Speaking Notes of Shri Amarjeet Singh, WTM, SEBI at ASSOCHAM's 9th National Summit & Awards on Corporate Bond Market

Theme - Building a Resilient Corporate Bond Market: A Key Enabler of Viksit Bharat

August 20, 2026

1. Distinguished dignitaries, representatives from the regulators, stock exchanges, financial institutions, corporates, market intermediaries, and members of ASSOCHAM. Good morning to all of you. It is a privilege to be here. I thank ASSOCHAM for inviting me.

2. The theme of building a resilient bond market is particularly relevant as India moves towards the vision of *Viksit Bharat*. Investments in infrastructure, manufacturing, clean energy and logistics will require patient, long-term capital on a very large scale. We therefore need a deep and vibrant corporate bond market that can complement the banking sector in financing India's growth.

3. My remarks today are in 2 parts – I will briefly touch upon the present state of play in the corporate bond market, and then turn to some of the regulatory measures that we are currently working on.

A. State of Play

4. India's corporate bond market has been growing steadily. To illustrate:
   - Outstanding corporate bonds have grown from about ₹17.5 trillion at the end of FY2015 to over ₹60 trillion at the end of July 2026 - an annual growth of around 12%.
   - In FY 2025 - 26, corporate debt markets mobilised around ₹9.11 trillion, nearly twice the amount mobilised through equity.

5. Technology is opening new avenues for participation. In the last financial year, (i.e. FY 2025–26), the registered client base of Online Bond Platform Providers increased from around 0.6 million to 1.5 million, while annual transaction value rose from approximately ₹71 billion to ₹260 billion. This demonstrates the potential of technology to make bonds more accessible to a wider investor base.

6. The corporate bond market is equivalent to approximately 16–17% of India's GDP, as compared to South Korea at around 79% of GDP, Malaysia at ~54% and China at around 38%. This suggests that there is substantial scope for the market to grow further as India's financing requirements expand.

7. Realizing this potential, however, will require us to address some continuing structural constraints. Issuances remain concentrated among highly rated and financial-sector entities; private placements account for the overwhelming share of issuances; retail participation remains limited; and secondary-market liquidity is concentrated in a relatively small number of securities.

B. Key current priorities

8. SEBI has undertaken a series of reforms aimed at creating an enabling framework that facilitates access, improves transparency and price discovery, reduces unnecessary friction and strengthens investor protection.

9. We are now working on the next set of measures aimed at addressing some of the structural constraints that remain. Let me highlight 4 key areas:

10. <u>Market Making</u>

    a. The first area is market making, which can play an important role in improving secondary market liquidity. At present, of nearly 33,000 outstanding instruments, only around 400 to 500 trade on a typical day.

    b. The Union Budget for 2026–27 has proposed a formalized market-making framework for corporate bonds, and SEBI is currently working on its design.

    c. A key design challenge is fragmentation. With nearly 33,000 instruments across around 7,200 issuers, liquidity is spread very thinly. We are therefore examining how issuances can be concentrated in fewer benchmark ISINs, along-side measures such as issuer buybacks, liquidity-support arrangements and further development of the RFQ platform.

d. Market makers must also be able to finance and manage their inventory efficiently. Corporate bond repo volumes have grown significantly, but still account for less than 1% of the overall repo market. On a typical day, corporate bond repo volumes are around ₹6,000 crores. The capital treatment of bonds held as trading inventory and the ability of market makers to manage adverse price movements also require attention.

e. We are accordingly examining measures to deepen the corporate bond repo market, together with mechanisms such as securities lending and borrowing and a prudent framework for short selling. Some of the issues extend beyond SEBI's remit, and we are engaging with the relevant authorities.

f. A successful market-making framework would benefit issuers as well as investors. A bond that trades regularly is priced more efficiently. Greater liquidity and narrower spreads can reduce the liquidity premium and, over time, lower the issuer's cost of borrowing.

11. <u>Distribution</u>

a. The second key area that we are working on, is distribution. Around 98% of corporate bonds in India are privately placed and therefore tend naturally to reach institutional investors. Broadening participation will require an effective and responsible distribution architecture.

b. Drawing from our experience of the mutual fund ecosystem, we will shortly place a framework for Fixed Income Channel Partners, for public consultation. These channel partners would be appropriately certified through NISM, and appointed by Online Bond Platform Providers. Existing mutual fund distributors would also be able to participate.

c. Importantly, channel partners would neither handle client funds or securities nor charge investors separately. The objective is to expand reach while maintaining clear accountability and investor safeguards.

12. Risk disclosure

a. The third area is disclosure of risks. As access widens, risks must also be communicated in a form that investors can readily understand. A rating such as AA-minus may be meaningful to a professional investor but may communicate little to a first-time investor. Inadequate understanding can increase the risk of mis-selling and, over time, erode confidence in the market itself.

b. SEBI is therefore consulting on a Credit Risk-o-Meter for debt securities - a standardized, color-coded visual scale mapped to existing credit-rating symbols. It would be displayed in the offer document as well as on platforms through which the securities are sold, together with the rating and the name of the credit-rating agency.

c. It would also be expressly clarified that the Credit Risk-o-Meter does not capture interest-rate risk or liquidity risk. Where a security is unsecured, that fact would be disclosed prominently.

13. Tokenization of bonds

a. The fourth area is the tokenization of bonds.

b. SEBI has been examining the tokenization with a view to improving accessibility, transparency and efficiency in the market. This work is being taken forward in close coordination with the Reserve Bank, and we expect a pilot project to be undertaken in the near future.

c. The idea is, can a shared ledger be used to enable simultaneous transfer of the security and money, thereby making settlement more efficient and reducing reconciliation costs. The pilot is expected to examine this aspect along-with the feasibility of automated coupon payments and other servicing events through smart contracts.

d. Let me clarify that this is not about creating a separate trading market. It is about examining whether technology can make the existing bond market simpler, faster and more efficient.

14. Alongside these measures, SEBI together with the stock exchanges, has been undertaking issuer outreach programmes across the country. These engagements help us understand the practical challenges faced by issuers and create greater awareness of the opportunities available through the listed debt market.

C. Concluding Remarks

Our objective is to build a corporate bond market that is deeper, more liquid, diversified, accessible and trusted. Achieving this will require continued collaboration amongst regulators, issuers, investors and intermediaries.

SEBI will continue to engage with market participants through consultations and issuer outreach. I invite you to contribute constructively to the current and forthcoming consultations, and help build a corporate bond market equal to the scale of India’s ambitions.

Thank You !