**Address by Shri Tuhin Kanta Pandey, Chairman, SEBI**
**"Inaugural Pan-India Outreach Program for Corporate Bonds"**
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Shri Amarjeet Singh, WTM, SEBI, Mr. Ashishkumar Chauhan, MD&CEO, NSE, Mr. Sundararaman Ramamurthy, MD&CEO, BSE, leaders of India Inc., market intermediaries, and ladies and gentlemen. Good morning!

I am delighted to address this inaugural Outreach program on Corporate Bonds. We are meeting today for a primary purpose - to hear, directly from issuers, what keeps you away from accessing the corporate bond markets and what will make it work better for you.

This is the time when India is embarking on an ambitious and aspirational journey towards Viksit Bharat. For this goal, our capital markets must not just keep pace but must lead the way. The growth we are aiming for cannot be financed by bank credit alone. To fund our infrastructure push, green transition, manufacturing capabilities, and service excellence, we need a strong banking system complemented by a deep, liquid, and trusted capital market.

Today, I will highlight how corporate bond markets can support India's next phase of growth and why this outreach matters.

**Corporate Bond Markets - Financing India's Next Phase of Growth**

India remains among the fastest-growing major economies. Over the past three years quarterly GDP growth has averaged about 7.8% and real GDP is estimated to grow at around 7.4% for FY26[1]. We are now the world's fourth-largest economy and poised to enter the top three soon.

The corporate bond market has become increasingly important. In FY25, issuers raised about ₹10 trillion through debt issuances; between April-December 2025, they have raised about ₹6.8 trillion. Over the last decade, outstanding corporate bonds have grown at roughly 12% CAGR, from about ₹17.5 trillion in FY15 to ₹58 trillion at end of December 2025. These amount to around 60% of bank credit to industry and services.

Even so, corporate bonds outstanding amount to only about 16% of our GDP. By comparison, this figure for South Korea is around 79%, for Malaysia- 54%, and China- 38%[2].

**The Current Reality - Untapped Potential**

Despite the corporate bond market growing significantly, the issuer base remains narrow. While more than 5,600 companies are listed in equity, only about 770 entities have raised funds through the debt market. Of these, 272 have issued debt multiple times, while many have issued debt only once or twice.

Capital market participation is rising - the number of unique investors has grown from 43 million in FY20 to 139 million today. Yet, SEBI's Investor Survey shows awareness of

[1] Source: MoSPI estimates dated January 7, 2025
[2] Source: Economic Survey 2025-26

corporate bonds as an investment product is only about 10%, well below deposits, insurance, and small savings. Even cryptocurrency has higher awareness at 15%.

A well-developed corporate bond market gives corporates an alternative to bank borrowing, especially for long-term funding. It diversifies risk beyond the banking system and can help bring down cost of capital for corporates. For retail investors, corporate bonds offer portfolio diversification beyond equities and bank deposits. Access through regulated products and platforms, can help households participate in fixed income securities with clear disclosures and strong investor protection.

So the question is not whether India needs a deeper bond market - it does. The question is - why are many capable issuers still not choosing this route to raise debt?

**Challenges to be addressed**

The current market structure is heavily skewed towards highly rated issuers, who account for 85-90% of all bond issuances. Additionally, nearly 60% of the funds raised are by financial institutions[3] rather than a diverse range of industries. This concentration limits the choice available to investors and restricts fair price discovery across different sectors of the economy.

The secondary market remains shallow because institutional investors follow a “buy and hold” approach rather than active trading. This is compounded by the dominance of private placements, which can reduce transparency and make it harder for smaller issuers to access the market. Retail participation in corporate bonds remains extremely low- nothing as compared to equity markets.

But these are only the visible symptoms. This outreach is meant to decipher the practical reasons - cost, time, documentation, ratings, investor feedback, disclosure expectations, listing frictions, and post-issuance obligations - that influence your choices.

**SEBI’s Commitment**

SEBI's approach is ‘Optimum Regulation’ - fewer, smarter rules that ease doing business without compromising market integrity. Let me briefly highlight some measures taken to strengthen the bond markets:

***<u>Enhance retail access</u>***

- Minimum investment threshold reduced from ₹1 lakh to ₹10,000 to widen retail access.
- Online Bond Platform Providers (OBPPs) enabled to facilitate online bond transactions.
- Issuers permitted to offer incentives - additional interest or an issue-price discount - to specified investor categories.

***<u>Developmental:</u>***

- Market infrastructure enhancements, such as Electronic Book Provider and Request for Quote platforms, enabled to strengthen this market.

[3] Banks, NBFCs & HFCs

- A limited purpose clearing corporation for repos in corporate bonds has been launched - in January 2026, it cleared trades worth ₹770 billion.
- A Liquidity Window Facility introduced to allow investors to sell bonds back to issuers pre-maturity.
- A Corporate Debt Market Development Fund has been created to provide support during stressed bond markets.

***Ease of Doing Business:***

- We have relaxed the threshold for identifying HVDLEs[4], thereby easing their compliance requirements.

Collectively, these measures are deepening the primary and secondary markets and building the foundation for a larger, more liquid corporate bond market.

**Way Ahead - A Shared Responsibility**

Regulation alone cannot build a market. The next phase depends on issuers, investors, intermediaries, stock exchanges, and regulators moving together. These outreach programs are a listening exercise - to identify constraints and prioritise solutions.

We want to understand:

- What has kept you from accessing the bond markets?

- What part of the process do you find challenging - ratings, documentation, disclosures, listing, or post-issue compliances?

- What would make you choose public issuance over private placements?

- Why do some issuers return to the bond market repeatedly, while many issue once and do not return?

- What changes would meaningfully improve secondary market liquidity?

Your feedback will help us to refine the framework, strengthen market infrastructure, and expand issuer and investor participation.

SEBI, in coordination with MIIs and OBPPs, will run a comprehensive bond awareness programme to improve financial literacy, transparency and retail participation.

Online bond platform providers have a key role to play in widening retail participation by making access to corporate bonds simple, transparent, and comparable. You must guide investors on product suitability, make them understand key risks through standardised disclosures, and reduce information gaps.

The recent Union Budget has proposed a series of reforms for corporate bonds to address the shallow liquidity in the secondary markets.

[4] High Value Debt Listed Entities

A market-making framework will support continuous two-way quotes, reduce bid-ask spreads, and improve price discovery, thereby making corporate bonds a more reliable asset class for investors. Derivatives on corporate bond indices and Total Return Swaps will help investors in efficient risk management. As secondary-market liquidity improves and investor base widens, the corporate bond markets will become a more reliable and cheaper funding route for issuers.

We look forward to engaging with all stakeholders to implement these proposals.

**Conclusion**

I invite you to use these outreach programs to share your views with us. Please share not only what is difficult, but also what would make the bond route easier, faster, and more predictable. Our aim is simple: to make corporate bonds a mainstream funding option - and an investment avenue for all classes of investors - not a niche option used by a few.

Let us work together to bring more issuers to the bond market, provide more options for investors, and support India's growth story.

Thank you. Jai Hind!