502
ii. Growth/Equity Oriented Schemes	568	18,27,31,153	7,81,385	4,34,849	3,46,536	31,97,698
iii. Hybrid Schemes	181	1,90,17,036	5,39,711	3,84,894	1,54,818	10,34,774
iv. Solution Oriented Schemes	41	63,03,178	6,358	3,108	3,250	52,925
v. Other Schemes	740	5,71,16,569	5,01,873	2,89,989	2,11,884	14,11,715
B. Close Ended Schemes	**90**	**4,80,978**	**810**	**3,396**	**-2,587**	**24,732**
i. Income/Debt Oriented Schemes	77	2,33,813	810	3,115	-2,306	21,174
ii. Growth/Equity Oriented Schemes	13	2,47,165	-	281	-281	3,558
iii. Other Schemes	-	-	-	-	-	-
C. Interval Schemes	**3**	**911**	**0**	**42**	**-42**	**30**
i. Income/Debt Oriented Schemes	3	911	0	42	-42	30
ii. Growth/Equity Oriented Schemes	-	-	-	-	-	-
iii. Other Schemes	-	-	-	-	-	-
Grand Total (A+B+C)	**1,958**	**27,39,34,259**	**1,57,49,631**	**1,50,13,610**	**7,36,021**	**73,73,377**
Fund of Funds Scheme (Domestic)	**145**	**1,20,96,585**	**1,36,496**	**54,375**	**82,122**	**2,02,965**

arbitrage funds at ₹50,060 crore. Other notable gainers included dynamic asset allocation/ balanced advantage funds (₹16,644 crore), balanced/aggressive hybrid funds (₹15,899 crore), and equity savings funds (₹7,282 crore).

D. **Trend in Transaction on Stock Exchanges:** Aggregate net investments by mutual funds in the secondary market declined by 21.5 per cent, falling to ₹3.1 lakh crore in 2025-26 from ₹3.9 lakh crore the previous year **(Table 5.5)**. During

Table 5.5: Trends in Transaction on Stock Exchanges by Mutual Funds (₹crore)

Financial Year	Equity			Debt			Total		
	Gross Purchase	Gross Sales	Net Purchase/ Sales	Gross Purchase	Gross Sales	Net Purchase/ Sales	Gross Purchase	Gross Sales	Net Purchase/ Sales
2024-25	30,80,655	26,01,488	4,79,167	40,81,258	41,68,718	-87,461	71,61,912	67,70,205	3,91,707
2025-26	32,41,173	26,83,212	5,57,961	51,35,052	53,85,607	-2,50,554	83,76,225	80,68,819	3,07,407

Note: As on March 31 of respective year-end.

Chart 5.2: Deployment of Funds by Debt Schemes as on March 31, 2026

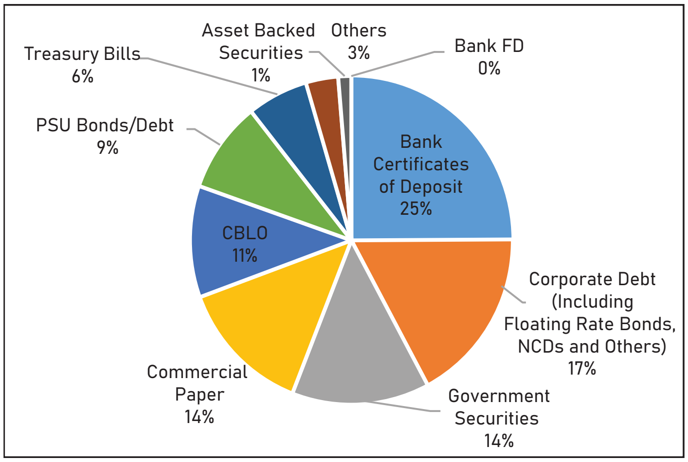
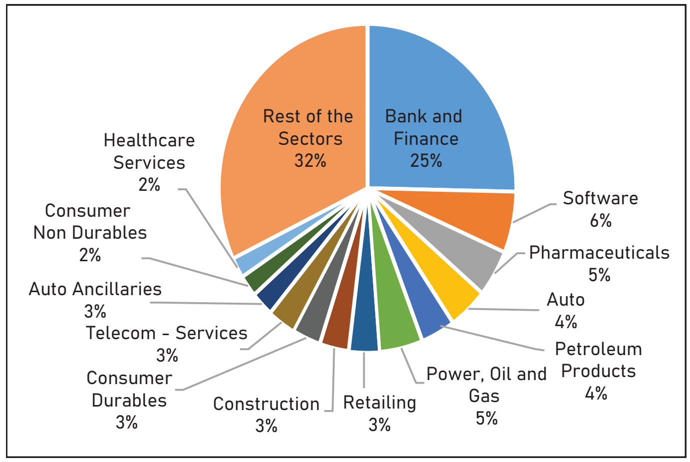


Chart 5.3: Deployment of Funds by Equity Schemes



2025-26, the industry's activity was notably split: the debt segment reported net sales of ₹2.5 lakh crore, while the equity segment saw net purchases of ₹5.6 lakh crore.

E. **Deployment of Funds:** As on March 31, 2026, the debt scheme assets were primarily deployed with bank in certificate of deposits (24.7 per cent), followed by 17.4 per cent in corporate debt and 14.0 per cent in G-secs **(Chart 5.2)**.

On the other hand, 44.0 per cent of the total assets under equity schemes were deployed in five major sectors. Bank and finance accounted for the highest investment share at 25.4 per cent, followed by software (6.0 per cent), pharmaceuticals (4.7 per cent), auto (4.2 per cent) and petroleum products (3.7 per cent) (**Chart 5.3**).

F. **Asset Class-wise Deployment of Funds:** During 2025-26, mutual funds saw a substantial 14.7 per cent rise in overall fund deployment across asset classes, with the total value increasing from ₹66.1 lakh crore to ₹75.8 lakh crore. The "Other" category experienced a remarkable surge of 251.9 per cent, while equity and debt deployments grew more steadily by 11.6 per cent and 6.7 per cent, respectively (**Table 5.6**). These figures reflect a continuing trend toward broader diversification within mutual fund portfolios.

Table 5.6: Asset Class-wise Deployment of Funds (₹crore)

Financial Year	Equity	Debt	Others	Total
2024-25	41,99,030	22,81,137	1,31,339	66,11,506
2025-26	46,84,983	24,33,747	4,62,154	75,80,884

Note: As on March 31 of respective year-end

G. **Mutual Funds Scheme-wise Annual Returns:** The distribution of mutual fund schemes reflected subdued market performance during 2025-26. The number of schemes posting negative returns surged from 243 in 2024-25 to 731 in 2025-26, while those yielding returns above 5 per cent dropped from 1,156 to 737. Additionally, the count of schemes generating returns exceeding 10 per cent declined from 304 to 198, highlighting a more subdued return environment driven by market volatility (**Table 5.7**).

Table 5.7: Scheme-wise Annual Returns

Annual Return Range (per cent)	No. of schemes	
	2024-25	2025-26
<= -10	30	93
from -10 to <= -5	41	146
from -5 to <=0	172	492
from 0 to <=5	218	373
from 5 to <=10	852	539
> 10	304	198

Note: Annual Returns for Direct Plan Growth Option of Schemes

H. Growth of Mutual Fund Investors

i. **Unit holding pattern:** During 2025-26, mutual funds added 3.9 crore folios, bringing the total folio count to 27.4 crore. Individual investors dominated the landscape, holding 97.7 per cent of all folios and 58.3 per cent of total AUM (**Table 5.8**). In contrast, while corporates and institutions accounted for only 0.6 per cent of folios, they held a substantial 37.8 per cent of total net assets. Non-resident Indians and overseas corporate bodies represented 1.7 per cent of folios and contributed four per cent to the overall AUM.

ii. **Unique investors:** The mutual fund industry experienced significant expansion in its investor base during 2025-26, as the number of unique investors grew by 13.2 per cent, rising from 5.4 crore to 6.1 crore. This growth was notably driven by Tier II cities, where the investor count surged 37.6 per cent from 1.0 crore to 1.4 crore. While Tier III cities continued to hold the largest share, increasing from 3.3 crore to 3.4 crore, the overall trend highlights deepening market penetration and the success of outreach efforts beyond traditional metro and urban centres (**Table 5.9**).

iii. **Systematic investment in mutual funds:** In 2025-26, the number of SIP accounts grew by 3.9 per cent, rising from 10.05 crore to 10.45 crore. During this period, 7.2 crore new SIPs were registered, while 6.8 crore were either discontinued or reached maturity. Financial inflows also trended upward, with the average net monthly SIP contribution increasing by 25.8 per cent from ₹13,052 crore to ₹16,413 crore (**Table 5.10 and 5.11**).

I. Number of Defaults and Restructurings in Debt Securities:

Securities: During 2025-26, there was only one instance of default of debt securities held by

Table 5.8: Unit Holding Pattern

Category	Year (As on March 31)	No. of Folios	Percentage to Total Folios	AUM (₹crore)	Percentage to Total Net Assets
Individuals	2024-25	22,84,44,305	97.4	38,17,886	58.1
	2025-26	26,75,31,378	97.7	42,96,350	58.3
NRIs/OCBS	2024-25	40,20,149	1.7	2,59,788	4.0
	2025-26	47,10,893	1.7	2,88,189	3.9
FPIs	2024-25	196	0.0	3,952	0.1
	2025-26	299	0.0	3,224	0.0
Corporates/Institutions/Others	2024-25	20,43,421	0.9	24,92,662	37.9
	2025-26	16,91,689	0.6	27,85,614	37.8
Total as on March 31, 2025		**23,45,08,071**	**100**	**65,74,287**	**100**
Total as on March 31, 2026		**27,39,34,259**	**100**	**73,73,377**	**100**

Table 5.9: Unique Investors in Mutual Funds

Financial Year	Tier I	Tier II	Tier III	Total
2024-25	1,13,23,349	1,02,91,153	3,26,34,133	5,42,48,635
2025-26	1,33,72,677	1,41,55,550	3,38,77,743	6,14,05,970

Table 5.10: Trends in SIP Investor Accounts and Funds Flows

Financial Year	No. of contributing SIP Accounts (in lakh)	AUM through SIPs (₹crore)	Gross Inflows through SIPs (₹crore)	Net Inflows through SIPs (₹crore)	Average Net Monthly Inflows (₹crore)
2024-25	1,005	13,35,188	2,89,352	1,56,621	13,052
2025-26	1,045	15,10,943	3,49,589	1,96,957	16,413

Table 5.11: Distribution of SIP Flows

Folio Value (₹)	Number of SIP Folios	
	2024-25	2025-26
less than ₹500	1,11,51,596	1,11,76,428
501 to 1,000	3,19,83,946	3,05,97,939
1,001 to 3,000	3,33,41,841	3,35,16,161
3,001 to 5,000	1,40,22,581	1,44,18,712
5,001 to 10,000	58,73,018	61,66,853
10,001 and above	27,94,040	29,60,283

mutual fund schemes (**Table 5.12**). Percentage of default and restructured amount to total debt schemes' AUM increased to 0.5 per cent in 2025-26 from 0.002 per cent in the previous year.

J. **Quantum of Unclaimed Amount:** The unclaimed redemption amount of mutual funds decreased marginally by 0.5 per cent falling from ₹1,128 crore at the end of 2024-25 to ₹1,122 crore at the end of 2025-26 (**Table 5.13**). Meanwhile, the unclaimed dividend amount registered an increase of 15.7 per cent reaching ₹2,689 crore in 2025-26 from ₹2,324 crore in 2024-25.

K. **Mutual Fund Stress Test:** Mutual fund stress testing, mandated by SEBI for mid-cap and small-cap funds, simulates extreme market crashes to evaluate a fund's ability to handle high redemption pressure. These tests measure how many days it takes to liquidate 25 per cent and 50 per cent of a portfolio, ensuring fund managers can pay back investors without severely impacting the NAV. During March 2026, to liquidate 50 per cent of their portfolios, the top 10 mid-cap schemes - by AUM - required an average of 17 days, whereas the top 10 small-cap funds averaged 38 days. This liquidity constraint intensified to 23 days for the top 5 mid-cap schemes and 51 days for the top 5 small-cap schemes, highlighting concentration risks in larger funds.

Table 5.13: Quantum of Unclaimed Amount (₹crore)

Year	Unclaimed Redemption Amount	Unclaimed Dividend Amount
2024-25	1,128	2,324
2025-26	1,122	2,689

Note: As on March 31 of respective year-end.

Table 5.12: Defaults and Restructurings in Debt Securities held by Mutual Fund Schemes

Year	No. of Instances of Defaults	No. of Instances of Restructuring	Default and Restructured Amount** (₹crore)	Total (Cumulative) Amount Recovered@ after Default (₹crore)	Outstanding Default and Restructured Amount (₹crore)	Per cent of Default and Restructured Amount to Total Debt Schemes AUM
2024-25	2	-	550.5	318.5	1,559.7	0.002
2025-26	1	-	518.7	417.1	1,467.7	0.5

Notes: i. ** indicates as on date of default/restructuring;

ii. @Security or after restructuring.

Table 5.14: Registered Distributors with AMFI

As on	No. of Distributors
March 31, 2025	1,78,289
March 31, 2026	1,98,873

L. **Distributors:** The number of registered mutual fund distributors grew from 1,78,289 as of March 31, 2025, to 1,98,873 by March 31, 2026 **(Table 5.14)**.

5.2 ALTERNATIVE INVESTMENT FUNDS

To foster a robust and efficient AIF ecosystem, SEBI has implemented various strategic policy measures during 2025-26 to enhance operational flexibility, simplify compliance for market participants, strengthen regulatory oversight and promote sustainable private capital participation. The major policy developments are summarized below:

5.2.1 Policy Developments

A. **Regulatory Fillip to Accredited Investors:** SEBI introduced Accredited Investors (AI) only schemes exclusively for AIs, with specific regulatory flexibilities to such schemes. Some of the key regulatory relaxations include exemption from pari-passu treatment to investors, exemption from certification requirement for key investment team and an extension of tenure of up to 5 years. Further, the minimum investment threshold for Large Value Funds (LVFs) was reduced from ₹70 crore to ₹25 crore. Existing eligible AIF schemes may also choose to convert into AI-only or LVF classification, to avail associated benefits. These initiatives are expected to attract substantial risk capital under a lighter regulatory regime, facilitating greater capital formation.

B. **Flexibility to Make Co-investments:** To streamline the co-investment landscape, SEBI amended the AIF Regulations to allow Category I and II AIFs to offer co-investment opportunities to Accredited Investors through 'Co-investment Scheme' (CIV), a distinct scheme within the AIF ecosystem. This complements the existing PMS route for co-investment and provides investors with greater flexibility to co-invest with AIF in unlisted investee companies.

C. **Simplification of Accreditation Requirements:** Based on industry feedback, SEBI further simplified the process of accreditation of investors and their on-boarding to AIFs. In order to address the privacy concerns of investors, the requirement of granular disclosure of investor's assets and liabilities in the net-worth certificate was removed. The certifying chartered accountant has an option to simply confirm that the investor meets the prescribed threshold without disclosing the exact, granular net-worth figure. Additionally, investment managers, based on their assessment of the investor's eligibility criteria may finalise/execute the contribution agreement, and initiate related operational procedures. However, schemes of AIFs shall receive funds from such investors only after they obtain accreditation certificate from an accreditation agency.

D. **Amendment to SEBI (Alternative Investment Funds) Regulations:** To streamline the regulatory framework for Angel Funds with respect to their fundraising processes, investment conditions, operational aspects and governance, the AIF regulations were amended. For details, see **Box 5.2.**

E. **Amendment to Regulation 17(a):** To enhance operational flexibility for Category II AIFs, SEBI amended the AIF Regulations to address possible shrinkage in pool of unlisted debt securities available for investment by Category II AIFs. Category II AIFs are required to hold a majority of their investments in unlisted securities. As current listing norms for debt securities mandate that entities with listed debt must issue fresh debt only in listed form, the resultant drop in availability of unlisted debt securities can come in the way of AIFs complying with the minimum investment norms in unlisted securities. Consequently, SEBI allowed Category II AIFs to treat listed debt

Box 5.2: Review of Angel Funds Regulatory Framework

Angel Fund' is a sub-category of AIFs dedicated for channelizing risk capital from Angel Investors to start-ups in need. Unlike other AIFs where investment decision is taken by the Manager, investments by Angel Funds are made upon obtaining explicit investor consent for each investment. A review of the regulatory framework for Angel Funds indicated gaps in operational clarity and concerns about offering investment opportunities to a wide range of investors, some of whom may not have commensurate risk appetite for investment in illiquid assets. The existing prudential norms and investment conditions also required revision to provide more flexibility and ease of operations.

One of the core principles of SEBI is to ensure sustainable capital formation across securities market and facilitate investments into start-ups. At the same time, there is also a need to ensure that only those investors with risk capability are shown offers to invest in unlisted start-ups through Angel Funds. Considering the same, SEBI (Alternative Investment Funds) Regulations were amended to streamline the regulatory framework for Angel Funds with respect to their fundraising processes, investment conditions, operational aspects and governance. Some of the key features of the revised regulatory framework for Angel Funds are as under –

(a) To ensure that only those investors with risk capability are shown offers to invest in unlisted start-ups, Angel Funds have been mandated to on-board and offer investment opportunities to Accredited Investors only. Accredited Investors are those who meet commensurate net-worth and/or income criteria specified by SEBI, and are certified by a SEBI recognised accreditation agency after verification. In addition, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 have been amended to include Accredited Investors as Qualified Institutional Buyers (QIBs) for the limited purpose of investments in Angel Funds only. This would allow Angel Funds to show opportunities to a wider pool of eligible investors, while staying in conformity with Companies Act, 2013.

(b) On the strength of the aforesaid mandate, various substantial flexibilities have been extended to Angel Funds for investment in start-ups as given below –

   (i) Relaxation of floor and cap for investment in a start-up from ₹25 lakh - ₹10 crore to ₹10 lakh – ₹25 crore. Consequently, Angel Funds will be able to invest higher amounts in a start-up. At the same time, they will also be able to start investing in a start-up with an amount as low as ₹10 lakh.

   (ii) Removal of concentration limit of 25 per cent (of total investments) for investment in a start-up, thereby extending flexibility to Angel Funds in providing funding to start-ups.

   (iii) Allowing contributions from more than 200 Accredited Investors in an investment. This would enhance channelization of capital to a start-up through Angel Funds, as Angel Funds can accept contribution from more number of investors (as against existing limit) for investment in a start-up.

   (iv) Enabling follow on investment in an investee company which is no longer a start-up, so that Angel Investors can preserve the value of their initial investments made in such companies through Angel Funds.

   (v) Removal of maximum 5-year limit for drawing down capital from an investor, so that flow of capital to start-up through Angel Funds is not affected by any time limit.

(c) Further, to ensure fairness and enhance governance, Angel Funds/their managers have been mandated to adopt a defined methodology for allocation of investment opportunity among consenting investors, adhere to principle of pro-rata rights of investors, have minimum continuing interest in each investment and carry out annual audit of compliance with PPM terms, among others.

These measures would help rationalise the fund raising process such that only investors with adequate risk appetite and appreciation are offered opportunities for investment in start-ups. It will also strengthen governance mechanisms, provide investment flexibility and operational clarity to Angel Funds. In long run, these norms are envisaged to enhance ease of doing business for Angel Funds and improve funding for start-ups through the Angel Funds, with necessary safeguards in place.

securities rated 'A' or below akin to investment in unlisted securities for the purpose of meeting the compliance threshold, thereby encouraging investment in lesser-rated debt.

F. **Notification of Specialized NISM Certification Modules:** To better align expertise with fund strategies, SEBI gave a choice to key management team of AIF to fulfil the certification requirement. While the initial mandate required a general AIF Managers Certification (NISM Series-XIX-C), subsequent feedback from industry led to the introduction of specialized modules for managers of Category I/II AIFs (NISM Series-XIX-D) and Category III AIFs (NISM Series-XIX-E). The key investment team of AIF managers has an option to either obtain the general certification or the specialised certification, as per their need and strategy.

G. **Review of minimum value of investment in Social Impact Fund:** In order to enhance retail participation on Social Stock Exchange, the minimum value of investment by individual investors in Social Impact Funds has been reduced from Rs.2 lakh to Rs.1000. This would align the requirement of minimum application size for subscribing to Zero Coupon Zero Principle Instruments under SEBI (ICDR) Regulations, 2018 with the requirement of minimum value of investment by individual investors in Social Impact Funds.

H. **Extension of Additional Liquidation Period:** SEBI extended the additional liquidation period for Venture Capital Funds (VCFs) migrating to the AIF regime by one year, recognizing the complexities involved in winding up legacy schemes. This extension provides migrated VCFs liquidation period until July 19, 2026, to resolve unliquidated investments, ensuring that the migration process does not unduly penalize fund managers or investors.

I. **Reporting of Value of AIF Unit to Depositories:** To improve transparency and leverage existing market infrastructure, SEBI has mandated AIFs to report the Net Asset Value (NAV) of their units to depositories. AIF managers, through their RTAs, must upload the latest available NAV for each ISIN to the depository system by May 01, 2026, or within 30 days of the valuation date, whichever is later. This integrates AIF valuation data directly into the depository ecosystem, allowing investors to view latest NAV information alongside their holdings. Further, reporting requirements for AIFs were rationalised as given in **Box 5.3**.

J. **Certification Requirement for Compliance Officers of AIF Managers:** To ensure robust internal governance, SEBI has mandated that compliance officers of AIF managers shall obtain the NISM Series III-C (Securities Intermediaries Compliance - Fund) certification. AIF managers have been granted a one-year transition window to ensure their compliance personnel attain the requisite qualification. This measure aims to standardize regulatory knowledge across compliance officers of the industry, thereby fostering a culture of discipline in regulatory compliances.

Box 5.3: Rationalization of Reporting Requirements for AIFs

The reporting framework for AIFs was revised with a view to enhance efficiency, reduce compliance burden, and improve data relevance. As an ease of doing business measure for AIFs, the quarterly reporting format has been substantially condensed and simplified, resulting in a reduction of approximately 53 per cent in data points compared to the earlier format. SEBI has also introduced a comprehensive annual reporting format where comprehensive submissions will be required to be made by AIFs. Overall, the above rationalization shall result in reduction of data points by 35 per cent.

The first annual report, covering 2025-26, is due by May 31, 2026.

5.2.2 Market Activity and Trends Observed

A. **Category-wise Registration of AIFs:** As of March 31, 2026, the total number of registered AIFs rose to 1,829, up from 1,526 the previous year (**Table 5.15**). Year-on-year, Category I, II, and III AIFs saw registrations grow by 17.1 per cent, 18.2 per cent, and 26.5 per cent, respectively.

B. **Category-wise Investment in AIFs:** By March 31, 2026, the AIF industry continued its expansion as total commitments rose 25.6 per cent to ₹16,94,262 crore, up from ₹13,49,051 crore in the previous year. During 2025-26, funds raised and investments made grew by 24.7 per cent and 25.7 per cent, respectively, with Category II AIFs maintaining their dominance. Within Category I, venture capital funds led the activity, while social impact funds saw a notable 138.7 per cent surge in funds raised despite a 11.1 per cent dip in commitments. By the end of this period, the AIFs total AUM, representing cumulative net investments, reached ₹6,76,365 crore (**Table 5.16**).

C. **Instrument-wise Deployment of Funds:** As on March 31, 2026, 37.1 per cent of total funds in AIFs were invested in unlisted equity shares, equity-linked instruments and LLP interests, followed by 29.8 per cent in listed equity (excluding listed or to-be-listed on SME exchanges) and 22.7 per cent in debt and securitized debt instruments **(Table 5.17)**.

D. **Sector-wise Deployment of Funds by AIFs:** At end of March 31, 2026, AIFs had deployed a major portion of funds in real estate (19.1 per cent), followed by financial services (9.8 per cent), IT/ITeS (6.1 per cent), non-banking financial

Table 5.15: Registered Alternative Investment Funds

Category of AIFs	No. of AIFs registered as on	
	March 31, 2025	March 31, 2026
Category I - Total	**321**	**376**
Infrastructure Fund	17	16
Social impact Fund	12	12
Venture Capital Fund (Including Angel fund)	266	319
SME Fund	15	18
Special Situation Funds	11	11
Category II	**862**	**1,019**
Category III	**343**	**434**
Total	**1,526**	**1,829**

Table 5.16: Investment by AIFs (₹crore)

Type of AIF	As on March 31, 2025			As on March 31, 2026		
	Commitments Raised	Funds Raised	Investments Made	Commitments Raised	Funds Raised	Investments Made
Category I Total	**89,083**	**49,373**	**42,931**	**1,05,249**	**58,772**	**50,530**
CDMDF	-	-	-	4,762	4,762	5,371
Infrastructure Fund	19,650	8,969	7,530	20,571	8,717	7,364
Social Impact Fund	2,121	441	540	1,886	1,052	869
Venture Capital Fund (Including Angel fund)	61,932	36,728	31,814	69,713	40,470	33,923
SME Fund	1,219	854	747	1,473	1,121	934
Special Situation Fund	**4,161**	**2,381**	**2,300**	**6,844**	**2,650**	**2,069**
Category II	**10,30,041**	**3,66,621**	**3,32,201**	**12,74,300**	**4,44,122**	**4,12,628**
Category III	**2,29,927**	**1,47,435**	**1,63,029**	**3,14,713**	**1,99,829**	**2,13,207**
Grand Total	**13,49,051**	**5,63,429**	**5,38,161**	**16,94,262**	**7,02,724**	**6,76,365**

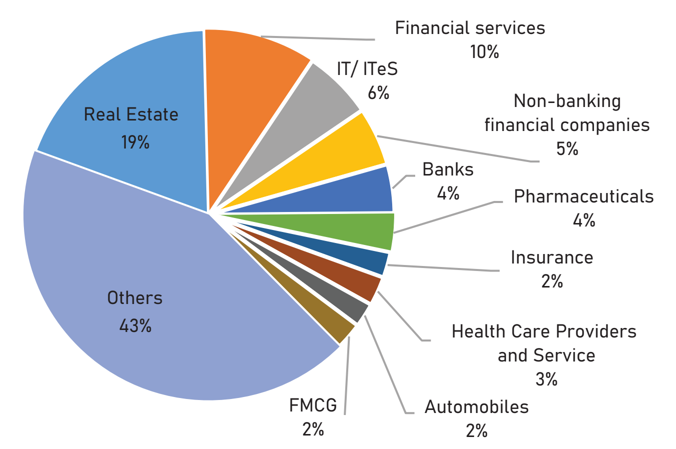
Table 5.17: Instrument-wise Deployment of Funds by AIFs

Type of Instruments	As on March 31, 2025		As on March 31, 2026	
	Funds Invested (₹crore)	Share (per cent)	Funds Invested (₹crore)	Share (per cent)
Unlisted Equity Shares/Equity Linked Instruments/ LLP Interest	2,07,292	38.5	2,51,000	37.1
Listed Equity (excluding Listed/to be listed on SME exchange)	1,50,171	27.9	2,01,810	29.8
Debt/Securitized Debt Instruments	1,14,167	21.2	1,53,370	22.7
Units of other AIFs	22,934	4.3	48,551	7.2
Liquid Funds	823	0.2	315.31	0.0
Listed/ to be Listed Securities on SME Exchange	378	0.1	2064.01	0.3
Others	42,396	7.9	19,255	2.8
Total	**5,38,161**	**100**	**6,76,365**	**100**

companies (5.1 per cent), banks (4.3 per cent) and pharmaceuticals (3.4 per cent) **(Chart 5.4)**. The top six sectors accounted for around 39.6 per cent of total deployment of funds by AIFs as at the end of December 2025.

E. **Investment in MSMEs and Start-ups:** As on March 31, 2026 the investments made by AIF in start-ups stood at ₹20,029 crore followed by micro enterprises at ₹1,264 crore, small enterprises at ₹1,186 crore and medium enterprises at ₹652 crore (**Table 5.18**).

Chart 5.4: Sector-wise Deployment of Funds by AIFs*



*As on March 31, 2026

Table 5.18: AIF Investment in Start-ups during 2025-26 (₹crore)

Category of AIF	Investments made in Medium Enterprises	Investments made in Micro Enterprises	Investments made in Small Enterprises	Investments made in Start-ups
Category I Total	**302**	**418**	**297**	**7,029**
Category I AIF - SME Fund	22	-	11	-
Category I AIF - Social Impact Fund	-	91	-	-
Category I AIF - VCF (Angel Fund)	4	-	-	2,696
Category I AIF - Venture Capital Fund	276	327	286	4,333
Category II	**350**	**846**	**889**	**13,001**
Category III	**0**	**0**	**0**	**0**
Grand Total	**652**	**1,264**	**1,186**	**20,029**

Notes: All figures are cumulative net investments.

5.3 PORTFOLIO MANAGERS

As a part of its ongoing efforts to promote ease of doing business and enhance transparency in the PMS ecosystem, several policy measures were introduced during 2025-26 as well. The measures reflect SEBI's continued commitment to strengthen regulatory frameworks while facilitating operational flexibility and investor protection in the PMS space.

5.3.1 Policy Developments

A. **Master Circular for Portfolio Managers:** For effective regulation of Portfolio Managers, SEBI has been issuing various circulars from time to time. In order to enable the stakeholders to have an access to all the applicable requirements at one place, the provisions of the said circulars issued till March 31, 2025 are incorporated in the Master Circular for Portfolio Managers dated July 16, 2025.

B. **Transfer of portfolios of clients:** For the purpose of simplification and ease of doing business, transfer of PMS business from one portfolio manager to another has been allowed after obtaining prior approval from SEBI.

C. **Format of 'Disclosure Document':** Under the ease of doing business initiatives, in consultation with the Association of Portfolio Managers of India (APMI), the disclosure document has been restructured into two separate parts viz. dynamic and static. The dynamic section would include the content that undergoes frequent changes whereas, the static section would include disclosures that do not change frequently. The updated disclosure document page(s) in which changes are carried out shall be simultaneously communicated to the clients, updated on the website of the portfolio manager and filed with the Board within 7 working days from the date of change.

5.3.2 Market Activity and Trends Observed

The year 2025-26 witnessed a rise of 6.8 per cent in the total number of registered portfolio managers from 472 in 2024-25 to 504 in 2025-26 (**Table 5.19**).

The total number of clients managed by portfolio managers grew by 8.2 per cent in 2025-26, rising to 2,15,712. This growth was distributed across several service categories: discretionary clients increased by 7.9 per cent, non-discretionary by 15.3 per cent, and co-investment clients saw a dramatic surge of 132.3 per cent. In contrast, the advisory category experienced a significant decline, with client numbers falling by 27.4 per cent during the same period (**Table 5.20**).

Table 5.19: Registered Portfolio Managers

Type of Intermediary	Registered as on March 31, 2025	New Registrations during 2025-26	Cancellation/ Surrender during 2025-26	Registered as on March 31, 2026
Portfolio Managers	472	49	17	504

Table 5.20: Assets Managed by Portfolio Managers

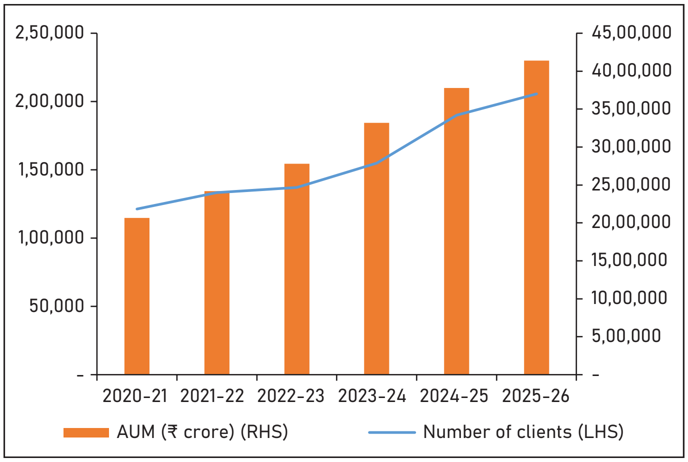
Year Ended	No. of Clients					AUM (₹ crore)					
	Discretionary	Non-Discretionary	Advisory	Coinvestment	Total	Discretionary (EPFO/ PFs)	Discretionary (Non EPFO/PFs)	Non-Discretionary	Advisory	Coinvestment	Total
2024-25	1,91,099	6,396	1,355	529	**1,99,379**	27,47,827	4,29,386	3,03,090	2,96,010	3,785	37,80,099
2025-26	2,06,124	7,375	984	1,229	2,15,712	30,09,935	5,00,299	3,19,639	3,05,562	6,283	41,41,718

Table 5.21: Total Fund Inflows/Outflows under Portfolio Management Services

Year	Discretionary (₹crore)			Non-Discretionary (₹crore)		
	Inflow	Outflow	Net Inflow (+ve)/ Outflow(-ve)	Inflow	Outflow	Net Inflow (+ve)/ Outflow(-ve)
2024-25	4,05,322	1,65,947	2,39,375	76,577	65,829	10,748
2025-26	3,20,326	1,53,578	1,66,748	1,10,189	1,08,563	1,626

The total AUM of the portfolio management industry grew by 9.6 per cent in 2025-26, rising from ₹37.8 lakh crore to ₹41.4 lakh crore. This expansion was primarily fuelled by the discretionary portfolio segment; specifically, AUM within the discretionary (EPFO/PFs) category increased by 9.5 per cent, while the discretionary (non-EPFO/PFs) category saw a more robust growth of 16.5 per cent **(Chart 5.5)**.

Chart 5.5: Trend in AUM and Clients in PMS



During 2025-26, both the discretionary portfolio management category and the non-discretionary portfolio management category registered net inflows of ₹1,66,748 crore and ₹1,626 crore, respectively (**Table 5.21**).

5.4 COLLECTIVE INVESTMENT SCHEMES

As on March 31, 2026, there is no collective investment management company registered with SEBI.

5.5 REAL ESTATE INVESTMENT TRUSTS AND INFRASTRUCTURE INVESTMENT TRUSTS

REITs and InvITs serve as specialized, trust-based investment vehicles designed to democratize access to large-scale real assets. Operating similarly to mutual funds, these instruments pool capital from institutional and retail investors to acquire, manage, and operate yield-generating commercial properties and critical infrastructure networks—such as corporate offices, highways, and renewable energy grids. By turning illiquid physical assets into tradable, exchange-listed units, they allow investors to capture stable rental yields and long-term capital gains without the hurdles of direct property management or heavy upfront capital requirements. Recognizing their role in bridging the gap between national infrastructure development and private capital, SEBI has implemented several measures to scale up this ecosystem.

5.5.1 Policy Developments

A. **Reclassification of REITs as Equity:** Considering the characteristics of REITs are more inclined towards equity i.e. relatively more liquid and to ensure alignment with global practices, REITs are re-classified as equity instruments for the purpose of investment in mutual funds including SIFs with effect from January 01, 2026.

   Pursuant to the re-classification, investment by mutual funds in REITs shall be considered within the investment allocation limit for equity instruments and also makes them eligible for inclusion in equity indices, thereby enabling enhanced investment by mutual fund schemes in REITs. Further, as a result of equity classification of REITs, the existing investment limit applicable for both REITs and InvITs would now be exclusively available for InvITs, thereby facilitating growth in this segment also.

B. **Expanding the Scope of Strategic Investor:** Vide gazette notification dated December 11, 2025, the inclusion of following additional entities under 'Strategic Investor' is facilitated:

i. All QIBs which, inter-alia, include public financial institutions, provident funds and PFRDA registered pension funds with minimum corpus of ₹25 crore, AIFs, state industrial development corporations etc.;

ii. Family trust and intermediaries registered with Board, all with a net-worth of more than ₹500 crore; and

iii. Middle layer, upper layer and top layer NBFCs registered with RBI

Broadening of the Strategic Investor definition effectively deepens the potential investor base for public offerings, promoting ease of doing business for REITs and InvITs to attract capital from more investors under the strategic investor category.

C. **Holding Investment in SPVs Post-Concession Agreement:** As per the InvIT Regulations, at least 90 per cent of the assets of the Special Purpose Vehicle (SPV) shall be invested directly in infrastructure projects. When a concession agreement expires or is terminated, the SPV no longer holds an active infrastructure project, technically violating this requirement. However, these SPVs often have pending statutory, contractual, or tax obligations that must be settled before the entity can be dissolved or divested. InvITs have been permitted to continue holding these SPVs as permissible investments within the 20 per cent investment limit subject to:

i. The InvIT must exit the SPV or acquire a new infrastructure project within one year of the agreement's end, the resolution of all legal/tax claims, or the end of the defect liability period whichever is later. The time taken to obtain regulatory approvals for the exit is excluded from this one-year period.

ii. Mandatory disclosures w.r.t. such SPVs including assets and liabilities, contingent liabilities, repayment schedule of outstanding debt, material litigation, and exit strategy in the InvITs annual report.

The above amendment facilitates InvITs to fulfil their closing obligations without being in regulatory breach, ensuring ease of doing business w.r.t. wind-down of SPVs for completed projects.

D. **Expanding Permitted Liquid Mutual Fund Investments:** REITs/InvITs investment criteria in liquid mutual funds have been broadened to include schemes with a credit risk value of at least 10 and a potential risk class of at least B-1. Expanding the scope of permitted investments in units of liquid mutual fund schemes provides additional investment options for REITs and InvITs in the form of debt securities rated AA and above while still maintaining low to moderate credit risk and also mitigating concentration risk.

E. **Alignment of investment conditions for Privately Listed InvIT in Greenfield Projects:** Privately listed InvITs have been permitted to invest up to 10 per cent of their asset value in greenfield projects, matching the limit for publicly listed InvITs. This amendment creates a level playing field and allows privately listed InvITs to participate in the early-stage growth and development of infrastructure assets, potentially enhancing long-term returns and facilitating ease of doing business.

F. **Expanding the scope of permitted use of fresh borrowings:** For InvITs with leverage exceeding 49 per cent, the permitted use of fresh borrowings is expanded to include:

i. Capital expenditure and major maintenance expenditure.

ii. Refinance of existing debt which was originally availed for permissible purposes subject to the condition that only the principal portion of debt is refinanced.

G. **Measures towards Ease of Doing Business for REITs and InvITs:** To promote ease of doing, SEBI in consultation with various stakeholders reviewed the extant regulatory provisions for various matters. Accordingly, the following amendments were made to InvIT Regulations and REITs Regulations to streamline governance, enhance risk management and expand investment options, thus attracting broader investor participation:

i. Permitting transfer of locked-in units amongst sponsor and sponsor group for REITs and InvITs

ii. Definition of common infrastructure under REIT Regulations was provided in order to give clarity as to what constitutes common infrastructure

iii. Inclusion of non-executive directors in the nomination and remuneration committee of managers/investment managers of REITs, InvITs and SM REITs

iv. Allowing REITs, SM REIT Schemes and InvITs to deal in interest rate derivatives for hedging

v. Review of conditions for enhanced borrowings beyond 49 per cent by InvITs

vi. Timeline for filling up of vacancy in the office of the Board of Directors of Manager of REIT (including SM REIT)/Investment Manager of InvIT was aligned with LODR Regulations, providing a time period of three months to manager of REIT/ investment manager of InvIT to fill any vacancy on its Board of Directors (other than a vacancy arising due to expiration of the term of office of the director)

vii. Permitting adjustment of negative cash flows at HoldCos against distributions received from SPV for calculating net distributable cash flows; and

viii. Alignment of minimum allotment lot for primary market with the trading lot size of secondary market (i.e. ₹25 lakh) for privately placed InvITs

H. **Ease of Doing Business for Small and Medium REITs:** The following amendments were made to REIT Regulations to enhance the ease of doing business for SM REITs:

i. Standardizing the disclosures in scheme offer document

ii. Public issue process for scheme of SM REIT

iii. Alignment of provisions for SM REITs vis-à-vis REITs

Above amendments, simplifies the public issue process and disclosure requirements, making it easier for smaller real estate projects to access capital markets.

I. **Framework for Conversion of Private Listed InvIT into Public InvIT:** The conversion process of private listed InvIT into public InvIT was streamlined by:

i. Simplifying the minimum contribution rules for sponsors and sponsor groups during the conversion-linked public issue.

ii. Harmonizing the disclosure and offer procedures with those of a Follow-on Public Offer.

J. **Review of Financial Information Disclosures:** SEBI vide circulars dated May 07, 2025 revised Chapter 3 and Chapter 4 of the Master Circular for REITs and InvITs. The chapters dealt with (a) disclosure of financial information in offer document/placement memorandum (b) continuous disclosures and compliances. The standardized reporting formats benefits issuer (i.e. REITs and InvITs) as well as investors (in the form of better informed investment decisions).

K. **Investor Protection for InvITs and REITs:** The following amendments were made to InvIT regulations and REIT Regulations respectively to enhance investor protection for InvITs and REITs:

i. Restricting investment in unlisted equity shares of companies by REITs except for its HoldCos/SPVs

ii. Expanding the roles and responsibilities of trustee for REITs, InvITs and SM REITs and allowing trustees to engage external consultants for a certain period of time for meeting the expanded roles and responsibilities.

L. **Review of Investor Charter for REITs and InvITs:** There was no single document that clearly outlined the rights and responsibilities of investors of the REIT/InvIT. SEBI vide circulars dated June 12, 2025 introduced a formal Investor Charter for REITs and InvITs. The investor charter inter-alia includes:

i. List of services provided to investors and their legal rights.

ii. List of "Do's and Don'ts" to guide prudent investment behavior.

iii. Description of the grievance redressal mechanism and timelines.

5.5.2 Market Activity and Trends Observed

As on March 31, 2026, the number of registered InvITs increased to 28 (25 listed) compared to 26 in the previous year. Further, the number of registered REITs remained the same at six, however the count of listed REITs rose to five from four. During the same period, InvITs mobilised ₹21,025 crore, marking a 21.3 per cent decrease from ₹26,715 crore mobilized in 2024-25. Whereas, REITs raised ₹9,300 crore through three issues in 2025-26 (**Table 5.22 and 5.23**).

Table 5.22: REITs and InvITs

Particulars	REITs		InvITs		SM REITs	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Number of Registered Trusts at the End of the Period	6	6	26	28	4	6
Number of Entities Listed on Stock Exchanges	4	5	22	25	1	1
Funds Raised during the year (₹crore)	4,728	9,300	26,715	21,025	353	473
Assets under Management (₹crore)	1,63,298	2,38,406	6,47,131**	6,37,290	359	853

Note: **Indicates that data is revised.

Table 5.23: Registration of REITs/InvITs and Median Time for Approval

Type	Balance Carry Forward from March 31, 2025	Application Received	Registration Granted	Application Rejected/ Returned/ Withdrawn	Median Time for processing application (in working days)	Pending as on March 31, 2026
		During 2025-26				
InvITs	0	3	3	0	33	0
REITs	1	0	1	0	90	0
SM REITs	3	0	3	0	100	0

CHAPTER

6

FOREIGN PORTFOLIO INVESTORS AND FOREIGN VENTURE CAPITAL INVESTORS

6.1 FOREIGN PORTFOLIO INVESTORS

Foreign Portfolio Investors (FPIs) and Foreign Venture Capital Investors (FVCIs) occupy a central place in India's capital market architecture. By directing cross-border capital into listed equities, government and corporate debt, derivatives, and other financial instruments, they enhance market liquidity, improve price discovery, and supplement domestic sources of financing for capital formation. The year 2025-26 presented a more challenging external environment for portfolio flows to India. Net FPI outflows accelerated during the year, driven by heightened global risk aversion amid geopolitical tensions in West Asia that kept crude oil prices elevated, elevated higher US bond yields and portfolio rebalancing with preference for markets with emerging technology focused companies. Persistent rupee depreciation, relative underperformance of Indian equities vis-à-vis other major markets, relatively elevated market valuations, and concerns over moderating corporate earnings growth further weighed on foreign investor sentiment.

This chapter highlights important policy developments undertaken to facilitate FPIs in the country and provides an overview of key market activities and trends.

6.1.1 Policy Developments

A. **Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI) framework and 'India Market Access' website:** By offering a single-window access mechanism, SWAGAT-FI framework minimizes regulatory hurdles and streamlines compliance, strengthening India's position as a premier global investment hub. Alongside it, the 'India Market Access' digital initiative simplifies access to regulatory and procedural information for FPIs (**Box 6.1**).

Box 6.1: Transforming the Foreign Investment Experience - SWAGAT and India Market Access

Over the years, SEBI has undertaken progressive steps to make the onboarding and participation of FPIs smoother through measures such as risk-based KYC requirements, simplification of documentation and the introduction of the Common Application Form. Building upon these efforts and the feedback received during global investor roadshows, there was a recognized need to further ease regulatory provisions, particularly for objectively identified and verified low-risk FPIs.

To address this, SEBI, under the aegis of FPI Advisory Committee, deliberated on establishing a relatively relaxed onboarding and compliance regime. This culminated in the launch of two key initiatives as below:

The SWAGAT-FI Framework

The Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI) framework is designed specifically for eligible low-risk FPIs such as central banks, sovereign wealth funds, appropriately regulated pension and mutual funds, and insurance companies. Adopting the principle of proportionality in regulation, this framework offers a significantly lighter

(Contd.)

touch for verified low-risk and regulated entities, easing the regulatory burden and operational costs while encouraging larger stable inflows. Eligible FPI applicants may opt for SWAGAT-FI identification at the time of initial registration, and existing FPIs meeting the criteria may also convert to SWAGAT-FI status. To facilitate this streamlined experience, the framework extends the following key relaxations to eligible entities:

i. Option to register as FVCI without additional documentation, if already registered or applying as FPIs.

ii. Exemption from the FVCI Regulation requiring at least 66 per cent investment in eligible unlisted assets.

iii. Registration validity, KYC review, and fee payment (USD 2,500) to be applicable for a 10-year block instead of the standard 3-year cycle.

iv. Exemption from the 50 per cent aggregate contribution cap applicable to Non-Resident Indians, Overseas Citizens of India, and Resident Indian individuals in FPIs.

India Market Access Website for FPIs

To address the compliance challenges faced by FPIs due to multiple regulatory frameworks prescribed by various authorities such as RBI, SEBI and CBDT, an 'India Market Access' (www.indiamarketaccess.in) website, a centralized digital repository was developed in collaboration with MIIs. This unified, single-window platform streamlines the investment journey by offering step-by-step registration guidance, comprehensive advisory on documentation, and real-time updates on SEBI and RBI regulations, taxation, and repatriation guidelines. Designed to be a dynamic, user-friendly resource, the portal significantly enhances the ease of doing business and reinforces investor confidence in the Indian securities market.

B. **Relaxations for FPIs investing only in Government Securities (G-Secs):** In order to enhance ease of doing business through a risk-based approach and optimum regulation, certain relaxations were granted in onboarding and ongoing compliances for FPIs exclusively investing in G-Secs. These included exempting them from investor group details at registration under Fully Accessible Route (FAR); relaxing KYC review periodicity cycle to align with their bank account KYC review cycle; and requirement of reporting material change within 30 days, amongst other measures. SEBI also introduced a GS-FPI category for FPIs investing exclusively in Government Securities.

C. **Ease of doing business for FPIs based in IFSCs:** In order to enhance ease of doing business for FPIs operating from IFSCs, the SEBI (FPI) Regulations, 2019 were amended to allow retail schemes in IFSCs with a resident Indian sponsor or manager to register as FPIs, align limits on sponsor contribution by resident Indian non-individuals in funds set up in IFSCs as specified by SEBI and IFSCA, and permit overseas Mutual Funds / Unit Trusts registering as FPIs to include Indian mutual funds as constituents.

D. **Digital Signature Certificate functionality:** Earlier, SEBI had permitted FPIs to use digital signatures for execution of the Common Application Form (CAF) and other registration-related documents. As a key step towards digitising the FPI onboarding process, a new Digital Signature Certificate (DSC) functionality from Indian DSC issuers has been developed within the CAF portal. This feature integrates the FPI registration application and DSC application into a single, unified process, thereby easing onboarding and further streamlining the registration process, as applicants can now directly apply for DSC while submitting the CAF on the portal.

E. **Amendment to additional disclosures framework:** To facilitate ease of compliance by FPIs, additional disclosures framework (specified on August 24, 2023) was amended to increase the threshold under size criteria for submission of additional disclosures from ₹25,000 crore to ₹50,000 crore.

F. **Review of SEBI (Custodian) Regulations, 1996:** In order to strengthen the compliance and governance framework for custodians and to align regulatory provisions with the evolving nature of their business, the SEBI (Custodian) Regulations, 1996 were amended and guidelines were issued to custodians. Key changes include:

i. Enhancement of the minimum net worth requirement from ₹50 crore to ₹75 crore.

ii. Incorporation of additional clauses, including provisions relating to redressal of client grievances, in the code of conduct to ensure uniformity with other intermediaries.

iii. Strengthening of governance and risk management frameworks through enhanced Board oversight, clearly defined committee structures, and comprehensive risk management policies covering operational, legal, and other relevant risks.

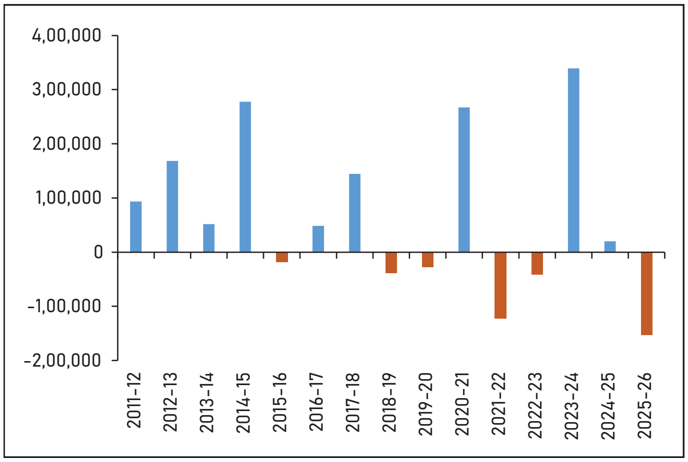
iv. Specification of enhanced requirements relating to scalable infrastructure, business continuity planning, and orderly wind-down mechanisms to ensure continuity of services and safeguarding of client interests.

6.1.2 Market activity and trends observed

A. **FPI Investment flows**

i. **Annual trend**: FPI investment in Indian markets turned sharply negative in 2025-26, recording net outflows of ₹1,52,692 crore, the highest annual outflow in any financial year on record. This marks a sharp reversal from the record inflow of ₹3,39,066 crore in 2023-24 and the marginal net inflow of ₹20,018 crore in 2024-25. FPI flows were cumulatively positive over the fifteen-year period from 2011-12 to 2025-26, despite experiencing net outflows in six of those years due to rising global volatility. **Chart 6.1** presents annual trends in net investment by FPIs since 2011-12.

Chart 6.1: Trend in Net Investments by FPIs (₹crore)



Source: NSDL

Despite net FPI outflows of ₹1,52,692 crore during 2025-26, the flow-to-AUC ratio (calculated as net total FPI flow in the year divided by AUC at the end of the previous financial year) stood at only 2.1 per cent. This indicates that the scale of withdrawal was relatively moderate compared to the overall size of FPI holdings. For comparison, the ratio stood at 2.7 per cent in 2021-22, reflecting relatively higher proportional outflows during that period. In contrast, 2023-24 recorded a positive ratio of 7.0 per cent, indicating strong net inflows relative to the existing FPI asset base.

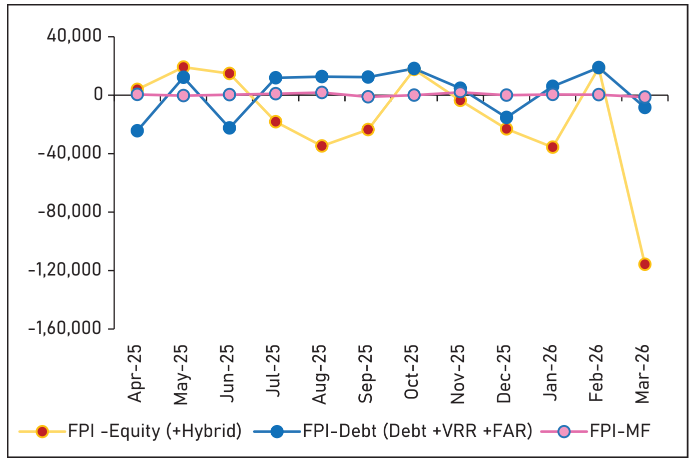
ii. **Segment-wise FPI Flows:** Indian equity markets witnessed continuous foreign selling throughout the year, with net outflows of ₹1,80,832 crore, more than 40 per cent higher than the equity outflow recorded in the previous year. The debt segment, however, provided a stable accumulation, with net inflows of ₹25,807 crore, driven primarily by the FAR category (₹15,449 crore) and the General Limit route (₹12,429 crore), reflecting continued interest in Indian fixed income supported by residual passive flows linked to India's JP Morgan bond index inclusion. The equity outflows in 2025-26 were driven by a combination of US tariff-related uncertainties, geopolitical tensions in West Asia, subdued corporate earnings due to higher input cost and uncertainties over medium to long term inflation projection. Outflows were particularly intense in March 2026, which alone accounted for equity outflows of approximately ₹1.17 lakh crore. Q1 (April-June 2025) was the only quarter of net FPI equity buying, supported by RBI rate cuts and transitory improvement in global sentiment.

Table 6.1 presents segment-wise annual net investment of FPIs and **Chart 6.2** presents segment-wise monthly trends in net investments.

iii. **Investment Route-wise FPI flows in Equity Segment:** The net inflows through the primary market route declined by around 41 per cent, from ₹1,20,944 crore in 2024-25 to ₹70,822 crore in 2025-26. In contrast, net outflows through stock exchanges remained broadly unchanged across both the years, reflecting sustained secondary market selling by FPIs (**Chart 6.3**).

iv. **Sector-wise FPI flows in Equity Segment:** FPI flows in the equity segment during 2025-26 exhibited significant variation in investment allocation patterns. Among the sectors, Capital Goods (₹25,923 crore),

Chart 6.2: Segment-wise Monthly Trends in Net Investment by FPIs (₹crore)



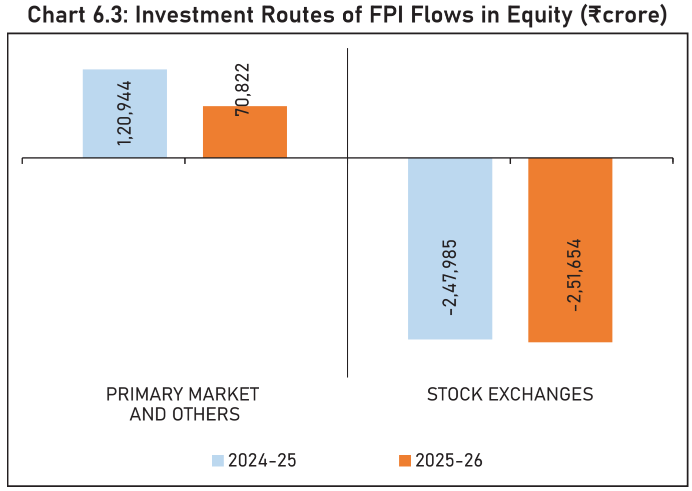
Source: NSDL

Table 6.1: Segment-wise Net Investment of FPIs (₹crore)

Segment		2024-25	2025-26
Equity		-1,27,041	-1,80,832
Debt	Debt-General Limit	55,734	12,429
	Debt-VRR	6,737	-2,071
	Debt-FAR	80,691	15,449
Hybrid		4,425	-371
Mutual fund	Equity	-667	2,750
	Debt	-124	-595
	Hybrid	-9	-56
	Solution Oriented	-	-3
	Other	271	603
AIF		-	5
Total		**20,018**	**-1,52,692**

Source: NSDL

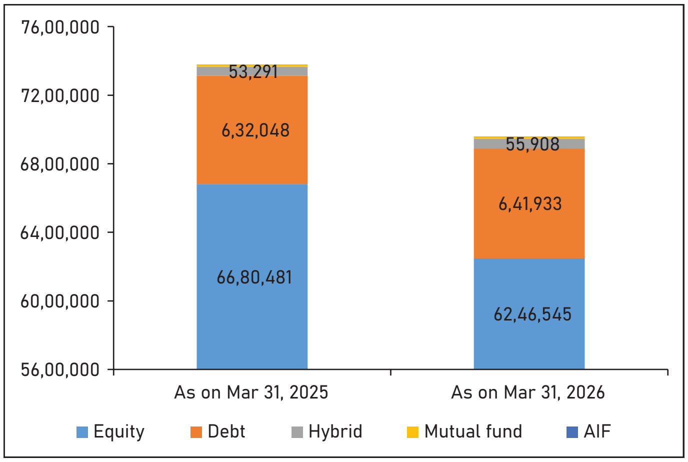
Chart 6.3: Investment Routes of FPI Flows in Equity (₹crore)



Note: Primary Market and Others data refer to purchase in primary market and instruments like preferential allotment, rights issue, bonus shares etc. Stock Exchanges data refers to purchase and sale (along with mutual fund units) in secondary market.
Source: NSDL

Telecom (₹24,746 crore), and Metals & Mining (₹20,305 crore) attracted substantial investments, indicating investor interest in infrastructure-linked and cyclical sectors. In contrast, IT recorded the highest net outflows (₹81,239 crore) owing to AI led disruption, followed by Financial Services (₹58,066 crore), FMCG (₹33,728 crore), and Healthcare (₹30,351 crore). This suggests sectoral rebalancing by FPIs amid evolving global growth expectations, valuation considerations, and changing risk sentiment (**Chart 6.4**).

Chart 6.5: Assets of FPIs in India



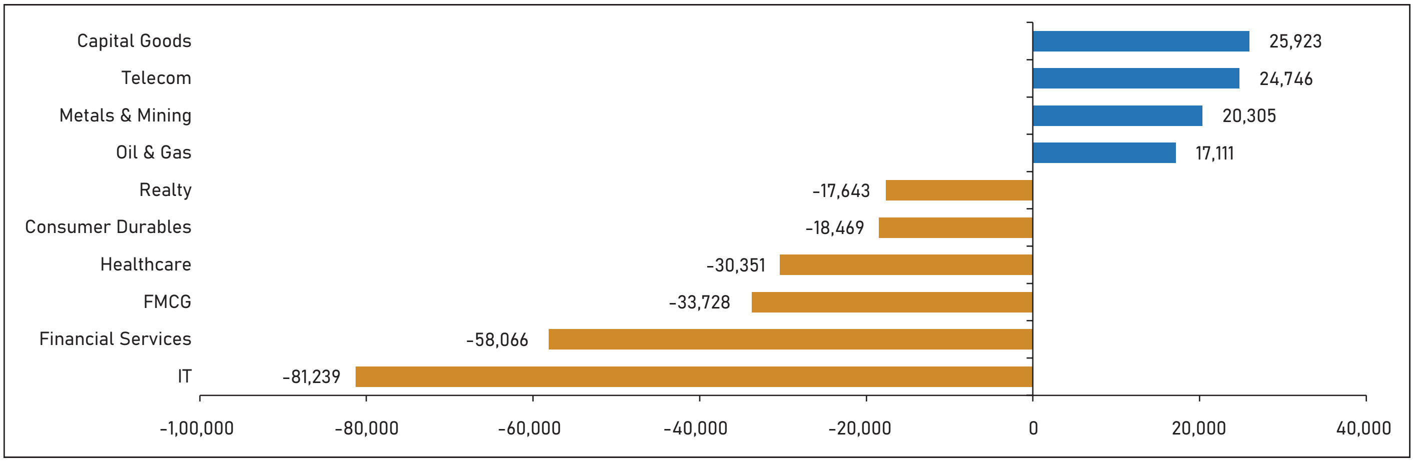
Note: The figures inside bars are in ₹crore.
Source: NSDL

B. Assets under custody of custodians

i. **Segment wise distribution:** FPI Assets Under Custody (AUC) in India declined to ₹69,57,108 crore as on March 31, 2026 (a fall of 5.7 per cent) from ₹73,76,495 crore at the end of March 31, 2025, reflecting the combined impact of net selling by FPIs, and mark-to-market valuation losses arising from broader market correction. The decline was primarily driven by equity assets, which fell from ₹66,80,481 crore to ₹62,46,545 crore. In contrast, debt AUC remained broadly stable and increased marginally from ₹6,32,048 crore to ₹6,41,933 crore consistent with the net inflows recorded in the segment. Equity assets constituted 89.8 per cent of total assets held by FPIs while debt constituted 9.2 per cent as on March 31, 2026 (**Chart 6.5**).

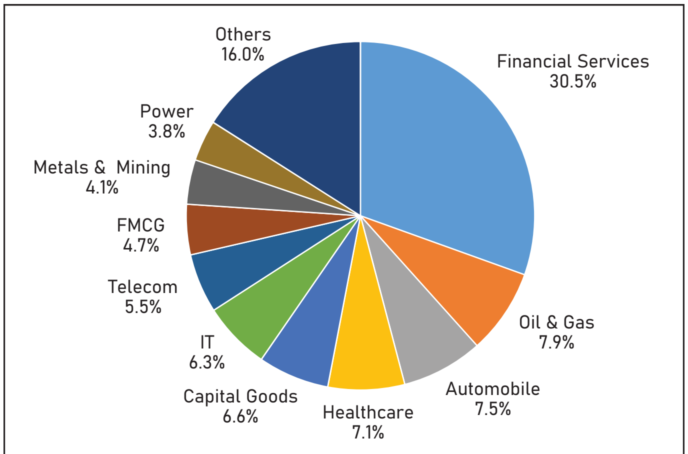
ii. **Sectoral distribution of FPI Assets:** Of the total equity AUC of ₹62.5 lakh crore as on March 31, 2026, the largest share remained with Financial Services (₹19.0 lakh crore; 30.5 per cent), followed by Oil & Gas (₹4.9 lakh crore; 7.9 per cent), Automobile (₹4.7 lakh crore; 7.5 per cent), and Healthcare (₹4.4 lakh crore; 7.1 per cent). The most notable shifts relative to March 2025 were the 2.7 percentage point decline in IT's share - from 9.0 per cent to 6.3 per cent, reflecting FPI selling in technology stocks

Chart 6.4: Major Sector-wise FPI Flows in Equity Segment during 2025-26 (₹crore)



Source: NSDL

Chart 6.6: Sector-wise Distribution of FPI Equity Assets (2025-26)



Source: NSDL

amid global AI-disruption concerns - and a 1.7 percentage point increase in Capital Goods (**Chart 6.6**).

Of the total debt AUC (comprising Debt-General Limit, Debt VRR and Debt FAR) of ₹6.4 lakh crore as on March 31, 2026, the largest share is of Sovereign Sector (53 per cent), followed by Financial Services (5 per cent).

iii. **Geographical distribution of FPI Assets:** As on March 31, 2026, a total of 12,199 FPIs were registered in India - an increase of 333 (2.8 per cent) from March 2025. The USA retained its dominant position, with 3,602 entities accounting for 40.7 per cent (₹28,35,005 crore) of total AUC. Ireland and France were the only top-10 jurisdictions to record AUC increases (+8.4 per cent and +8.1 per cent respectively) (**Table 6.2**). Norway, with only 24 registered FPIs, accounted for ₹2,48,525 crore in AUC, resulting in the highest AUC-per-FPI ratio (approximately ₹10,355 crore per entity) among top 10 jurisdictions.

C. **FPI Limits in corporate bonds and their utilisation :** In 2025-26, the overall upper limit for investment by FPIs in corporate bonds increased from ₹7,63,503 crore in 2024-25 to ₹8,80,835 crore. However, the overall debt utilisation as a percentage of total investment limits in the corporate bond category declined from 15.8 per cent as on March 31, 2025 to 15.0 per cent as on March 31, 2026 (**Table 6.3**).

Table 6.2: Geographical Distribution of Registered FPIs

Sr. No.	Country	No. of FPIs as on			AUC as on (₹crore)				
		March 31, 2025	March 31, 2026	Change %	March 31, 2025	March 31, 2026	Change %	Share (%) as on Mar 31, 2025	Share (%) as on Mar 31, 2026
1	USA	3,571	3,602	0.9	29,38,081	28,35,018	-3.5	39.8	40.7
2	Singapore	631	679	7.6	6,93,651	5,64,016	-18.7	9.4	8.1
3	Luxembourg	1,448	1,456	0.6	5,50,966	5,05,664	-8.2	7.5	7.3
4	Ireland	846	897	6.0	4,23,013	4,58,376	8.4	5.7	6.6
5	Mauritius	596	630	5.7	3,57,244	3,12,774	-12.4	4.8	4.5
6	United Kingdom	655	650	-0.8	3,42,027	2,94,635	-13.9	4.6	4.2
7	Norway	24	24	0.0	2,64,594	2,48,525	-6.1	3.6	3.6
8	Japan	480	476	-0.8	2,22,407	2,11,759	-4.8	3.0	3.0
9	Canada	825	830	0.6	2,00,465	1,92,262	-4.1	2.7	2.8
10	France	65	75	15.4	1,47,042	1,58,880	8.1	2.0	2.3
11	Others*	2,725	2,880	5.7	12,37,005	11,75,197	-5.0	16.8	16.9
Total		**11,866**	**12,199**	**2.8**	**73,76,495**	**69,57,108**	**-5.7**	**100**	**100**

Note: *AUC amounting to 16.9 per cent share as on March 31,2026 is collectively held by FPIs from 46 countries
Source: NSDL

Table 6.3: Foreign Investment Limits in Corporate Bonds (₹crore)

Year	Upper Limit (A)	Investment (B)	Unutilised Auctioned Limits available with FPIs (C)	Total Investment (D)=(B)+(C)	% of Limits Utilised (E)	Limit Available for Investment (F)
2024-25	7,63,503	1,20,559	-	1,20,559	15.8	6,42,944
2025-26	8,80,835	1,31,941	-	1,31,941	15.0	7,48,894

Source: NSDL

D. **Offshore derivatives instruments:** ODIs or participatory notes (PNs) are instruments issued by SEBI-registered FPIs to overseas investors seeking exposure to Indian securities and derivatives without directly registering as FPIs. The value of investments in ODIs on equity and debt (including derivatives) decreased by seven per cent from ₹1,35,764 crore as on March 31, 2025 to ₹1,25,939 crore as on March 31, 2026 (**Table 6.4**).

6.2 FOREIGN VENTURE CAPITAL INVESTORS

To augment the domestic pool of risk capital and facilitate cross-border investment into innovative enterprises, SEBI has put in place a regulatory framework for Foreign Venture Capital Investors (FVCIs). Registered FVCIs are permitted to invest directly in venture capital undertakings or route investments through domestic Venture Capital Funds (VCFs) registered as Category I Alternative Investment Funds, across instruments such as equity, equity-linked securities, and debt. The eligible investee universe encompasses knowledge-intensive and technology-driven sectors including biotechnology, information technology, nanotechnology, and infrastructure, among others. The framework offers select operational flexibilities - including exemption from pricing guidelines applicable to foreign portfolio investors - making it a preferred route for long-horizon, early-stage capital, and has contributed meaningfully to deepening India's venture capital ecosystem.

As on March 31, 2026, the number of registered FVCIs in India stood at 275. During 2025-26, 29 new FVCIs were registered, while an equal number of registrations were cancelled or surrendered, resulting in no net increase over the previous year. The sector-wise cumulative net investment by FVCIs is given in **Table 6.5.** The cumulative net investment of FVCIs increased by 36 per cent during 2025-26, as compared to 2024-25.

Table 6.5: Cumulative Net Investments by FVCIs (₹crore)

Sectors	2024-25	2025-26
Information Technology	1,023	3,045
Telecommunication	328	2,075
Pharmaceuticals	51	51
Biotechnology	0	78
Media/Entertainment	64	330
Services sector	254	97
Industrial products	0	103
Others	45,945	58,967
Total	**47,665**	**64,745**

Table 6.4: Value of ODIs/ PNs (₹crore)

As at the end of	Notional Value of ODIs	Notional Value of ODIs on Equity	Notional Value of ODIs on Debt	Notional Value of ODIs on Hybrid Securities	AUC of FPIS	Notional Value of ODIs as a % of AUC of FPIs
2024-25	1,35,764	98,669	36,597	498	73,76,495	1.8
2025-26	1,25,939	1,07,707	18,088	144	69,57,108	1.8

Source: NSDL

CHAPTER

7

CREDIT RATING AGENCIES

Credit rating agencies (CRAs) are critical intermediaries that bridge the information asymmetry between issuers and investors by simplifying complex credit profiles into standardized ratings. This ensures efficient capital allocation and accurate risk pricing across the credit spectrum. Given their systemic importance in shaping investment decisions, SEBI's policy initiatives during 2025-26 have focused on enhancing ease of doing business, refining rating methodologies and improving disclosure standards to foster greater transparency and standardization within the industry. This chapter outlines policy measures taken by SEBI to strengthen the credit rating ecosystem and market activity and trends observed in credit rating ecosystem during 2025-26.

7.1 POLICY DEVELOPMENTS

A. **Measures for Ease of Doing Business:** The regulatory framework for ESG Rating Providers (ERPs) is part of the SEBI (Credit Rating Agencies) Regulations, 1999. Accordingly, the following amendments were made to the SEBI (Credit Rating Agencies) Regulations, 1999 to facilitate the objective of ease of doing business for ERPs:

   i. ERPs operating on a subscriber-pays model were permitted to share rating reports with both the subscriber and the issuer simultaneously, rather than being required to share a draft in advance.

   ii. ERPs were permitted to rate products/issuers under the guidelines of other financial regulators, provided the governing authority is explicitly disclosed on their website and all specific laws are adhered to.

   iii. Subscriber-pays ERPs were permitted to withdraw ratings if there are no active subscribers (unless part of a package like Nifty 50), while Issuer-pays ERPs can withdraw after three years or upon reaching 50 per cent of the security's tenure with the consent of bondholders.

B. **Credit Rating under other Financial Sector Regulators:** CRAs were permitted to undertake the ratings of financial instruments under the purview of other financial sector regulators. However, CRAs were required to clearly ring-fence SEBI-regulated activities from non-SEBI regulated activities. The conditions for segregation of non-SEBI activities were as follows:

   i. Separate email IDs and website sections for grievances and disclosures related to non-SEBI regulated instruments.

   ii. All rating reports and marketing materials were required to explicitly state the applicable regulator and clarify that SEBI's investor protection framework does not apply to those specific instruments.

   iii. To ensure that minimum net worth requirements prescribed by SEBI were strictly maintained; any additional capital requirements from other regulators has to be met independently.

C. **Rating of Municipal Bonds:** To address the need for a more comprehensive assessment of municipal bonds issued for infrastructure development, SEBI determined that Expected Loss (EL) ratings could better reflect the recovery prospects of these project-based instruments when used alongside standard probability of default ratings. In view of the same, CRAs were permitted to extend the EL based rating scale to municipal bonds, in addition to the existing standardised rating scale.

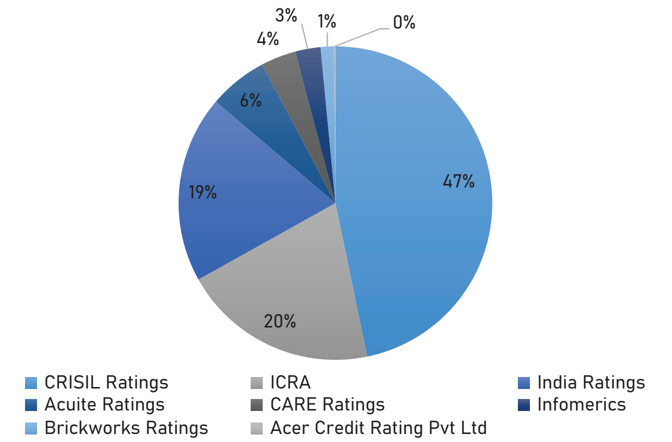
7.2 MARKET ACTIVITY AND TRENDS OBSERVED

As of March 31, 2026, eight CRAs were registered with SEBI, out of which, three (CARE Ratings Ltd., ICRA Ltd. and CRISIL Ratings Ltd.) are listed. During 2025-26, CRAs collectively assigned ratings to 725 new issuances, of which, CRISIL assigned 339 fresh ratings (46.8 per cent), followed by ICRA (20.1 per cent) and India Ratings (19.3 per cent) **(Chart 7.1)**.

As on March 31, 2026, the total number of outstanding ratings across all CRAs stood at 1,942. Of these, 88.4 per cent were rated above investment grade (BBB and above) – a marginal increase from 85.8 per cent as on March 31, 2025 **(Chart 7.2)**. The highest concentration of ratings was in the AA category.

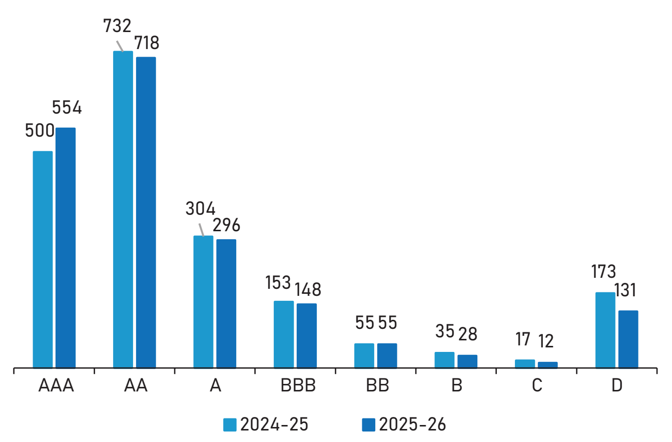
In terms of ratings transition, the total number of rating upgrades declined to 149 during 2025-26 as compared to 192 during 2024-25. This was primarily driven by a decline in upgrades within the investment/ non-investment grade, which dropped from 181 to 134 over the same period **(Chart 7.3)**. Some of the instances of rating transitions during 2025-26 - from investment to non-investment and

Chart 7.1: Proportion of Fresh Ratings



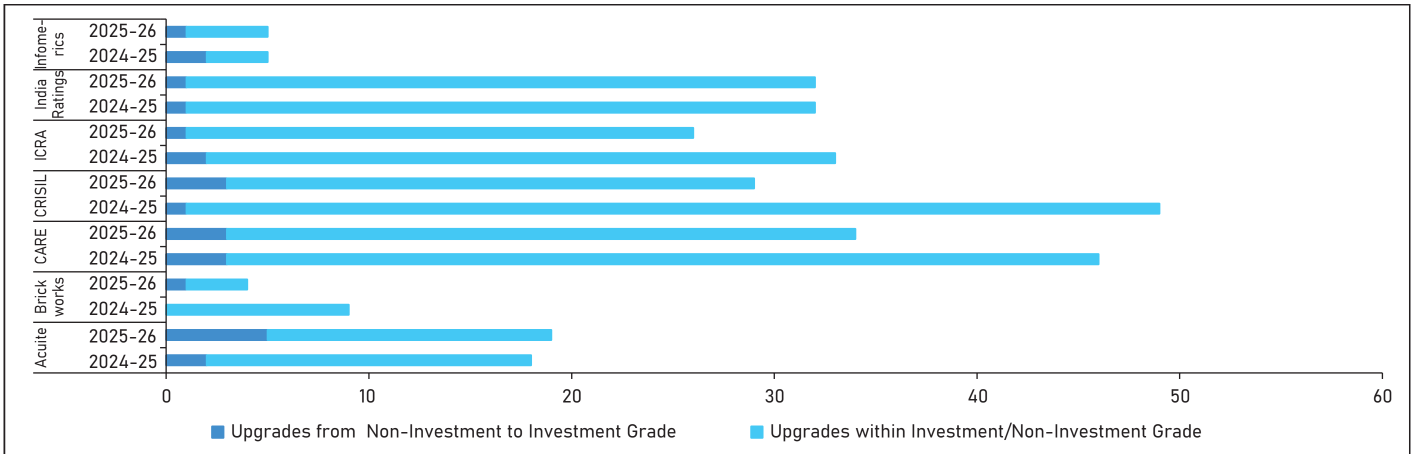
Note: The data on ratings is limited to listed securities or securities proposed to be listed.
Source: All CRAs

Chart 7.2: Outstanding Ratings Distribution



Note: Data revised for number of ratings for "B" for FY25
Source: All CRAs

Chart 7.3: Rating Upgrades

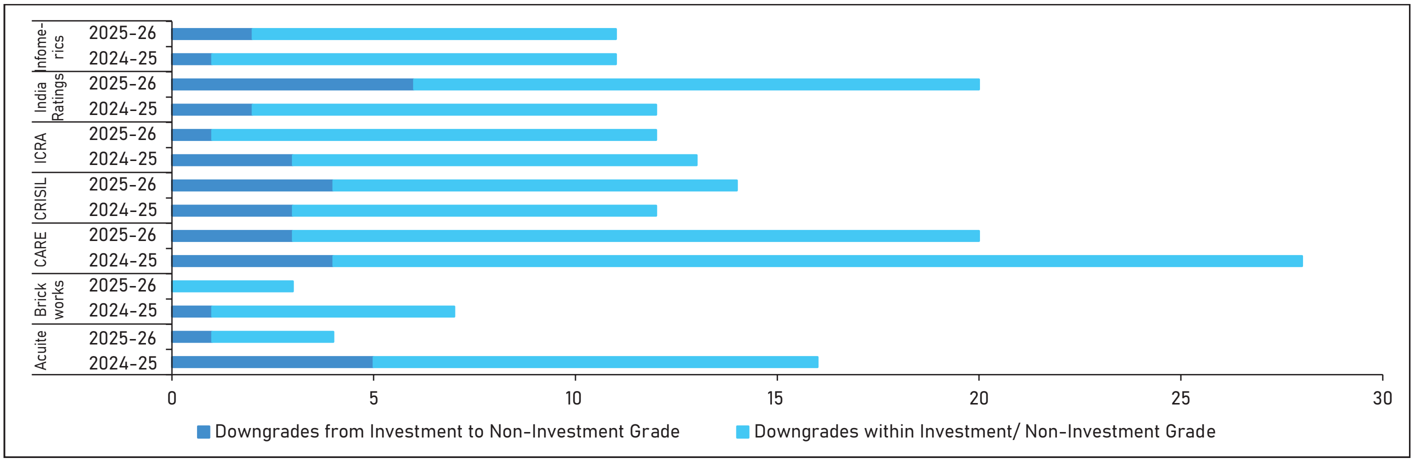


Source: All CRAs (excluding Acer Credit Rating Pvt Ltd as it got registered with SEBI on August 21, 2025).

back from non-investment to investment – happened on same day. These instances were not driven by credit deterioration, but by operational delays in transferring the required amount to escrow account on the due date as per the regulatory mandate.

During 2025-26, the total number of rating downgrades declined to 84 from 99 in the previous year **(Chart 7.4)**. Specifically, downgrades from investment to non-investment grade fell from 19 to 17 while downgrades within investment or non-investment categories declined from 80 to 67. Among the CRAs, CARE and India Ratings reported the highest number of downgrades (20), followed by CRISIL (14) and ICRA (12).

Chart 7.4: Rating Downgrades



Source: All CRAs (excluding Acer Credit Rating Pvt Ltd as it got registered with SEBI on August 21, 2025).

Table 7.1: Defaults Reported by CRAs

CRAs	Year	Total Defaults	Defaults from Non-investment Grade	Defaults from Investment Grade
Acuite	2024-25	5	2	3
	2025-26	-	-	-
Brickworks	2024-25	1	1	-
	2025-26	-	-	-
CARE	2024-25	4	2	2
	2025-26	3	3	-
CRISIL	2024-25	2	1	1
	2025-26	2	-	2
ICRA	2024-25	3	-	3
	2025-26	2	2	-
India Ratings	2024-25	3	1	2
	2025-26	2	1	1
Infomerics	2024-25	4	4	-
	2025-26	2	2	-
Total	**2024-25**	**22**	**11**	**11**
	2025-26	**11**	**8**	**3**

Source: All CRAs (excluding Acer Credit Rating Pvt Ltd as it got registered with SEBI on August 21, 2025).

CHAPTER
8

PROTECTION OF THE INVESTOR INTERESTS

The mandate of investor protection is outlined in the preamble of the SEBI Act, 1992. To achieve this, SEBI consistently emphasizes on several key areas, such as investor education, responsible investing, and informed decision-making. Through various initiatives, both SEBI and MIIs encourage investors to practice due diligence before investing and also remain vigilant against online investment scams through unsolicited advice and misleading messages on social media or messaging platforms. These collective efforts aim to empower investors with knowledge for informed financial decisions and ensure confident participation in the securities market. This chapter gives details on i) education and awareness initiatives for investor empowerment; ii) major investor-centric policy measures; and iii) measures adopted for the redressal of investor grievances.

8.1 INVESTOR EDUCATION AND AWARENESS

Based on the premise that "an educated investor is a protected investor," SEBI focuses on education and awareness among investors and the public about the basic concepts related to the securities market. These efforts cover a wide range of important topics, including:

- The variety of products and services available in the market;
- Investment best practices, including do's and don'ts;
- Investor rights, obligations, and available grievance redressal mechanisms;
- Strategies for protection against online investment fraud.

By fostering informed and responsible participation, these initiatives aim to reduce the chances of investors being misled by fraudulent promises or unsolicited advice.

8.1.1 Investor education and awareness programmes

SEBI, in co-ordination with MIIs conducts investor education and awareness programs across the country. Additionally, AMFI along with AMCs organizes awareness programmes specifically related to mutual fund investments. These programs are free of cost for participants and are conducted in various regional languages, in addition to Hindi and English. Following are some of the major programs conducted during 2025-26:

A. **SMARTs programmes:** Under Securities Market Trainers (SMARTs) program, the trainers are empanelled as SMARTS, subject to fulfilling the required eligibility criteria. As on March 31, 2026, SEBI has empanelled a total of 822 SMARTs (comprising of 725 individuals and 97 organisations) spread across 245 districts nationwide. During 2025-26, 105 new SMARTs (95 individuals and 10 organizations) were empanelled, while 19 (14 individuals and 5 organisations) were de-empanelled.

   The SMARTs programmes for investors and general public are organized by MIIs under SEBI's overall supervision, with expenses funded from their respective investor protection or service funds. In 2025-26, a total of 42,743 SMARTs programmes were conducted, covering 774 districts across all 36 states and UTs.

B. **Regional Investor Seminars for Awareness:** Regional Investor Seminars for Awareness (RISAs) are jointly conducted across cities and towns by MIIs and SEBI to disseminate information on the securities market. These seminars provide comprehensive understanding of basic investment concepts, recent regulatory and market developments, grievance redressal mechanisms and essential investment guidelines (do's and don'ts). A key feature of these seminars is a collaborative approach to cyber security education, which involves inviting cyber police officials to conduct sessions on cyber-crimes and preventive measures. RISAs function as vital interactive platforms, facilitating direct engagement between general public and SEBI/ MII officials. During 2025-26, 1,802 RISA programmes were conducted, covering 526 districts across 35 states and UTs.

C. **Mega Regional Investor Seminar for Awareness (Mega RISA):** The 'Mega RISA' initiative was launched in 2024-25 as a full-day investor awareness program conducted under the aegis of SEBI, MIIs and AMFI. Designed to engage a larger audience, these programs cover critical topics such as financial planning, investment, fraud prevention, etc. In 2025-26, the Mega RISAs were held at Agra, Chhatrapati Sambhaji Nagar, Chandigarh, Varanasi, Vishakhapatnam, Dehradun, Jamshedpur, Rajkot and Jaipur. The events received an overwhelming response from both existing investors and potential investors from these Tier-II and Tier-III cities.

D. **Programmes by AMFI and AMCs:** AMFI and AMCs also play an important role in investor awareness in the mutual fund sector. During 2025-26, AMFI and AMCs conducted 18,342 programmes across 573 districts in 35 states/ UTs.

E. **Programmes by investor associations:** SEBI recognises Investor Associations (IAs) for their role in investor education and grievance redressal. As of March 31, 2026, there were 24 SEBI-recognised IAs. These IAs conduct workshops predominantly in Tier-II and Tier-III cities, covering essential subjects such as the fundamentals of securities markets, investment precautions and mechanisms for grievance resolution. During 2025-26, IAs conducted 122 programmes covering 56 districts across 13 states/UTs.

F. **Visit to SEBI/visit by SEBI:** The 'Visit to SEBI' initiative facilitates learning about securities market for students from educational and professional institutions. Additionally, SEBI officials conduct awareness programs by visiting institutions on-site. SEBI also conducts sessions on awareness tailored for officials of various government departments/ bodies. In 2025-26, 167 such programmes were conducted. These reached approximately 7,568 participants across 16 districts in 10 states/ UTs. Since 2010, a total of 4,376 programmes covering approximately 1.97 lakh participants were organised.

G. **Interactive programs on DD channels:** To leverage the broad reach of television, SEBI collaborated with Doordarshan to conduct interactive programs aimed at investor awareness in regional languages. In these programs, SEBI senior officials who are well-versed with the regional language, interact with existing investors and prospective investors. During 2025-26, SEBI participated in 13 such programs in Marathi.

H. **National Financial Literacy Quiz (NFLQ) 2025:** SEBI, in co-ordination with NISM conducted NFLQ 2025 for undergraduate and postgraduate (UG/PG) college students. The quiz was available at https://nflq.nism.ac.in/ without any participation fee. Around 2,50,000 students attempted the online quiz. After first online round, regional rounds were held at Kolkata, Bengaluru, Gurugram, Indore and Ahmedabad during June to September 2025 while the grand finale was held at NISM campus during November 08-09, 2025, where national winners were announced.

I. In total, 63,176 investor awareness programmes were conducted across 36 states/UTs during 2025-26. The detailed breakdown is provided in **(Table 8.1)**.

8.1.2 Training programs

A. **Training of SMARTs:** Eligible applicants for SMARTs undergo training before empanelment. During 2025-26, SEBI, in co-ordination with NISM, provided training to 85 individuals and 14 organisations. Training on commodity derivatives was also provided to 30 empanelled SMARTs in co-ordination with NISM.

8.1.3 Digital channels for investors

Complementing the physical programs conducted nationwide, SEBI also utilizes following digital platforms to significantly expand its investor education and awareness initiatives.

A. **SEBI investor website:** SEBI maintains a dedicated website, https://investor.sebi.gov.in. The website has comprehensive education and awareness content, such as workbooks for NISM certification examinations, financial education booklet in multiple Indian languages, 24 financial calculators, spot a scam tool, chatbot, etc. All the contents of the website is available free of cost. The website also features a link to 'SEBI Check' tool. SEBI Check helps investors to independently verify and confirm the authenticity of the bank account details, UPI IDs, QR codes of SEBI registered intermediaries.

Additionally, the website also features schedules of various investor and financial education programs, list of web links for authorized mobile applications of registered trading members as sourced from stock exchanges. A section on video based learning is a vast repository of curated videos on investor awareness and education created by the MIIs, AMFI, National Centre for Financial Education (NCFE) and neutral educational sources on different aspects of securities market. The videos uploaded on the website have been translated into multiple vernacular languages and some are also available in sign language to cater to the audience with special needs.

During 2025-26, the SEBI investor website recorded 85,53,120 total visitors, reflecting a nearly three-fold increase over the previous year's total of 21,50,076. The number of average monthly visitors reached to 7,12,760.

B. **Saa₹thi Mobile App:** To expand the reach of SEBI's investor education and awareness initiatives, the Saa₹thi mobile app, an educational app for investors is available on both iOS & android platforms. Like the investor website, the Saa₹thi Mobile app also features 'SEBI Check' tool, financial calculators, modules on introduction to securities market, mutual funds, ETFs, buying and selling shares on stock exchanges, investor grievances redressal mechanism, and the ODR platform. Further, the app features a range of videos designed to assist investors in their personal finance planning, increase awareness and invest in securities market. The number of downloads reached to 7.2 lakh at the end of 2025-26 as compared to 5.7 lakh till last year.

Table No. 8.1: State-wise Details of Investor Awareness Programs

Sr. No.	State/UT	SMARTs		RISA		AMFI and AMCs		Investor Associations		Visit to SEBI/ Visit by SEBI		Total	
		No. of Pro-grams	No. of Partici-pants	No. of Pro-grams	No. of Partici-pants	No. of Pro-grams	No. of Partici-pants	No. of Pro-grams	No. of Partici-pants	No. of Pro-grams	No. of Partici-pants	No. of Pro-grams	No. of Partici-pants
1	Maharashtra	7,048	3,86,409	211	15,286	3,574	2,69,857	34	2,163	42	1,459	10,909	6,75,174
2	Gujarat	2,502	1,29,230	132	10,001	3,866	4,31,900	26	2,409	10	499	6,536	5,74,039
3	Uttar Pradesh	5,944	2,79,224	199	21,270	1,791	1,14,672	-	-	-	-	7,934	4,15,166
4	Karnataka	2,630	1,42,609	89	7,904	1,068	77,131	-	-	-	-	3,787	2,27,644
5	Rajasthan	2,671	1,36,677	98	8,253	891	64,232	-	-	1	50	3,661	2,09,212
6	West Bengal	1,673	80,006	107	9,286	1,211	1,11,227	30	2,065	9	1,265	3,030	2,03,849
7	Tamil Nadu	2,406	1,31,341	100	9,322	785	57,853	6	548	33	1,315	3,330	2,00,379
8	Madhya Pradesh	2,068	1,02,222	76	6,194	535	41,177	2	121	-	-	2,681	1,49,714
9	Bihar	2,064	1,01,276	97	7,207	445	32,689	-	-	-	-	2,606	1,41,172
10	Delhi	1,019	48,969	74	5,293	440	55,159	5	208	66	2,520	1,604	1,12,149
11	Odisha	1,373	70,294	64	4,871	355	23,880	6	471	1	50	1,799	99,566
12	Haryana	1,301	63,592	48	3,669	447	27,367	-	-	-	-	1,796	94,628
13	Andhra Pradesh	1,268	69,297	53	4,629	282	17,792	-	-	-	-	1,603	91,718
14	Telangana	1,042	62,306	67	7,171	264	20,543	-	-	-	-	1,373	90,020
15	Kerala	1,184	62,135	51	3,368	334	18,804	-	-	-	-	1,569	84,307
16	Jharkhand	962	48,168	46	4,363	355	29,148	2	127	-	-	1,365	81,806
17	Punjab	987	48,912	39	3,428	468	26,609	2	213	-	-	1,496	79,162
18	Chhattisgarh	946	48,615	24	1,786	180	14,474	-	-	-	-	1,150	64,875
19	Assam	780	42,251	38	2,546	136	8,529	2	150	1	40	957	53,516
20	Uttarakhand	506	24,944	33	4,014	210	13,311	-	-	-	-	749	42,269
21	Himachal Pradesh	429	23,478	29	2,101	204	8,683	-	-	-	-	662	34,262
22	Jammu and Kashmir	595	26,475	22	1,574	95	5,099	-	-	-	-	712	33,148
23	Goa	286	13,596	9	512	157	10,942	-	-	1	50	453	25,100
24	Chandigarh	86	4,251	15	1,532	108	8,911	1	110	-	-	210	14,804
25	Meghalaya	115	5,917	9	611	24	3,250	-	-	-	-	148	9,778
26	Nagaland	111	5,849	7	457	16	1,699	-	-	-	-	134	8,005
27	Tripura	110	5,698	15	1,452	10	796	-	-	-	-	135	7,946
28	Mizoram	121	6,199	6	320	2	292	4	398	-	-	133	7,209
29	Puducherry	75	4,287	7	814	15	1,106	-	-	-	-	97	6,207
30	Manipur	94	4,511	-	-	4	1,200	-	-	-	-	98	5,711
31	Arunachal Pradesh	83	4,033	13	1,137	4	265	-	-	-	-	100	5,435
32	Sikkim	85	4,402	8	696	5	200	2	117	-	-	100	5,415
33	Ladakh	20	1,074	6	3,481	8	664	-	-	-	-	34	5,219
34	Dadra and Nagar Haveli and Daman and Diu	56	2,796	6	418	24	913	-	-	-	-	86	4,127
35	Andaman and Nicobar Islands	33	1,590	2	95	8	236	-	-	3	320	46	2,241
36	Lakshadweep	2	88	2	86	-	-	-	-	-	-	4	174
37	PAN INDIA*	68	3,963	-	-	21	20,610	-	-	-	-	89	24,573
	Total	**42,743**	**21,96,684**	**1,802**	**1,55,147**	**18,342**	**15,21,220**	**122**	**9,100**	**167**	**7,568**	**63,176**	**38,89,719**

* Includes those programs open to all the participants, and not specific to any State/UT.

C. **SEBI Investor Awareness Test:** To enhance awareness on securities markets among investing public, SEBI in collaboration with NISM, introduced the online "SEBI Investor Awareness Test'. Currently, the test is available in English, Hindi, Marathi and Bengali. Anyone can register and can appear for this test, available online at https://sice.nism.ac.in/. Suitable study resources for the test are also available on SEBI investor website free of cost. During 2025-26, the initiative recorded individual enrolments of nearly 2.29 lakh and participation of 1.61 lakh for the test.

8.1.4 New initiatives for investor awareness and education

A. **Collaboration with Ministry of Panchayati Raj:** SEBI, in collaboration with the Ministry of Panchayati Raj has launched a nationwide training initiative for block level/ panchayat representatives. The initiative inter-alia aims to promote financial literacy and investor education at grassroots level by empowering representatives with requisite knowledge to educate rural communities. Its objective is to strengthen gram panchayats as centres of financial literacy and investor protection by creating a sustainable and scalable Train-the-Trainer model. Under this model, block-level / gram panchayat representatives are trained as Resource Persons, who can educate and explain to their communities about basic concepts of personal finance, regulated financial products, awareness about securities market, and the prevention from ponzi schemes and cyber frauds.

Under this initiative, over 550 trainers have been trained through 5 pilot training programs in the states of Maharashtra, Chhattisgarh, Tripura, Uttarakhand, and Gujarat.

B. **Launch of AI-driven Calling Campaign:** SEBI conducted a multilingual, AI-enabled public outreach initiative to enhance investor awareness regarding the 'SEBI Check' tool and validated UPI handles. This initiative has been undertaken on pilot basis in collaboration with Sarvam, a generative AI company that develops AI models for Indian languages. Under this initiative, a sample set of individual investors received informational calls regarding the SEBI Check Tool, validated UPI handles, and related FAQs. Such awareness calls originated only from the SEBI-authorised number 1600-313-384. The campaign was conducted in eight languages, namely English, Hindi, Gujarati, Marathi, Tamil, Telugu, Kannada, and Bengali. In less than one week, the campaign reached approximately 3.6 lakh investors and generated nearly 4 lakh minutes of engagement.

C. **SEBI Arth Yatra Contest 2025:** SEBI, in collaboration with NISM conducted a nationwide creative expression contest during August - October 2025. The objective of this contest was to spread investor awareness through creative participation. The contest invited submission in 13 Indian languages across three core themes: "Invest responsibly, prosper wisely", "Investor-friendly initiatives to empower investors" and "Bust the scam". Participants were allowed to submit their creative expressions in two categories – short video/reel and static post, leveraging social media platforms like X, Instagram and YouTube. Popularised jointly by SEBI, MIIs and AMFI, the contest received over 1000 submissions from 27 states and UTs in 10 languages. The initiative concluded with an award ceremony at NISM Patalganga on November 09, 2025, where winners were honoured with cash prizes and mementos.

D. **Niveshak Shivir**: SEBI along with the Investor Education and Protection Fund Authority

(IEPFA) - Ministry of Corporate Affairs has launched "Niveshak Shivir" initiative to create awareness regarding unclaimed shares and dividends of the investors with the listed companies. The objective is to assist shareholders for reclaiming unpaid dividends and shares and thereby, reduce the volume of unclaimed investor assets. This is achieved through - Assistance in claim filing (Form IEPF-5), dematerialisation support and KYC and nomination updates. In this endeavour, dedicated seva kendras are also made functional across six states. In 2025-26, six Niveshak Shivirs have been successfully organised in the cities of Pune, Hyderabad, Amritsar, Jaipur, Bengaluru, Bhubaneswar.

E. **Dharohar at Western Regional Office:** SEBI Western Regional Office has established an in-house museum dedicated to chronicling the historical evolution, landmark milestones, and regulatory journey of the SEBI. As part of visits to SEBI, the visiting students are given a tour of "*Dharohar*" at WRO, wherein they are provided information on the evolution of market, information about the commodity derivatives, old physical share certificates, etc. while giving an overview of the developmental work done by SEBI over the years.

F. **Investor Service Camp:** SEBI-WRO in Ahmedabad hosted a pilot investor service camp on October 8, 2025, at its office premises as part of World Investor Week. The camp was organized in collaboration MIIs and RTAs, namely, KFin Technologies Ltd., MUFG Intime India Pvt. Ltd., Bigshare Services Pvt. Ltd. and CAMS. The purpose of this under one roof camp was to provide end-to-end and on the spot assistance to investors for their needs. Based on the feedback of investors, similar camps were also organized in Indore and Rajkot.

8.1.5 Joint programmes with stock exchanges and depositories

By collaborating with different stakeholders, SEBI is leveraging a collective effort to strengthen its investor education and outreach initiatives.

A. **Digital Strategy for Investor Education and Awareness:** As part of the digital strategy, MIIs and AMFI harnessed multimedia content to broaden their reach across social and traditional media. To maximize impact, they developed a wide array of engaging content, including videos, shorts, reels, infographics, quizzes, crosswords, and newsletters. This diverse range of material was deployed across major social media handles (YouTube, Meta, X, and LinkedIn), as well as traditional media like TV, print and radio. Furthermore, WhatsApp was utilized as a key tool for the direct circulation of awareness messages. During 2025-26, the dissemination efforts of all MIIs across various social media platforms witnessed a substantial surge in reach and engagement.

B. **Media Campaign**

i. **SEBI vs SCAM campaign:** To strengthen investor protection and actively combat financial fraud and scams, SEBI undertook the 'SEBI vs SCAM' campaign, which was executed in collaboration with AMFI and MIIs. The campaign aimed to educate investors about prevalent fraudulent schemes, and also highlighted illicit "dabba" and "opinion" trading. Key areas of focus for the campaign included raising awareness of red flags, verification protocols, utilizing the SEBI Check tool, following good digital practices, dealing exclusively with registered intermediaries and using trusted redressal mechanisms. Executed in more than 15 languages, the campaign achieved approximately 61.2 crore impressions, 5.7

crore engagements, 20 crore video views, 7 crore print readership, etc. **(Box 8.1)**

ii. **SEBI Check campaign:** As a follow-up campaign to the SEBI vs SCAM campaign, SEBI Check campaign was also rolled out in December 2025. Through a collaborative effort by SEBI, MIIs and AMFI, the campaign aimed to develop a culture of "Verify Before You Pay" among Indian retail investors. The campaign focused on transitioning investors from passive awareness to active verification using two primary digital safeguards – SEBI Check and Validated UPI handle. It aimed to make investors aware about the "digital shield" against impersonation fraud and empower investors to distinguish between legitimate regulated entities and fraudulent entities by verifying their payment details while making payments. Centering on the action-oriented tagline "Payment Tab Karo, Jab SEBI Check Karo", the campaign was branded under the unified #SEBICheck identity across social, digital, and traditional media platforms.

The campaign for promoting the SEBI Check tool was successfully run on business and regional TV channels radio channels and published in the national and regional newspapers. It was also disseminated through social media channels of SEBI (X platform - @SEBI_India and handles of MIIs and AMFI). Leveraging the power of digital media was also explored through

Box 8.1: Media campaign: SEBI vs SCAM

To inform investors against the various types of frauds, from fraudulent schemes and misleading financial advice, SEBI launched an awareness campaign, popularly known as SEBI vs SCAM. The campaign strategically leverages social media platforms like YouTube, Instagram, Facebook, X and WhatsApp to share impactful educational content.

SEBI, in collaboration with MIIs and AMFI, has developed creative multi-media content such as videos, podcasts, and infographics to highlight various scams and their modus operandi. Innovative outreach efforts included an Augmented Reality Filter Game on Instagram for avoiding a scam, the multilingual "Slam the Scam" rap song, and an "Audio Stories" series, targeting the younger audience. Additionally, several notable educational videos were released on social media cautioning against unregistered investment advisors, fake trading app scams, phishing links, FPI scams, pump and dump schemes, finfluencers and deepfake scams, etc. Other important themes include risks of taking loans for trading, dangers of courses promising guaranteed returns, and distinguishing genuine investment advice from fraud. The overarching message was to encourage investors to be cautious and research thoroughly before acting on any investment tips.

The campaign witnessed the launch of theme based campaigns leveraging on popularity of Bollywood, popular folk tales like Digital villains of India, Akbar-Birbal tales, Scams vs ladders etc., collaborations like "NSE Ki Paathshaala" on Kaun Banega Crorepati, "Slam the Scams" rap video, digital collaboration with digital creators like Anand Bazar Social for Bangla speaking audience, WeAreYuvaa for Gen-Z/Youth and Banda Rupaya for Marathi speaking audience etc.

Engaging formats such as memes, gamified quizzes, vox pops, and short awareness challenges further enhanced public participation. Culturally inspired initiatives like "Nine Money Mantras" during Navratri and "Financial Lessons with Squid Game" blended entertainment with education. Games like Scams and Ladders were designed and published in the newspapers to help investor identify the scams.

digital content partnerships with the news channels, influencer marketing for meme amplification, out of the home advertising including branding on auto rickshaws, metro stations, bus stands etc. The campaign achieved around 31 crore impressions, 42 lakh engagement, 9 crore video views, 6 crore print readership, etc.

C. **State project initiative:** Similar to the past year, SEBI, in collaboration with the MIIs and AMFI continued its initiative to educate and upskill young individuals aged 18 to 30 years across 15 states. This initiative provides necessary knowledge and skills to navigate the complex world of finance and develop understanding about securities market. Participants undergo self-paced learning, attend investor awareness programs and prepare for NISM certification exams, which help candidates for careers in securities market and also enhance their employability.

8.1.6 Other investor awareness initiatives

A. Celebration of global and national events

i. **World Investor Week 2025:** SEBI was the national coordinator of 9th edition of World Investor Week (WIW) 2025, an initiative of International Organization of Securities Commission (IOSCO), which was celebrated from October 06 - 12, 2025 in India. The key theme of WIW 2025 was "Fraud and Scam Prevention". The sub-theme was 'Basics of Investing and the key message was: 'A smart investor relies on verified sources while investing and ignores unsolicited offers on social media.' SEBI in co-ordination with other participating stakeholders carried out several nationwide activities/ events/ programs through physical and digital media in multiple languages.

The WIW-2025 witnessed several unique launches, such as a standup comedy show 'Nivesh Ka Hasyamanch', cycle rallies, financial literacy canvas painting competition, Slam the Scam themed Rangoli, Bharat Nivesh Run, a financial learning game, release of a novel "The Final Quest for an invaluable treasure" etc. With joint efforts of MIIs, mutual funds, AMFI, NISM and other organizations associated with securities markets, over 4,500 webinars and investor awareness programs were organised with the reach of approximately 4.53 lakh people, while the number of viewers reached out through TV shows, interviews and radio programs were around 36.9 crore.

B. Participation in book fairs and trade fairs

i. **India International Trade Fair 2025:** SEBI in collaboration with MIIs, NISM, AMFI and RTAs, organised the "Bharat Ka Share Bazaar" Pavilion at the India International Trade Fair 2025 during November 14-27, 2025. Apart from distinguished leaders, senior officials of Government, Delhi Police, armed forces and various institutions, the pavilion was visited by more than one lakh attendees The visitors appreciated pavilion's technology-driven initiatives for investor awareness, including mixed reality ads, scambush game, wheel of financial freedom, online quizzes, and lucky draw-based awareness messaging.

ii. **Participation in Conferences/Fairs**

a. With the objective to contribute towards investor education and awareness, SEBI along with MIIs participated in the 28th Edition of CII – Chandigarh Fair 2025 organised by CII during October 9-13, 2025. The theme of the pavilion was "*Viksit Bharat ka Aadhar, Bharat Ka Share Bazar*". The pavilion witnessed more than 50,000 visitors.

b. SEBI along with MIIs and AMFI, actively participated in the Vibrant Gujarat Regional Conferences event at Mehsana (October 9-13, 2025) and Rajkot (January 11-15, 2025). Both events underscored SEBI's strategic goal of engaging with the public beyond major cities. Large number of small business owners, who were eager to explore ways to expand their enterprises, benefitted from the engagement with SEBI officials and MIIs representatives at these conferences. A variety of live events and interactive activities such as puppet shows, quizzes and educational sessions were conducted to convey awareness messages in an impactful manner including in regional language.

c. Advantage Vidarbha – 2026, was held from February 06-08, 2026, in which SEBI, along with MIIs and AMFI participated to promote investor awareness and education. SEBI stall at this event witnessed footfall of over 60,000 visitors. SEBI also led two sessions on the side-lines of the event i.e. "Opportunities and Risks for Investors in the Securities Market" which was open for all and "Fund Raising in Securities Markets Through SME IPO" along with BSE and NSE, which was available only for business leaders by invitation.

d. A stall for investor awareness was put up during Samvad 2026, where more than 1500 visitors participated.

e. A stall of SEBI at Global Fintech Festival 2025 showcased tech-driven investor awareness initiatives such as Saa₹thi Mobile app and SEBI investor website, Artha Yatra, SEBI Investor Awareness Test, Dharohar, SEBI Check and Valid UPI, MITRA, CeFCoM and so on.

f. The International Kolkata Book Fair was one of the major event held during January 22- February 03, 2026. witnessing footfall of over 1,25,000 visitors at the pavilion with the theme SEBI vs SCAM. This theme was expressed through Gombhira art and dance form of Bengal.

g. SEBI also participated at Odisha State Book Festival 2025 at Bhubaneswar, Assam Book Fair 2025-26 at Guwahati and Silchar in Assam, Swadeshi Mela 2025 at Jamshedpur in Jharkhand, Hornbill Festival 2025 at Kohima in Nagaland, Cherry-Blossom Festival at Shillong in Meghalaya, Agartala Book Fair 2026 at Agartala in Tripura, 16 District Book Fairs across several districts in West Bengal, Kolkata Marathon (Tata Steel Kolkata 25K) in December 2025, Indian National Exhibition 2025-26 in Kolkata and the Bihar Diwas celebrations 2026 at Patna in Bihar.

C. **Specialized awareness programmes:** During 2025-26, SEBI conducted specialized financial awareness programs. These include:

i. "Heroes in Uniform" for the Police, (UP, Haryana, New Delhi, Gurgaon, Amritsar etc.) and for Army at Leh, Ladakh

ii. Programmes for law enforcement agencies in order to sensitize them of SEBI, its regulatory functions and inter-agency coordination for investigation and enforcement. These programs were conducted for CBI, FIU, SFIO, NCRB, etc.

iii. Programmes for senior civil servants such as IFS and IRS

iv. Programmes for officials of CISF posted across various locations such as Mumbai, Pune, Nagpur, Goa etc.

v. Programmes for senior officials of armed forces and para military

vi. Program for staff working at Mantralaya, Mumbai.

D. Co-ordination with international and domestic organizations

a) SEBI remains actively engaged in policy initiatives and conferences organized by international bodies like IOSCO, OECD-INFE etc. This includes active participation in the IOSCO Committee 8 on retail investors. SEBI also provides inputs to reports of the Committee and OECD-INFE, with a focus on promoting investor education and preventing investment frauds.

b) SEBI also participates in various investor-centric measures taken by organizations, such as NCFE. According to NCFE, 11,496 financial education programs were conducted during 2025-26.

8.2 INVESTOR-CENTRIC POLICY MEASURES

The objective of investor protection is intrinsic to most of the policy measures taken up by SEBI, which are detailed in the respective Chapters. A few key investor centric policy measures adopted during 2025-26 include:

i. To safeguard investors from cyber frauds, a new sub-system of UPI -"Validated UPI handles" have been enabled for securities market. w.e.f. October 01, 2025. The 'Valid UPI Handles' and the 'SEBI Check' utility has created a secure digital pathway for investors, ensuring that payments go only to registered intermediaries.

ii. Digitisation of onboarding and the establishment of a unified authenticated KYC framework in securities market through KYC Registration Agencies have reduced duplication and made access more seamless. All digital platforms of regulated entities mandated to be compliant with the provisions of the RPwD Act, 2016 and corresponding rules.

iii. In order to facilitate ease of investing and to secure the rights of investors in the securities which were purchased by them, a special window has been opened for re-lodgement of transfer requests of physical shares for a period of one year from February 4, 2026.

iv. To enhance investor trust and distinguish regulated content from that of unregistered persons, SEBI has mandated that all regulated entities and their agents must prominently disclose their registered name and SEBI registration number on social media platforms. In collaboration with Google, SEBI has taken an initiative to implement "Verified" badge on Google Play, for all stock trading apps in India that are offered by entities registered with SEBI. (**Box 8.2**)

Box 8.2: Investor Pehle Pechaan Kare, Fir Nivesh Kare - Verified Label for Stock Trading Apps

The Problem: Rise of fake trading apps

In recent times, retail investors have increasingly been targeted by scammers using spoof or fraudulent trading applications. These illicit platforms are meticulously designed to mimic the platforms of well-known, SEBI-registered brokers. Investors often download these fake applications, believing that their transactions are being executed within the regulated securities market. In reality, the funds are stolen by scammers, while the investments displayed within such applications are entirely fabricated.

The Solution: SEBI's partnership with Google

To combat this, SEBI has collaborated with Google to introduce a first-of-its-kind "Verified" Label on the Google Play Store. Now, any stock trading app that belongs to a genuine, SEBI-registered broker will display a "Verified" badge. This simple visual tool allows investors to confirm at a glance that they are downloading a legitimate app from a regulated entity. While this has started with stock brokers, the idea is to expand this verification to other apps, such as those for mutual funds and investment advisers, in the future.

The "CVV" Safety Checklist

To ensure safety in the digital investment ecosystem, the investors are encouraged to follow the "CVV" protocol prior to initiating any financial transfer. SEBI 'CVV' is defined as under:

C – Check: Use the SEBI Check feature in the Saa₹thi app to confirm the legitimacy of the recipient bank account.

V – Validate: Ensure the authenticity of UPI ID through the SEBI Check tool from Saa₹thi app

V – Verify: Always look for the "Verified" label on the google play store before downloading and using any stock trading application.

The Goal: Identify Before Investing

This unique initiative is a major step towards making the digital space safer. By prioritising the verification of app's identity, investors can proactively safeguard their capital against fraudulent activities.

Notification of SEBI as an Authorised Agency

MoF, vide gazette notification dated December 8, 2025, has notified SEBI as an authorised agency under section 79(3)(b) of the Information Technology Act, 2000 read with rule 3(1)(d) of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

v. In order to provide investors with independent verification of the risk and return metrics claims of IAs, RAs and algorithmic trading providers, PaRRVA for risk-return performance verification was introduced.

vi. In an effort to enhance investor protection and curb financial fraud, SEBI has advised its regulated/ registered entities to only use the '1600' phone number series exclusively for service and transactional voice calls to their existing customers. This will enhance investor security and minimise the risk of fraud by unscrupulous entities using regular 10 digit numbers.

vii. To enhance digital security for mutual fund holdings, SEBI introduced a voluntary debit freeze facility for both demat and non-demat folios, allowing investors to prevent unauthorized debits through a secure locking and unlocking mechanism managed via the MF Central platform.

viii. To enhance investor convenience and reduce operational risks, SEBI dispensed with the issuance of the Letter of Confirmation, enabling the direct credit of securities into demat accounts and reducing the service timeline from approximately 150 days to 30 days.

8.3 REDRESSAL OF INVESTORS' GRIEVANCES

8.3.1 SCORES 2.0

In order to strengthen the investor grievance redressal mechanism through SEBI Complaint Redressal System (SCORES) and make the process efficient by reducing timelines and by introducing auto-routing and auto-escalation of complaint, SEBI during September 2023 had notified revised process flow. Accordingly, the technologically upgraded version, SCORES 2.0 was launched by SEBI on April 01, 2024. SEBI also receives complaints through Centralized Public Grievance Redress and Monitoring System (CPGRAMS) of Department of Administrative Reforms and Public Grievances. The CPGRAMS portal has been integrated with SCORES portal.

8.3.2 SECURE and MI Portals

During the last year, two online portals namely SECURE (https://secure.sebi.gov.in) and Market Intelligence (MI) Portal (https://mi.sebi.gov.in/) were launched. The SECURE portal, launched on April 1, 2024, deals with complaints related to freezing and unfreezing of accounts pursuant to orders of Whole Time Members of SEBI/ Courts/Tribunals or completion of debarment period. On the other hand, the MI Portal which became operational during May 2024 was for market participants to provide inputs pertaining to market abuse. Through MI Portal, the inputs/alerts received during the year increased to 860 from 440 during the last year. Any regulatory actions pursuant to the scrutiny of the inputs/alerts received are published on the SEBI website.

Table 8.2: Investor Grievances Received, Disposed and Pending

Source of Grievance Received	2024-25	2025-26
Grievances Received		
SCORES	68,132	61,788
CPGRAMS	2,973	3,188
SECURE	365^	320
Grievances Disposed~		
SCORES	63,971	60,213$
CPGRAMS	2,858	3,135
SECURE	309	375
Pending Actionable Grievances#		
SCORES	4,074	5,637*
CPGRAMS	115	168
SECURE	56	1

Notes: i. $ includes 87 Regulatory action complaints pertaining to 2024-25 and disposed in 2025-26

ii. excludes 99 Regulatory Action complaints

iii. ^ excluding one complaint related to freezing and unfreezing of account received via email.

iv. # Pending Actionable Grievances with entities, designated bodies, SEBI and investor awaiting review

v. ~ Grievance disposed during 2025-26 include pending actionable grievance from 2024-25.

8.3.3 Status of Investor Grievances Received, Disposed and Pending

The status of investor grievances/alerts through SCORES, CPGRAMS and SECURE is given in **Table 8.2**, while aging analysis of the grievances is presented in **Table 8.3.**

SCORES enables the investor to directly lodge the complaints online and such complaints are considered as 'E-complaint'. Also, any physical complaint (P-complaint) along with mandatory details received against any registered entity is uploaded on SCORES which are then handled in SCORES online. Similarly, SEBI also receives complaints through mobile app (M-complaint). Out of 61,788 complaints received during 2025-26, 54,064 (87.5 per cent) were E-complaints while 4,012 (6.5 per cent) were P-complaints and remaining 3,712 (6 per cent) were M-complaints.

Table 8.3: Aging Analysis of Pending Actionable Cases with SEBI

Particulars	Total Pending Actionable Cases (As on March 31, 2026)		
	SCORES	CPGRAMS	SECURE
Complaints pending for less than 3 months	1,212	138	1
Complaints pending for more than 3 months	42	30	0
Total complaints pending	1,254	168	1

The category-wise and region-wise distribution of the complaints received and redressed in 2025-26 are given in **Table 8.4** and **8.5** respectively.

8.3.4 Analysis of investor complaints

During 2025-26, out of 61,788 complaints received on SCORES, 10,660, i.e. 17.2 per cent were escalated to SEBI.

8.3.5 SEBI toll-free helpline

SEBI, in 2011, had launched toll-free helpline service numbers 1800 266 7575/1800 22 7575 to facilitate replies to various queries of the general public on matters pertaining to securities market. This service is available every day from 9:00 a.m. to 6:00 p.m. (except on declared public holidays in Maharashtra and Sundays) in English, Hindi and four other regional languages, namely Marathi, Tamil, Bengali, Telugu. During 2025-26, SEBI toll-free helpline numbers attended 62,298 calls.

8.3.6 Complaints and Arbitration Cases Against Trading Members

During 2025-26, the number of complaints received by the exchanges against trading members decreased to 19,908 from 24,950 during 2024-25, while the number of complaints pending increased marginally to 1,911 from 1,435 at the end of previous year. This increase is majorly on account of increase in service related complaints. In addition, 299 cases for arbitration were received as compared to 288 in the previous year, however, there were only

Table 8.4: Category-wise Complaints Received

Sr. No.	Category	SCORES	SECURE
1	Stock Broker	20,756	3
2	Listed Company- Equity Issue (Dividend/Transfer/Transmission/ Duplicate Shares/Bonus Shares etc.)	12,316	4
3	Registrar and Share Transfer Agent	11,519	17
4	Mutual Fund	3,516	14
5	Depository Participant	2,705	NA
6	Research Analyst	2,582	NA
7	Exchange	1,511	172
8	Listed Company-IPO/Prelisting /Offer Document (Debenture and Bonds)	1,216	NA
9	Listed Company-IPO/Prelisting/Offer document (shares)	1,122	NA
10	Investment Advisors	973	NA
11	Depository	920	110
12	Bankers to the issue	478	NA
13	Listed Company- Debt Issue (Interest/ Redemption/Transfer/Transmission etc.)	329	NA
14	Debenture Trustee	307	NA
15	KYC Registration Agency	239	NA
16	Listed Company-Delisting of securities	229	NA
17	Portfolio Manager	220	NA
18	Merchant Bankers	204	NA
19	Clearing Corporation	120	NA
20	Category 2 Alternative Investment Fund	110	NA
21	Mutual Fund trading on Exchange Platform	98	NA
22	Listed Company- Buy Back of Securities	52	NA
23	Category 3 Alternative Investment Fund	50	NA
24	Venture Capital Fund	46	NA
25	Credit Rating Agencies	44	NA
26	Small and Medium Real Estate Investment Trusts (SM REITs)	37	NA
27	Category 1 Alternative Investment Fund	29	NA
28	Share based Employee benefits	21	NA
29	Infrastructure Investment Trust	15	NA
30	Real Estate Investment Trust (REIT)	14	NA
31	Securitised Debt Instruments (SDIs)	6	NA
32	Vault Manager	3	NA
33	Collective Investment Scheme	1	NA
Total		**61,788**	**320**

Table 8.5: Region-wise Complaints Received and Redressed

Region	SCORES		SECURE	
	Received	Redressed	Received	Redressed
Head Office Region (Maharashtra, Diu & Daman)	14,092	13,747	77	76
Northern Region (Delhi, Punjab, Himachal Pradesh, Jammu & Kashmir, Uttar Pradesh and Uttarakhand)	15,015	14,627	112	112
Southern Region (Andhra Pradesh, Telangana, Tamilnadu, Karnataka and Kerala)	11,931	11,483	46	46
Eastern Region (West Bengal, Assam, Odisha, Jharkhand and Bihar)	8,095	7,985	38	38
Western Regional Office (Gujarat, Rajasthan, Madhya Pradesh, Chhattisgarh and Goa)	12,655	12,371	103	103
Total	**61,788**	**60,213**	**376***	**375***

Note: *includes 56 carried forward complaints from 2024-25.

Table 8.6: Trading Member Related Complaints and Arbitration Cases

Details	2024-25			2025-26		
	Received	Resolved	Pending	Received	Resolved	Pending
A. Complaints against Trading Members						
Non-Receipt of Payment/Securities	1,756	1,773	99	1,302	1,299	102
Unauthorized Trades	5,348	5,160	372	4,389	4,270	491
Brokerage and Charges	1,310	1,232	109	1,189	1,220	78
Service Related	9,520	9,382	554	9,159	8,758	955
Others	7,016	6,855	301	3,869	3,884	286
Total	**24,950**	**24,402**	**1,435**	**19,908**	**19,431**	**1,911**
B. Arbitration Cases	288	328	55	299	326	28

Source: BSE, NSE, MSEI, MCX, and NCDEX

Table 8.7: Complaints/Arbitration Cases Related to Listed Companies

Details	2024-25*			2025-26		
	Received	Resolved	Pending	Received	Resolved	Pending
A. Complaints against Listed Companies						
Public/Further Offerings	842	881	12	494	482	24
Corporate Actions	2,586	2,556	135	2,474	2,438	171
Transfer of Securities	3,343	3,244	210	3,999	3,855	354
Miscellaneous	5,702	5,567	334	6654	6374	614
Total	**12,473**	**12,248**	**691**	**13,621**	**13,149**	**1,163**
B. Arbitration Cases	35	28	7	10	15	2

Note: * Revised figures
Source: BSE, NSE, and MSEI

28 pending cases as compared to 55 at the end of previous year. The details of complaints received, resolved and pending are given in **Table 8.6**.

The number of complaints against listed companies received by the stock exchanges also increased marginally to 13,621 cases, up from 12,473 received during previous year. The resolution of 13,223 complaints resulted in pendency of 1,089 complaints **(Table 8.7)**.

The details of complaints/arbitration cases with stock exchanges related to other intermediaries through SMART ODR is given in **Table 8.8**.

Table 8.8: Complaints/Arbitration Cases on Other intermediaries via SMART ODR

Details	2024-25*			2025-26		
	Received	Resolved	Pending	Received	Resolved	Pending
A. Complaints						
Non-Receipt of Payment/ Securities	36	36	1	35	32	4
Brokerage and Charges	20	18	3	20	15	8
Service Related	877	868	62	613	598	77
Others	778	744	69	831	791	109
Total	**1,711**	**1,666**	**135**	**1,499**	**1,436**	**198**
B. Arbitration Cases	28	21	23	21	36	8

Note: * indicates data is revised
Source: BSE, NSE, and MSEI

8.4 INVESTOR PROTECTION AND EDUCATION FUND

A brief account of the inflow and utilization of Investor Protection and Education Funds (IPEFs) of SEBI and MIIs is given below:

8.4.1 Investor Protection and Education Fund of SEBI

The details of the inflow and utilization of the IPEF of SEBI is provided in **Table 8.9** and **8.10,** respectively.

8.4.2 Investor Protection Funds of MIIs: Inflow and Utilization

Stock exchanges and depositories are mandated to establish an Investor Protection Fund (IPF) to support market integrity, investor welfare and promote investor education. Apart from these common objectives, IPF of stock exchanges is also used for compensating investors if a defaulting member's assets are insufficient to meet claims, while for depositories, the fund is utilized to settle the claims of beneficial owners. Capital expenditure from IPF is permissible only with respect to setting up of Investor Service Centre by stock exchanges. The income earned on IPF corpus can be utilized in other manner as prescribed/permitted by SEBI from time to time. The details regarding the inflow of fund into and utilization of IPFs of MIIs are given in **Table 8.11.**

Table 8.9: Inflow and Utilization of SEBI IPEF (₹crore)

Particulars	As at the end of	
	March 31, 2025	March 31, 2026*
Opening Balance (A)	533.2	761.5
Additions to the Fund (B)	231.0	208.3
a. Income from Investments	42.9	67.7
b. Other Receipts	188.1	140.6
Utilisation of Fund (C)	2.7	4.7
Net Balance (D) = (A+B-C)	**761.5**	**965.1**

Notes: * indicates subject to audit by Comptroller and Auditor General.

Table 8.10: Utilization of SEBI IPEF (₹)

Utilization of IPEF	2024-25	2025-26
Investor Education	2,25,48,060	2,25,92,307
Seminar/Workshop	23,49,330	1,43,06,592
Financial Literacy	19,39,168	99,70,013
Committee Meeting	27,020	17,527
Others	47,434	1,60,383
Total	**2,69,11,012**	**4,70,46,822**

Table 8.11: Investor Protection Funds of MIIs (₹crore)

Particulars	As at end of	
	2024-25	2025-26
Investor Protection Funds of Stock Exchanges		
A. Opening Balance	3,044.8	3,614.2
B. Addition to the Fund (a+b)	662.26	646.3
a. Income from Investments	209.1	246.8
b. Other Receipts	453.1	399.5
C. Utilisation/Expenses incurred from the Fund (a+b+c)	92.5	91.3
a. Investor awareness and education	34.1	48.1
b. Other expenses	22.9	20.0
c. Payment to clients of defaulters	35.5	23.1
Net Balance (A+B-C)	**3,614.6**	**4,169.3**
Investor Protection Fund of Depositories		
A. Opening Balance	130.0	156.4
B. Additions to the Fund (a+b)	48.0	59.1
a. Income from Investments	9.4	11.7
b. Other Receipts	38.5	47.4
C. Utilisation/Expenses incurred from the Fund	21.6	32.52
a. investor awareness and education	21.5	32.5
b. other expenses	0.1	0.1
Net Balance (A+B-C)	**156.4**	**183.0**

Note: Data for 2024-25 is audited and that for 2025-26 is unaudited and provisional.
Source: Stock Exchanges and Depositories.

CHAPTER
9

TECHNOLOGY

Rapid technological advancements are fundamentally reshaping the market ecosystem, driving greater speed, complexity, and interconnectedness across financial systems. Recognizing this shift, SEBI is committed to leveraging emerging technologies such as data analytics, artificial intelligence, and advanced surveillance tools to strengthen market oversight. These initiatives aim to enhance real-time surveillance, improve risk preparedness against cyber threats, and enable more robust and efficient investigation mechanisms. At the same time, SEBI continues to focus on simplifying business operations through technology-driven processes, while prioritizing investor trust, enablement, and protection in an evolving digital landscape.

9.1 CYBER SECURITY

9.1.1 Market Security Operations Centre

To strengthen cyber resilience across the securities market ecosystem, SEBI conceptualized a Market Security Operations Centre (M-SOC) under the cybersecurity and cyber resilience framework (CSCRF) for SEBI regulated entities (REs).

The key objectives of M-SOC include:

i. Providing cost-effective and robust cybersecurity services to smaller REs;

ii. Enabling access to detection, monitoring, and incident response capabilities;

iii. Bridging the technological and capability gap for self-certification and small-size REs.

Both NSE and BSE established M-SOCs in April 2025 as a shared, scalable and cost-efficient cyber security utility. As of March 30, 2026, a total of 376 REs - including stock brokers, PMS entities, AIFs, and credit rating agencies - have been on-boarded across M-SOCs of NSE and BSE.

9.1.2 SEBI's Cybersecurity Capacity Building Program

During the year, SEBI has conducted a series of capacity building programs for its REs, aligned with global best practices and designed to address emerging cyber risks. Some of the key capacity building programs are mentioned below:

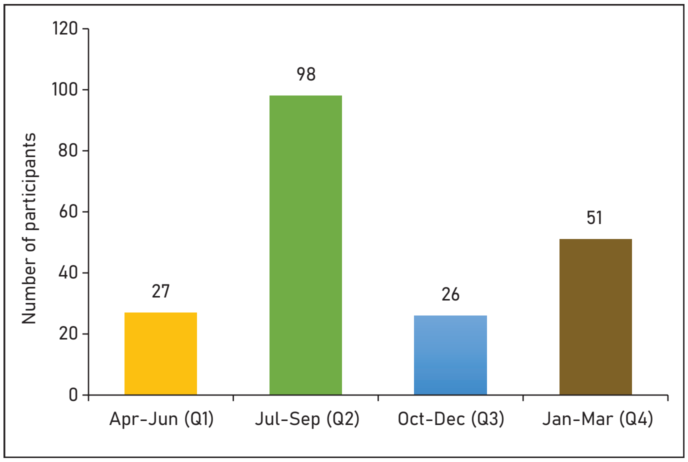
A. **SEBI Cybersecurity Exercise:** SEBI has conducted a cybersecurity exercise in August 2025, in association with national security council secretariat, Rashtriya Raksha University (RRU) and NISM. The exercise combined theory and hands-on sessions. The exercise brought together over 100 professionals, representing ten different sets of organizations and spanning across a wide range of roles related to technology domains from REs.

B. **Training for Information Security Auditors:** SEBI, in association with RRU and NISM, also conducted a five-days residential training program in November 2025, combining theory and hands-on sessions for information security auditors. With participation from 115 professionals representing diverse technology domains, the program covered critical audit controls and exposure to advanced security tools and technologies.

C. **Table Top Exercise for SEBI REs:** As part of its ongoing efforts to strengthen cyber resilience across the securities market, SEBI conducted a series of cyber security table top exercises (TTX) during 2025-26 in co-ordination with CERT-In and under the guidance of the high powered steering committee on cyber security (HPSC-CS). During the year, four TTXs were conducted, including one comprehensive full-day cybersecurity session. This extended session included keynote addresses by domain experts, a focused workshop on cyber crisis management plan, collaborative ransomware playbook development, and a digitally simulated TTX to provide an immersive, hands-on experience to participants. The theme for this year TTX, “Proactive Defense: Incident Preparedness, Response, Recovery, and Third-Party Risk Governance,” guided the design and discussions of the exercises. The outreach during the year was particularly oriented towards small and mid-sized REs such as stock brokers, portfolio managers, and AMCs.

A total of 202 participants representing 107 unique REs took part in these exercises. The participant base comprised senior leadership, cybersecurity professionals, compliance officers, and operational teams, chief information security officers/chief technical officers (CISOs/CTOs), enabling multi-dimensional deliberations spanning governance, technology, and incident response (**Chart 9.1**).

Chart 9.1: RE Participation in Table top exercise during 2025-26



D. **Workshop on Quantum Resiliency:** SEBI conducted proactive workshops on quantum resiliency with participation from over 100 representatives of SEBI REs, fostering collective learning on quantum implications, migration strategies and quantum resilient planning.

9.1.3 Special Purpose Comprehensive Validation Audit

SEBI has undertaken a process to analyze and improve the cyber hygiene, cybersecurity posture and resilience of the securities market by examining the Cyber Audits, vulnerability assessment and penetration testing (VAPT) and cyber capability index through a special purpose comprehensive validation audit of systemically important REs.

During 2025-26, SEBI has conducted the validation audit for 13 stock brokers.

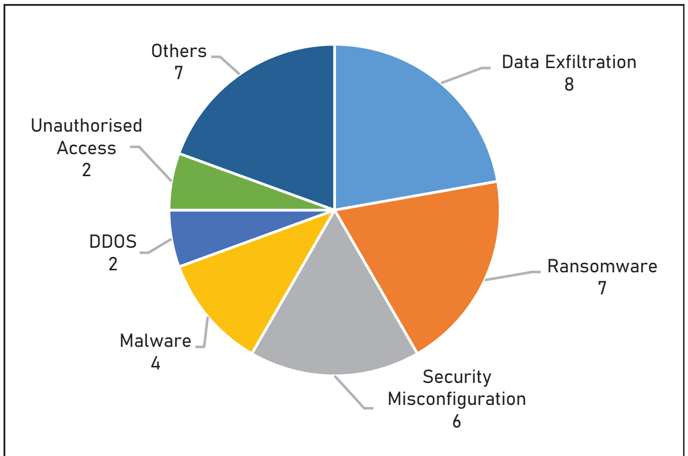
9.1.4 Incidents Monitoring

SEBI ensures that cyber incidents in the securities market are reported within prescribed timelines and are continuously monitored until closure. Based on the incident's severity, matters are placed before HPSC-CS for guidance and recommendations to further strengthen cybersecurity and cyber resilience across REs. SEBI also identifies the underlying non-compliances that contributed to the incident and initiates appropriate regulatory actions, as necessary. During 2025-26, 36 cyber incidents were reported to SEBI through the cyber incidents reporting portal (**Chart 9.2**).

9.1.5 IT Inspection of Intermediaries

Regulatory inspections including inspection of information technology (IT) systems of MIIs and stock brokers are conducted annually to ensure compliance with the directions, guidelines, circulars and instructions issued by SEBI. IT inspection also focuses on gap analysis, risk mitigation, IT security, accountability, transparency, and operational

Chart 9.2: Types of Cyber Incidents



efficiency of the entity. During 2025-26, annual IT inspections were carried out for 18 intermediaries.

9.1.6 Clarifications and FAQs on CSCRF

To facilitate smooth implementation of the Cybersecurity and Cyber Resilience Framework (CSCRF), SEBI adopted a consultative and responsive regulatory approach by issuing comprehensive FAQs and clarifications based on extensive industry feedback, implementation challenges, and evolving cyber threat landscapes.

The key highlights of the clarifications include:

i. Interpretation of CSCRF provisions covering governance, risk management, VAPT requirements, cyber audit requirements etc.

ii. Classification and compliance requirements of REs

iii. Compliance requirements for REs regulated by multiple regulatory bodies.

9.1.7 SEBI's approach to Quantum Resiliency

SEBI drove market-wide preparedness for quantum-era risks by running awareness programs for MIIs and other REs. These sessions covered key topics such as Cryptographic Bill of Materials (CBOM), emerging threats and vulnerabilities, Post Quantum Cryptography (PQC) transition and migration planning, relevant applications and use cases, and governance and operational resilience.

In collaboration with Data Security Council of India (DSCI), SEBI ran a Quantum Cohort session and workshop where participants assessed the potential impact of quantum computing on securities market infrastructure, discussed migration strategies, and shared practical implementation challenges.

At the global level, SEBI was appointed as Vice Chair of IOSCO's FinTech Task Force (FTF) Quantum Computing Working Group (QWG) and contributed to work on assessing capacity in quantum computing and quantum preparedness - helping position India's securities market to be future-ready and quantum-resilient against emerging quantum computing threats (**Box 9.1**).

Box 9.1: Quantum Threats and Mitigation Approach

For financial markets and critical market infrastructure, quantum-related risks can affect confidentiality (exposure of sensitive data), integrity (forged signatures or tampered transactions), and availability (disruption during rushed cryptographic changes).

Recognizing the potential of Quantum Computing to disrupt cryptographic security and impact systemic trust in financial markets, SEBI has adopted a proactive, forward-looking, and multi-pronged strategy to address emerging risks from quantum computing.

To address the emerging risks such as accelerated obsolescence of existing cryptographic standards, '*Harvest-Now-Decrypt-later*', '*Trust-Now-Forge-later*', etc. SEBI has embedded quantum resiliency as a core pillar of its cybersecurity and cyber resiliency strategy, aligned with India's National Quantum Mission (NQM).

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To incorporate post-quantum readiness, SEBI has issued directions, requiring REs to:

i. Maintain a comprehensive cryptographic asset inventory

ii. Assessment of PQC and Quantum Key Distribution

iii. Enhancement of Cryptographic agility

iv. Continuous ecosystem monitoring

v. Roadmap development and workforce upskilling

SEBI has embedded quantum readiness and cryptographic resilience into its internal IT transformation roadmap in three phases: discover, observer and transform.

SEBI is also a proactive member in India's NQM Task Force sub-groups. Through its capacity building programs and global engagements via IOSCO Fintech Task Force, SEBI is increasing awareness and readiness of India's securities market against quantum related threats.

9.2 TECHNOLOGY IN MARKET ECOSYSTEM

9.2.1 Investor Enablement and Protection

A. **Advertiser verification API:** SEBI has implemented an API-based framework in collaboration with social media platform providers (SMPPs) to ensure that only verified, SEBI-registered intermediaries can run advertisements related to the securities market. As part of the verification framework, advertisers are required to undergo a verification process with the respective SMPP using a two-factor authentication mechanism and upon successful verification, such advertisers are permitted to publish their advertisements on these platforms. The API facilitates real-time verification of advertiser's credentials against SEBI's database, strengthening investor protection by curbing misleading and unauthorized financial advertisements.

B. **Implementation of Digital Accessibility:** To ensure effective participation of persons with disabilities in the securities market, their access to digital platforms of REs is necessary. For this purpose, SEBI issued a circular dated July 31, 2025 mandating its REs to ensure that the securities market is accessible to every individual, including persons with disabilities, as mandated by Rights of Persons with Disabilities Act, 2016 and corresponding rules.

C. **Enhancing Investor Safety through Validated UPI and SEBI Check:** To fortify the securities market against fraud, SEBI implemented a standardized, validated UPI framework. This coordinated initiative protects investors from unauthorized fund collection by unregistered entities. Under the new rules, investor-facing intermediaries must accept individual payments exclusively through a validated "@" UPI handle (**Box 9.2**).

Box 9.2: Enhancing Investor Safety through Validated UPI and SEBI Check

To further fortify the securities market against the risks of impersonation and fraud, SEBI introduced a standardized and validated UPI framework. This initiative aims to protect investors from unregistered entities that often mislead the public by collecting funds without authorization. The implementation involved a coordinated effort between SEBI, NPCI, banks, and intermediaries to ensure a seamless transition for the investor. Effective from **October 1, 2025**, SEBI has implemented this framework, and has directed all the investor facing intermediaries to accept the UPI payments from individual investors only through **@valid** UPI handle.

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A Secure Payment Story: The "@valid" Framework

The core of this safety mechanism is a structured UPI address system mandatory for all SEBI registered investor-facing intermediaries. Each dedicated UPI ID follows a specific format to ensure transparency:

- **Exclusive Handle:** The IDs utilize a unique and exclusive handle, **'@valid'**, combined with the name of the issuing self-certified syndicate bank (e.g., *name.brk@validhdfc*).
- **Username and Suffix:** Intermediaries use a readable business name followed by a mandatory category suffix, such as **.brk** for stock brokers or **.mf** for mutual funds.
- **Visual Assurance:** When making a payment, investors will see a **thumbs-up icon inside a green triangle** on their app's confirmation screen. This icon only needs to be trusted when shown in the beneficiary (receiver's) name confirmation screen on the UPI app, and not inside the UPI QR code being shown for the payment. The absence of this icon serves as a critical warning that the recipient may be an unauthorized entity.

Empowering Investors with "SEBI Check"

Complementing the new UPI IDs is the **"SEBI Check"** tool. This digital functionality empowers investors to verify the authenticity of an intermediary before transferring any funds. By manually entering a UPI ID or scanning a QR code, investors can confirm:

- The validity of the intermediary's registration.
- The corresponding bank account number of the registered entity.

The circular was issued on 11th June 2025, followed by a successful and timely rollout on 1st October 2025. The following table shows the funds or fees received by a few selected categories of the retail investor-facing intermediaries through the verified UPI IDs during October 2025 to March 2026.

	No. of Transactions	Total Amount (₹ crore)
Funds received by		
Brokers	21,31,83,570	2,95,778
IPOs	1,06,71,910	20,458
Mutual Funds	70,36,111	8,475
Fees received by		
Research Analysts	2,52,653	107
Investment Advisors	56,725	19

Source: NPCI

9.2.2 Project SUDARSAN

To safeguard retail investors from the proliferation of financial fraud on social media, SEBI operationalized Project SUDARSAN, an AI-powered intelligence platform (**Box 9.3**).

9.2.3 Surveillance, Investigation and Enforcement

A. **Integration with FINNET:** The Financial Intelligence Unit – India (FIU-IND) disseminates suspicious transaction reports (STRs) to SEBI for regulatory oversight and action. Earlier, the processing of these reports relied on the FINEX 2.0 Portal, which required manual download of individual STRs in PDF format and subsequent submission of feedback through the same interface. This workflow presented significant operational bottlenecks, particularly when managing high volumes of data.

To enhance operational efficiency, an internal web-based application has been developed. By leveraging FIU APIs, this system automates the retrieval and viewing of STRs, introducing several critical enhancements to the workflow. It enables bulk download of multiple STRs directly into the format required by SEBI and facilitates direct submission of feedback to FIU-IND.

Box 9.3: Project SUDARSAN – AI-Driven Fraud Detection

Background

The proliferation of social media has fundamentally altered the landscape of retail participation, but it has also introduced significant risks through unauthorized and fraudulent activities. To counter the rise of finfluencers misconduct and digital fraud, SEBI operationalized Project SUDARSAN (Surveillance of Unauthorized Digital Activity via Real-time Scanner for Anti-fraud), an AI-powered intelligence platform. This AI-powered RegTech platform represents a paradigm shift in surveillance, moving from reactive monitoring to proactive, real-time intelligence gathering.

Technological Framework

Project SUDARSAN utilizes advanced multimodal AI to analyze spoken language, visual cues, and contextual intent, including content in regional languages. By integrating these signals with behavioral and regulatory parameters, the platform assigns risk scores and generates structured, audit-ready alerts, transitioning surveillance from manual to automated.

The system also provides continuous surveillance of public content across platforms including major social media platforms scanning videos, messages, images, and advertisements. It is specifically engineered to detect deceptive practices such as "guaranteed return" claims, fraudulent certifications, impersonation of regulated entities, and the provision of unregistered investment advice.

Operational Impact and Efficiency

Since its commencement in November 2025, the platform has identified over 20,000 instances of fraudulent content and posts across social media, significantly reducing the manual oversight burden while upholding market integrity.

9.2.4 Capacity Planning and Real Time Performance Monitoring Framework

SEBI has stipulated a framework for capacity planning and real time performance monitoring for the commodity derivatives segment of MIIs. The framework, inter-alia, mandates adoption of a proactive capacity planning approach based on historical utilisation, peak load handling capability and projected business growth, conduct of periodic stress testing, and implementation of real-time monitoring of system performance parameters such as throughput and latency, to ensure system resilience and uninterrupted market operations.

9.2.5 Standardized format for System and Network audit report of MIIs

In order to increase the data quality, capture relevant information in a streamlined and standardized manner across MIIs, SEBI has prescribed the standardized format for reporting the system and network audit for MIIs, thereby enhancing IT governance and ensuring uniformity in reporting. The format, inter-alia, mandates uniform reporting of audit observations across specified domains including IT systems, network architecture, and regulatory compliance, along with classification of observations based on risk severity and timelines for remediation. This is a SupTech initiative, enabling consistency in reporting and more effective supervisory assessment by SEBI.

9.2.6 Upgradation of Super App - A unified application for investors

In order to provide investors with a bird's eye view of their securities related data across stock brokers and depository participants, a unified app was launched on February 20, 2025. Building upon the existing features, further enhancements were undertaken during 2025-26. These include features such as complaint/dispute resolution, access to recommendations of proxy advisers on resolutions and removal of recommendations of proxy advisors against whom any enforcement action has been taken.

9.2.7 Regulatory (AI) Driven Advertisement Reviewer

To strengthen investor protection and ensure regulatory compliance within the Indian securities market, an AI-powered monitoring and enforcement support tool, R(AI)DAR, was developed and deployed for AMCs. The system functions as a regulatory intelligence tool designed to automate the review of advertising and investor education materials. R(AI)DAR effectively identifies various compliance violations, including the promotion of products disguised as educational content, the absence of mandatory disclaimers etc. The tool has been successfully deployed for AMCs at the AMFI.

9.2.8 Ease of Doing Business

A. During 2025-26, three major IT solutions were launched to improve the efficiency and speed of communication with external entities, to digitally enable quasi-judicial proceedings and to strengthen cybersecurity supervision of REs (**Box 9.4**).

Box 9.4: Digital Transformation: Enhancing Regulatory Efficiency and Ease of Doing Business

To improve efficiency, digitise quasi-judicial proceedings and strengthen cybersecurity oversight of SEBI regulated entities, SEBI launched three pioneering IT solutions during 2025-26. These platforms represent a strategic shift toward a paperless, transparent, and data-driven regulatory ecosystem.

Single Universal Platform for Communications (SUPCOMS)

A platform to streamline communication with external entities and enhance institutional memory was designed to replace traditional, email-centric interactions with SEBI. This transition ensures that, going forward, all communications with regulated or non-regulated entities remains easily accessible for both SEBI and the entity.

The new platform ensures that all official department-level communications are stored centrally so that no vital information is lost when employees change roles or leave the organization. It provides a user-friendly interface to manage access rights, automated notifications and easy on-boarding for regulated or non-regulated entities. Additionally, it maintains a complete audit trail that allows users to download records of every interaction for full accountability.

E-adjudication portal

As part of SEBI's commitment to a paperless regulatory framework, a next-gen platform was designed to digitally enable quasi-judicial proceedings, initially focusing on adjudication proceedings, facilitating direct interaction of SEBI with external entities (noticees/ their authorised representatives). Through this portal, external entities can

i. Access and download SCNs issued by SEBI;

ii. Submit replies to SCN and post-hearing documents/ submissions;

iii. Submit various requests to the adjudication officer viz. inspection of documents, extension of time to file reply, etc.;

iv. Participate in proceedings through a dedicated online hearings module.

The portal is also integrated with the SEBI's internal case management ensuring an end-to-end digital workflow that accelerates the disposal of enforcement matters. The e-Adjudication Portal is operational and can be accessed through the https://eadjudication.sebi.gov.in.

Market participants are encouraged to utilize this facility for adjudication matters. Detailed instructions and functional guidelines are available on the portal.

Cyber-Sec Audit Compliance (C-SAC)

To strengthen the supervisory landscape, SEBI developed C-SAC, an AI-enabled platform designed to automate the cybersecurity oversight of regulated entities. This tool replaces the previously manual cyber

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health check-up process with an automated, precision-driven workflow.

C-SAC performs an in-depth analysis of cybersecurity controls defined in the CSCRF. By evaluating these controls within the submitted audit reports, it also generates a weighted risk score and ensures that the assessments across the supervisory landscape remain timely, consistent, and scalable.

In 2025-26, the platform successfully processed cyber audit reports for 8 MIIs and 23 mutual funds, significantly enhancing SEBI's ability to monitor systemic cyber risks.

B. Enhancements in SEBI Intermediaries Portal

i. **Securities Transaction Price Index Automation:** As mandated by Office of Economic Adviser, Ministry of Commerce & Industry, SEBI computes Securities Transaction Price Index (STPI) every quarter using data collected from REs. To facilitate the data collection and index computation process, STPI system has been implemented which automates data submission and validation via the SEBI intermediaries' portal, using built-in logic to compute weighted indices. This automated workflow simplifies re-submissions and base-year adjustments with minimal manual intervention.

ii. **Facility for Investment Advisers/ Research Analysts structure conversion:** To enhance operational flexibility and reduce procedural complexities, new provisions have been enabled in SEBI intermediaries portal enabling IAs and RAs to apply for conversion from full-time to part-time registration, as well as the provision for retaining registration number in cases where multiple individual IAs merge and transition into a single non-individual IA entity. This eliminated the need for fresh registration and provided a structured, workflow based mechanism for submission, review and approval by competent authority. It also improves the regulatory oversight and monitoring by ensuring mapping of records of registration, ATR and SCORES of all individual IAs to the continued registration number issued to the merged non-individual IA.

9.3 TECHNOLOGY IN SEBI

9.3.1 Regulatory Supervision and Compliance Management

A. **InfoMerge:** InfoMerge is an in-house developed application in SEBI Analytics portal for the Investigation Department. The portal automates multiple investigation activities such as data acquisition, data analysis and report generation, thereby reducing case processing time considerably. The system is currently being used to examine PIT and PFUTP cases. During the year, following enhancements were made:

i. Analysis of various datasets like KYC, trade logs etc. to identify suspicious patterns and linkages and preparation of AI generated summary report;

ii. Generation of standardized report including compilation of essential case details such as corporate announcements and price-volume charts;

iii. Suspect connection visualization;

iv. Automated summons generation;

v. Automated note preparation for appointment of investigation authority.

B. Other Initiatives

i. Offsite inspection alerts were developed for monitoring of stock brokers, depository participants, investment advisers and registrar and transfer agents as a part of continuous supervision.

ii. System was developed for online monitoring of system audit of stock brokers.

iii. As a step towards facilitating reporting by REs, a common portal – 'Samuhik Prativedan Manch' was developed for submission of periodic compliance reports by stock brokers

iv. Identification of trading terminals for protection against unauthorized trades and misuse of trading terminals.

v. Technology based measures were implemented to create secure trading environment (Sim binding): The UCC of the client is binded with the device and mobile number so as to create secure authentication mechanism.

vi. The facility of common portal was extended for submission of periodic compliance reports by clearing members.

9.3.2 Compliance and Supervision

A. **Next Gen Compliance Dashboard for AIF:** Next Gen Compliance Dashboard serves as a unified source of truth for AIF compliance, centralizing industry metrics, filing statuses, and audit reports. It provides interactive visualizations and detailed, fund-specific data insights (**Chart 9.3**).

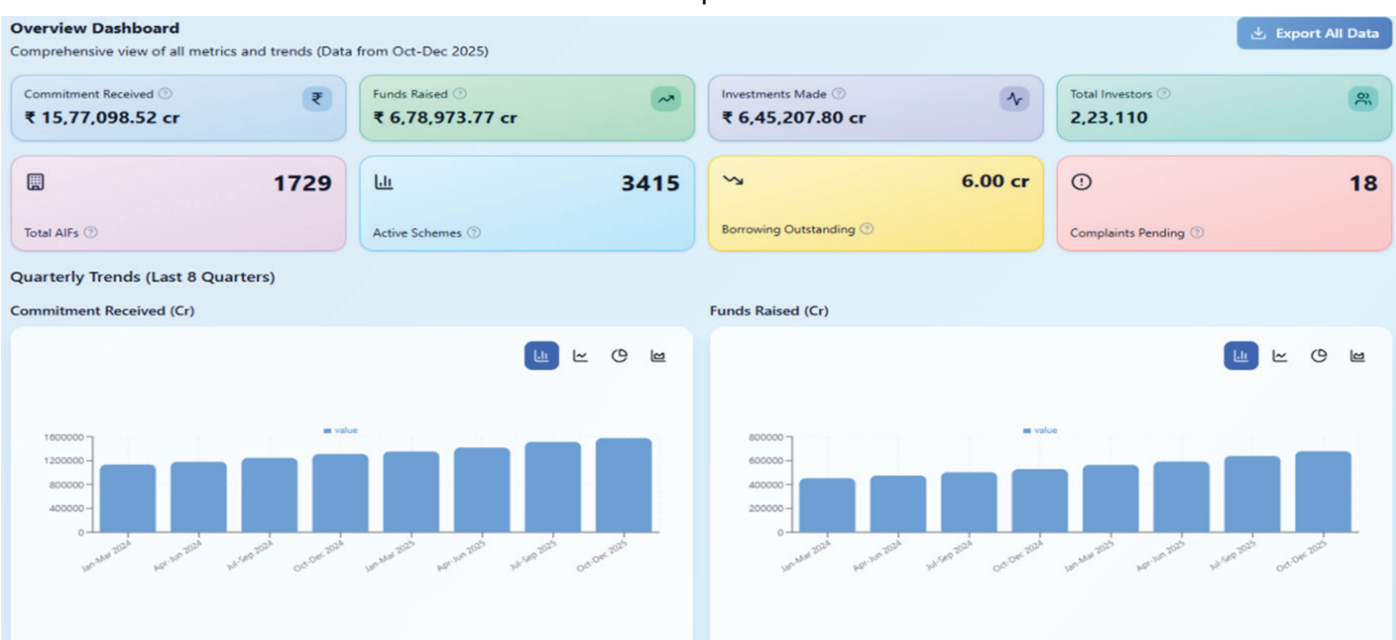
9.3.3 Technology for Internal Administration and Employee Services

A. **Enhancements in SEBI Website:** During 2025-26, following enhancements were done in SEBI website:

i. Rationalisation of Scheme Information Document;

ii. Modifications in Legal Internship portal and development of General Stream Internship portal;

Chart 9.3: AIF Compliance Dashboard



iii. Development of application module for Young Professionals;

iv. Updated directory, department, and organization structure pages to display dynamic data synced from SEBI's HRMS.

B. **Enhancements in Case Management System:** During 2025-26, following enhancements were done in case management system (CMS):

i. Development of modules to digitize processes and steps related to or involved in search and seizure activities, delivery of unserved SCNs and summary settlement proceedings, to enhance the ease of stakeholders.

ii. Launched holding statement API to provide real-time access to validated financial holding data and entity master API, to provide unified PAN-based entity profiles across departments.

iii. Integrated CBDT data interface with CMS enabling authorized officers to access PAN-based demographic information in real time.

C. **EOffice:** SEBI implemented eOffice - a digital workplace solution from NIC. This eOffice application is also used by Central Government Departments/ Ministries, State Government Departments/ Ministries and Public Sector Undertakings. The file creation, movement and tracking have completely been digitized through eOffice application, thus reducing logistical load of moving physical files and thus improving efficiency.

D. **Meet with Chairman:** To foster a culture of transparency and direct engagement, meet with Chairman application was developed. This digital platform serves as a dedicated channel for open communication and grievance redressal. The portal streamlines the scheduling process, allowing the Chairman' office to share available time slots which employees can book conveniently.

E. **Repository for PACL matters:** A unified module has been developed for easy access and maintenance of consolidated database of PACL properties, and objections received, if any. The repository will serve as a single source of truth to track the status of thousands of properties, objections filed by claimants, and also monitor the disposal process, ensuring transparency in the management of the PACL asset inventory.

F. **Migration to NIC E-mail:** During 2025-26, SEBI migrated from an on premise Email solution to a cloud based email solution provided by NIC. The solution contains integrated email and calendar, instant messaging, file storage, productivity tools, automated email relay and task management applications.

G. **SAP Enterprise Resource Planning:** SAP enterprise resource planning (ERP) is used in SEBI for managing enterprise resources encompassing SAP human capital management, SAP payroll and claims, SAP finance and controlling and treasury and risk management modules.

During 2025-26, major process automation and enhancements undertaken in SEBI's SAP ERP system are as under:

i. To ensure faster and more secure payments for salaries and staff claims, SEBI implemented host-to-host integration with its bank. This setup automates file exchanges directly between servers, replacing manual email and offline methods. Consequently, it minimizes manual handling, mitigates tampering and malware risks, and accelerates processing times;

ii. Host-to Host Integration was implemented for processing of bills of SEBI ROs, vastly reducing turnaround times for vendor payments;

iii. Deployed a dedicated Lawyer Bill Payments module allowing empaneled lawyers to submit bills directly. The system automates Legal Department approval, ERP accounting, and direct disbursements, eliminating manual processing;

iv. Automated petty cash reimbursements for ROs, LOs and PNS Paydirect cards through Corporate Internet Banking;

v. Implementation of automated arrears processing in SAP Payroll system;

vi. Introduced multiple digitization initiatives in loan module to enhance user experience.

H. **Wrapper APIs for Gen-AI capabilities:** To empower internal application development teams, a secure and scalable cluster of wrapper APIs has been implemented and deployed. These APIs provide access to advanced text, video and image processing capabilities, adhering to open API specifications, fostering efficient development and deployment of Gen-AI powered applications.

9.4 FINTECH AND REGTECH

9.4.1 SEBI's Engagement in Global Fintech Fest 2025

SEBI expanded its engagement at Global Fintech Fest 2025 (GFF) organized during October 7-9, 2025, Mumbai. As part of GFF, SEBI leadership participated in dialogues engaging international regulators, Fintech firms, start-ups, and securities market stakeholders. A total of 20 panel discussions were held covering potential use of technology across a broad spectrum of areas in securities market. SEBI also organized a hackathon in collaboration with MIIs. The hackathon invited tech-oriented solutions addressing challenges in the capital markets - fraud prevention, enhancing retail investor education & engagement, illiquidity in bond markets and member compliance monitoring. The hackathon drew 872 applications from start-ups, students, and technology professionals, resulting in 97 prototypes and 6 winning projects.

9.4.2 IOSCO Fintech Task Force

SEBI is an active member of FTF. The FTF is currently working on three different work streams through its working groups on Artificial Intelligence, Tokenisation and Quantum Computing. SEBI is currently Vice-chair of QWG and a member of the artificial intelligence working group (AIWG) and tokenisation working group (TWG).

i. As a member of AIWG, SEBI contributed towards drafting of survey questionnaire, compilation of survey response for Indian capital markets and in-depth analysis of global respondents' survey responses. SEBI authored chapter on one of the three layers of supervisory toolkit recommendations report which is in the final stages of approval by IOSCO Board.

ii. As a member of TWG, SEBI participated in the member survey carried out by TWG for assessing tokenisation adoption in India for FTF published report titled tokenization of financial assets. For this report, TWG is now working on second phase of status update on tokenisation adoption and equity tokens. SEBI contributed in drafting the survey questionnaire and volunteered to work on FTF members' survey analysis and drafting Phase 2 report.

iii. As a member of QWG, SEBI contributed to a key focus area: *'Assessing capacity in quantum computing and quantum* *preparedness + Taking stock of quantum preparedness measures being undertaken'.* SEBI also reviewed the literature survey shared by the IOSCO to learn from the best practices around the world covering risk assessment, PQC transition methods, etc.

9.4.3 India Innovation Pavilion at Singapore FinTech Festival

SEBI showcased the technological advancement in Indian securities market in the India innovation pavilion at the Singapore FinTech Festival 2025. The key innovative products showcased by SEBI included:

i. @Valid (Validated UPI handles) and SEBI Check;

ii. Logging and Monitoring Application (LAMA) – to help trading members proactively manage IT system risks;

iii. Investor Risk Reduction Access (IRRA) platform – a fallback mechanism for investors during technical glitches in IT systems of trading members;

iv. Regulatory AI-Driven Advertisement Reviewer R(AI)DAR – to monitor compliance of mutual fund advertisements with SEBI's advertising guidelines;

v. Cybersecurity initiatives such as M-SOC and cyber capability index to strengthen securities market's cyber resilience and investor confidence.

9.5 OTHER DEVELOPMENTS

9.5.1 Cybersecurity Audits and Supervision

A. **VAPT at SEBI:** SEBI conducts annual VAPT of its IT systems. For the year 2025-26, SEBI engaged a new CERT-In empaneled auditor to perform the VAPT of SEBI's IT systems. Subsequently, there was nearly 35 per cent decrease in VAPT observations for 2025-26, compared to the previous year.

B. **ISO 27001: 2022 certification:** SEBI obtained ISO 27001:2022 certification on March 26, 2024, valid for three years, confirming that SEBI has implemented a standardized Information Security Management System (ISMS) for its IT systems. The ISMS underwent its first annual surveillance audit in March 2025 and second annual surveillance audit in March 2026. After both audits, the auditors recommended that SEBI's ISO 27001:2022 certification for the ISMS should be continued.

C. **IT Systems Audit and Cyber Audit:** System and cyber audits identify effectiveness of internal controls, ensuring compliance with the organization's IT and cybersecurity policies and improving overall organizational performance. SEBI successfully completed its IT System audit and cyber audit for 2025-26. Further, this year's cyber audit was conducted based on CSCRF controls.

D. **Digital Accessibility Audit:** SEBI has embarked on its digital accessibility journey by conducting digital accessibility audits for its digital platforms in accordance with WCAG 2.2 international standard to ensure the accessibility of SEBI's digital platforms like websites and mobile apps to everyone, including persons with disabilities.

E. **CISO Dashboard:** SEBI designed and implemented a centralized security monitoring dashboard for the CISO, enabling real-time visibility into the organization's security posture. The dashboard panels were systematically classified based on the NIST framework to ensure structured and standards-aligned monitoring. It provides comprehensive insights into organizational assets, highlights non-compliant systems, and identifies critical alerts and anomalies. Advanced drill-down capabilities allow deeper examination and efficient query analysis supporting proactive risk management.

9.5.2 Security Operations Centre

During the year, 12 security operations centre (SOC) technologies were upgraded including security information and event management, database activity monitoring, data classification tool, DNS security, endpoint detection and response, endpoint protection platform, encrypted traffic management, IT service management, next generation intrusion prevention system, network monitoring solution, web application firewall and sandboxing solution.

9.5.3 Working Group on Technology Roadmap for MIIs

A working group chaired by Dr. D.B. Phatak, Professor Emeritus, IIT Bombay has been constituted to formulate a short term (5 years) and long term (10 years) technology roadmap for MIIs. It has been constituted in view of the rapid evolution of technology and the increasing role of digital systems in market operations, surveillance, risk management, investor protection, and regulatory oversight. The working group will take a holistic and forward-looking view on adoption of emerging technologies by MIIs such as AI/ML, distributed ledger technology, cloud computing, SupTech and RegTech solutions, tokenisation, and quantum-safe systems.

CHAPTER
10

REGULATORY ACTION, SUPERVISION AND ENFORCEMENT

SEBI's primary objectives are preserving the market integrity and ensuring investor protection. These goals are realized through a unified regulatory tripod comprising surveillance, supervision, and enforcement. As the modern securities market undergoes rapid transformation driven by the convergence of technological innovation, an expanding investor base, and complex financial products, the risk landscape has been fundamentally reshaped. To navigate these shifting outlines, SEBI has pivoted toward a dynamic regulatory architecture. This proactive stance ensures that the legal and regulatory frameworks evolve in tandem with financial innovation, effectively mitigating risks at their inception rather than reacting post-facto.

SEBI's operational strategy for market stability follows an integrated three-layer approach. First, surveillance is acting as the market's early-warning system. SEBI's mechanisms are designed to detect, deter, and pre-empt activities that could compromise market fairness. SEBI's supervisory regime utilizes both comprehensive and thematic inspections framework to monitor MIIs and intermediaries. This oversight ensures compliance with regulations, and protection of investor interests. Finally, when supervisory oversight identifies anomalies, SEBI initiates investigations to uncover potential securities law violations. The subsequent enforcement process is calibrated and progressive, ranging from cautionary advisories to market access restrictions. This chapter details the various supervisory and enforcement measures undertaken by SEBI during 2025-26.

10.1 MANNER OF OVERSEEING MARKETS

10.1.1 Surveillance

The role of surveillance has become increasingly critical in ensuring the integrity and stability of the securities market, particularly in light of the substantial rise in trading activity in recent years. Factors such as growing direct retail participation, a marked shift towards derivatives segment, and adoption of complex trading strategies by market participants have further heightened the need for enhanced oversight. Stock exchanges perform real-time surveillance of market segments to flag irregularities in trading activities. In addition, SEBI has a robust in-house surveillance infrastructure capable of monitoring activities across equity, equity derivatives, and commodity derivatives segments. This system is designed to detect market abuse, including emerging and sophisticated manipulative practices. The following section details major surveillance measures taken by SEBI during 2025-26.

A. Major Surveillance Measures

i. **Rationalisation of ESM:** The Enhanced Surveillance Measure (ESM) was launched in 2023 by exchanges to prevent abnormal price movements in micro-cap stocks (market cap < ₹1,000 crore). To support the ease of doing business, the ESM framework was updated in July 2025 to rationalize the criteria for shortlisting scrip for imposing ESM, movement from ESM Stage 1 to ESM Stage 2 and exit.

ii. **Extension of automated implementation of Trading Window Closure:** In accordance with the PIT Regulations, trading restrictions are applicable on Designated Persons of listed companies and their immediate relatives from the end of each quarter till 48 hours after the declaration of financial results for the quarter. The mechanism for automatic trading window closure through freezing of PAN at the security level was already operationalized for Designated Persons. Further, the automated trading window closure has been extended to the immediate relatives of Designated Persons from April 2025.

iii. **Outreach Initiatives on Insider Trading Regulations:** SEBI has undertaken a series of engagements to promote voluntary compliance and uphold market integrity through direct stakeholder interactions. In this regard, high-level sessions were held with listed banks on September 03, 2025 and November 10, 2025, respectively at SEBI's Head Office and Northern Regional Office (NRO), chaired by SEBI Chairman and Whole Time Member respectively. The dual responsibility of listed banks as a listed entity and as a fiduciary under PIT Regulations and the necessity of robust internal controls to prevent insider trading were emphasized during the sessions.

Further, an interactive session with various regulatory bodies was held on November 28, 2025 at NRO chaired by WTM. The regulatory obligations of statutory bodies along with importance of establishing rigorous protocols for protecting Unpublished Price Sensitive Information were highlighted during the session. In continuation, a session on Insider Trading Regulations was held on January 30, 2026, for the employees of Petroleum and Natural Gas Regulatory Board, sensitizing on the handling of price sensitive information and the need for maintaining the highest standards of confidentiality in compliance with SEBI (PIT) Regulations, 2015. These efforts reflect SEBI's ongoing commitment to fostering a transparent financial ecosystem through education and proactive engagement.

B. **Search and Seizure Operations:** In furtherance of its efforts to detect and address market misconduct, SEBI, conducted various Search and Seizure operations during 2025-26, covering 48 entities across 46 locations spanning 14 cities throughout the country.

C. **Surveillance Index:** The Surveillance index score arrived on the basis of specified parameters is intended to provide guidance to the respective boards of the MIIs to act as a performance benchmark to assess effectiveness of the surveillance function of the MIIs and to initiate measures for strengthening of the same. The output of the assessment of indices is envisaged to be supplementary to the surveillance inspections of the MIIs. In this regard, the evaluation of self-assessment, as submitted by the stock exchanges (viz. BSE, NSE and MSEI) and depositories (viz. CDSL and NSDL), has been carried out by SEBI.

D. **Surveillance Measures:** To mitigate excessive volatility and safeguard investor interests, stock exchanges implement proactive surveillance measures for scrips exhibiting unusual price-volume fluctuations or weak fundamentals. During 2025-26, on the Main Board 1,852 scrips were placed under Additional Surveillance Measures (ASM), while 1,873 scrips transitioned out of the framework. Simultaneously, on the SME platform, 602 scrips were brought under ASM oversight, whereas 599 scrips were moved out, reflecting a dynamic and consistent monitoring process across both market segments (**Table 10.1**).

10.1.2 Inspections

Section 11(2)(i) of SEBI Act, 1992 empowers SEBI to undertake inspection of market intermediaries as part of its regulatory and supervisory functions.

Table 10.1: Surveillance Measures Across Exchanges

Surveillance Measures	Main Board		SME Platform	
	2024-25	2025-26	2024-25	2025-26
Scrips Moved to ASM	2,185	1,852	555	602
Scrips Moved out of ASM	2,294	1,873	558	599
Scrips Moved to GSM	337	291	24	35
Scrips Moved out of GSM	360	360	27	37
Scrips Moved to Promoter Encumbrance	41	37	0	0
Scrips Moved out of Promoter Encumbrance	40	33	0	0
Scrips Moved to ASM Insolvency Resolution Proceedings (IBC Inclusions)	43	35	3	3
Scrips Moved out of ASM Insolvency Resolution Proceedings (IBC exclusions)	33	40	4	4
Scrips Moved to ESM	1,341	954	404	392
Scrips Moved out of ESM	1,397	1,239	146	522

Notes: i. A scrip that has moved in and out multiple times during the year is counted as one move-in and one move-out.
ii. A scrip may be part of multiple frameworks within the same year.

Source: BSE and NSE

These inspections are essential to ensure the integrity/discipline of the financial markets and to safeguard the interests of investors. Inspections of regulated entities are carried out both independently by SEBI and in collaboration with MIIs, with broader goals of compliance verification, encouraging ethical practices, preserving market integrity and proactively identifying emerging risks.

A. **Inspection of Market Infrastructure Institutions:** MIIs which include stock exchanges, clearing corporations, and depositories are the backbone of Indian securities market. Given their systemic importance, SEBI's inspection framework for them is more rigorous than for standard intermediaries. During 2025-26, comprehensive offsite inspections of NSE, MCX, MSEI, NCDEX, CDSL, NSDL, NCL, ICCL, NCCL and ARCL were conducted by SEBI. The objectives of such inspections were to assess their compliance with the relevant regulations/guidelines, systemic risk management, technological resilience to prevent technical glitches or cyber-attacks and improve the systems and procedures of the MIIs. Further, SEBI also conducted Thematic - ISC inspection of MCX and NCDEX during this year. During 2025-26, inspections of the surveillance functions of NSE, BSE and MSEI, NSDL and CDSL have been conducted in line with the prevailing practice. These inspections were conducted with the objective of improvement in the surveillance systems and procedures of the stock exchanges and depositories. In addition, SEBI carried out inspection of three exchanges for listing related issue.

B. **Inspection of Securities Market Service Providers:** During 2025-26, SEBI enhanced its supervisory capabilities by transitioning toward a continuous and technology-led monitoring framework. To streamline data sharing, SEBI developed a cloud-based platform for the secure exchange of inspection data and alerts with brokers and DPs, facilitating faster corrective actions. In addition, MIIs individually or jointly conducted regular, mandatory inspections of stock brokers/depository participants to ensure compliance with SEBI regulations, financial integrity, and investor protection. During 2025-26, SEBI and exchanges conducted 179 inspections (162 thematic and 17 comprehensive) of 106 brokers. Independently, exchanges completed 973 inspections of 822 brokers across various market segments. Further, SEBI and depositories conducted 28 joint inspections of 23 depository participants, while depositories executed 617 inspections of 583 depository participants to safeguard securities holding systems.

Beyond the brokerage ecosystem, SEBI maintains direct oversight of intermediaries who provide services in the securities market, including merchant bankers, investment advisers, research analysts, etc. SEBI conducts inspections regularly to ensure compliance with regulatory standards, keeping proper books of account, managing risks effectively, and handling client complaints appropriately. The details of such inspections are given in (**Table 10.2**).

C. **Inspection of Entities Associated with Fund Management Activities:** SEBI employs a risk-based supervision framework to monitor mutual funds, portfolio managers, and Registrars and Transfer Agents (RTAs). This prioritizes oversight by evaluating risk factors such as liquidity, credit risk, financial risk, market risk, technological risk and operational risks and impact metrics like AUM, etc. During 2025-26, SEBI initiated inspections of 23 portfolio managers, 23 mutual funds, and two RTAs for their mutual fund related activities. Further, SEBI outlines thematic inspection to address emerging concerns. During this year, 29 themes for mutual funds and six themes for portfolio managers were selected (**Table 10.3**).

Furthermore, SEBI leverages advanced offsite monitoring for mutual funds and portfolio managers, by integrating multi-source data from AMCs, RTAs, valuation agencies, index providers, custodians and AMFI into an algorithm-driven alert ecosystem. As of March 31, 2026, 217 alerts were deployed for mutual funds, 17 alerts for specialised investment funds

Table 10.2: Inspections of Securities Market Service Providers

Intermediary	2024-25	2025-26	
		No. of Entities	No. of Inspections
Merchant Banker	51#	31	32
Registrar to an Issue and Share Transfer Agent	56	17	25
Investment Adviser	207	54	211
Research Analyst	149	55	142
KYC Registration Agency	3	1	1
Credit Rating Agency	8	7	12
Debenture Trustee	11	7	7
ESG Ratings Provider	2	-	-
Designated Depository Participant	7	6	6
Custodian*	7	6	6
Online Bond Platform Provider	15	9	9

Notes: i. #Data on Merchant Banker includes 42 inspections pertaining to equity segment and 9 inspections pertaining to debt segment.

ii. *During custodian inspection, compliances by foreign venture capital investors was also checked.

Table 10.3: Inspections of Entities Associated with Fund Management Activities

Intermediary/Institution	2024-25	2025-26
Mutual Fund and its respective RTA	24	25
Portfolio Manager	13	23
Alternative Investment Fund	16	5
Venture Capital Fund	2	Nil
Real Estate Investment Trust	5	4
Infrastructure Investment Trust	17	13

and 90 alerts for portfolio managers, to ensure compliance under the respective regulations.

10.1.3 Investigation

SEBI derives its investigative powers from Section 11C of the SEBI Act, 1992. The process is structured to ensure market integrity and protect investor interests by identifying violations like insider trading, market manipulation, or fraudulent trade practices, and misstatement in financial statements etc. SEBI initiates an investigation when there is reasonable ground to believe that any transactions in securities which are being dealt with in a manner detrimental to investors or the securities market, and any intermediary or any person associated with the securities market has violated the provisions of SEBI Act, 1992 and regulations framed thereunder like PFUTP Regulations, PIT Regulations, etc. Investigation is initiated based on reference received from sources such as operational departments of SEBI, exchange reports, government agencies, media reports, complaints, etc.

At the outset, SEBI appoints an Investigating Authority (IA) for carrying out the investigation. The IA analyzes the collected evidence which may include market data (order and trade log, transaction statements, etc.), exchange report, depository data, KYC documents obtained from brokers, depository participants, etc., bank records like account statements and KYC details, information about the company including financial results and shareholding pattern, major corporate developments including events around them, call data records obtained from telecom service providers, information obtained from other market intermediaries and alleged entities, etc. Upon completion, the IA submits an investigation report to the appointing authority for further action as deemed fit. During 2025-26, SEBI had taken up 402 cases for investigations pertaining to various violations of securities laws and 338 cases were completed. The details of nature of investigations are given below:

A. **Investigations Relating to Illegal Trade Practice, etc.:** During 2025-26, 224 cases pertaining to insider trading, takeover, etc. were taken up for investigation and 204 cases were completed (**Table 10.4**).

B. **Investigations Relating to Fraudulent and Unfair Trade Practices:** During 2025-26, 121 cases pertaining to Fraudulent and Unfair Trade

Table 10.4: Trends of Investigations

Particulars	Cases Taken up		Cases Completed	
	2024-25	2025-26	2024-25	2025-26
Insider Trading	287	221	192	202
Takeovers	-	2	-	1
Miscellaneous*	7	1	4	1
Total	**294**	**224**	**196**	**204**

Note: *Miscellaneous includes alleged violations of/related to - i) routing of funds, ii) FPI regulations, iii) Minimum public shareholding etc. Since several investigation cases involve multiple allegations of violations, water-tight classification under specific category becomes difficult. Therefore, cases have been classified on the basis of main charge/ violations.

Table 10.5: Fraudulent and Unfair Trade Practices Cases

Particulars	Cases Taken-up		Cases Completed	
	2024-25	2025-26	2024-25	2025-26
Price and Volume Manipulation cases	61	72	46	43
Front Running	44	49	51	51
Others#	1	-	8	-
Total	**106**	**121**	**105**	**94**

Note: #Others include cases related to issue of debt securities and minimum public shareholding.

Practices were taken up for investigation and 94 cases were completed (**Table 10.5**).

C. **Investigations Relating to Financial Statements Fraud:** During 2025-26, 57 cases pertaining to financial statement fraud were taken up for investigation and 40 cases were completed (**Table 10.6**).

10.1.4 Enforcement Function

Effective enforcement is fundamental to cultivating a culture of accountability and compliance within the securities market. By ensuring that market abuses are met with swift and decisive action, SEBI's enforcement framework serves as a powerful deterrent against misconduct. To maintain transparency and investor confidence, SEBI emphasizes timely, consistent, and proportionate intervention. SEBI adopts a dual-track enforcement mechanism, utilizing both administrative/civil proceedings and criminal prosecutions to address contraventions at every level of misconduct.

A. **Enforcement Mechanisms:** SEBI exercises its enforcement powers upon identifying violations of securities laws with an aim to safeguard market integrity. SEBI's enforcement approach is anchored in a robust legal framework that enables it to take calibrated actions against violations of securities laws. Depending on the nature and severity of the breach, SEBI empowers various statutory tools under the SEBI Act, 1992, to ensure accountability and investor protection. This includes issuing interim and final directions such as market debarments, the impounding of illicit proceeds, imposing penalty and cease-and-desist orders to prevent immediate harm to investors. In addition, SEBI may initiate enquiry proceedings to suspend or cancel intermediary registrations, undertake adjudication for monetary penalties, or pursue criminal prosecution in Special Courts for serious fraud. This multi-tiered architecture ensures that every infraction is met with a proportionate and effective response, reinforcing overall market discipline and investor confidence.

B. **Enforcement Actions Taken**

i. **Proceedings under Section 11/11(4)/11B/11D of SEBI Act, 1992:** During 2025-26, 51 cases

Table 10.6: Financial Statements Fraud Cases

Particulars	Cases Taken Up		Cases Completed	
	2024-25	2025-26	2024-25	2025-26
Financial Statements Fraud	59	53	55	34
Miscellaneous*	0	4	0	6
Total	**59**	**57**	**55**	**40**

Note: *Miscellaneous includes alleged violations of/ by - i) Listing Conditions ii) Statutory Auditor iii) Disclosure requirements.

were added under sections 11/11(4)/11B/11D, while 62 cases were disposed of. At the end of March 31, 2026, 158 cases were pending. (**Table 10.7**).

ii. **Enquiry Proceedings:** Under the Intermediaries Regulations, 2008, enquiry proceedings have two stages. The first stage is before the Designated Authority (DA) who is appointed to prepare a report recommending one of the measures stipulated in the regulations such as suspension/ cancellation of certificate of registration, issue of censure, etc. The second stage is before the Designated Member (DM) who, after considering the recommendations made by the DA passes appropriate orders.

a. **Proceedings by Designated Authority:** During 2025-26, enquiry was initiated by Designated Authority in 12 cases and reports were submitted in 24 cases. Enquiry was pending in 20 cases at the end of the year (**Table 10.8**).

b. **Proceedings by Designated Member:** Upon submission of Enquiry reports, the recommendations made by the DA are placed before the DM for passing of final orders under Regulation 27 of SEBI (Intermediaries) Regulations. During 2025-26, 22 enquiry cases were added while 42 were disposed of and 16 enquiry proceedings were pending at the end of the period (**Table 10.9**).

Table 10.7: Age-wise Analysis of Proceedings u/s 11 of the SEBI Act, 1992

Particulars	No. of cases	
	2024-25	2025-26
Cases pending at the beginning of the period	145	169
Cases added during the period	113	51
Cases closed during the year	89	62
Cases pending at the end of the period	169	158
Break-up of pending cases at the end of the period		
Cases older than 2 years	37	54
Cases older than 1 but less than 2 years	50	63
Cases less than 1 year	82	41

Note: Cases closed indicate passing of final directions.

Table 10.8: Age-wise Analysis of Proceedings by Designated Authority

Particulars	2024-25	2025-26
Cases pending at the beginning of the period	56	31
Cases added during the period	25	12
Enquiry Reports submitted during the year	50*	24
Cases pending at the end of the period	31	20
Break-up of pending cases at the end of the period		
Cases older than 2 years	1	5
Cases older than 1 but less than 2 years	16	5
Cases less than 1 year	14	10

Note: *During 2024-25, in one enquiry matter, proceedings were infructuous as the registration of the notice got cancelled; and hence, the net disposal is 49.

Table 10.9: Age-wise Analysis of Proceedings by Designated Member

Particulars	2024-25	2025-26
Cases pending at the beginning of the period	12	36
Cases added during the period	51	22
Cases closed during the year	27	42
Cases pending at the end of the period	36	16
Break-up of pending cases at the end of the period		
Cases older than 2 years	8	10
Cases older than 1 year but less than 2 years	19	6
Cases less than 1 year	9	0

Note: During 2025-26, enquiry reports submitted to the DM by DA were 24. However, DA has been appointed for 22 cases. Cases closed indicate passing of final directions.

iii. **Adjudication Proceedings:** Pursuant to the investigation, if sufficient evidences of violations are found, adjudication proceedings are initiated. Under chapter VIA of the SEBI Act, 1992, SEBI appoints an Adjudicating Officer (AO) for conducting enquiry and imposing monetary penalties for contravention of any provision of the SEBI Act, 1992 or any rules or regulations made thereunder. During 2025-26, SEBI initiated adjudication proceedings in 135 cases, while disposing of 319 cases. At the end of March 31, 2026, 294 cases were pending for action (**Table 10.10**).

iv. **Prosecution Proceedings:** SEBI is empowered to initiate prosecution, if any person contravenes or attempts to contravene or abets the contravention of provisions of securities law or of any rule or regulations made thereunder. SEBI is also empowered to initiate prosecution proceedings in instances of non-payment of penalty imposed by the adjudication officer or the Board or if the person does not comply with the directions or order issued by the Board under relevant Acts or with summons issued by the Investigating Authority appointed by the Board. Apart from the above, SEBI is also empowered to initiate prosecution for violation of certain provisions of the Companies Act, 2013. These proceedings are based on complaints filed by SEBI and are tried by the SEBI Special Courts/ Sessions Court/ Designated Court. The offences under the relevant securities laws are compoundable by the Court. During 2025-26, SEBI initiated 65 prosecution cases, while the Courts disposed of 64 cases. At the end of March 31, 2026, there were 1,049 prosecution cases pending before various Courts (**Table 10.11**).

Table 10.10: Age-wise Analysis of Adjudication Proceedings

Particulars	2024-25	2025-26
Cases pending at the beginning of the period	1,236	478
Cases added during the period	204	135
Cases disposed of during the year	962	319
Cases pending at the end of the period	478	294
Break-up of pending cases at the end of the period		
Cases older than 2 years	315	181
Cases older than 1 but less than 2 years	49	23
Cases less than 1 year	114	90

Table 10.11: Age-wise Analysis of Prosecution Proceedings

Particulars	2024-25	2025-26
Cases pending at the beginning of the period	1,106	1,048
Cases added during the year	42	65
Cases disposed of during the period	100	64
Cases pending at the end of the period	1,048	1,049
Break-up of pending cases at the end of the period		
Cases older than 2 years	967	946
Cases older than 1 year but less than 2 years	40	39
Cases less than 1 year	41	64

10.2 REGULATORY ACTIONS

10.2.1 Order Passed

SEBI has a structured enforcement framework that ensures market integrity and investor protection. SEBI initiates several types of regulatory actions depending on the nature and severity of the violation. The various type of regulatory actions initiated during 2025-26 are given below.

A. **Proceedings under SEBI (Intermediaries) Regulations, 2008:** During 2025-26, SEBI

Table 10.12: Order Passed under SEBI (Intermediaries) Regulations, 2008

Year	No. of Orders Passed	No. of Entities
2024-25	27	53
2025-26	42	44

Note: The order passed includes final directions.

passed 42 final orders against 44 entities while in 2024-25, 27 orders were passed against 53 entities.

B. Proceeding under section 11/11(4)/11B/11D of SEBI Act 1992: SEBI issued both interim/ confirmatory and final direction under section 11 of SEBI Act, 1992.

During 2025-26, SEBI issued 15 interim/ confirmatory orders against 94 entities and 62 final orders against 437 entities. In these orders, SEBI's directions involved either restraining entities from accessing the securities market, freezing bank accounts or impounding proceeds of a fraudulent transaction and forcing them to give up "ill-gotten gains" made through illegal activities.

C. Proceeding in respect of CIS and DPI matters: No order w.r.t CIS and DPI matter has been passed during 2025-26 compared to one confirmatory order passed in respect of CIS passed during 2024-25 (**Table 10.14**).

D. Other Regulatory Actions: In addition to major regulatory actions, SEBI issues administrative warnings, deficiency letters and advice letters against registered/recognised intermediaries/ institutions, pursuant to inspections and investigations. The details of such regulatory actions are given below:

i. **Regulatory Action pursuant to Investigation:** During 2025-26, administrative warning

Table 10.13: Order in respect of Debarment/Disgorgement/Penalty

Nature of Violation	2024-25				2025-26			
	Interim/ confirmatory	No. of Entities	Final	No. of Entities	Interim/ confirmatory	No. of Entities	Final	No. of Entities
PFUTP Regulations	7	75	47	285	7	41	14	193
PIT Regulations			6	28	2	13	2	8
LODR Regulations	5	68	7	42	1	6	10	65
IA/RA Regulations	2	11	0	0	1	3	9	16
Others*	12	32	29	116	4	31	27	155
Total	**26**	**186**	**89**	**471**	**15**	**94**	**62**	**437**

Notes: i. There may be more than one violation against an entity; for the purpose of this table, the most relevant nature of violation is considered.

ii. *Inter-alia includes entities who have availed settlement, proceedings disposed against entities without any further direction, etc.

Table 10.14: Order in respect of CIS and DPI matters

Nature of Violation	2024-25				2025-26			
	Interim/ confirmatory	No of Entities	final	No of Entities	Interim/ confirmatory	No of Entities	final	No of Entities
CIS	1*	8	-	-	Nil			
DPI	Nil				Nil			

Note: *Indicates confirmatory order in the matter of Growpital Platform dated April 26, 2024.

Table 10.15: Action Taken against MIIs and/or their Associated Entities

Type of Letters	2024-25	2025-26
Administrative warning/ warning	27*	7
Deficiency	44	13
Advisory	118#	50

Notes: i. #One advisory letter issued in the context of Alternative Fund Management.

ii. *Includes three administrative warnings with respect to equity listed securities issued to stock exchanges.

letters were issued to 357 entities compared to 352 entities in 2024-25.

ii. **Regulatory Action pursuant to Inspection/ Supervision**

a. **Market Infrastructure Institutions:** Pursuant to the inspections and offsite supervision undertaken during the year, SEBI issued administrative warning letters, deficiency letters, and advisory letters against the MIIs (**Table 10.15**).

b. **Intermediaries associated with Securities Market Service Providers:** Based on inspections, in-house alerts, the regulatory actions taken/initiated against various securities market service providers are provided in **Table 10.16**.

c. **Intermediaries/Institutions Associated with Fund Management Activities:** Supervisory process also includes analysis of periodic filings made by asset management companies viz. compliance test reports and half yearly trustee reports and filings made by portfolio managers viz, corporate governance report, certificate of compliance with PMS regulations and circulars and certificate of compliance with performance reporting guidelines. Regulatory actions taken against various other entities associated with fund management activities are provided in **Table 10.17**.

Table 10.16: Action taken against Securities Market Service Providers

Intermediary	Administrative Warning		Deficiency Letter		Advisory Letter	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Credit Rating Agency	6	10	4	7	12	16
Custodian	8	2	0	0	0	4
Debenture Trustee	28	1	29	11	62	14
Depository Participant	5	7	3	0	4	0
Designated Depository Participant	4	1	0	0	0	5
Investment Adviser	36	33	4	12	3	7
KRA	0	1	0	1	0	0
Merchant Banker	85	19	6	2	15	7
Online Bond Platform Provider	58	15	10	1	64	21
Research Analyst	40	18	1	5	5	2
Registrars to an issue and Share Transfer Agent	43	7	18	4	0	0
Stock Broker	132	78	22	14	17	2

Table 10.17: Actions Taken against Entities Associated with Fund Management Activities

Intermediary/Institution	Administrative Warning		Deficiency Letter		Advisory Letter	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Alternative Investment Fund	44	14	262	428*	19	0
Foreign Portfolio Investor	956	68	0	15	0	103
Foreign Venture Capital Investor	0	0	0	0	0	1
Infrastructure Investment Trust	9	8	10	-	28	10
Mutual Fund and its Respective RTA	66	59	43	44	36	35
Portfolio Manager	128	49	134	95	101	79
Real Estate Investment Trust	3	0	2	0	8	7

Note: * Indicates deficiency cum advisory letters.

10.2.2 Adjudication Proceedings

During 2025-26, SEBI completed adjudication proceedings against 640 entities, through 319 orders. Out of these, no penalty was imposed against 123 entities and 46 entities opted for settlement. The types of violations for which these entities were penalized are given in **Table 10.18**.

Table 10.18: Nature of Adjudication Orders Passed

Particulars	No. of Entities	
	2024-25	2025-26
Nature of Violation		
PFUTP	239	233
Disclosure under SAST and PIT	4	10
Listing/ LODR	7	40
Stock Broker Regulations/ Circulars	44	35
Non-compliance with SEBI order	19	5
Insider Trading	15	12
CIS Regulations, 1999	1	0
Non-compliance with summon	2	13
Others	195	123
No Penalty /Settlement		
No Penalty/Not applicable	107	123
Settlement	660*	46
Total	**1,293**	**640**

Note: * Indicates inclusive of illiquid stock option matters settled under ISO Settlement Scheme, 2024.

In 2025-26, Adjudicating Officers levied penalties totaling ₹35.5 crore, with the largest share ₹23.9 crore imposed against 233 entities for PFUTP violations (**Table 10.19**).

During 2025-26, 88 adjudication orders were passed against registered intermediaries, of which maximum pertained to brokers (41), followed by Merchant Bankers (14), Investment Advisors (9), and remaining against various other intermediaries/ institutions (**Table 10.20**).

10.2.3 Recovery Proceedings

A. **Recovery Cases:** Section 28A of the SEBI Act, 1992 and the corresponding provisions of SCRA, 1956 and the Depositories Act, 1996 empower SEBI to recover money from persons who fail

Table 10.19: Penalties Levied by Adjudicating Officers in 2025-26

Nature of Violation	No. of Entities	Amount (in ₹ crore)
PFUTP	233	23.9
Insider Trading	12	1.4
Disclosure Violation	10	0.3
Other Violations#	254	9.9

Note: #includes Non-compliance, LODR, Stock Broker Regulations, Listing Related violations, FPI Regulations, AIF Regulations, Merchant Banking Regulations, CIS Regulations, Investor Grievance Related violations, etc.

Table 10.20: Adjudication Orders against Intermediaries/Institutions

Intermediary	2024-25	2025-26
Broker	58	41
Depository Participant	1	0
Merchant Banker	10	14
Investment Adviser	12	9
Registrars to Issue and Share Transfer Agent	6	3
Debenture Trustee	5	2
Alternative Investment Fund	5	6
Mutual Fund	4	1
Portfolio Manager	2	0
Designated Depository Participant	4	1
Research Analyst	4	9
Credit Rating Agency	4	1
Banker to an Issue	0	0
KYC Registration Agency	1	0
Venture Capital Fund	0	1
Total	**116**	**88**

to pay the penalty imposed by an Adjudicating Officer or fail to comply with any directions of the Board for refund of money or fail to comply with the direction of disgorgement order or fail to pay any fees due to the Board. The details of recovery proceedings for 2025-26 is given in **Table 10.21**.

i. **Active Recovery Cases:** As on March 31, 2026, 8,099 Recovery Certificates (RCs) have been generated, of which 3,394 RCs are active. The category-wise details of active RCs are given in **Table 10.22**.

ii. **Non-Active Recovery Cases:** Once all recovery methods are exhausted, cases with outstanding balances are categorized as 'non-active. For optimal utilisation of allocated resources towards dues which have better chances of recovery, dues in respect of such non-active cases are classified as Difficult to Recover (DTR). Further, with respect to cases where Committees have been appointed by the Hon'ble Courts or where parallel proceedings are pending, in order to avoid duplication and for better efficiency, dues in respect of such cases are also classified under this category. This classification is

Table 10.21: Details of Recovery Proceedings

Description	CIS and DPI Cases		Penalty/ Disgorgement/ Fee Cases		Total	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
No. of Recovery Certificates / Notice of Demand drawn by SEBI	31	54	911	322	942	376
Amount covered under Certificates (₹crore)*	84.8	159.2	1,758.5	1,918.0	1,843.3	2,077.2
No. of Certificates Cancelled	2	7	90	44	92	51
Amount Recovered (₹crore)**	320.0	170.2	184.0	170.6	504.0	340.8
No. of Certificates where recovery is completed	2	6	384	318	386	324
No. of Certificates pending at the end of Financial Year	524	565	3,811	3,771	4,335	4,336***

Notes: i. *Amount covered under Certificates includes interest and cost till the date of issuance of Recovery Certificate.

ii. **Figures are subject to reconciliation with the banks. Further, recovery amount includes recovery from certificates issued in previous years.

iii. ***Out of the 4,336 pending Recovery Certificates, 3,394 recovery certificates are active and 942 Recovery Certificates have been categorized as Difficult to Recover.

Table 10.22: Category-wise Active Recovery Certificates

Category	No. of Active pending Recovery Certificates		Amount due with respect to active pending Recovery Certificates (₹ crore)	
	2024-25	2025-26	2024-25	2025-26
CIS/DPI	450	469	22,966.5	28,387.1
Disgorgement	138	171	2,451.4	3,024.5
Penalties	2,846	2,751	1,507.7	987.3
Fees	1	3	0.8	1.7
Total	**3,435**	**3,394**	**26,926.3**	**32,400.6**

in line with the policy approved by the Board and such classification of dues is purely an administrative act and does not preclude the Recovery Officers from recovering the amount as and when there is a change in any of the parameters for such classification. As on March 31, 2026, out of 942 DTR cases, 632 RCs involving an amount of ₹2,161 crore have been classified as Irrecoverable Cases (**Table 10.23**).

Another 310 RCs involving an amount of ₹84,962.7 crore are subject matter of Court appointed Committees, parallel proceedings, stay/ moratorium by the Courts / Tribunal, under Liquidation etc. (**Table 10.24**).

Table 10.23: Break-up of Cases

Parameter	As on March 31, 2025		As on March 31, 2026	
	No.	Amount (₹crore)	No.	Amount (₹crore)
Defunct Company	430	1,970.4	390	2,061.7
Untraceable	143	29.7	153*	51.6
Defaulter is alive but has no attachable assets	94	66.3	78	47.4
Death (no assets left behind)	11	0.4	11	0.3
Total	**678**	**2,066.8**	**632**	**2,161.0**

Note: *Out of the 153 certificates falling under untraceable parameter, 134 relate to individuals and 19 relate to companies amounting to ₹26.10 crore and ₹25.47 crore, respectively.

Table 10.24: Recovery Cases Pending at Courts or Tribunal and under Liquidation

Parameter	As on March 31, 2025		As on March 31, 2026	
	No.	Amount (₹ crore)	No.	Amount (₹ crore)
Pending before Court Appointed Committees	72	61,204	78	69,730.6
Parallel Proceedings pending before State PID Courts, NCLT, NCLAT and Supreme Court	36	12,341.2	34	12,006
Stay/Moratorium by Courts or Tribunals	94	2,176.1	179	2,981.5
Under Liquidation	19	12.3	19	244.6
Total	**221**	**75,733.6**	**310**	**84,962.7**

iii. **Cases sub-Judice before Various Forums:** There are a total 620 matters sub-judice before various Courts, Tribunals and other forums related to matters where recovery certificates are drawn. Recovery proceedings initiated under such recovery certificates are subject to the final decision of the Court or Tribunal or other forum (**Table 10.25**).

B. **Special Enforcement Cell:** The Special Enforcement Cell was constituted by SEBI to specifically implement the directions of the Hon'ble Supreme Court to refund the amounts collected from investors of Sahara India Real Estate Corporation Ltd (SIRECL) and Sahara Housing Investment Corporation Ltd (SHICL), together termed as "Saharas". The activities of SEBI in this matter are monitored by Justice (Retd.) B. N. Agarwal appointed by the Supreme Court in this matter. As on date, SEBI has filed 23 Status Reports.

i. **Recovery and Refund Status in Saharas Matter:** As on March 31, 2026, SEBI has recovered approximately ₹16,379 crore from ₹16,138 crore as on March 31 2025, against the principal liability of ₹25,781 crore. There was no fresh refund made during 2025-26. As of March 31, 2026, the total fund balance, including accrued interest in FDs across various nationalized banks, stood at approximately ₹21,505 crore after remitting ₹5,000 crore to the Central Registrar of Cooperative Societies for disbursing to the investors in schemes of Sahara Group of Co-operative Societies (in compliance with the Hon'ble Supreme Court Order dated September 12, 2025).

ii. **Latest Developments:** Saharas filed application No. 232665/2025 before Hon'ble Supreme Court and inter alia prayed for approval of sale of the entire remaining assets of Saharas outrightly in a single lot basis to Adani Properties Private Limited. On January 07, 2026, SEBI submitted its response before the Hon'ble Supreme Court emphasizing that any sale of the Sahara properties should be done in a transparent

Table 10.25: No. of Cases sub-judice before Various Forums

Court/Forum	No. of Cases		No. of Recovery certificates		Total amount as per Recovery Certificate (₹ crore)	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
Supreme Court*	54	68	49	75	53,717	60,738**
High Court***	84	85	67	77	58,808	68,323
Securities Appellate Tribunal	329	404	377	478	15,425	3,131
State PID Courts, NCLT/ NCLAT, Civil Courts, Consumer Forum, etc.	72	63	36	39	64,123	66,014
Total	**539**	**620**	**529**	**669**	**1,92,073#**	**1,98,206#**

Notes: i. *Including the matter of PACL [Justice (Retd.) R. M. Lodha Committee], High Powered Sale Committee in the matter of Sai Prasad Group of Companies etc. which have been appointed by the Hon'ble Supreme Court of India.

ii. ** This covers RC amount involved in the matter of PACL, however, details with respect to recovered amount etc. is separately covered in the annual report in the relevant section.

iii. ***Including several cases where Justice S.P. Talukdar Committee has been appointed by the Hon'ble Calcutta High Court.

iv. #Data across multiple forums have been aggregated.

Table 10.26: Refund Status of PACL Investors

Refund Process	Type of Claim Applications	No. of Claim Applications	Amount Refunded (₹ crore)
First Refund Process (From January 02, 2018 till March 03, 2018)	Having claim amount upto ₹2,500	1,89,103 eligible applicants with claim amount upto ₹2,500	18.2
Second Refund Process (From February 08, 2019 till July 31, 2019)*	Having any outstanding claim amount.	33,85,298 eligible applications with any outstanding claim amount.	3,702.5
Total		**35,74,401 eligible applications**	**3,720.7**

Note: *The refund status is as on March 31, 2026.

and fair manner including providing the opportunities for participation in the sale to other interested purchasers and subject to the conditions mentioned by the Hon'ble Supreme Court in its order dated July 11, 2016. Currently, the matter is pending before the Hon'ble Supreme Court.

iii. **Update in SICCL matter:** SEBI issued order dated October 31, 2018, directing Sahara India Commercial Corporation Limited (SICCL) and its directors to, jointly and severally, refund the money to the investors/bondholders along with interest of 15 per cent per annum. SAT vide order dated March 09, 2026 upheld the SEBI order and dismissed the Appeal No. 250 and 251 of 2019 filed by SICCL and its Directors. However, SAT allowed the appeal no. 252 of 2019 filed by Managers and Company Secretary of SICCL.

C. **PACL Cell :** As per the direction of the Hon'ble Supreme Court, SEBI had constituted a committee under the chairmanship of Justice (Retd.) R.M. Lodha (hereinafter referred to as the "Committee") for the purpose of disposing of the properties of PACL Ltd. and the distribution of sale proceeds to the investors of PACL Ltd.

i. **Status of Refunds in PACL Matter:** The refund process began in 2018, with a subsequent online claim window opened in 2019 for all the PACL Ltd investors. Due to limited corpus available for disposal, the Committee decided to pay the claims of investors in a staggered manner. As on March 31, 2026, the Committee has effected refunds of ₹3,721 crore to 35,74,401 eligible applicants (**Table 10.26**).

ii. **Sale of Properties of PACL:** The Committee, in a report dated September 24, 2021 had suggested two proposals/ options for the sale of properties of PACL Ltd for the consideration of the Hon'ble Supreme Court, viz.

- Proposal I - Proposal to sell 1000 properties of the highest book value; and
- Proposal II - Proposal for the sale of all the properties in a cluster (all properties in a district to be considered as one unit)

The Hon'ble Supreme Court vide its order dated August 8, 2024 in Civil Appeal No. 13301/2015, has accepted the above proposal II. Accordingly, the Committee initiated the process for auction of properties of PACL and it is ongoing. As on March 31, 2026, the Committee has auctioned properties spread across 27 districts, realizing a total amount of ₹3,620.7 crore.

10.2.4 Prosecution Proceedings

During 2025-26, 65 prosecution cases were launched against 176 persons/ entities, taking total prosecution

Table 10.27: Prosecutions Launched

Year	During the Year		As at end of the Year	
	No. of cases	Against No. of Persons/Entities	No. of cases	Against No. of Persons/Entities
2024-25	42	69	2,078	8,570
2025-26	65	176	2,143	8,746

Table 10.28: Nature of Violations in Prosecutions Launched

Nature of Violation	No. of cases filed	
	2024-25	2025-26
Non-payment of Penalty imposed by Adjudication Officer/WTM	30	51
Violation of CIS Regulations, 1999	1	1
Non-compliance with Directions issued by the Board	5	10
Violation of PFUTP Regulations, 2003	0	2
SEBI Act r/w Indian Penal Code/ Bharatiya Nyaya Sanhita, 2023	1	0
Non-compliance with Summons Issued by the Investigating Officer	3	1
Violations under Companies Act, 1956/ 2013	2	0
Total	**42**	**65**

cases initiated to 2,143 (against 8,746 entities) as on March 31, 2026 (**Table 10.27**).

Out of the total prosecution cases filed upto March 31, 2026, the share of Head Office/Western Region was 63.5 per cent and the corresponding pendency was 58.2 per cent. The region-wise data on prosecution cases filed and pending are given in **Table 10.29**.

SEBI initiates prosecutions for violation of provisions of the SEBI Act, 1992; Depositories Act, 1996; SCRA, 1956; Companies Act, 1956/2013; and the Indian Penal Code, 1860/ Bharatiya Nyaya Sanhita, 2023. As on March 31, 2026, 2,143 prosecution cases have been launched, of which 1,828 cases pertained to violation of the provisions under the SEBI Act, 1992 (**Table 10.30**).

Table 10.29: Region-wise Data on Prosecution Cases Filed and Pending

Region	No. Cases Filed upto		No. of Cases Pending upto	
	2024-25	2025-26	2024-25	2025-26
Head Office/ Western Region	1,306	1,360	615	611
Northern Region	392	393	154	149
Southern Region	126	126	91	91
Eastern Region	254	264	188	198
Total	**2,078**	**2,143**	**1,048**	**1,049**

As on March 31, 2026, the Courts have disposed of 1,094 prosecution cases filed by SEBI, out of which 295 cases resulted in convictions and 405 cases were compounded (**Table 10.31**).

Table 10.30: Nature of Prosecution Cases filed

Violation Alleged w.r.t.	Number of Cases launched upto	
	March 31, 2025	March 31, 2026
SEBI Act, 1992	1,763	1,828
SEBI Act, 1992 & SCRA, 1956	100	100
SEBI Act, 1992, SCRA & Companies Act 1956/2013	2	2
SEBI Act, 1992 & Companies Act 1956/2013	75	75
SEBI Act, 1992 & Indian Penal Code, 1860/(Bharatiya Nyaya Sanhita, 2023)	6	6
Companies Act, 1956	87	87
SCRA, 1956	7	7
Depositories Act, 1996	29	29
Indian Penal Code, 1860	9	9
Total	**2,078**	**2,143**

Note: The table incorporates all Prosecution Cases filed since 1992

Table 10.31: Number of Prosecution Cases decided by the Courts

Type of Decision	As on March 31, 2025	As on March 31, 2026
Convictions	276	295
Compounded	378	405
Abated	61	66
Dismissed/Discharged	173	174
Withdrawn	109	110
Acquitted	33	42
Others	0	2
Total	**1,030**	**1,094**

Note: Includes all prosecution cases decided since 1992

10.2.5 Settlement and Compounding

I. **Settlement:** During 2025-26, SEBI received 439 applications for settlement and disposed of 170 applications by passing appropriate settlement orders, while 199 applications were rejected, withdrawn or returned. Settlement Orders were passed for alleged violations of various regulations, viz., SEBI (SAST) Regulations, 2011; SEBI (PIT) Regulations, 2011; SEBI (PFUPT) Regulations, 2003; SEBI (LODR), 2015; SEBI (FPI) Regulations, 2019; SEBI (AIF) Regulations, 2012; SEBI (RTAs) Regulations, 1993; SEBI (MF) Regulations, 1996.

SEBI collected ₹109.8 crore towards settlement charges, of which ₹74.2 crore was received towards summary settlement charges (**Table 10.32**). In addition, ₹11.3 crore was collected as disgorgement charges.

Table 10.32: Settlement Applications Filed with SEBI

Particular	2024-25	2025-26
Pending at the beginning of the period	282	429
No. of settlement applications received	703	439
No. of applications disposed of by passing orders[1]	284	170
No. of applications rejected/ withdrawn/returned	272	199
Pending at the end of the period	429	499
Settlement Amount (₹ crore)	798.9	109.8[2]

Notes: i. [1]The number of applications may include disposal of applications filed during previous financial years.

ii. [2]Out of total settlement amount of ₹109,81,89,058.45/- ; ₹74,21,875/- was received towards summary settlement charges. Additionally, ₹11,28,67,974.30/- was received towards disgorgement charges.

Additionally, SEBI had introduced the Venture Capital Funds Settlement Scheme, 2025, in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations, 2018, wherein a total of 29 entities had availed the scheme and ₹2 crore has been received towards settlement terms. The Settlement Scheme for association with certain Algo platforms, 2025, was also introduced and a total of 111 entities had availed the scheme and ₹1.11 crore were received towards settlement terms. The settlement amounts received from the settlement schemes were credited to the Consolidated Fund of India (**Table 10.33**).

Table 10.33: Settlement Schemes

Settlement Scheme	Date of Settlement order	No. of entities who availed the scheme	Settlement Amount collected for remittance to CFI (₹)
Venture Capital Funds Settlement Scheme, 2025	March 9, 2026	29	1,99,50,000
Settlement Scheme for association with certain Algo Platforms, 2025	March 17, 2026	111	1,11,00,000

Table 10.34: Compounding Applications Filed by the Accused in Criminal Courts

Particular	2024-25	2025-26
Pending applications at the beginning of the period	65	107
Number of applications filed	88	46
Number of applications compounded	36	35
Number of applications rejected	10	33
Pending at the end of the period	107	85
Compounding charges received by SEBI (₹lakh)	**708.8**	**767.7**

II. **Compounding:** During 2025-26, 46 compounding applications were filed before the court. 35 applications were compounded and an amount of ₹767.7 lakh was received towards compounding charges. As on March 31, 2026, there were 85 applications pending with Courts for compounding (**Table 10.34**).

10.3 LITIGATIONS

A. **Appeals in SAT:** During 2025-26, the Bench of the Hon'ble Securities Appellate Tribunal (SAT) comprised of Justice P.S. Dinesh Kumar, Presiding Officer; Dr. Dheeraj Bhatnagar, Technical Member and Ms. Meera Swarup, Technical Member. 429 new appeals were filed in 2025-26 before the Hon'ble SAT, as compared to 533 appeals filed in the preceding year, reflecting a downward trend in the number of appeals being filed before the Hon'ble SAT. The Hon'ble SAT disposed of 323 appeals during 2025-26, of which 148 appeals pertained to

Table 10.35: Status of Appeals before SAT

Status of Appeals	2024-25	2025-26
Appeals pending at the beginning of the year	849	960
Appeals filed during the year	533	429
Appeals Dismissed	308	135
Appeals Remanded	21	28
Appeals Allowed	23	47
SEBI orders upheld with modifications	42	88
Appeals withdrawn	28	25
Appeals Pending at the end of the year	**960**	**1,066**

PFUTP & insider trading cases. At the end of March 31, 2026, 1,066 appeals were pending before the Hon'ble SAT.

B. **Litigations in Supreme Court:** As on March 31, 2026, there were 539 cases pending before the Supreme Court (excluding recovery related litigations), compared to 520 pending in the previous year (**Table 10.36**). During 2025-26, 73 cases were added and 54 cases disposed of.

C. **Litigations in High Courts:** As on March 31, 2026, there were 884 litigation cases pending before the High Courts (excluding prosecution and recovery related litigations), compared to 886 litigation cases in the previous year. During 2025-26, 201 litigation cases have been filed in High Court and 203 cases were disposed of (**Table 10.37**).

As on March 31, 2026, 349 cases pertaining to prosecution litigations were pending before

Table 10.36: Status of Litigation before Supreme Court

Particulars	2024-25			2025-26		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases filed by SEBI	7	10	272	16	16	272
Cases filed by Parties	74	70	248	57	38	267
Total	**81**	**80**	**520**	**73**	**54**	**539**

Note: Figures are inclusive of 15Z, non-15Z and prosecution related litigation and exclude recovery related litigations.

Table 10.37: Status of Litigation before High Courts

Particulars	2024-25			2025-26		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases filed by SEBI	15	18	52	5	12	45
Cases filed by Parties	166	170	834	196	191	839
Total	**181**	**188**	**886**	**201**	**203**	**884**

Note: Figures are exclusive of prosecution and recovery related litigations.

High Court compared to 313 litigations at the end of previous year (**Table 10.38**).

D. **Litigations in Other Courts:** As on March 31, 2026, there were 449 litigation cases pending before Other Forums (apart from Supreme Court, High Court, SAT and prosecution cases filed by SEBI) compared to 539 cases in the previous year. During 2025-26, 117 litigation cases have been filed and 207 cases have been disposed (**Table 10.39**).

Among the 449 pending litigations, 254 litigations are pending at Consumer forum, followed by 110 litigations (at civil court), and 58 litigations (at NCLT).

Apart from the above, as on March 31, 2026, there were 25 criminal cases filed by parties which are pending before various subordinate courts across the country, compared to eight cases in the previous year. During 2025-26, 24 new cases were filed and seven cases were disposed of (**Table 10.41**).

E. **Important Court Pronouncements**

I. **Supreme Court of India**

i. **Order dated October 7, 2025- Madhyam Agrivet Industries Ltd. & Ors. vs. SEBI (C.A. No. 7885/2024)**

The Civil Appeal was preferred by Madhyam Agrivet Industries Ltd. (appellant) challenging the order dated 22.05.2024 passed by the Ld. SAT whereby the prayer seeking various documents pertaining to internal notings, inter-department transfers etc. was rejected.

Table 10.38: Status of Litigation before High Courts arising out of Prosecution

Particulars	2024-25			2025-26		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases filed by SEBI	24	3	60	20	8	72
Cases filed by Parties	47	24	253	72	48	277
Total	**71**	**27**	**313**	**92**	**56**	**349**

Table 10.39: Status of Litigation before Other Forums

Particulars	2024-25			2025-26		
	Filed	Disposed	Pending	Filed	Disposed	Pending
Cases filed by SEBI	12	12	18	8	7	19
Cases filed by Parties	98	115	521	109	200	430
Total	**110**	**127**	**539**	**117**	**207**	**449**

Note: Figures are excluding prosecution and recovery litigations.

Table 10.40: Fora-Wise status of Cases

Forum	Pending as on March 31, 2025	Filed	Disposed	Pending as on March 31, 2026
Civil Court	114	25	29	110
Consumer Forum	333	34	113	254
NCLT	63	37	42	58
NCLAT	13	7	11	9
Labour Commissioner/ Labour Court	8	2	3	7
Commissioner of GST & CX/ Sales Tax Appellate Tribunal	0	0	0	0
Commissioner of Income Tax	2	2	2	2
Permanent Lok Adalat	2	1	1	2
The Debt Recovery Tribunal	1	0	0	1
Bar Council of India	1	0	0	1
Other	2	9	6	5
Total	**539**	**117**	**207**	**449**

Note: Figures are excluding prosecution and recovery litigations.

The proceedings emanated from a Show Cause Notice (SCN) dated 19.10.2023 issued to the appellants for allegations *inter alia* pertaining to irregularities of distribution of sale proceeds to public shareholders resulting out of sale of wholly owned subsidiary and dairy product business and irregularities in delisting of shares and manipulation in the books of accounts.

Pursuant to the SCN, the Appellants sought inspection of certain documents and thereafter additional documents were allegedly sought. Respondent vide email dated 31.01.2024 denied the seeking

Table 10.41: Fora-wise status of Criminal Cases Filed by Parties

Forum	Pending as on March 31, 2025	Filed during 2025-26	Disposed during 2025-26	Pending as on March 31, 2026
SEBI Special Court, Mumbai	0	3	3	0
City Civil & Sessions Court, Mumbai	0	4	2	2
West District & Sessions Court, Tis Hazari, Delhi	3	0	0	3
New Delhi District & Sessions Court, Patiala House, Delhi	0	1	1	0
South District & Sessions Court, Saket, Delhi	0	1	0	1
Chief Judicial Magistrate/Judicial Magistrate, Jalandhar, Punjab	3	2	0	5
Judicial Magistrate, Mansa, Punjab	0	1	0	1
Judicial Magistrate, Gurugram, Haryana	0	9	0	9
Judicial Magistrate, Karnal, Haryana	0	1	0	1
Metropolitan Magistrate, Bandra, Mumbai	0	2	1	1
Metropolitan Magistrate, Chandigarh	2	0	0	2
Total	**8**	**24**	**7**	**25**

additional documents and asked the Appellants to file its reply. The Appellant then challenged the said email before SAT and sought several documents including the SCN issued to Independent Directors and/ or other officials of the Appellant, complete chain of communication between Forensic Auditor and the Respondent, documents pertaining to investigation from October 2020, inter-department transfers, communication between departments of SEBI, etc.

The SAT allowed the inspection of SCNs issued to Independent directors while rejecting the prayer for other documents as mentioned above. The SAT observed that the internal and inter-departmental notings are part of a process within SEBI which culminate in the Investigation Report and finally lead to the issuance of the SCNs and also observed that providing the Forensic Audit Report and the Investigation Report to the Appellants redresses their grievances.

Before the Hon'ble Supreme Court, the Appellants argued that they are entitled to such documents as all those documents are relevant and inter-department transfer of documents/ notings reflect the views of various department and would influence the decision of the competent authority in determining the specific violations, etc.

However, Hon'ble Court while dismissing the Appeal observed that they are not inclined to interfere with the order of SAT and further observed that any documents relied on by SEBI will be provided to the appellants.

ii. **Common order dated December 1, 2025– Elara India Opportunities Fund Limited vs. SEBI & Ors. (C.A. No. 14194 of 2025) along with Vespera Fund Limited vs. SEBI (C.A No. 14195 of 2025)**

The Appeal was preferred by Elara India Opportunities Fund Ltd (Elara) and Vespera Fund Ltd (Vespera) against SAT order dated 15.10.2025 whereby SAT had upheld SEBI letter dated 28.03.2025 rejecting the application seeking exemption from strict enforcement of certain provision of the SEBI (FPI) Regulations, 2019 (FPI Regulations).

Regulations 22(6) and 22(7) of the FPI Regulations specifically require the FPIs to disclose information or documents in relation to the persons with any ownership, economic interest or control in the FPI in the manner specified by the Board. Further, vide its Circular dated 24.08.2023, SEBI mandated additional granular disclosures viz. ownership by natural persons etc. for the FPIs holding more than 50 per cent of its Indian equity AUM in a single Indian corporate group. The deadlines provided under the circular were extended by 180 days, for liquidation of all holdings in case of non-compliance of the relevant disclosures. After expiry of this period, the unsold securities of FPI was to be deemed to be compulsorily written-off by the FPI and FPI shall lose any beneficial interest in the said securities.

Elara had invested 82.13 per cent and Vespera had invested 72.99 per cent of assets in the Adani Group, which was more than 50 per cent threshold in single Indian corporate group. However, both the entities failed to comply with the requirement of making granular disclosures as per the abovementioned circular. Therefore, their registration as an FPI was rendered invalid, were required to liquidate their securities and exit the Indian securities market. Although the Appellants liquidated their securities in terms of the circulars, however, they retained certain warrants purchased by them during 2023-24.

On 04.02.2025, the Appellants filed its application under regulation 43B of the FPI regulations for exemption from strict enforcement of FPI Regulations and requested that they may be allowed to exercise conversion of the warrants subscribed by them, receive shares so allotted in its demat accounts and thereafter sell the shares. Vide SEBI letter dated 29.03.2025, the application filed by the appellants was rejected.

The Appeals filed before Ld. SAT were dismissed vide order dated 15.10.2025 wherein the Ld. SAT observed that the August 2023 circular has been issued in view of the concerns that entities with large Indian equity portfolios could potentially disrupt the orderly functioning of securities markets by misusing the FPI route. It was also observed that the Appellants took a conscious decision to subscribe to the warrants in the violation of August 2023 circular and the same is completely in variance with their conduct of liquidating their remaining securities.

Pursuant thereto, Appeals were preferred by Elara and Vespera before the Hon'ble Supreme Court. The Hon'ble Court, vide its order dated 01.12.2025 dismissed the Appeals and upheld the SAT order dated 15.10.2025.

iii. **Common order dated April 07, 2025 – SEBI vs. Ram Kishori Gupta and anr. (Civil Appeal no. 7941 of 2019) and other connected appeals**

An order dated February 20, 2008 was passed by SEBI against Vital Communications Ltd (VCL) and its promoters and directors in relation to alleged misleading advertisements issued by VCL with regard to buyback of its shares, issue of bonus shares and preferential issue of shares.

One Mrs. Ram Kishori Gupta and her husband, Mr. Harishchandra Gupta (Collectively referred to as "the Guptas") claimed compensation from SEBI for the losses suffered by them in connection with the shares of VCL, which was denied by SEBI. Pursuant to an appeal filed by the Guptas, the SAT while upholding the aforesaid SEBI order against VCL and others, directed SEBI to consider directing VCL to refund the actual amount spent by the Guptas on purchasing the shares in question with appropriate interest and as per law.

WTM SEBI vide order dated July 31, 2014 restrained 24 Noticees from accessing the securities market and prohibited them from dealing in securities. Vide report of SEBI regarding non feasibility of quantification of any ill-gotten gains by VCL, promoter group of preferential allottees was informed to the Guptas.

Aggrieved by the aforesaid report of SEBI, the Guptas filed appeal before the Ld. SAT which was disposed of by the SAT vide order dated August 27, 2015 directing WTM SEBI to pass appropriate orders on merits, after hearing the Guptas.

WTM SEBI vide order dated September 28, 2018 directed VCL and its various directors/ entities to jointly and severally disgorge their unlawful gains of ₹4,55,91,232 along with interest.

Appeals against the aforesaid order of WTM SEBI was filed by the Guptas before the Ld. SAT for denial of restitution by the said order of WTM, and by VCL and others against the direction of disgorgement. Vide order dated August 02, 2019 the Ld. SAT held that as violation by VCL had been conclusively proved by the order dated September 28, 2018, therefore SEBI was directed to compensate the Guptas to the extent of ₹18,25,041.

Being aggrieved by the order dated August 02, 2019 SEBI filed an appeal before the Hon'ble Supreme Court. The Guptas also filed an appeal before the Hon'ble Supreme Court.

On the appeals filed by VLC and others, the SAT vide order dated December 20, 2021, held that:

- WTM SEBI's order dated December 16, 2014 to its Investigation Department to examine the feasibility of quantifying ill-gotten gains and to issue requisite notices for disgorgement, was wholly without jurisdiction.
- No fresh proceedings on the same cause of action could have been initiated under Sections 11 and 11B of the SEBI Act, 1992 after the order dated July 31, 2014 attained finality.
- The order dated September 28, 2018 was, therefore, held to be barred by the principle of res judicata.

Further, the Ld. SAT vide its order dated December 20, 2021 also imposed cost of ₹2,00,000 to be paid by SEBI to each of the appellants.

The said order of the Ld. SAT was challenged by SEBI before the Hon'ble Supreme Court. The Hon'ble Court vide its order dated April 07, 2025 while allowing the Civil Appeal filed by SEBI in CA no. 7941 of 2019, inter alia, held that:

- The illegalities committed by VCL and the other entities had financial implications which may have warranted a direction for disgorgement, but once the SEBI choose not to issue such a direction in the first instance and was satisfied with lesser penalties in its order dated July 31, 2014, the question of permitting SEBI, without just cause, to revisit the said final order and pass fresh directions does not arise. Doing so would be violative of public policy and the principle of res judicata.
- The compensation claim of the Guptas against SEBI was decided by the Ld. SAT's order dated April 30, 2013, which also attained finality and it was not open to them to reopen the same.

Consequently, the Civil Appeal (Diary) No. 42829 of 2019 filed by the Guptas was dismissed by the Hon'ble Supreme Court. Vide the same order, it was also held that SEBI's appeals against the impugned order of the Ld. SAT is devoid of merit. However, the direction of the Ld. SAT imposing cost of ₹ 2,00,000/- on SEBI to be paid to VCL and the other noticees each was set aside and allowed the Civil Appeal Nos.1649-1652 of 2022 to that extent.

iv. Order dated December 02, 2025 in the matter of Reliance Industries Ltd. & Ors. v. SEBI (CA No. 9511/2025)

SEBI conducted an investigation in the suspected insider trading activities in the scrip of Reliance Industries Ltd. ("RIL"/ "Company"). It was observed that news about impending Jio-Facebook deal was published in the Financial Times (FT), London on March 24, 2020 post market hours and thereafter, the said news report of FT was widely circulated in Indian media on the same day and next day. Post publication of the said news articles, the scrip price of the Company went up by almost 15 per cent on March 25, 2020.

Pursuant to investigation, adjudication proceedings were initiated against RIL and its Compliance Officers (being Ms. Savitri Parekh and Mr. K. Sethuraman, Appellant Nos. 2 and 3 respectively). Adjudicating Officer (AO), vide Order dt. June 20, 2022, held that Appellants did not comply with the provision of principles of fair disclosure of UPSI (Unpublished Price Sensitive Information) and did not issue any clarification on the same, and therefore, Appellants were liable for the violation of provisions of Principle No. 4 under Schedule A - Principles of Fair Disclosure for purposes of code of practices and procedures for Fair Disclosure of UPSI read with Regulation 8(1) of SEBI (PIT) Regulations, 2015 read with Regulation 30(11) of SEBI (LODR) Regulations, 2015. Accordingly, AO imposed a penalty of ₹30,00,000 under Section 15HB of the SEBI Act to be paid jointly and severally by the Appellants.

In appeal by Appellants before the Ld. Securities Appellate Tribunal (SAT), the Ld. SAT while dismissing the appeal *inter alia* held as under:

- All material information under LODR may not be price sensitive for the purpose of PIT Regulations. Conversely, merely because the material information is required to be disclosed to the stock exchanges, it cannot be held to be UPSI. What is 'price sensitive' is essentially 'material', but the converse is not true.
- The scope of LODR and PIT Regulations while overlapping at some places, is different. The standard of disclosure is much higher in PIT Regulations and the dispute in the instant matter cannot be reduced to mere non-compliance of Regulation 30(11) of LODR Regulations and germane issued is to determine whether appellants may be held to be in violation of PIT Regulations or not.
- Principle 1 of the PIT Regulations requires the company to make prompt disclosure as and when a credible and concrete information comes into being in order to make it generally available whereas Principle 4 makes it obligatory to make prompt disclosure, of a UPSI which is disclosed selectively, to make information generally available. It was the responsibility of the company to make prompt disclosure when it was selectively disclosed in certain media and in order to protect the interest of its shareholder, the duty was casted upon the company to make the disclosure.
- The appellants' submission that the information cannot be held concrete or credible till a binding agreement is signed and that accepting such submission would defeat the purpose of PIT Regulations cannot be accepted.
- In respect of a materially price sensitive matter in the nature of significant cross-border investment in a company such as RIL, the information may be held as 'generally available' only when company authenticates it and not merely on the basis of a newspaper leakage, not authenticated by the company.

Aggrieved by the same, the subject appeal was filed before the Hon'ble Supreme Court. When the matter was taken up for hearing on December 02, 2025, the Appellants made their submissions on applicability of Regulations 30(10) & 30(11) of the LODR Regulations in the instant matter and that a company cannot be bound to clarify every news article especially when the deal was still being negotiated. Further, Appellant submitted before the Hon'ble Court that upon publication in the newspapers, the information became generally available information and that the same was also observed by AO, SEBI. At this stage, Ld. SG, appearing for SEBI, informed the Hon'ble Court that subsequent to publication of the news article on March 24, 2020, there was an increase in the price of the scrip by 15 per cent.

The Hon'ble Court, vide its order dated December 02, 2025, dismissed the appeal *inter alia* observing that no case for interference is made out on the conclusion drawn by SEBI with respect to the violation of the 2015 Regulations, whereby there is a statutory duty of disclosing unpublished/ selectively published price sensitive information so as to make it generally available and embargo against insider trading, particularly in view of the fact that post publication of news articles, the price rise in the scrip was almost 15 per cent (against the previous day closing price) whereas post corporate announcement, the price rise was around 10 per cent.

v. **Order dated March 17, 2026 in the matter of SEBI Vs Terrascope Ventures Ltd & Ors [Civil Appeal Nos 5209-5211 of 2022]**

The Appeal has been filed by SEBI against the Common Order of the SAT dated June 6, 2022 (the "Impugned Order") whereby the SAT had quashed and set aside 3 different orders of the Adjudicating Officer on the same date i.e. April 29, 2020 (the "AO Orders") against the Respondent No 1 Company Terrascope Ventures Ltd and its two Directors – Respondent No. 2 Ms. Geeta Manoharlal Saraf and Respondent No. 3 Mr. Manoharlal Saraf.

Pursuant to an investigation by SEBI, it was found that the proceeds raised through the preferential issue by the Respondent No 1 Company were not utilized as per the disclosed objects of the preferential issue and were instead utilized for other purposes such as investment in shares and providing loans and advances. In view thereof, the AO had held that such an act amounted to misleading the investors and had imposed a penalty of ₹ 1 crore against the Respondent No 1 Company under Section 15HA of the SEBI Act, 1992 and Section 23E of the Securities Contracts (Regulation) Act, 1956 (the "SCRA") for violation of Regulation 3 and 4 of the SEBI (PFUTP) Regulations, 2003 and Section 21 of the SCRA read with clause 43 of the Listing Agreement respectively while a penalty of ₹ 25 lakh each was imposed on Respondents No 2 and 3 under Section 15HA of the SEBI Act, 1992.

The said order was challenged before the Ld. SAT wherein it was argued by the Respondent No. 1 Company and Respondents No 2 and 3 herein that vide a special resolution at a later date, the variance in the utilization of the proceeds of the issue were ratified. The Ld. SAT concurred with this argument and set aside the AO Orders which was challenged by the Board before the Hon'ble Supreme Court.

While noting the contentions of both the parties after a detailed hearing, the order was reserved on September 16, 2025 and was pronounced on March 17, 2026. The Hon'ble Court allowed the SEBI appeal and set aside order of the Ld. SAT, inter alia, with the following reasoning:

- The object of the SEBI Act and the Regulations are to pre-empt manipulative trading and check all kinds of impermissible conduct resorted by parties, so that the innocent investor is not misled. Any practice which does not conform to the fair and transparent principles of trades in the stock market would be captured under the rubric of unfair trade practices in the securities market.
- The ambit of fraud under PFUTP Regulations is broader than the normal meaning assigned to the term, illustrated by its very definition under the PFUTP Regulations which even excludes the requirement of deceit. The Bench held that the diversion of funds by the Respondents for a purpose different to the one set out at the time of preferential issue misled the investors and was a breach of Regulation 3, 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations.
- Failure to furnish the details pertaining to the variation in the utilization of proceeds also attracted the penalty under Section 23E of SCRA.
- SEBI regulations such as the PFUTP Regulations has public law dimensions since it protects the rights of several stakeholders and a liability which is crystalized through the regulatory provisions cannot be wiped off by a private resolution, by contending that the shareholders have condoned the action.
- An illegality or an ultra-vires act cannot be ratified subsequently through a shareholder resolution.
- The provisions of the SEBI Act, 1992 provides for initiation of separate and distinct proceedings for violation of the provisions of the SEBI Act, 1992 and the regulations made thereunder.

II. High Court

a. Common order dated December 01, 2025- Hemant Kulshrestha vs. SEBI and others [W.P. (L) no. 31373 of 2025] and connected petition - High Court of Judicature at Bombay

These petitions were filed challenging the IPO of WeWork India Private Ltd. (**Company**) on the ground of misleading disclosures in the Draft Red Herring Prospectus (**DRHP**) of the Company pertaining to its brand ownership and precarious financial position. It was also alleged that certain criminal proceedings against the promoters of the company were not disclosed in the DRHP/RHP and that SEBI should apply the 'fit and proper' criteria to the company which is applicable to registered intermediaries. While dismissing the writ petitions, the Court observed that SEBI General Order no. 1 of 2012 *inter alia* stipulates that SEBI does not regulate on merit or approve the documents of offer/issue of securities, but only mandates true, fair and adequate disclosures and that the role of SEBI is limited to the supervision of functioning of the Book Running Lead Manager whose larger duty pertains to making adequate disclosures. It was further observed that the Observation Letter issued by SEBI shows that SEBI has applied its mind, and the steps taken by it are satisfactory. The connected petition filed by Mr. Vinay Bansal was dismissed with costs of ₹1 lakh payable to the Maharashtra State Legal Services Authority.

b. **Order dated September 17, 2025- Chandrakant C. Shah vs. SEBI & AMFI (Public Interest Litigation No. 84 of 2024) - Hon'ble High Court of Judicature at Bombay**

A Public Interest Litigation ("PIL") was filed seeking directions to SEBI to revoke the liberty granted to Association of Mutual Funds in India ("AMFI") for carrying out investor education and awareness initiatives/programs and discontinuing its advertisement campaigns titled "Mutual Funds Sahi Hai", "Mutual Funds Mein SIP Sahi Hai" and "Be Patient and Stay Invested" alleging these campaigns are reckless, misleading and create a false impression of assured financial safety in the minds of general public in mutual fund investments and further that the campaign neither educates the investors nor does it disclose the risks inherent in the sale and purchase of mutual funds. The Court noted that it had dismissed an earlier PIL No. 26 of 2025 on similar grounds and that a subsequent Special Leave to Appeal SLP No. 13341 of 2025 filed before the Supreme Court was duly dismissed. The Court held that easy access to justice should not be misused as a license to file and pursue misconceived petitions and reiterated that only a person acting *bona fide* and possessing sufficient interest in the subject matter of a PIL has the *locus standi* to approach the Court for redressal of violations of fundamental rights or genuine infractions of statutory provisions. Since the writ petitioner did not meet the requirements laid down in the said judicial tests, the PIL was dismissed by the High Court on September 17, 2025 as no substantial public interest was found to be involved therein.

c. **Order dated 11.12.2025 in the matter of SEBI vs Amit Jain (LPA 412/2018) and Amit Jain vs. SEBI (LPA 550/2018) before Hon'ble Delhi High Court.**

The case involved cross appeals between SEBI and Amit Jain against a Hon'ble Delhi High Court's Single Bench judgment dated 09.07.2018. The Single Judge had quashed SEBI's SCN dated 14.11.2013 and adjudication proceedings initiated against Mr. Amit Jain while observing that SEBI had not recorded an opinion under Rule 3 of the SEBI Adjudication Rules, 1995 before appointing an Adjudicating Officer (AO).

The case originated from BSE's communication to SEBI regarding suspicious trades in the scrip of Himalaya Granites Ltd. shares. SEBI's internal committees examined the transactions and recommended initiation of adjudication proceedings for disclosure violations under the PIT Regulations, 1992. Based on these recommendations, SEBI appointed an AO under Section 15-I of the SEBI Act and the AO issued a SCN against Mr. Amit Jain alleging violation of Regulations 13(3) and 13(5) of the PIT Regulations, 1992. Mr. Amit Jain submitted reply to the SCN and appeared for hearing before the AO without raising any objections regarding the procedure followed for appointment of the AO. Subsequently, the petitioner challenged the notice before the Delhi High Court through a writ petition, inter alia, on the following grounds:

- SEBI had not recorded an opinion under Rule 3 of the SEBI Adjudication Rules, 1995 before appointing an Adjudicating Officer.
- The WTM SEBI was required to follow the procedure for adjudication given under the PIT Regulations, 1992 and give a finding on violation of the said regulations qua the petitioner before appointing Adjudicating Officer in the matter.
- After the WTM, SEBI finds that the petitioner has violated PIT Regulations, 1992, the role of the Adjudicating Officer would be limited to determining the quantum of penalty.

The Single Judge, Delhi High Court, inter alia, held that:

- The formation of opinion by SEBI before appointing the AO was mandatory, and since it was absent, the proceedings were invalid.
- The petitioner's contention that the WTM, SEBI should have given a finding on violation of PIT Regulations, 1992 before appointment of adjudicating officer is unmerited.

SEBI preferred an appeal against the Single Judge order vide LPAD 412/2018, arguing that appointment of the AO is only an administrative step, not requiring a detailed recorded opinion and that the scheme of Rules 3, 4, and 5 of the Adjudication Rules has been misunderstood. Amit Jain also preferred an appeal (LPA 550/2018) against the finding of Hon'ble Single Judge that his contention that the WTM, SEBI should have given a finding on violation of the PIT Regulations, 1992 before appointment of adjudicating officer is unmerited.

The Division Bench of Hon'ble Delhi High Court analyzed the statutory framework of Section 15A, Section 15-I, and the Adjudication Rules. While allowing SEBI's appeal (LPA 412/2018) and dismissing Amit Jain's appeal (LPA 550/2018), the Hon'ble Delhi High Court, inter alia, held that:

- the appointment of an Adjudicating Officer is an administrative step and merely initiates the inquiry process and therefore, the Single Judge misinterpreted the procedural scheme of the Adjudication Rules.
- no prior order under Regulation 14 of the PIT Regulations is required before initiating adjudication under Chapter VI-A of the SEBI Act.

d. **Order dated September 01, 2025 in the mater of SEBI vs CRB Capital Markets Limited before Hon'ble Delhi High Court. Co. PET. 379/2009.**

As part of its mutual fund activities, CRB Mutual Fund had launched a close-ended scheme i.e. the "Arihant Mangal Growth Scheme" in the year 1994. The Scheme was opened for subscriptions between August 19, 1994 to September 20, 1994, during which a sum of ₹229.28 crores was collected from 19,324 individual investors and 72 non-individual investors, which sums to a total of 19,396 investors.

SEBI conducted inspection of the records of CRB Mutual Funds in December 1994, which revealed multiple violations of securities laws and systemic deficiencies on the part of CRB Capital Markets Ltd. (Settlor), CRB Trustees (Trustee), CRB Asset Management Company (AMC). A SCN dated December 12, 1995 was issued by SEBI which resulted in order dated April 24, 1996 prohibiting the Respondents no. 1, 2 and 3 from lunching new scheme until June 1997.

In r 1997, the Reserve Bank of India filed a winding up petition against CRB Capital Markets Limited before Hon'ble Delhi High Court being Co.Pet.191/1997. Thereafter, a petition was filed by the Petitioner/ SEBI in the year 1997 as Trust Petition No. 3 of 1997 before the Hon'ble Bombay High Court for:

- safeguarding the interest of investors of Arihant Mangal Growth Scheme.
- seeking to appoint any fit and proper person/entity to take charge of all the property and assets of Respondent No. 2, 3 and 4 i.e. i.e., CRB Trustees, CRB Asset Management Company, and IIT Corporate Services respectively and the assets of the Mutual Funds and the Arihant Mangal Growth scheme for such period as the Court may deem fit and proper.

The Hon'ble Bombay High Court vide order dated October 09, 1997 appointed Mr. M.L.T Fernandes as a Provisional Administrator (who had continued till his demise on 24.02.2012). Vide order dated May 29, 2013, Hon'ble Delhi High Court disposed the Co.Pet. 379/2009 while setting up a Special Committee for performing various functions, including the function to wind up the Arihant Mangal.

The Special Committee was constituted for a period of one year only from the date of order dated May 29, 2013, however, the tenure was extended from time to time and had come to an end on 27.05.2023 as the tenure was not extended by the Hon'ble High Court. Several applications were filed in the matter by SEBI pertaining to the functioning of the Special Committee including Co. Appl. No. 420/2022, 506/2024 and 403/2025 inter alia seeking (i) Replacement of Special Committee with the Special Cell to be constituted by SEBI and denying further extension to the Special Committee, (ii) forensic audit of all the records of the Special Committee, and (iii) recovering the disbursements made by Special Committee to the CRB Group.

Vide judgement dated September 01, 2025, Hon'ble Delhi High Court inter alia directed SEBI to establish a Special Cell to replace the Special Committee and take over all the records of the Special Committee, presently under the lock and key put by the Local Commissioner appointed by Hon'ble Delhi High Court. Further, in view of the manner of distribution of funds adopted by the Special Committee, Hon'ble Delhi High Court permitted SEBI to conduct a Forensic Audit of all the records, bank accounts, documents etc., pertaining to the Arihant Mangal Growth Scheme and the Special Committee in accordance with law.

III. Securities Appellate Tribunal

a. Order dated 16 January 2026 in Appeal No. 838/2022- Bombay Dyeing and Manufacturing Company Ltd and Anr. vs SEBI and other connected 3 appeals in the matter of Bombay Dyeing and Manufacturing Company Ltd.

Pursuant to receipt of complaints, investigation was initiated against Bombay Dyeing and Manufacturing Company Ltd. (BDMCL) for the period 2011-12 to 2018-19 wherein it was revealed that a scheme has been devised by BDMCL to misrepresent its financials, by recognizing inflated revenue and booking inflated profits through sales of flats to SCAL Services Ltd (SCAL) between

2011-12 to 2017-18. BDMCL had entered into 11 MoUs with SCAL, a negative net worth company, for the sale of 325 flats for an aggregate consideration of approximately ₹3,033 crore and recognized revenue of ₹2,493 crore and profit of ₹1,302 crore in its books from 2011-12 to 2017-18, even though, the net amount received with respect to said MoUs was merely 7.5 per cent of the revenue recognized by BDMCL. It was also revealed that prior to entering into the said MoUs, BDMCL reduced its shareholding in SCAL from 49 per cent to 19 per cent and not categorized SCAL as its associate company escaping consolidation of financial as required under the Companies Act, 2013, relevant Accounting Standards and SEBI Regulations. Investigation also found that BDMCL recognised bulk sales under MoUs for booking inflated revenue and profits, however SCAL had not recorded any corresponding purchases in its books except recording the difference between sales and purchase price of flats at the time of the final sale of flats. Furthermore, several factors, including common registered office, shared management, financial dependence, and routing of funds to SCAL through group entities, suggested that SCAL was functioning as an extended arm of BDMCL. Accordingly, SCNs were issued to the BDMCL and other noticees alleging violation of SEBI (PFUTP) Regulations, 2003 and SEBI (LODR) Regulations, 2015. Subsequently, WTM and Adjudicating Officer, SEBI passed orders concluding that a well-orchestrated device was employed by BDMCL along with other noticees for fraudulently misrepresenting the financial statements by inflating the revenues and profits during 2011-12 to 2017-18, of a listed company BDMCL to display it as a consistent profit making enterprise at a time when the financial statements would in fact display a gloomy state of affairs and further held that non genuine MoUs with to SCAL have been entered into with no real transfer of risk and reward. Upon challenge, by a 2:1 majority, the appeals were allowed to set aside the impugned orders.

The majority bench of SAT (technical members of SAT) held that the MoUs did transfer risks and rewards and that the unregistered or inadequately stamped nature of MoUs did not render them invalid and further accepted the differential accounting treatment adopted by BDMCL for the sale of flats and SCAL for the purchase of flats. The majority judgement held that evidence on record does not establish that the MOUs entered into with SCAL for sale of flats were non-genuine transactions to inflate revenue/ profits of BDMCL and held that successful selling of some of these flats to ultimate buyers by SCAL was sufficient proof of genuineness of the MOUs. The fraudulent intent in reducing shareholding was also rejected by the majority judgement, noting that the transaction predated the relevant provisions of the Companies Act, 2013 and held that the alleged misstatements did not amount to fraudulent and unfair trade practices in the securities market in the absence of evidence of price manipulation, investor exit or unlawful gains. The majority bench of SAT further held that since there was no fraudulent scheme, the appeal filed by other appellants including the CFOs and Audit Committee Members of BDMCL too deserves to be allowed.

The minority judgment authored by the Hon'ble Presiding Officer, SAT, dissented with the majority view and *inter-alia* held that it was a classic case of fraud in the securities market as there was no real sale of flats except on paper only and that no genuine consideration had flown between BDMCL and SCAL that could be termed as profit. The minority judgement, further viewed that the misuse of company as a device to conceal their wrong doing is largely writ on its face and that this was a fit case to pierce the corporate veil to know the real owners of SCAL. It was also observed that had SCAL not been an extended arm of BDMCL, neither SCAL would have ventured to make an offer of purchase nor would BDMCL have agreed to make bulk sale of its flats worth several hundred crores to a negative net worth company. The SAT minority judgement further observed that the artificial profits lure gullible investors to invest in the scrip and such market abuse cannot be countenanced. Further, the minority judgement affirmed SEBI's jurisdiction over unlisted company SCAL while holding that it is no more res integra that a person or entity involved in manipulation is liable for action. Further w.r.t the appeal filed by the CFOs and Audit Committee Members, Independent Directors of BDMCL, SAT minority judgement held that they were holding high positions with high pay packets and they cannot be heard to contend that they are not responsible for the acts and omissions.

The Hon'ble Presiding Officer while dismissing the appeals also imposed cost of ₹ 50 lakh and ₹ 10 lakh on the Appellants in Appeal no. 838/2022 and 839/2022.

b. **Order dated May 02, 2025 in Appeal No. 603 of 2022 Reliance Industries Ltd. & Ors. vs SEBI in the matter of Reliance Industries Ltd.**

SEBI conducted an investigation into suspected insider trading activities in the scrip of Reliance Industries Ltd. (RIL) for the period September 01, 2019 to May 07, 2020. The investigation revealed that media reports concerning the proposed investment by Facebook in Jio Platforms Limited were published in the months of March and April 2020, prior to the corporate announcement made by RIL on April 22, 2020 about such investment. The first such report was published by Financial Times, London on March 24, 2020 after the market hours which was widely circulated in Indian media on the same day and the next day. The scrip price of the RIL went up by almost 15 per cent on March 25, 2020, post publication of said news articles.

However, the Appellants failed to comply with the principles of Fair Disclosure of Unpublished Price Sensitive Information (fair disclosure of UPSI) enumerated under Schedule A of SEBI (PIT) Regulations, 2015 which mandate a company to promptly disseminate any UPSI that gets disclosed selectively, inadvertently or otherwise, so that the information becomes generally available and that, the Appellants failed to provide necessary clarification to the stock exchanges in respect of the news being circulated, as required under Regulation 30(11) of SEBI (LODR) Regulations, 2015 which provides that a listed company to *suo motu* confirm or deny any reported event or information to the stock exchanges. Accordingly, adjudication proceedings were initiated against the entities where after, a penalty of Rs.30 lakh was imposed jointly and severally upon the Appellants under section 15HB of the SEBI Act, 1992.

The SAT *inter alia* held that when information was circulated in the media from unknown sources, the Appellants were under an obligation to make prompt disclosures. The contention of the Appellants that only a binding agreement can be considered as credible information, thereby warranting its disclosure to the stock exchanges, was rejected as untenable as such an interpretation would defeat the spirit of the SEBI (PIT) Regulations, 2015. The SAT further observed that permitting speculative information to circulate without timely clarification adversely affects the integrity of the securities market. Accordingly, the SAT had dismissed the appeal.

c. **Order dated July 16, 2025 in Appeal No. 333 of 2025 – Infrastructure Watchdog vs SEBI in the matter of IPO of Smartworks Co-working Spaces Ltd.**

Smartworks Co-working Space Ltd. (Company) filed a DRHP with SEBI on August 14, 2024 and a RHP on July 04, 2025. In the meanwhile, Infrastructure Watchdog (the Appellant) filed various complaints with SEBI alleging irregularities and statutory non-compliance in the IPO process, including non-disclosure of proceedings before various authorities including the proceedings before the Income Tax Authority. It was further alleged that the RHP dated July 04, 2025 issued by the Company is in violation of the SEBI (ICDR) Regulations, 2018, the SEBI Act, 1992 and the Companies Act, 2013. Aggrieved by the alleged inaction on the part of SEBI on the complaints, the Appellant filed an appeal before the SAT and *inter alia* prayed for a direction to SEBI to initiate investigation into the affairs of the company and its promoters and to restrain the company from proceeding with the IPO process.

While opposing the maintainability of the appeal, SEBI maintained that the issues raised by the Appellant in the complaints as well as by other complainants, had been duly dealt with and appropriately disclosed, which was disputed by the Appellants. On issue as to whether SEBI had failed in its statutory duty and whether interference with the IPO process was warranted, the SAT held that disclosure obligations under the SEBI (ICDR) Regulations, 2018 arises in respect of pending litigation, regulatory actions, tax demands/notices, etc. The Appellant had solely relied upon internal reports of Income Tax Department to allege irregularities in the company, the findings whereof are indicative in nature and admittedly no notice has been issued to the company on the basis of such reports. Therefore, till any notice is received, no disclosure is required under the SEBI (ICDR) Regulations, 2018. Nevertheless, the complaint of the Appellant which refers to such reports had been disclosed by way of addendum. The SAT further observed that the Appellant was not an investor and the IPO had been oversubscribed by institutional investors as well as retail investors. Hence, the investors have made informed decision to invest in the company and any interference at that stage would adversely affect investor interests. Therefore, the SAT held that SEBI could not be said to have failed in ensuring compliance with the disclosure requirements. Accordingly, the SAT had dismissed the appeal.

IV. **SEBI Special Court**

a. **Orders dated June 10, 2025 in SEBI SPL Case No.172 of 2014- SEBI v. Rijuta Finvest Private Ltd. and SEBI SPL Case No. 174 of 2014- SEBI v. Damyanti Finvest Private Ltd.**

Prosecution was launched by SEBI in two separate complaints against Rijuta Finvest Private Limited and its four Directors and Damyanti Finvest Private Limited and its four Directors (all Directors were common in both the companies) under section 24(1) r/w section 11(3) of the SEBI Act, 1992 for failing to furnish the information/record sought by Investigating Authority (IA).

During the trial, two of the directors of both the companies (Accused No.4 and Accused No.5) had died and hence the matter was abated against them in both the complaints.

The Hon'ble SEBI Special Court vide its orders dated 10.06.2025 in both complaints held that evidence on record established and proved beyond all reasonable doubt that the tried accused persons being the director of Accused Companies failed to produce the necessary documents as per the summons and thus committed the offence punishable under Section 24(1) read with 27 of the SEBI Act, 1992 and hence proved guilty. The Hon'ble Court in both the matters separately sentenced each accused i.e. Accused No. 1, Accused No. 2 and Accused No. 3 to pay fine of ₹2 Lakh, in default of payment of fine, Accused No. 2 and Accused No. 3 are directed to undergo simple imprisonment for one month each. The fine of Accused No. 1 Company was directed to be paid by Accused No. 2 and Accused No. 3 and further simple imprisonment of one month, in default of payment of fine.

b. **Order dated July 19, 2025 in SEBI SPL. Case No. 352/2014 – SEBI v. M'Belle International Pvt. Ltd. & Ors.**

Prosecution was launched by SEBI against M'Belle International Pvt. Ltd. and its five directors under Section 24(2) r/w Section 27 of the SEBI Act, 1992 for the offence of non-payment of penalty of ₹ 1 crore imposed by the Adjudicating Officer vide order dated June 30, 2004.

During the course of the proceedings, the Accused No. 1/ Company was struck off from the Register of Companies. The case against Accused No. 2 got abated. After conclusion of trial and arguments, the Hon'ble Court held that SEBI has proved beyond reasonable doubt that Accused no. 3 and 4 are the directors of the accused company and that they had failed to comply with the adjudication order and therefore, committed an offence under Section 24(2) r/w Section 27 of the SEBI Act. The Hon'ble Court observed that any claim of a violation of principles of natural justice during the adjudication proceedings or before the passing of the adjudication order are immaterial and as the Hon'ble SAT has been constituted specifically for challenging orders of SEBI, the instant forum is not the appropriate one for dealing with or raising the said contentions.

Accordingly, the Hon'ble Court convicted Accused Nos. 3 and 4 imposing a punishment by the way of fine of ₹1 crore on each of them, and also directed that 50 per cent of the fine amount is to be paid to SEBI as compensation. The Accused No. 5 was not found guilty on the ground that she had resigned from her directorship.

c. **Order dated February 7, 2026 in SEBI SPL. Case No. 244/2020 – SEBI v. Wada Arun Asbestos Products Pvt. Ltd. & Ors.**

Prosecution was launched by SEBI against Wada Arun Asbestos Products Pvt. Ltd. and its three directors under Section 24(1) r/w Section 27 of the SEBI Act, 1992 for non furnishing of information sought by investigating Authority vide summons issued under Section 11(3) of SEBI Act.

After appreciating the evidence, the Hon'ble Court held that Accused No. 1/ Company and the accused Nos. 2 to 4 being its directors failed to furnish the information as required by the summons issued under Section 11(3) of SEBI Act and have committed offence punishable under Section 24(1) r/w Section 27 of SEBI Act.

Accordingly, the accused persons were convicted for offence punishable under Section 24(1) r/w Section 27 of SEBI Act and they were imposed a fine of ₹10 Lakh each. Further, the directors were also sentenced to undergo imprisonment till rising of the Court.

d. **Order dated March 7, 2026 in SEBI SPL. Case No. 114/2015- SEBI v. Amit Shantilal Mehta**

Prosecution was launched by SEBI against Amit Shantilal Mehta under Section 24(2) of the SEBI Act, 1992 for non- payment of penalty imposed by Adjudicating Officer vide order dated 12.01.2011.

After appreciating the evidence, the Hon'ble Court held that the adjudication order was duly proved and that communications were sent to the correct address through registered post. Applying the presumption of deemed service under Section 27 of the General Clauses Act, the Court found that the accused failed to rebut such presumption.

Accordingly, the Hon'ble Court convicted the accused and sentenced to undergo simple imprisonment of two months along with fine of ₹ 10 Lakh and further simple imprisonment of six months, in default of payment of fine.

e. **Order dated January 12, 2026 in Ct. Case No. 568/2013 – SEBI v. Araya Plantation and Farm Developers Ltd. & Ors.**

Prosecution was launched by SEBI against Araya Plantation and Farm Developers Ltd. and its directors under Section 24 (1) r/w Section 27 of the SEBI Act, 1992 for the violation of the provisions of Section 12 (1B) of the SEBI Act, 1992 and SEBI (CIS) Regulations, 1999.

SEBI, vide its order dated 07.12.2000, had directed the company to make repayment of amount mobilized from the investors. Since the Company had failed to make an application for registration as a CIS and also failed to make the repayments, accordingly, the prosecution was launched.

After appreciating the evidence, the Hon'ble Court held that the company had mobilized funds to the tune of ₹ 6.2 crore in violation of the provisions of the CIS Regulations, 1999 and the co-accused, being the directors of the company were liable for the violation committed by the company under Section 27 of the SEBI Act, 1992.

Accordingly, the Hon'ble Court sentenced Araya Plantation and Farm Developers Ltd with a fine amount of ₹ 4.5 crore and two of its directors were sentenced to undergo simple imprisonment for a period of one year and payment of fine amount of ₹ 50 lakh each, and further simple imprisonment of three months, in default of payment of fine.

10.4 AMENDMENTS TO REGULATIONS

The list of 51 amendments made to various regulations during 2025-26 is given below. The details of major amendments of regulations have been given in respective chapters.

Sl. No.	Date	Title
		Amendment Regulations – 51
1	April 2, 2025	SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2025
2	April 23, 2025	SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2025
3	April 2, 2025	SEBI (Credit Rating Agencies) (Second Amendment) Regulations, 2025
4	April 29, 2025	SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2025
5	April 30, 2025	SEBI (Depositories and Participants) (Second Amendment) Regulations, 2025
6	May 1, 2025	SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2025
7	May 1, 2025	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Third Amendment) Regulations, 2025
8	May 1, 2025	SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2025
9	May 5, 2025	SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) (Amendment) Regulations, 2025
10	May 23, 2025	SEBI (Alternative Investment Funds) (Amendment) Regulations, 2025
11	July 15, 2025	SEBI (Certification of Associated Persons in the Securities Markets) (Amendment) Regulations, 2025
12	Aug 6, 2025	SEBI (Research Analysts) (Amendment) Regulations, 2025
13	Aug 7, 2025	SEBI (Investment Advisers) (Amendment) Regulations, 2025
14	Aug 12, 2025	SEBI (Foreign Portfolio Investors) (Amendment) Regulations, 2025
15	Sep 2, 2025	SEBI (Investor Protection and Education Fund) (Amendment) Regulations, 2025
16	Sep 3, 2025	SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2025
17	Sep 3,2025	SEBI (Infrastructure Investment Trusts) (Third Amendment) Regulations, 2025
18	Sep 3, 2025	SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2025
19	Sep 3, 2025	SEBI (Portfolio Managers) (Amendment) Regulations, 2025
20	Sep 8, 2025	SEBI (Employees' Service) (Amendment) Regulations, 2025
21	Sep 8, 2025	SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025
22	Sep 8, 2025	SEBI (Share Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025
23	Sep 8, 2025	SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2025
24	Sep 8, 2025	SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025
25	Sep 23, 2025	SEBI (Custodian) (Amendment) Regulations, 2025
26	Oct 27, 2025	SEBI (Debenture Trustees) (Amendment) Regulations, 2025
27	Oct 27, 2025	SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2025
28	Oct 28, 2025	SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2025
29	Nov 1, 2025	SEBI (Mutual Funds) (Second Amendment) Regulations, 2025
30	Nov 1, 2025	SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2025
31	Nov 19, 2025	SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2025
32	Nov 19, 2025	SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025

Sl. No.	Date	Title
33	Nov 22, 2025	SEBI (Depositories and Participants) (Third Amendment) Regulations, 2025
34	Nov 22, 2025	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Fourth Amendment) Regulations, 2025
35	Nov 25, 2025	SEBI (Research Analysts) (Second Amendment) Regulations, 2025
36	Nov 25, 2025	SEBI (Investment Advisers) (Second Amendment) Regulations, 2025
37	Dec 03, 2025	SEBI (Foreign Venture Capital Investors) (Amendment) Regulations, 2025
38	Dec 03, 2025	SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2025
39	Dec 04, 2025	SEBI (Share Based Employee Benefits and Sweat Equity) (Second Amendment) Regulations, 2025
40	Dec 05, 2025	SEBI (Substitution of Registered Post with Speed Post) (Amendment) Regulations, 2025
41	Dec 05, 2025	SEBI (Intermediaries) (Third Amendment) Regulations, 2025
42	Dec 05, 2025	SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025
43	Dec 05, 2025	SEBI (Merchant Bankers) (Amendment) Regulations, 2025
44	Dec 11, 2025	SEBI (Infrastructure Investment Trusts) (Fourth Amendment) Regulations, 2025
45	Dec 11, 2025	SEBI (Real Estate Investment Trusts) (Third Amendment) Regulations, 2025
46	Dec 16, 2025	SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2025
47	Dec 16, 2025	SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 2025
48	Jan 15, 2026	SEBI (Credit Rating Agencies) (Amendment) Regulations, 2026
49	Jan 21, 2026	SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026
50	Jan 22, 2026	SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026
51	Mar 21, 2026	SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2026

10.5 NEW REGULATIONS (AIMS AND OBJECTIVES)

The following list provides the new regulations issued by SEBI during 2025-26, revamping the existing regulations.

New Regulation	Aims and Objectives
SEBI (Registrars to an Issue and Share Transfer Agents), Regulations, 2025 notified on December 15, 2025	A comprehensive overhaul of the RTA regulatory framework was undertaken and new SEBI (Registrar to an Issue and Share Transfer Agent) Regulations, 2025 were notified. Key features of the revised regulatory framework include the following: • Introduction of activity-based regulations for RTAs wherein it was specified that services of RTAs only with respect to listed companies will come under SEBI's regulatory purview. • Doing away with categorization of RTAs; introduction of common definition for RTAs in place of existing separate definition • Net-worth requirement and revision in fee structure; Inclusion of securities premium for computation of net-worth • Introduction of institutional mechanism for RTAs These reforms aimed to align regulatory oversight with evolving market practices while improving ease of compliance.
SEBI (Stock Brokers Regulations), 2026 notified on January 07,2026	SEBI (Stock Brokers) Regulations, 2026 (SB Regulations) were notified on January 07, 2026 to simplify and modernize the existing framework for stock brokers with the objective to provide clarity, remove redundancies, align with contemporary market environment and practices and to facilitate ease of compliance. These regulations replaced the erstwhile SEBI (Stock Brokers) Regulations, 1992. Key changes include reorganizing the regulations into 11 chapters, deleting unnecessary schedules and integrating relevant content into the main regulations, and prescribing registration forms via circulars (in consultation with the Industry Standard Forum). The SB Regulations streamline the regulatory framework by consolidating duplicate provisions (e.g., underwriting, code of conduct), clarify key definitions (e.g., clearing member, proprietary trading, designated director), and introduce compliance-friendly measures such as enabling joint inspections, allowing electronic maintenance of books, etc.
SEBI (Mutual Funds), Regulations, 2026 notified on January 14,2026	SEBI issued the Mutual Funds Regulations, 2026, replacing the 1996 Regulations, and thereby comprehensively overhauling the mutual fund regulatory landscape. The primary aims and objectives of these regulations are to modernize the industry's "foundational architecture" by prioritizing transparency, structural simplicity, and investor protection. Through this regulations, SEBI seeks to enhance readability and ease of compliance for AMCs and trustees. The core objective is the unbundling of costs through the new Base Expense Ratio framework, ensuring that investors have a clear view of management fees versus statutory levies. The new regulations will help in strengthening investor protection, transparency, and governance standards within the mutual fund ecosystem.

10.6 PROGRESS OR IMPACT ASSESSMENT OF THE NEW REGULATIONS/ RULES

i. **Introduction of faster Rights Issue Framework:** SEBI introduced the faster rights issue framework from April 2025 onwards. Resource mobilization through rights issue more than doubled in 2025-26, with 139 rights issues raising ₹46,168 crore, up from ₹19,172 crore (across 142 issues) in 2024-25. This surge indicates that the framework is successfully achieving its objective of streamlining the process.

ii. **Revamping the framework for Social Stock Exchange:** Pursuant to the reduction in the minimum application size for donors to ₹1,000, retail participation has increased manifold. Before the change, retail donors contributed 3.6 per cent of the total funds raised; after the reduction, their share significantly increased to 14.7 per cent, reflecting deepening retail engagement in the social capital market.

iii. **Introduction of the Accredited Investors (AIs) Framework:** The Accreditation Framework was introduced in 2021 to identify a class of sophisticated investors who have the ability and willingness to invest in relatively riskier investment products and have minimal regulatory oversight. Considering the fact that AIFs are intended for sophisticated investors, SEBI's long term vision is to transition from 'minimum commitment threshold' to 'only accreditation status' as a metric of risk sophistication of an AIF investor. To support this transition, the various policy measures were introduced.

- To provide flexibility to AIs to make co-investment in unlisted securities, SEBI established a framework for AIFs to make co-investment in September 2025. This allowed Category I & II AIFs to offer AIs co-investment through a Co-investment scheme, as an additional route apart from Co-investment PMS route, which is available for all AIF investors.
- To ensure that Angel Funds on-board only investors with the necessary risk appetite after proper verification, SEBI introduced a revised regulatory framework for Angel Funds in September 2025. Angel Funds have been mandated to on-board and offer investment opportunities to only AIs, certified under extant SEBI accreditation framework. A glide path of one year has been provided to existing Angel Funds to transition to AI only regime. On the strength of the aforesaid mandate, substantial flexibilities have been extended to Angel Funds for investment in start-ups.
- As a regulatory measure to provide fillip to accreditation, SEBI introduced a separate category of AIF schemes exclusive to AIs in December 2025, providing regulatory flexibilities along with the reduction in minimum investment threshold for Large Value funds from ₹70 crore to ₹25 crore. Further, to facilitate ease of accreditation, SEBI simplified the requirements for grant of accreditation in January 2026.

The current accreditation numbers indicate growing traction in accreditation. The number of AIs increased from 649 in May 2025 to 2,773 as of April 30, 2026, constituting a 327 per cent growth over the 11-month period. To sustain this momentum, SEBI will continue to actively engage with the AIF industry and accreditation agencies to further streamline and facilitate the accreditation process.

CHAPTER
11

INTERNATIONAL ENGAGEMENTS

11.1 INTERNATIONAL ENGAGEMENTS HAVING IMPLICATIONS FOR INDIAN MARKETS

SEBI actively engages with a range of foreign regulators, international standard-setting bodies and international fora to promote regulatory and enforcement co-operation. Further, SEBI also engages with peer securities market regulators in knowledge sharing to promote mutual co-operation and establish inter-regulatory dialogue. Some key engagements undertaken during 2025-26 are as follows:

I. **Engagement with IOSCO:** The International Organization of Securities Commissions (IOSCO) is the international body that brings together the world's securities regulators and is recognized as the global standard setter for the securities sector. SEBI is an ordinary member of IOSCO and also a member of the IOSCO Board. SEBI is a member of all the eight policy committees of IOSCO apart from being a member of its various other groups. Some of SEBI's key engagements with IOSCO during 2025-26 are outlined below:

   A. SEBI participated in meetings of IOSCO Board held during 2025-26, which inter alia discussed the following issues: (i) strengthening financial resilience (ii) supporting market effectiveness (pre-hedging & valuations in asset management) (iii) protecting investors (launch of IOSCO's I-SCAN) (iv) addressing risks in sustainable finance and fintech (v) promoting regulatory cooperation and effectiveness, etc.

   B. SEBI is also a member of IOSCO's Board-level Financial Stability Engagement Group (FSEG), which works towards enhancing IOSCO's approach to financial stability issues, including with regard to its engagement with the FSB.

   C. SEBI is a member of the Asia-Pacific Regional Committee (APRC) which is one of the four regional committees constituted by IOSCO to focus on regional issues relating to securities regulation. During the year, APRC discussed topics such as: (a) online harms and investor protection (b) technology, innovation and future of finance (c) public and private markets (d) supervisory and enforcement priorities in the region.

II. **Engagement with FSB:** Financial Stability Board (FSB) is an international body which monitors and makes recommendations about the global financial system and promotes international financial stability. SEBI is one of the three members representing India on FSB. During the year, SEBI participated in discussions and provided inputs with respect to FSB's recommendations on non-bank financial intermediation sector, vulnerabilities in private credit, digital innovation and operational resilience, etc. SEBI also participated in FSB's survey on Regulatory and Supervisory Modernisation efforts.

III. **Other International Engagements**

   A. **Memorandum of Understanding for International Co-operation:** SEBI is a signatory to the IOSCO's Multilateral Memorandum of Understanding (MMoU) for mutual co-operation and exchange of information for enforcement purposes. Further, SEBI is also a signatory to the IOSCO's EMMoU providing for extended co-operation w.r.t. obtaining and sharing audit work papers, compelling physical attendance for testimony, freezing assets, obtaining and sharing existing internet service providers' records and telephone records.

SEBI has also signed bilateral MoU with several foreign securities regulators to enhance co-operation and information exchange for regulatory and enforcement purposes. As of March 31, 2026, SEBI is a signatory to 32 bilateral MoUs, which facilitate sharing of technical domain expertise and support effective enforcement of laws and regulations governing the securities market.

B. **Exchange of Information with Foreign Regulators:** The MoUs, including the IOSCO MMoU and EMMoU signed by SEBI, have been instrumental in facilitating information exchange with foreign counterparts for investigation and regulatory enforcement. **Table 11.1** presents an overview of the regulatory assistance provided and received by SEBI.

C. **Issue-specific Information Exchange- non enforcement matters:** SEBI also engages with regulators/ organizations globally in order to exchange information on topical issues. During the year, information was exchanged on wide-ranging issues including credit ratings, settlement, automation of financial statements, sustainable finance, etc.

Table 11.1: International Regulatory Assistance

Type of References	2024-25	2025-26
Requests received by SEBI from Foreign Authorities	111	**84**
Requests made by SEBI	37	**54**

IV. **Engagements with Foreign Delegations/ Signatories:** SEBI interacts with and hosts foreign delegations from governments, regulatory authorities, and market participants. These engagements enhance collaboration and promote a deeper understanding of the Indian securities market. A few prominent engagements are listed below:

A. An IMF staff team headed by Mr. Harald Finger, Assistant Director, and Mission Chief visited to understand the macroeconomic situation and financial risks and vulnerabilities with respect to India's capital market, measures being undertaken to develop corporate bond markets and plans on implementing the recommendations of the IMF/ WB FSAP.

B. A delegation of Special Select Committee on Finance and Economy of the House of Representatives, Parliament of Malaysia led by Hon'ble YB Dato Indera Mohd Shahar Bin Abdullah, Member of Parliament for Paya Besar visited for discussion and exchange of views on various issues. (Image 1)

C. A team from OECD visited for peer review meetings on corporate governance of market service providers and ESG related developments.

Image 1: Hon'ble YB Dato Indera Mohd Shahar Bin Abdullah, Member of Parliament for Paya Besar with SEBI Chairman

D. Mr. Yosef Zinger, Chairman, Israel Securities Agency (ISA) and officials discussed on enhancing collaboration and knowledge exchange between ISA and SEBI, strategic approaches to market development and challenges, etc.

E. A delegation of officials from TheCityUK and British High Commission, led by Mr. Miles Celic OBE, Chief Executive Officer, TheCityUK discussed areas of mutual interest.

F. Prof. Dr. Marlene Amstad, Chairperson, Swiss Financial Market Supervisory Authority discussed issues of mutual interest and co-operation.

G. A delegation from Indonesia headed by Mr. Thomas A.M. Djiwandono, Vice Minister of Finance, Republic of Indonesia discussed issues of mutual interest and co-operation.

H. Hon. André Ebanks, Premier and Minister of Financial Services and Commerce of the Cayman Islands, discussed areas of mutual interest. (Image 2).

I. Mr. Herman Gref, CEO of Sberbank, and Russian delegation discussed areas of mutual interest and possible collaboration. As part of the visit, Sberbank and JSC First Asset Management, introduced a new mutual fund, First-India, offering investments linked to the performance of the Nifty50 Index, providing Russian retail investors an opportunity to directly participate in India's stock market.

J. A delegation from Financial Conduct Authority (FCA), UK discussed developments on international investments into India from asset managers and institutional investors. The delegation was led by Ms. Camille Blackburn, FCA's Director for Asia-Pacific.

K. H.E. Mr. Gilles Roth, Minister of Finance of Luxembourg, along with H.E. Mr. Christian Biever, Ambassador of the Grand Duchy of Luxembourg to India, Mr. Claude Marx, Director General, CSSF Luxembourg, and other senior officials discussed issues of mutual interest and co-operation. (Image 3)

Image 2: Hon'ble André M. Ebanks, Premier of the Cayman Islands and team along with Chairman, SEBI and team.

Image 3: H.E. Mr. Gilles Roth, Minister of Finance of Luxembourg along with Chairman, SEBI

L. Mr. Francois-Philippe Champagne, Honourable Minister of Finance, Canada to discuss issues on facilitating investments and collaboration. (Image 4)

M. Officials from Colombo Stock Exchange led by Ms. Punyamali Saparamadu, Senior Vice President visited SEBI to discuss operational frameworks of derivatives exchange and ETFs.

N. Russian delegation consisting of National Settlement Depository, Central Bank of Russia (CBR), led by Mr. Maxim Leonov, Head of Workstream (BRICS Co-ordinator), Department for Co-operation with International Organizations, CBR discussed areas of mutual co-operation.

V. Facilitation of study tours for foreign authorities

A. SEBI facilitated a 4-day study tour for the delegates from CMSA Tanzania headed by Mr. Nicodemus D. Mkama, CEO, CMSA. SEBI also facilitated dialogues with the National Stock Exchange, the Indian Venture Capital Association, and interactions with leading fund managers that illuminated the practical insights into the subject.

B. A senior level delegation from Securities Commission, Malaysia headed by Ms. Azalina Adham, Managing Director, visited SEBI for bilateral engagements. The delegation also interacted with officials

Image 4: Mr. Francois-Philippe Champagne, Honourable Minister of Finance, Canada along with Chairman, SEBI and team

of NISM on capacity building and had an interaction with SEBI Chairman for areas of mutual interest and possible future collaborations.

VI. SEBI's participation in various international forums

A. During September 2025, Chairman, SEBI participated in a panel discussion on Artificial Intelligence organised by Autorité des Marchés Financiers, France and Association Europe-Finances-Regulations in Paris.

B. During October 2025, Chairman, SEBI participated in a panel discussion at the OECD Roundtable on Corporate Sustainability Practices in Paris and talked about Corporate sustainability-related disclosures.

C. During March 2026, Chairman, SEBI participated in a fireside chat on "The India Story: Growth and opportunity" during ASIFMA 2026 Annual Conference in Sydney, Australia. The fireside chat was moderated by Mr. Peter Stein, Chief Executive Officer, ASIFMA.

VII. Contribution to various International Treaties, Dialogues, visits by/ of high level dignitaries

A. During 2025-26, SEBI provided inputs on various issues, agenda items and topics relating to the securities markets for international dialogues. SEBI contributed to such dialogues with countries including UK, USA, EU, France, Germany, New Zealand, Japan, Israel, Korea etc.

B. SEBI provided inputs for high-level bilateral meetings/ engagements with the foreign dignitaries viz. Netherlands, Germany, France, USA, Israel, Japan, Russia, Singapore, Indonesia, Austria, Canada, Maldives, Luxembourg, Switzerland, Liechtenstein, etc.

C. SEBI also provided inputs for various Free Trade Agreements (FTAs) negotiations of India with USA, UK, New Zealand, Maldives

Image 5: Prof. Dr. Marlene Amstad, Chairperson, Swiss Financial Market Supervisory Authority, Mr. Tuang Lee Lim, Assistant Managing Director, Monetary Authority of Singapore and Chairman, SEBI during a panel discussion at GFF 2025.

Table 11.2: Ministry References Including FTA

Year	No. of references
2024-25	252
2025-26	173

and EU on 'financial services chapter'. The number of Ministry references received in last two years is given in **Table 11.2.**

VIII. **SEBI's participation in Global Fintech Fest (GFF) 2025:** GFF has evolved into one of the world's largest fintech platforms, bringing together regulators, innovators, industry leaders and academia to deliberate on the future of financial ecosystem. During GFF 2025, IOSCO Board Chairman Mr. Jean-Paul Servais gave a virtual keynote address. Chairman, SEBI had also gave a keynote address on Technology-led transformations in capital market and navigating the risks of technology. GFF 2025 also saw a high level panel discussion on 'Resilient and Inclusive Capital markets in a tech-driven world' between Mr. Tuang Lee Lim, Assistant Managing Director, Monetary Authority of Singapore, Prof. Dr. Marlene Amstad, Chairperson, Swiss Financial Market Supervisory Authority and Mr. Tuhin Kanta Pandey, Chairman, SEBI. (Image 5)

IX. **Financial Sector Assessment Programme:** The Financial Sector Assessment Program (FSAP) is a joint program of IMF and World Bank that undertakes a comprehensive and in-depth analysis of a country's financial sector. The IMF and World Bank had jointly initiated the 2024 FSAP for India **(Box 11.1).**

Box 11.1: Transforming India's Financial Architecture- Key Insights from World Bank's Financial Sector Assessment

On the basis of the assessment carried out in 2024, the World Bank released the India - Financial Sector Assessment (FSA) Report on October 30, 2025. The report observes that against a backdrop of robust macroeconomic growth, India's financial system has become more resilient, diversified, and inclusive since the last assessment in 2017. While reforms have helped the economy navigate past distress episodes and the pandemic, further impetus is required to support the India's goal of becoming a USD 30 trillion economy by 2047.

Acknowledging the world-class status of India's Digital Public Infrastructure, the assessment recommends that last-mile reach and account usage be further improved, while simultaneously strengthening market conduct oversight against emerging digital fraud risks.

The key insights and takeaways pertaining specifically to India's capital markets and the role of SEBI are outlined below:

i. **Capital Market Growth & Infrastructure**: India's capital markets (equity, government bonds, and corporate bonds) have grown from 144 percent to approximately 175 per cent of GDP since the 2017 assessment, backed by a robust market infrastructure. The mutual fund industry's AUM has grown from 6 to 16 per cent of GDP over the last decade, driven by a significant influx of retail investors into equity funds.

ii. **Proactive Regulation & Supervision:** SEBI has proactively bolstered the regulatory framework by enhancing collateral management, establishing CDMDF and pioneering frameworks for sustainable finance and social stock exchanges. However, industry stakeholders note that the increasing volume of rules can sometimes affect flexibility and market competitiveness. The report advises SEBI to transition from an excessive reliance on upfront disclosures towards an integrated, risk-based supervisory approach that proactively monitors conduct and systemic risks such as inter-sectoral contagion from mutual funds.

(Contd.)

iii. **Investor Base:** The investor base is diverse and segmented across asset classes. Yet key barriers continue to limit their role in financing long-term investments and infrastructure. DIIs are still excessively risk averse and need to enhance their risk assessment capabilities.

iv. **Modernizing the Corporate Bond Market:** Despite the expansion of outstanding issuances, the corporate bond market remains relatively small (around 16 percent of GDP). To develop a deeper and more vibrant bond market, the report recommends relaxing restrictions to allow institutional financing of sub-investment-grade assets, developing credit enhancement mechanisms, and encouraging institutional capacity building for risk assessment.

v. **Investor Protection and Intermediary Oversight:** With the surge in retail participation, there is a strong need to mitigate mis-selling and monitor conduct risks at the point of sale, particularly for distributors dealing with multiple funds. The assessment recommends that SEBI simplify key explanatory documentation regarding investment risks and fee structures for retail investors. Furthermore, the report notes that while the first-level regulator model has proven effective for MIIs, relying on unsupervised entities like AMFI to manage large number of distributors poses oversight risks and recommended that SEBI be granted explicit authority to designate and supervise such entities as formal SROs when appropriate.

vi. **Sustainability and Emerging Risks:** While the financial sector's exposure to physical and transition risks appears manageable, there is a risk of spillover from concentrated energy-sector exposures of NBFIs to capital markets and lenders. While SEBI has taken measures such as introducing frameworks for sustainable investments and preventing greenwashing, the report advises authorities to incorporate climate and environmental risks within macro-prudential surveillance and develop system-wide stress-testing methodologies.

CHAPTER
12

NATIONAL INSTITUTE OF SECURITIES MARKETS

The National Institute of Securities Markets (NISM) is a public trust established by SEBI for capacity building in the securities market ecosystem. NISM is dedicated to enhance the quality, compliance, and efficiency of market participants through professional training, skill development, and certification programs. As a key institution for investors, intermediaries, and market professionals, NISM undertakes various initiatives, such as promoting financial literacy, conducting academic research, improving regulatory compliance, and developing skilled market participants. This chapter details NISM's key activities and achievements for the year.

12.1 ACADEMIC PROGRAMS

NISM maintains its commitment to offering a diverse portfolio of academic and professional programs, specifically designed to address the evolving needs of students and market participants through a learner-centric pedagogical approach. By leveraging its state-of-the-art infrastructure - including advanced simulation and data science laboratories - the Institute provides a sophisticated environment for cutting-edge experiential learning. Detailed information regarding the specific course offerings and student enrollment for the academic year 2025-26 is presented in **Table 12.1.**

To augment traditional academic instruction with profound practical insights, the Institute facilitates student engagement with seasoned industry practitioners through curated expert-led interactive sessions. Furthermore, active participation in high-profile conferences and seminars convened by Market Infrastructure Institutions (MIIs) and

Table 12.1: Academic Programs

Sr. No.	Name of the Program	No. of Students Enrolled	
		2024-25	2025-26
1	Post Graduate Diploma in Management (Securities Markets) #	-	111
2	Post Graduate Program in the Securities Market (Portfolio Management/ Investment Advisory/Research Analysis)	86	52
3	Post Graduate Certificate in Securities Markets for ICICI Bank	23	19
4	Certificate Program in Data Science -Advance	27	36
5	Post Graduate Program in Financial Planning *	-	36
6	Post Graduate Program in Investments & Securities Markets (PGPISM)	62	53
7	Post Graduate Certificate in Fintech *	-	37
8	LLM (Investment & Securities Laws) #	-	52
9	Certificate Program in Data Science- Basic	38	58
10	Certificate Program in Financial Analytics @	15	-
11	Corporate and Securities Markets Compliance (Executive) Program @	42	-

Note: * Newly launched, # Reintroduced and @ Discontinued in 2025-26.

other prestigious bodies ensures that students are apprised of contemporary market dynamics and the evolving regulatory landscape.

The campus recruitment at NISM during the year demonstrated robust momentum across the Institute's academic portfolio. Notably, the Post Graduate Program in Investments and Securities Markets (PGPISM) experienced a highly productive placement season, characterized by the participation of approximately 27 organizations representing diverse segments of the securities market ecosystem.

12.2 TRAINING PROGRAMS

A. **Management Development Programs:** NISM conducts Management Development Programs (MDPs) intended to build capacity and enhance awareness in the securities market. The MDPs cater to a diverse audience. These include officials from SEBI, IFSCA, Government Officials from IRS, ICAS, IDAS, IP&TAFS, IRMS, MIIs, market intermediaries, institutions like DIPAM, NPS Trust, CEIB, CAG, LIC, Karmayogi Bharat, Ministry of Panchayati Raj, and NCIIPC, as well as international delegates.

   The institute expanded its MDP outreach during 2025-26. It conducted 158 programs, covering 8,398 participants. This is an increase from 100 programs and 5,255 participants in 2024-25. The programs encompassed a wide range of subjects, such as securities law, risk management, and investigation of economic crimes, anti-money laundering, market products, processes, and soft skills development.

B. **Faculty Development and Student Engagement:** During the academic year 2025-26, NISM significantly expanded its educational outreach. This involved targeted development programs and resource distribution. To enhance the pedagogical capabilities of partner Higher Education Institutions (HEIs), NISM conducted seven Faculty Development Programs, comprising three offline and four online. To ensure standardisation and effective delivery of specialised curricula, NISM distributed teaching toolkits for four additional certification exams to the faculty members of its partner network.

   NISM organised 25 online Student Development Programs during the year. These programs were focused on equipping students with foundational knowledge of investment strategies and also diverse career pathways in the securities markets. In addition to virtual engagement, NISM facilitated 44 study tours under various initiatives, including "Visit NISM" and the "Market Metaverse" program. These experiential tours were tailored for both undergraduate and postgraduate students. The programs offered practical exposure to market concepts, fostering a deeper understanding of the financial ecosystem.

   To foster professional expertise and capacity building, NISM conducted three student immersion programs of 2, 4 and 7 weeks. Additionally, the Institute conducted five domain specific summer schools for HEI students of three to seven-week duration. These programs aimed to provide comprehensive, high-level training in market operations, empowering students to identify and pursue specialized career opportunities within the broader financial ecosystem.

12.3 RESEARCH, PUBLICATIONS AND CONFERENCES

During 2025-26, NISM faculty continued to contribute for academic research through publications and conference participation. Nine research papers authored by faculty were published in reputed journals or presented at conferences. This reaffirms NISM's commitment to thought leadership in the securities market domain.

NISM, in collaboration with its partners, organized following two major conferences during 2025-26:

i. **Sixth Annual International Research Conference on Securities Market:** The conference was held during February 12-13, 2026 at the NISM's Patalganga campus with organising partners, namely, SEBI, NSE, MNLU and IIM, Mumbai. The theme of the conference was "Navigating the Future of Indian Securities Markets: Innovation, Inclusion, and Resilience." Upholding high academic standards, a rigorous double-blind peer review selected 18 papers from 168 submissions. Ultimately, 15 papers spanning diverse market domains were presented at the conference.

ii. **Samvad: Symposium on Securities Market:** SEBI and NISM, in association with MIIs, namely, NSE, BSE, NSDL, and CDSL, hosted the symposium on January 16, 2026 in hybrid format in Mumbai. The symposium focused on the theme "Sustained Capital Formation". This collaborative forum gave an opportunity to experts to analyse emerging trends and define the way forward for the Indian securities market.

12.4 INVESTOR EDUCATION AND FINANCIAL LITERACY

NISM has continued to play a pivotal role in conceptualizing and executing a range of capacity-building initiatives on behalf of SEBI and MIIs. During 2025-26, NISM conducted following programs focused on professional development and investor awareness.

A. **Capacity Building for SEBI and MIIs:** The Institute conducted three training programs to empanel Securities Market Trainers (SMARTs) at Varanasi, Chennai and NISM campus. A total of 129 SMARTs were empaneled, comprising 115 individuals and 14 organizations.

B. **Financial Literacy Initiatives:** During the financial year, NISM expanded its national reach by conducting over 2,500 financial literacy programs. These hybrid sessions engaged approximately 84,000 participants across more than 350 cities. The initiative served a diverse audience, from army personnel, market participants and teachers to homemakers, senior citizens, panchayat members and underserved communities such as daily wage workers, Anganwadi and ASHA workers, etc. These efforts intended to improve financial inclusion and help citizens make informed investment decisions.

C. **Investor Education Webinars:** NISM hosted 134 webinars during the year offering valuable insights on various topics such as personal finance, cybersecurity, bond markets, mutual funds, risk management, taxation, etc. The webinars were organised with two objectives, either for promotion of certification and eLearning programs, or for capacity building initiatives. To ensure broader accessibility, these webinars were delivered in Hindi and several regional languages, such as Tamil, Marathi, Gujarati, Bengali, etc.

D. **CSR partnership:** The Institute also collaborates with organizations to extend the outreach through Corporate Social Responsibility (CSR) sponsorships. These programs on securities market investments and career opportunities are aimed at young citizens. During 2025-26, NISM conducted CSR programs sponsored by eight different entities. The details of these programs are given in **Table 12.2.**

E. **E-learning Modules:** During 2025-26, NISM significantly broadened its digital academic portfolio. The Institute launched 41 new e-learning courses, including skill development modules, specialized programs, and faculty development programs.

Table 12.2: CSR Sponsored Programs

CSR Sponsor organizations	Resource persons involved in the project*	No. of Colleges covered	Number of programs completed	No. of students/ beneficiaries**
		2024-25		
Kotak Securities Ltd.	164	906	1,000	74,182
Aditya Birla Capital Foundation	124	384	403	30,450
ProdiG-Geojit Foundation	21	68	70	5,178
Finlit-Vivrit Capital CSR	40	125	131	9,840
Total	**349**	**1,483**	**1,604**	**1,19,650**
		2025-26		
Kotak Securities Ltd.	190	909	1,000	70,945
Aditya Birla Capital Foundation	163	532	584	40,122
ProdiG-Geojit Foundation	20	58	70	5,005
Finlit-Vivrit Capital CSR	47	282	320	21,332
SBI-CAP Securities Ltd. 'Nivesh Jyoti'	28	75	95	8,070
Mirae Asset Foundation	15	38	40	1,640
ICICI Foundation "Financial Literacy and Awareness"	223	-	1,350	48,199
Alice Blue "Trade School"	14	27	29	2,014
Total	**700**	**1,921**	**3,488**	**1,97,327**

Notes: i. *Some of the resource persons are common across all sponsors.

ii. **All colleges and students are different across all sponsors.

As of March 31, 2026, NISM's repository has reached a total of 72 e-learning courses. The complete list of offerings is available on the NISM web portal at https://online.nism.ac.in

F. **NISM-SEBI NFLQ:** In collaboration with SEBI, NISM organized the National Financial Literacy Quiz (NFLQ) 2025 for undergraduate and postgraduate students. The quiz designed for financial acumen among younger generations, received a significant response, with 2.50 lakh student registrations. The NFLQ 2025 journey began with the online round, followed by six regional rounds at, Kolkata, Bengaluru, Gurugram, Indore, Guwahati and Ahmedabad. A total of 240 teams qualified for the Grand Finale, which took place at the NISM Campus during November 8-9, 2025.

Table 12.3: E-learning Courses by NISM

Particulars	2024-25 (Number)	2025-26 (Number)
Skill Development Modules	0	36
E-learning programs	31	29
Faculty Development Programs	0	7
Total	**31**	**72**

12.5 CERTIFICATION OF ASSOCIATED PERSONS IN SECURITIES MARKETS

NISM is responsible for developing and administering certification examinations. This function is mandated under sub-regulation (3) of Regulation 7 of the SEBI (Certifications of Associated Persons in Securities Markets) Regulations, 2007.

During 2025-26, NISM offered 30 mandatory certification examinations prescribed by financial market regulators, namely, SEBI (25), PFRDA (1), IFSCA

(1) and IBBI (3). The institute also offered six non-mandatory certification examinations. Among these, five new mandatory certifications examinations were launched for market intermediaries as specified by their respective regulators. These modules are:

i. NISM-Series-III-C: Securities Intermediaries Compliance (Fund)

ii. NISM-Series-XIX-D: Category I and II AIF Managers

iii. NISM-Series-XIX-E: Category III AIF Managers

iv. NISM Series XXV-A: Persons Associated with Research Services (Sales and Other Non-Core Services)

v. NISM-IFSCA-01: Certification Course on Anti Money Laundering and Counter Terrorist Financing in the IFSC

During the year, NISM undertook a comprehensive quarterly revision of all certification examinations, ensuring their continued relevance and alignment with evolving regulatory and market requirements **(Table 12.4)**. The list of NISM certifications can be accessed at https://www.nism.ac.in/certifications/.

12.6 SEBI INVESTOR AWARENESS TEST

The Institute also conducts the SEBI Investor Awareness Test in four languages, namely English, Hindi, Marathi and Bengali. This initiative of SEBI seeks to empower individuals with essential knowledge about basic concepts of savings and investment. By equipping potential investors with the necessary skills and insights, SEBI aims to enhance financial literacy and promote informed decision-making.

12.7 CPE PROGRAMS

NISM offers Continuing Professional Education (CPE and e-CPE) Programs. During the year, 18 CPEs and e-CPEs were offered. The institute undertakes comprehensive annual revisions of these programs to ensure their relevance and alignment with evolving regulatory and market requirements.

Total enrollment across CPE programs reached 1,12,307 during 2025-26. Of these, 53,187 enrollments (47 per cent) were for the classroom-based and 59,120 enrollments (53 per cent) were for the online e-CPE programs, reflecting a balanced preference among the market participants for both learning modes **(Table 12.5)**. The list of CPE programs is available at https://www.nism.ac.in/.

12.8 OTHER INITIATIVES

During 2025-26, NISM signed 24 agreements, comprising MoUs, MoAs and a Collaboration Agreement. These collaborations through mutual co-operation are focused on various aspects such as capacity building, promoting financial education, research, publications, training and improving financial literacy in the country. The detailed list of these agreements is available on Institute's website at https://www.nism.ac.in/collaborations//.

Table 12.4: NISM Certifications

Particulars (in No.)	2024-25	2025-26
Mandatory certification modules	25	30
Non-mandatory certification modules	06	05
Test Centers	307	361
Cities/locations covered	209	228
Enrolments	3,86,775	4,20,696

Table 12.5: Continuing Professional Education Programs

Particulars	2024-25	2025-26
Mandatory CPE & e-CPE modules	17	18
Programs	2,089	2,121
Locations	110	109
Trainers Empaneled (cumulative)	327	326
Enrolments	1,20,229	1,12,307

Apart from the above, NISM also signed 443 Letters of Understanding with HEIs. This effort resulted in creation of 67 test centers for conducting NISM certification examinations within these HEIs for their own students in 2025-26. In its endeavor to provide continuous learning for NISM-certified candidates, 123 regulatory alerts were sent to keep them abreast with market developments and NISM certification examinations during 2025-26. NISM also conducted more than 200 sessions on 'Career in Securities Market', engaging more than 15,000 students across various institutions. Various initiatives, such as the one above contributed to the significant growth of Institute's digital outreach, with over two lakh followers on LinkedIn and 3 lakh subscribers on YouTube, enhancing visibility and stakeholder engagement.

12.9 SOURCES OF FUNDS AND EXPENDITURE

NISM is at present a fully self-funded organization and its sources of funds and expenditure during 2025-26 are given in **Table 12.6.**

Table 12.6: Sources of Funds and Expenditure: 2025-26 (Audited)

Expenditure	Amount (₹ crore)	Income	Amount (₹ crore)
Salaries & Allowances	33.4	Income from Certifications & Programs	134.4
Expenses towards Certifications & Programs	28.3	Interest Income	31.7
Honorarium Charges	9.3	Income from Rent (Including Hostel Fee & Food)	9.3
Unavailable CENVAT Credit A/c	8.6	Other Income	0.6
Advertisement and Publicity Expenses	7.7		
Priority Initiative Fund 1 & 2	7.1		
Depreciation	5.9		
Professional & Consultancy Fees	3.4		
Other Establishment Expenses*	31.2		
Purchase of Fixed Assets including Capital WIP	7.4		
Total	**142.4**	**Total**	**175.9**

*Other Establishment expenses include, electricity charges, housekeeping expenses, food & beverages, support service charges, rent (expense), repairs and maintenance, maintenance of public facing applications, AMC charges for machinery, security expenses, maintenance charges – buildings and maintenance of internal applications, hiring charges and other expenses.

CHAPTER
13

ORGANIZATIONAL MATTERS

This chapter outlines key institutional and internal activities that enable SEBI to function effectively as the securities market regulator.

13.1 SEBI BOARD

The SEBI is governed by a Board comprising a Chairman and Members appointed/nominated in accordance with the SEBI Act, 1992. The composition of the SEBI Board as on March 31, 2026, is given in **Table 13.1.**

Several key appointments and nominations to SEBI Board were notified during 2025-26, as below:

- Ms. Anuradha Thakur, Officer on Special Duty (till June 30,2025) and Secretary (with effect from July 01, 2025), Department of Economic Affairs, Ministry of Finance, Government of India was nominated as Member on the SEBI Board under section 4(1)(b) of the SEBI Act, 1992 in terms of Government of India notification dated June 16, 2025 in place of Shri Ajay Seth.
- Shri Sandip Pradhan was appointed as WTM of SEBI under Section 4 (1)(d) of the SEBI Act, 1992 by Government of India vide notification dated November 19, 2025. He assumed charge as WTM with effect from December 05, 2025.
- Shri Shirish Chandra Murmu, Deputy Governor, RBI. was nominated as Member on the SEBI Board under Section 4(1)(c) of the SEBI Act, 1992 in terms of Government of India notification dated November 26, 2025 in place of Shri M. Rajeshwar Rao.
- Shri N. Venkatram was appointed as Part Time Member of SEBI under Section 4 (1)(d) of the SEBI Act, 1992 by Government of India vide notification dated December 30, 2025.

During 2025-26, the SEBI Board met on four occasions **(Table 13.2).**

13.2 AUDIT COMMITTEE

The Audit Committee met three times during 2025-26. As on March 31, 2026, the committee was chaired by Ms. Anuradha Thakur (Secretary, DEA, MoF), with Shri Amarjeet Singh (WTM, SEBI) and Shri Shirish Chandra Murmu (Deputy Governor, RBI) serving as members.

Table 13.1: Composition of SEBI Board (As on March 31, 2026)

<table>
<tr><th>Name</th><th>Position</th><th>Provision of appointment/nomination under the SEBI Act, 1992</th></tr>
<tr><td>Shri Tuhin Kanta Pandey</td><td>Chairman</td><td>Appointed under Section 4(1)(a)</td></tr>
<tr><td>Shri Amarjeet Singh</td><td rowspan="3">Whole Time Member</td><td rowspan="4">Appointed under Section 4(1)(d)</td></tr>
<tr><td>Shri Kamlesh Chandra Varshney</td></tr>
<tr><td>Shri Sandip Pradhan</td></tr>
<tr><td>Shri N. Venkatram</td><td>Part-Time Member</td></tr>
<tr><td>Ms. Deepti Gaur Mukerjee</td><td rowspan="3">Part-Time Member</td><td rowspan="2">Nominated under Section 4(1)(b)</td></tr>
<tr><td>Ms. Anuradha Thakur</td></tr>
<tr><td>Shri Shirish Chandra Murmu</td><td>Nominated under Section 4(1)(c)</td></tr>
</table>

Table 13.2: Board Meetings during 2025-26

Name	Number of meetings held during the tenure	Number of meetings attended
Chairman		
Shri Tuhin Kanta Pandey	4	4
Whole Time Member		
Shri. Ananth Narayan Gopalakrishnan	2#	2
Shri Amarjeet Singh	4	4
Shri Kamlesh Chandra Varshney	4	4
Shri Sandip Pradhan	2*	2
Part -Time Member		
Ms. Deepti Gaur Mukerjee	4	3
Ms. Anuradha Thakur	4	4
Shri M Rajeshwar Rao	2#	2
Shri Shirish Chandra Murmu	2*	2
Shri N. Venkatram	1*	1

Notes: i. *Number of meetings held after assuming charge.
ii. #Number of meetings held prior to demitting the Office.

The Audit Committee continued to fulfill its responsibilities in compliance with its charter. The committee reviewed the financial statement of accounts and held discussions with both the internal auditors and SEBI management. Based on these comprehensive reviews and discussions, the committee remains confident that SEBI's annual statement of accounts presents a fair view in accordance with Generally Accepted Accounting Principles (GAAPs) in all material aspects. Furthermore, the committee evaluated the internal control systems and expressed satisfaction with their effectiveness. To ensure independent oversight, the committee members also met separately to discuss the disclosures in the Annual Statement of Accounts without management or internal auditors present.

13.3 SEBI OFFICES

SEBI maintains a Pan-India presence with its headquarters located in Mumbai and regional offices in Delhi, Chennai, Kolkata, and Ahmedabad. In Mumbai, in addition to the Head Office, which is located in Bandra Kurla Complex, SEBI operates through three additional office premises, two within Bandra Kurla Complex and one at Nariman Point. A local office is also functional in Indore.

During the year, interior furnishing works were completed at SEBI owned premises at 14th floor, Earnest House, Nariman Point, Mumbai. The office has been furnished with requisite amenities and facilities to make the space operational for use of various divisions of the Legal Department. Interior furnishing works were also completed at Southern Regional Office (SRO) at 9th floor, Overseas Towers, Anna Salai, Chennai. The said office space has been furnished with requisite amenities and facilities to make the space operational for use of SRO.

13.4 HUMAN RESOURCE ACTIVITIES

The Human Resources Department (HRD) strengthened organizational performance and staff welfare in 2025-26 through a series of targeted productivity enhancing initiatives.

13.4.1 Staff Strength, Recruitment, Resignation

As on March 31, 2026, the total number of employees totalled 1,105 across various grades. The staff includes 1,041 officers and 64 secretarial and support personnel, comprising 791 men and 314 women. HRD conducts regular manpower assessments to ensure the Board is staffed to meet future responsibilities, particularly in market regulation and fraud prevention. In line with these requirements, the recruitment process for 135 Grade A officers was initiated in 2025-26 to strengthen organisational capacity.

A. **Grade-wise Distribution:** The grade-wise distribution of the staff members as on March 31, 2026, is provided in **Table 13.3**.

During 2025-26, 22 staff members across various grades transitioned out of the Board's

Table 13.3: Grade-wise Distribution of Staff Members

Staff Members in Various Grades	2024-25	2025-26
Executive Director (ED)	10*	13*
Chief General Manager (CGM)	55	66
General Manager (GM)	68	62
Deputy General Manager (DGM)	136	164
Assistant General Manager (AGM)/Manager (MGR)/Assistant Manager (AM)	768	736
Secretarial Staff (SEC/ACC/LIB)	67	63
Jr. Assistant	1	1
Total	**1,105**	**1,105**

Note: *Excludes Chief Vigilance Officer appointed by the Government of India in the rank of Executive Director

service due to retirement/resignation/demise (**Table 13.4**).

B. **Age Profile of the Staff Members:** With around 57.01 per cent of its staff members in the age bracket of 21 - 40 years, SEBI is a young and dynamic organization. The average age of the staff members is around 39 years. The distribution of staff members across different age brackets is presented in **Table 13.5**.

C. **Region-wise Distribution:** As on March 31, 2026, 95 staff members (around 8.60 per cent of the total employee strength) in various grades were posted at the regional and local office(s) of SEBI. Distribution of staff at head office and regional offices, including local office(s) under them, is provided in **Table 13.6**.

Table 13.4: Staff Members-Retired/Resigned/Deceased

Staff Members in Various Grades	2024-25	2025-26
Executive Director (ED)	3	2
Chief General Manager (CGM)	7	3
General Manager (GM)	1	1
Deputy General Manager (DGM)	2	0
Assistant General Manager (AGM)/Manager (MGR)/Assistant Manager (AM)	25	12
Secretarial Staff (SEC/ACC/LIB)	3	4
Cook/Messenger	1	0
Total	**42**	**22**

Table 13.5: Age-wise Distribution of Staff Members

Age (Years)	2024-25		2025-26	
	No. of Staff Members	Per cent	No. of Staff Members	Per cent
51 - 60	194	17.6	195	17.6
41 - 50	249	22.5	280	25.3
31 - 40	382	34.6	393	35.6
21 - 30	280	25.3	237	17.6
Grand Total	**1,105**	**100**	**1,105**	**100**

Table 13.6: Region-Wise Distribution of Staff Members

Staff Details Grade Wise	2024-25		2025-26	
	No. of employees	Percentage of total	No. of employees	Percentage of total
Head Office	1015	91.9	1004	90.9
Northern Regional Office	32	2.9	38	3.4
Eastern Regional Office	19	1.7	19	1.7
Southern Regional Office	20	1.8	22	2.0
Western Regional Office#	18	1.6	16#	1.4
Others (On Deputation)	1	0.1	6	0.5
Total	**1105**	**100**	**1105**	**100**

Note: #Includes 3 staff members posted in Indore Local Office, which is under the jurisdiction of Western Regional Office.

D. **Promotions:** Promotion exercises were carried out at various grades and successfully completed in a time-bound manner. Details of the promotion exercises conducted during 2025-26 are provided in **Table 13.7**.

A Working Group was constituted to address career stagnation and make recommendations for changes to promotion policy. Taking into account the recommendations of the Working Group and suggestions received from employees on various issues, including zone of consideration for promotion, weightage to annual performance assessment report and departmental promotion committee, empanelment of candidates for promotion, certification requirements for promotion, etc., a comprehensive review was undertaken, and a revised promotion policy was issued.

E. **Job Rotation:** Taking into account the recommendations of the Working Group and suggestions received from employees with regard to job rotation/transfers and considering the opening of new local offices, the existing transfer policy has been revised in relation to provisions governing inter-departmental transfers, inter-location transfers, transfer of Persons with Disability (PwD), implementation of transfer, etc.

13.4.2 Policy Initiatives

A. **Implementation of eOffice:** The eOffice portal, developed by the National Informatics Centre (NIC) under the Government of India, was launched in September 2025 for processing all official correspondence and file movements. Implementation of eOffice marks an important milestone in enhancing efficiency, transparency, ease of operation, confidentiality, and inter-departmental coordination in official work, besides aligning with national standards of digital governance. SEBI has successfully transitioned from traditional paper-based workflows to a modern digital ecosystem by adopting eOffice. This transformation is a strategic step toward building a more agile, accountable, and digitally empowered SEBI.

B. **Employee Benefits and Facilities**

a) The pay and allowances of all employees from Grade 'A' to 'F', Executive Directors and other staff members were revised with effect from November 01, 2022 and salary arrears, as applicable, were paid to all eligible employees.

b) The house allowance scheme for employees was reviewed to enhance the house allowance amount, taking into

Table 13.7: Promotions of Staff Members

Promoted From	Promoted To	No. of Employees Promoted	
		2024-25	2025-26
CGM	ED	3	4
GM	CGM	23	19
DGM	WWGM	29	14
AGM	DGM	16	44
MGR	AGM	29	90
AM	MGR	3	126
Secretary –Grade B	Secretary- Grade C	12	6

account the housing rental rates over the last two decades and to institute a periodic revision mechanism.

c) The housing loan scheme was revised by enhancing the loan eligibility limit, reducing the rate of interest and introducing a housing loan for a second fresh property. A review of conditions governing the housing loan scheme (such as credit score requirements and maximum monthly deductions, etc.) was also undertaken.

d) The personal advance scheme was reviewed by enhancing the overall amount of Personal Advance as well as sub-limits of advances for various purposes (such as education of dependent children, motor vehicle, consumer articles and personal use).

e) The scheme for leased accommodation for officers in lieu of Board's accommodation in Mumbai was reviewed to enhance the lease rental ceiling and to ease the conditions for availing the scheme.

f) The leave fare concession scheme (travel by air) was extended to all employees in Grade 'A'.

g) In order to bring parity in retirement benefits across all employees, the employer's contribution towards PF was enhanced from 12 per cent to 14 per cent for PF subscribing employees, by contributing 2 per cent of pay to their NPS individual accounts (Tier 1) w.e.f October 2021.

h) To further support SEBI's commitment to accessibility and inclusion, Meta Ray-Ban AI Glasses have been provided to employees with Benchmark Disabilities (PwBD) under the visually impaired sub-category. This is intended to support such employees to carry out their day-to-day functions.

i) SEBI has enhanced its childcare support facilities to foster an inclusive workplace and help employees balance professional and family responsibilities. Employees are eligible to avail crèche facilities and remote work (female employees returning from maternity leave can work from home for up to 90 days). These initiatives have been introduced, focusing on providing reliable childcare and flexible work options for employees.

13.4.3 Training and Development

Training and development is an important function for honing the skill sets of employees and also for enhancing their functional, technical and behavioural competencies. In order to improve communication, teamwork, leadership, and adaptability skills in the employees, more emphasis was laid on conducting behavioural training for the employees, which plays a vital role in enhancing productivity, employee engagement, and creating a more positive workplace culture.

During 2025-26, around 1,384 nominations were made for various domestic training programmes in collaboration with various institutes. The training programmes included a wide variety of topics to enhance and upgrade functional, technological and behavioural competencies. Further, to encourage employees to stay abreast with the latest developments in the securities market, other than the departments they are posted in and to make the training process more dynamic and rewarding, four online quiz contests were conducted during 2025-26.

With an objective to create a sense of community, belongingness and inclusiveness among employees, various programmes were organized viz, foundation day, family day, cardiopulmonary resuscitation demo program and nutrition awareness workshop. A talk and yoga session was organised for SEBI employees and their families to promote wellness, mindfulness and physical well-being, on the occasion of international yoga day. The national constitution day, 2025 (Samvidhan Divas) was celebrated by mass reading of the preamble of the Indian constitution.

13.4.4 Internal Complaints Committee (ICC)

In accordance with its mandate to provide a safe working environment and in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, an internal committee at head office and separate committees for each of the four regional offices (and local offices under their purview) were reconstituted in August 2025. During 2025-26, no complaints were received.

13.4.5 Review to Strengthen the Administration of SEBI

In accordance with Regulation 13 (1) of SEBI (Employees' Service) Regulations, 2001 ('ESR'), with a view to strengthening the administration of SEBI, a committee consisting of the Chairperson and WTMs reviewed the service records, effectiveness, performance, and integrity of 41 employees who have completed 55 years of age or 30 years of service in 2025-26.

13.4.6 Felicitation/Rewards

During 2025-26, 9 employees were felicitated on completion of 25 years of service in SEBI and 26 children of employees were rewarded for academic excellence in 10th/12th standard.

13.4.7 Disciplinary Matters

During 2025-26, nil disciplinary proceedings were initiated under the Employees Service Rules against employees. Further, two disciplinary proceedings, initiated in the previous financial year, were concluded during 2025-26. Further, appeals were filed in respect of seven orders passed by the competent authorities, out of which six appeals were concluded during 2025-26 and one appeal is pending.

13.5 RESEARCH, DATA INITIATIVES AND SYSTEMIC STABILITY

Department of Economic and Policy analysis is SEBI's research arm, undertaking policy-oriented research, advanced data analytics, and integrated data management. Its other core mandates encompass fostering data democratization, ensuring financial stability, and managing regulatory coordination and reporting. Furthermore, the department is responsible for SEBI's official publications and the organization of high-level international conferences. During 2025-26, DEPA spearheaded several strategic initiatives, as detailed below:

A. **Research:** To strengthen evidence-based policy formulation, SEBI conducted several high-impact research studies during the year. Notably, the paper titled "A Comparative Study on Growth in Equity Derivatives Segment vis-a-vis Cash Market after recent measures" was published on SEBI website, along with a press release, which generated wide discussion among the stakeholders and media. In addition, research and data analysis were carried out on many topics to support policy formulation and analysis internally.

B. **Systemic Research Group:** During 2025-26, Systemic Research Group maintained a rigorous focus on systemic risk monitoring and strategic research. Emerging systemic risks in Indian securities markets were monitored through a comprehensive suite of tools on a continuous basis. Beyond regular monitoring, critical, timely inputs on significant stress events impacting Indian markets during 2025-26 were provided. Various internal research studies from systemic perspectives were also undertaken during the year.

C. **Regulatory Reporting and Publications:** In compliance with Section 18 (2) of SEBI Act, 1992, the SEBI Annual Report 2024-25 was submitted to the Central Government in August 2025. Handbook of Statistics offering historical data upto the end of 2024-25 was released. Monthly bulletins were published to provide insights on market performance, global financial trends, policy updates and key statistics. All publications are accessible via the SEBI website. Further, analysis and statistics were provided throughout the year to Government of India, Government of Maharashtra and other regulators for various publications, meetings etc.

A series of talks/lectures were organized under SEBI Discussion Forums (SDFs) aimed at capacity building and knowledge enhancement. During the year, five such sessions were organized.

D. **Securities Transaction Price Index (STPI)**: The STPI is a specialized metric compiled and submitted quarterly to the Ministry of Commerce & Industry. It serves as a core component of the Business Service Price Index, designed to enhance the measurement of inflation within financial services. Currently, the base year for STPI calculation is 2022-23. STPI computation involves sourcing data from approximately 256 entities. During 2025-26, the entire process of collating data and computation of the index and sub-indices has been automated. Going forward, this automation will significantly reduce manual intervention at various stages of data collection, validation and index computation, thereby enhancing operational efficiency and accuracy. It will also enable faster turnaround time and creation of a centralized repository of historical data facilitating improved data consistency.

E. **Investor Survey:** SEBI Investor Survey 2025, undertaken in coordination with MIIs (NSE, BSE, NSDL and CDSL) and AMFI, was concluded during 2025-26. It was a nation-wide survey, covering over 90,000 households across urban and rural India, designed to understand how Indian households engage with securities market products - from awareness to participation to disengagement - and what drives or blocks this journey. The survey report is disseminated on the SEBI website **(Box 13.1)**.

F. **Household Savings through Securities Market:** SEBI, in consultation with RBI and MoSPI, has revised the computation methodology to incorporate all segments and the actual data (aggregated at investor PAN level) pertaining to household savings through the Indian securities market, which in the past was majorly computed based on estimates. The revised data were included in the GDP series published by MoSPI in February 2026, with base year revised to 2022-23.

A mechanism to compute the number of unique investors based on investor PAN was put in place during the year. The process involves de-duplicating the PANs present across Depositories and RTAs to arrive at the investor count.

G. **SAMVAD 2026:** SAMVAD, the annual flagship Symposium on the Indian securities market, was organised on January 16, 2026, at Jio World Convention Centre in Mumbai by SEBI in collaboration with NISM and supported by NSE, BSE, NSDL and CDSL on the theme ‘Sustained Capital Formation’ reflecting SEBI’s continued focus on strengthening the long-term financing ecosystem and market depth. The Symposium was also live-telecast by organizing partners.

SAMVAD 2026 brought together diverse stakeholders, including regulators, policy makers, academicians, industry leaders, MIIs and investors to deliberate on the trajectory of India’s securities market. The event commenced with the keynote address by Ms. Samara Cohen, Senior MD, BlackRock. This was succeeded by addresses of the Shri Tuhin Kanta Pandey, Chairman and the Chief

Box 13.1: SEBI Investor Survey 2025 – Coverage and Major Findings

The SEBI Investor Survey 2025, conducted in collaboration with BSE, NSE, CDSL, NSDL and AMFI is one of the largest nationwide household surveys, covering over 90,000 households across 400 cities and 1,000 villages, designed to assess the landscape of Indian securities market participation, awareness, and behavior. While providing a comprehensive look at the "Awareness-to-Participation" gap in India's financial ecosystem, the survey revealed a significant gap where 63 per cent of households are aware of securities products, but only 9.5 per cent participate in the markets. High risk aversion, product complexity, and a preference for regional language education are cited as major barriers to increased investment participation.

1. **Market Awareness vs. Action Gap:** While awareness is high, actual participation remains a niche activity for most Indian households.
   - Awareness: 63 per cent of Indian households (approx. 213 million) are aware of at least one securities product (Mutual Funds, Shares, Bonds, REITs, InvITs, AIFs).
   - Participation: Only 9.5 per cent (approx. 32.1 million households) actually invest, highlighting a significant conversion gap.
   - Active vs. Dormant: Of the 9.5 per cent participating, roughly 60 per cent are active investors.
   - Penetration: Urban participation (15 per cent) is notably higher than rural (6 per cent).
   - Geographical Participation: Delhi (20.7 per cent) and Gujarat (15.4 per cent) recorded the highest urban participation. States like Nagaland (3.4 per cent) and Meghalaya (4.2 per cent) show the lowest penetration, pointing to a significant need for regional outreach.
2. **Investor Behavior & Risk Profile:** The survey revealed a deeply conservative mindset across all age groups.
   - Cautious Approach: Nearly 80 per cent of Indian households prioritize capital preservation over high returns.
   - Risk Appetite: 79.7 per cent low-risk (conservative), 14.7 per cent medium, and 5.6 per cent high-risk.
   - Gen-Z Behavior: 79 per cent of Gen-Z households also display risk-averse, conservative behavior.
3. **Barriers to Investment:** Non-investors (91 per cent of households) cite the following hurdles:
   - Complexity & Knowledge: 74 per cent cite product complexity and lack of understanding.
   - Risk & Return Concerns: 73 per cent are concerned about potential losses.
   - Trust Deficit: 51 per cent have low trust in financial institutions/transparency.
4. **Untapped Opportunities (Intenders):** The report highlights a massive growth opportunity in people intending to invest in near future. 22 per cent of non-investors who are aware of securities products intend to start investing within a year. Simplified digital platforms, peer stories/success stories, and regional language education can further motivate investor growth.
5. **Education & Grievance Redressal**
   - Learning Formats: High preference for short-form videos (80 per cent) and social media (69 per cent).
   - Language: High demand for content in regional languages (47 per cent) alongside Hindi (47 per cent). English is preferred by only 5 per cent.
   - SEBI Awareness: While awareness of SEBI's grievance redressal is limited, ~90 per cent of users report satisfaction with outcomes.

The survey indicated that while awareness is rising, trust and simplification are necessary to convert intenders into active investors. Through its investor awareness programs and investor centric policies, SEBI is working towards making India's securities market more inclusive.

Guest, Shri Arvind Virmani, Hon'ble member, NITI Aayog, which together set the overarching policy context for sustained capital formation. The programme also featured a fireside chat on 'India as a Magnet for Long-Term Global Capital' followed by multiple panel discussions covering themes relating to different aspects of market development. Various recorded sessions of SAMVAD can be accessed from SEBI's website, sebi.gov.in, under Section "Reports & Statistics" and it's sub-section 'Conferences/Symposium'.

H. **Regulatory Impact Assessment:** SEBI has formalized the institutional framework for Regulatory Impact Assessment (RIA) by creating a Regulatory Assessment and Review Group (RARG) under the Department of Economic and Policy Analysis, tasked with conducting RIAs and reviewing regulations and regulatory processes. To further enable independent, theme-based evaluations, SEBI has constituted an 'External Experts Advisory Committee (EEAC)' chaired by Shri V. Anantha Nageswaran, Chief Economic Advisor to the Government of India. This committee is independent of the management and reports directly to the SEBI Board. Its mandate includes selecting key regulatory themes and assessing them through parameters such as efficiency, compliance burden, and cost-benefit analysis for various stakeholders. Based on these evaluations and global benchmarking, the Committee will provide actionable recommendations to simplify, amend, or withdraw regulations. Complementing this, a cross-functional 'Internal Evaluation Group' has been formed to standardize regulatory decision-making processes across SEBI and to guide departments in building the scope and impact assessments within their processes, based on shared expertise and experience. RARG serves as the Secretariat providing operational oversight and strategic support to both the Committee and the Group.

Further, RARG is also mandated to undertake and facilitate ex-post RIA studies. Accordingly, RARG is also collaborating with NISM to advance strategic, high-quality research in RIA through institutionalization and operationalization of Centre for Regulatory Studies and Corporate Governance at NISM. The Centre is envisaged to work towards capacity building and fostering research towards effective, optimum and proportional regulatory policies and governance practices in the securities market.

I. **Inter-Regulatory Interface Group:** The Inter-Regulatory Interface Group (IRIG), housed within DEPA, serves as SEBI's nodal unit for co-ordination and engagement with key inter-regulatory and financial stability fora, including the Financial Stability and Development Council (FSDC) and its associated bodies such as the FSDC Sub-Committee (FSDC-SC), the Inter-Regulatory Technical Group (IRTG) and the Early Warning Group (EWG). IRIG also deals with matters related to the Information Sharing Mechanism, a bilateral forum between RBI and SEBI. During 2025-26, IRIG handled a total of 14 meetings across these fora and contributed to SEBI's inputs for the Financial Stability Reports published bi-annually by RBI.

During the year, IRIG undertook a broad range of analytical, policy and coordination functions. These included being the representative as well as contributing to the Inter-Regulatory Working Group Report on Regulatory Impact Assessment. The IRIG also supported SEBI's participation in domestic and international engagements through presentations and strategic inputs. Additionally, IRIG provided regular inputs to RBI and other government bodies and contributed to various analytical notes on market developments, thereby reinforcing SEBI's role in financial stability and inter-regulatory coordination.

13.6 PROMOTION OF THE OFFICIAL LANGUAGE

During 2025-26, SEBI undertook several initiatives to implement and promote the use of Hindi across its offices. These efforts were designed to ensure alignment with the Official Language Policy of the Government of India (GoI), as summarized below:

A. **Bilingualization:** During 2025-26, all regulations, notifications, public notices and registration certificates granted to various market participants, intermediaries, etc. were issued in both Hindi and English. All the papers were submitted before various Parliamentary Committees in diglot form.

B. **Rajbhasha Portal:** The Rajbhasha Portal, exclusively developed for the staff members, is aimed at providing a single point of access to all the relevant information pertaining to the official language Hindi for the staff members of SEBI, which acts as a learning hub for the staff members for using Hindi in their day-to-day official work. Standard documents and other material frequently used by various departments were also made available on the Rajbhasha Portal in diglot form. Furthermore, the Rajbhasha Portal also facilitates online submission of Quarterly Progress Reports.

C. **Hindi Magazine:** During 2025-26, two issues of the Hindi Magazine (Viniyamika) of SEBI were published. These issues showcased the literary talent of staff members and their family members in the form of articles, stories, poetry, etc. Staff members also took part in the competitions announced in these issues.

D. **Rajbhasha Meetings:** During the year, meetings of the Official Language Implementation Committee were conducted to ensure compliance with the Official Language Policy of the GoI in the Head Office and all the regional offices of the Board. During 2025-26, several important decisions were taken towards the implementation of the Official Language Policy of the GoI.

E. **Initiatives Towards Automation:** During 2025-26, staff members continued to leverage all three software applications provided with a view to facilitating them with technological tools towards the implementation of the Official Language Policy. Notably, one of these applications, "SEBI Shrutlekhan", is equipped with a "speech-to-text" facility, enabled for both the languages, i.e. Hindi and English. Furthermore, the transliteration software, "SEBI Lipyantaran", facilitates the seamless conversion of names and addresses from English to Hindi and vice versa. Its unique "on-the-fly feature" ensures that the names and addresses of recognised intermediaries available on SEBI's English website are automatically transliterated into Hindi for the SEBI Hindi website. Additionally, a translation software, namely "SEBI Kanthastha", is currently under development, which will facilitate the staff members to carry out their day-to-day official work in Hindi without any hitch.

F. **Awareness of Rajbhasha Portal via Screen Savers**: Practice to spread awareness of Rajbhasha Portal continued via "screen savers" of desktops provided in all SEBI offices, in order to publicize the resources available on Rajbhasha Portal, thereby encouraging staff members to maximize the use of Hindi in their official work.

G. **Incentive Schemes:** To ensure timely compliance with various requirements of the Official Language Policy of the GoI and to promote the use of Hindi in official work, staff members were incentivised upon passing an examination under one of the incentive schemes, namely Hindi Kaa Karyasadhak Gyan - Puraskar Yojana. Results were also announced for "Hindi Karya Puraskar Yojana" and "Rajbhasha Shield Yojana".

H. **Internal Rajbhasha Inspections:** In accordance with the requirements of the Official Language Policy of the GoI and in view of the targets assigned in the Annual Programme issued by the Department of Official Language, Ministry of Home Affairs, GoI, inspections of one Regional Office and 24 Departments of the Head Office were conducted by Official Language Division of SEBI.

I. **Rajbhasha Competitions:** In order to encourage the staff members to use Hindi in their official work, four Hindi competitions were organized during the year. Altogether 104 participants took part in these competitions.

J. **Hindi Pakhwada:** Hindi Pakhwada was organized during September 14-29, 2025 in SEBI offices to promote the usage of official language. On the occasion of 'Hindi Diwas', a message from the desk of Chairperson was released to encourage use of Hindi by SEBI staff. In addition, activities such as, display of banners of Hindi Pakhwada in all the offices of SEBI, various competitions for staff members were also organised. In addition, information regarding the availability of Hindi books in the library, Head Office was circulated to staff members by highlighting excerpts from the books of a few renowned authors.

K. **Training for Newly Recruited Officers:** As part of their induction programme, the newly recruited officers were made aware of the various requirements related to the Official Language Policy of the GoI, so that they may use Hindi in their official work and ensure timely implementation of the Policy while discharging their duties.

L. **Rajbhasha Samaroh:** During 2025-26, a Rajbhasha Samaroh was organized to felicitate the winners and participants of various Hindi competitions, aimed at encouraging the use of Hindi by the staff members in official work. As a token of appreciation, winners of Rajbhasha competitions and "Hindi Karya Puraskar Yojana" were awarded with silver coins, Hindi books and cash prize. One department from the Head Office was honoured with "Rajbhasha Gaurav" Shield and one Regional Office was honoured with "Rajbhahsa Pratishtha" Shield for putting in maximum efforts towards the effective implementation of the Official Language Policy.

M. **Hindi Workshops:** During the year, six Hindi workshops were organized for the officers and other staff members of SEBI to make them aware of various requirements of the Official Language Policy of the GoI.

13.7 INTERNAL INSPECTION DEPARTMENT

The Internal Inspection Department (IID) serves as an internal oversight mechanism of SEBI with respect to the systems and procedures of various departments and adherence to internal benchmarks. IID also identifies areas for improvement and recommends corrective actions to enhance departmental productivity and effectiveness. The inspections conducted by IID are classified into three categories - comprehensive inspections; Management Information System (MIS) report-based reviews; and thematic and case-specific examinations.

During 2025-26, IID carried out inspections across multiple departments of SEBI, reviewing the systems and procedures in place and compliance with internal benchmarks and timelines. It also monitored the implementation status of its previous recommendations on an ongoing basis. As a new initiative, IID conducted a programme on the sharing of best practices observed in various departments with officers on an inter-departmental basis. This was with the aim of enhancing the learning curve, as well as to explore replication of best practices wherever appropriate.

13.8 VIGILANCE DEPARTMENT

The Vigilance Department of SEBI is engaged in guiding and facilitating impartial, fair and transparent working in the organisation. It performs its functions in accordance with guidelines issued by the Central Vigilance Commission (CVC) from time to time.

A. **Training:** During 2025-26, the Vigilance Department conducted comprehensive training sessions for SEBI officers across all grades, focusing on ethics, governance, and disciplinary proceedings. These sessions were designed to sensitize staff and reinforce the importance of maintaining probity, integrity, and honesty in public service. Furthermore, the Chief Vigilance Officer (CVO) led specialized workshops covering the functional aspects of vigilance, the evolving dynamics of the Prevention of Corruption Act, and the complexities of insider trading.

B. **"Manthan" - A reflective journey to greater transparency and deeper trust**

i. The Vigilance Department launched "Manthan," a pioneering evaluation and sensitization initiative designed to engage employees across all grades in SEBI. This program utilized an anonymous 30-item questionnaire to gather candid insights into ethical conduct, moral dilemmas, and vigilance regulations.

ii. The survey under "Manthan" was conducted on September 18, 2025, with a robust participation rate of over 80 per cent of SEBI officials. Preliminary findings were presented during the Vigilance Awareness Week (VAW) on October 31, 2025, culminating in the official unveiling of the final report by the SEBI Chairman on January 01, 2026. The report has since been submitted to the Central Vigilance Commission (CVC).

ii. As a result of "Manthan", measures regarding capacity building and policy review have been initiated. The initiative enabled the identification of training needs, ethical concerns, and systemic improvement areas. It strengthened awareness and dialogue on integrity and transparency.

iv. The "Manthan" report was acknowledged and appreciated by Central Vigilance Commissioner, with the remarks "The initiative aptly align with the theme of VAW 2025 and demonstrate proactive efforts towards strengthening ethical culture, transparency and integrity within the organization. Such initiatives contribute meaningfully to institutional integrity. The Commission looks forward to further similar initiatives by SEBI which can serve as an example for other organisations to emulate."

C. **Vigilance Adda:** Vigilance Department has launched an ongoing employee outreach initiative titled "Vigilance Adda" to encourage open dialogue and involve employees in fostering an ethical, transparent work culture through informal interactions with small groups of officers (up to 10 officers). So far more than 200 Officers have been covered under the "Vigilance Adda" initiative, with over 100 man-hours devoted by the Vigilance Department for these engagement sessions.

D. **Vigilance Awareness Week 2025:**

i. Vigilance Awareness Week (VAW) 2025 was observed in SEBI in a befitting manner on the theme "सतर्कता: हमारी साझा जिम्मेदारी" "Vigilance: Our Shared Responsibility". A series of awareness, sensitisation and outreach initiatives were undertaken during the campaign period to promote ethical conduct, integrity and transparency across SEBI.

ii. The opening ceremony was held on October 31, 2025, at SEBI's Mumbai headquarters, attended by the Chairman and senior management. The occasion was graced by Shri Abhay, IPS (Retd.), as Chief Guest. During the event, the Chairman administered the integrity pledge to staff members, followed by insightful addresses on vigilance and ethics from the Chief Guest, the Chairman, and the CVO.

iii. Banners, standees, and posters related to VAW 2025 were prominently displayed across all office premises. In addition, relevant screensavers were deployed on all office computers to reinforce awareness. The messages of the dignitaries, viz., Hon'ble President of India, Hon'ble Vice President of India, Prime Minister of India and the Central Vigilance Commission on the theme of VAW 2025 were displayed on the digital screen near reception area of offices of SEBI during the week.

iv. To publicize, the theme of VAW 2025 was displayed on SEBI website (https://sebi.gov.in), SEBI Investors Website (https://investor.sebi.gov.in/), and NISM website (https://nism.ac.in). A voice message was added to the Interactive Voice Response (IVR) in the toll-free SEBI Helpline numbers during the week, informing callers about VAW 2025 and e-pledge initiative of CVC. In addition, the Office of Investor Awareness and Education (OIAE) was requested to incorporate a dedicated slide on the CVC e-pledge in its investor workshops to encourage wider stakeholder participation towards the goal of a corruption-free India.

v. As part of outreach activities, at the behest of SEBI, the stock exchanges, Depositories, AMFI and the AMCs published information about the observance of VAW 2025 on their websites and social media accounts during the week, and encouraged people to take e-pledge by providing a link to the e-pledge website of CVC (https://pledge.cvc.nic.in/)

vi. CVO SEBI delivered various sessions at NALCO, Bhubaneshwar, Vigilance Study Circle-Mumbai, NISM, Patalganga regarding functions of vigilance administration, changing dynamics & applicability of PC Act and prohibition of insider trading.

vii. During September-October 2025, SEBI hosted various competitions - from debates to short video making - centered on the VAW 2025 theme. The initiative garnered widespread participation from employees and their families. To celebrate their creativity, the entries and performance snapshots were featured on digital displays across all SEBI offices throughout the week.

viii. Further, as per CVC instructions, SEBI carried out various preventive vigilance measures during the three-month campaign period (18th August 2025 till 17th November 2025). The information for compliance under each of these areas by SEBI were collated from different departments and the Action Taken Reports as per the prescribed formats were submitted to CVC.

E. **Reports and returns:** Information on Probity Portal, Quarterly Progress Report of works/ purchase/consultancy, Quarterly Performance Report, and Annual Report on vigilance activities are being regularly submitted to DoPT/CVC after collating information from concerned departments.

F. **Liaisoning with external agencies:** Vigilance Department in SEBI, as a nodal office, had actively followed up and coordinated with different departments with regard to information sharing requests received from external agencies such as CBI, ED, etc. During 2025-26, the Vigilance Department dealt with around 80 requests received from external agencies and all the requests have been complied with.

13.9 RTI ACTIVITIES

SEBI, as a public authority, has been implementing the various provisions of the Right to Information Act, 2005 (RTI Act) in true spirit. As per the provisions of the RTI Act, SEBI had designated Shri B. J. Dilip, Chief General Manager as a Central Public Information Officer (CPIO) at its Head Office in Mumbai from March 01- August 22, 2025. Subsequently, SEBI designated Shri D. Sura Reddy, Chief General Manager, as CPIO from August 23, 2025.

SEBI designated Executive Directors Dr. Ruchi Chojer and Shri Aliasgar Mithwani as First Appellate Authorities, with their tenures beginning on July 1, 2024, and February 3, 2025, respectively. In this capacity, they preside over appeals filed against responses provided by the CPIO. In compliance with the direction of the Central Information Commission (CIC), SEBI had designated Shri Shashi Kumar Valsakumar, Executive Director, as Transparency Officer since December 26, 2024.

SEBI has endeavoured to provide information sought by the applicants within the stipulated time, irrespective of whether the information being sought is voluminous, pertaining to a number of issues or handled by multiple departments. SEBI has also been providing additional information/guidance voluntarily to the applicants about the securities market. Applications are received in various regional languages, which are internally translated and replied. Applications received in Hindi are replied to in Hindi. Applications filed at the various regional/local offices are referred to the CPIO-HO by the respective Central Assistant Public Information Officers (CAPIOs). The senior-most officials posted at regional/local offices are appointed as CAPIOs for the respective regional/local offices.

About 86 per cent of the RTI applications received by SEBI in 2025-26 were through the RTI Request & Appeal Management Information System (RTI MIS Web Portal). For applications received in physical mode, the Office of CPIO, while replying to the RTI application, requests the applicants to file their applications/appeals online at https://rtionline.gov.in, which enables them to receive replies online, thus encouraging the use of automated systems.

Section 4(2) read with 4(1)(b) of the RTI Act lays down the information which should be disclosed by public authorities on a suo motu basis. The purpose of disclosures under Section 4 is to place a large amount of information in the public domain on a suo motu basis to make the functioning of the Public Authorities more transparent and also to reduce the need for filing individual RTI applications. SEBI, in compliance with Section 4(1)(b) of the RTI Act, has made available suo motu disclosures on the SEBI website www.sebi.gov.in. As a public authority, it is SEBI's continual endeavour to fulfil all the obligations cast upon it, in terms of Section 4 of the RTI Act, to make disclosures on a suo motu basis and ensure transparency and accountability in its functioning.

The details of RTI applications and Appeals to the First Appellate Authority of SEBI for 2024-25 and 2025-26 are given as **Table 13.8.**

Table 13.8: Trends in RTI applications and Appeals to SEBI FAA

Particulars	2024-25	2025-26
No. of applications received (including applications transferred from other public authorities)	2,460	2,409
Total no. of issues raised in applications	8,410	9,278
No. of appeals received by the Appellate Authority, SEBI	380	460
No. of orders passed by the Appellate Authority, SEBI	392	456
No. of appeals rejected/dismissed by the Appellate Authority, SEBI	343	436
No. of appeals allowed/partially allowed	49	20

Table 13.9: Trends in Appeals before the Central Information Commission

Particulars	2024-25	2025-26
No. of hearings held before CIC in SEBI matters	34	48
No. of appeals rejected/ dismissed by CIC	33	44
No. of appeals with directions by CIC to furnish information	1	4

The details of Appeals before the Central Information Commission (CIC) against orders passed by the First Appellate Authority of SEBI for 2024-25 and 2025-26 are given as **Table 13.9**.

13.10 PARLIAMENTARY QUESTIONS CELL

The Parliament Questions (PQ) Cell of SEBI is the interface between SEBI and the Government of India for parliament questions and parliament committee meetings. PQ Cell deals with the various Ministries of the Government of India for addressing issues relating to PQs and any assurances thereof. PQ Cell also co-ordinates for Parliamentary Committee meetings and their study tours/visits in co-operation with the Lok Sabha Secretariat and Nodal Organizations.

I. **Parliament Questions:** During 2025-26, SEBI received a number of PQs, referred by the Government of India, mainly from the Ministry of Finance and the Ministry of Corporate Affairs, to which SEBI furnished information and material for replies. The number of PQs received/replied session-wise is given in **Table 13.10**.

II. **Parliamentary Committees/Material provided:** During 2025-26, SEBI interacted with and provided the required information desired by the following Parliamentary Committees & Ministry of Finance in a time-bound manner.

Table 13.10: Session-wise Details of Parliament Questions

Parliament Session	Period	No. of Questions Received/ Replied	
		Starred	Unstarred
Monsoon Session	July 21, 2025 to August 21, 2025	31	31
Winter Session	December 01, 2025 to December 19, 2025	16	22
Budget Session 1	January 28, 2026 to February 13, 2026	11	44
Budget Session 2	March 9, 2026 to April 2, 2026	19	12
Total		**77**	**97**

Table 13.11: Parliamentary Committees/Material Provided

Sr. No.	Parliamentary Committees/Material provided
1.	Inputs on updated Action Taken Report on the Recommendations of Forty-sixth report of the Standing Committee on Finance on the subject "Strengthening Credit Flows to the MSME Sector" - May 2025
2.	Examination of the subject "Cyber Crime – Ramifications, Protection and Prevention" by the Department-related Parliamentary Standing Committee on Home Affairs – July 2025
3.	Study tour of Standing Committee on Finance – "Performance Evaluation of SEBI: Capital Market Regulation and Ensuring Investor Protection" – September 2025
4.	Inputs on Recommendation No.10 pertaining to ESG regulation in the 10^{th} Report of the Standing Committee on Finance on Demand for Grants (2025-26) of the Ministry of Corporate Affairs – November 2025

13.11 FEES AND OTHER CHARGES

During 2025–26, SEBI's total collection from fees and other charges (unaudited*) reached ₹2,563 crore, marking an increase from the ₹2,334 crore (audited) recorded in 2024–25. The detailed breakdown of these recurring and non-recurring streams collected from market intermediaries is presented in **Table 13.12**. Recurring fees constituted

Table 13.12: Fees and Other Charges (₹crore)

Particulars	2024-25			2025-26*		
	Recurring Fees#	Non-recurring Fees##	Total Fees Received	Recurring Fees#	Non-recurring Fees##	Total Fees Received
	1	2	(1+2)	3	4	(3+4)
Offer Documents and Prospectus filed (Primary Market – Equity)	0.0	266.3	266.3	0.0	338.3	338.3
Merchant Bankers	5.3	3.0	8.3	4.7	4.0	8.7
Underwriters	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio Managers	6.0	8.7	14.7	5.7	6.8	12.5
Registrars to an Issue and Share Transfer Agents	0.7	0.4	1.1	0.3	0.5	0.8
Bankers to an Issue	2.3	0.0	2.4	0.6	0.0	0.7
Debenture Trustees	0.5	0.2	0.7	0.5	0.1	0.6
Takeover Fees	0.0	87.3	87.3	0.0	123.8	123.8
Buy Back of Shares	0.0	34.2	34.2	0.0	33.9	33.9
Mutual Funds	20.6	12.4	33.0	21.9	13.2	35.1
Stock Brokers and Sub-Brokers (CM segment)	58.1	0.0	58.1	61.6	0.0	61.6
Foreign Portfolio Investors	0.0	73.3	73.3	0.0	105.0	105.0
Foreign Venture Capital	0.0	0.8	0.8	0.0	0.6	0.6
Domestic Venture Capital	0.0	0.0	0.0	0.0	0.0	0.0
Infra Investment Trust	0.0	0.0	0.0	0.0	0.0	0.0
Depositories	1.0	0.0	1.0	1.0	0.0	1.0
Custody charges – Depositories	11.2	0.0	11.2	14.6	0.0	14.6
Depository Participants	3.5	0.9	4.5	4.2	1.1	5.3
Custodian of Securities	131.8	0.2	132.0	149.1	0.1	149.2
Approved Intermediaries under Securities Lending Scheme	0.0	0.0	0.0	0.2	0.0	0.2
Credit Rating Agencies	0.2	1.5	1.6	0.6	0.5	1.1
Listing Fees Contribution from Stock Exchanges	41.1	0.0	41.1	45.2	0.0	45.2
Alternative Investment Scheme	0.0	35.1	35.1	0.0	39.6	39.6
KYC Registration Fees	0.0	0.0	0.1	0.0	0.0	0.0
Registration Fee from members (Equity and Derivatives Segment)	197.5	0.0	197.5	146.3	0.0	146.3
Registration fee from members (Commodity Derivatives Segment)	20.6	0.0	20.7	38.5	3.5	41.9
Investment Advisor	0.0	0.5	0.5	0.0	0.4	0.4
Infrastructure Investment Trust	0.0	8.9	8.9	0.0	13.2	13.2
Informal Guidance Scheme	0.0	0.1	0.1	0.0	0.1	0.1
Share Based Employee Benefits	0.0	0.0	0.0	0.0	0.0	0.0
Regulatory Fees-Stock Exchanges	1265.9	0.0	1265.9	1349.3	0.0	1349.3

Particulars	2024-25			2025-26*		
	Recurring Fees#	Non-recurring Fees##	Total Fees Received	Recurring Fees#	Non-recurring Fees##	Total Fees Received
	1	2	(1+2)	3	4	(3+4)
Regulatory Fees-Stock Exchanges commodity	9.4	0.0	9.4	17.4	0.0	17.4
Public Issue of Debt	0.0	0.1	0.1	0.0	0.1	0.1
Private Issue of Debt	2.1	0.0	2.1	1.8	0.0	1.8
Delisting of Shares	0.0	0.1	0.1	0.0	0.1	0.1
Research Analyst	0.0	3.3	3.3	0.0	1.1	1.1
ICDR Exemption Fees	0.0	1.3	1.3	0.0	1.4	1.4
FPI Regulatory fees for ODI Subscription	2.6	0.0	2.6	3.1	0.0	3.1
Scheme of Arrangement Fees	0.0	4.7	4.7	0.0	4.1	4.1
Real Estate Investment Trust	0.0	7.0	7.0	0.0	3.4	3.4
Collective Investment Scheme	0.0	0.0	0.0	0.0	0.0	0.0
Vault Manager	0.0	0.0	0.0	0.0	0.0	0.0
Processing Fee - Compounding of Offence	0.0	2.0	2.0	0.0	0.4	0.4
Processing Fees - Consent Order	0.0	1.2	1.2	0.0	1.3	1.3
Total	**1780.5**	**553.6**	**2334.1**	**1866.4**	**696.3**	**2562.7**

Notes:
i. *indicates subject to audit by Comptroller and Auditor General.
ii. #Recurring fees: Fees which is received on annual/3-yearly/5-yearly basis (includes Fee/Service Fee/annual fee/Listing Fees from exchanges/Regulatory Fees from stock exchanges).
iii. ##Non-recurring fees: Fees which is received on one-time basis. Includes fee for Offer Documents Filed/Registration Fee/Application Fee/Takeover Fees/Informal Guidance Scheme/FPI Registration/Conversion etc.
iv. Since the amount realized by way of penalties on or after 29.10.2002 has been credited to the Consolidated Fund of India, therefore, the same has not been included in the fees income of SEBI since 2003-04.
v. Stock brokers and sub-brokers fee includes annual fees and turnover fees.
vi. Stock brokers and derivatives fees are of recurring nature and depend on the trading turnover of the stock brokers and members.

73 percent of the total collections this year, down slightly from 76 percent in the previous fiscal year. In the recurring category, regulatory fees from stock exchanges generated the highest revenue at ₹1,349 crore, followed by collections from custodians of securities (₹149 crore) and registration fees from equity and derivatives segment members (₹146 crore). Meanwhile, primary market offer documents led the non-recurring category with ₹338 crore, followed by takeover fees at ₹124 crore and foreign portfolio investor fees at ₹105 crore.

13.12 CHANGES MADE TO THE DELEGATION ORDER

The Securities and Exchange Board of India (Delegation of Statutory and Financial Powers) Order, 2019 dated July 31, 2019 was substituted by the Securities and Exchange Board of India (Delegation of Statutory and Financial Powers) Order, 2025 dated October 6, 2025 (DoP Order). The DoP Order provides for the delegation of the statutory and financial powers of the Board to its officials.

During 2025-26, the delegation of certain powers and functions under the SEBI Act, 1992, the SCRA, 1956, the Depositories Act, 1996, and the rules, regulations, and laws made thereunder, which were to be appropriately provided for in the DoP Order, were suitably incorporated. For administrative convenience, the delegation of functions that are routine or incidental or consequential in nature were also effectively delegated to the officials of the Board.

13.13 SOURCES OF FUNDS AND MAJOR AREAS OF EXPENDITURE

The details of the sources of fund and major areas of expenditure for 2025-26 is provided in **Table 13.13** below.

13.14 OTHER MATTERS

Office of Informant Protection: In order to strengthen the investigation and enforcement mechanism to curb instances of insider trading, a mechanism to incentivize the public having personal knowledge of any incidence of insider trading to report the same to SEBI was provided under Chapter IIIA of PIT Regulations vide Official Gazette on September 17, 2019.

The said provision came into force on December 24, 2019, and accordingly, the Office of Informant Protection was established for receiving and processing the information pertaining to the violation of the insider trading laws submitted through the Voluntary Information Disclosure (VID) Form. The VID Form has been made available for download on the website of SEBI. A separate inward and outward channel has been put in place for communicating with the informants while maintaining confidentiality. An online facility for filing of such forms is also made available on the website of SEBI. OIP also maintains a dedicated hotline number for providing information relating to the submission of the VID Form.

During 2025-26, OIP received 25 VID Forms, and 14 VID Forms have been concluded after examination (which includes one VID Form received in the previous financial year), and 12 VID Forms are under examination.

Table 13.13: Sources of Funds and Major Areas of Expenditure (2025-26)(₹crore)

Source of Funds*		Major Areas of Expenditure*	
Interest earned from Investments	434.7	Establishment Expenses	871.3
Interest on Loans, Advances etc.	15.0	Administrative Expenses	264.5
Other Interest	0.0	Gratuity and Leave Encashment	86.8
Registration Fees	402.5	Purchase of Fixed Assets	73.0
Annual fees/Subscription	1559.7	Capital Work in progress	633.3
Application Fees	12.2		
Renewal fees	16.7		
Filing Fees for offer documents	514.5		
Fees for Takeover regulations	11.8		
Listing Fees Contributions	45.2		
Fees under Informal Guidance Scheme	0.1		
Miscellaneous Income	20.7		
Lease Rentals	15.9		
Sale of Assets	-3.2		
Total	**3045.8**	**Total**	**1928.8**

Note: *indicates subject to audit by Comptroller and Auditor General.