

Speaking Notes of Shri Amarjeet Singh, WTM, SEBI at the 25th FIMMDA –PDAI Annual Conference on “Indian Financial Markets: Resilience and Resurgence”

at Amsterdam

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A. Introduction

1. Respected RBI Governor, Sh. Sanjay Malhotra; SBI Chairman, Sh. CS Setty; Chairman FIMMDA, Sh. Shamsheer Singh; Chairman PDAI, Mr. Pareed Sunil; Distinguished guests, esteemed participants - Good morning, it is a privilege to address this gathering today. I thank FIMMDA for inviting me. Let me first congratulate FIMMDA and PDAI on hosting their 25th silver jubilee annual conference.
2. We meet in Amsterdam, a city with a special place in the history of finance. This is a city that helped shape modern markets — from the rise of joint-stock enterprise and securities trading, to the cautionary tale of tulip mania. It is built on the idea that ordinary people, sailors, craftsmen, merchants — could participate in extraordinary enterprise, and the institutions which enabled that participation could be trusted. Four centuries later, that idea remains the most powerful force in finance and relevant to India’s own financial markets journey.
3. The theme, Resilience and Resurgence, describes this journey well – I must compliment the organizers for choosing a very apt theme. Indian financial markets have navigated repeated shocks, while continuing to deepen, broaden and evolve. Household participation in capital markets has increased. Domestic institutional capital has grown. Market infrastructure has become stronger. And New products and platforms have expanded the possibilities of finance.
4. As India moves towards becoming a developed economy, its investment needs will become larger, more diverse and complex. Deeper bond markets will therefore be essential. They can complement the banking sector, reduce concentration risks, support better allocation of capital, and provide long-term financing for areas including infrastructure, industry, urbanisation and climate-related investments.

5. My remarks today are in 3 parts. I will first talk about where India's corporate bond market stands today. Then I will briefly cover the structural issues that continue to require attention and finally, I will conclude with a few key priorities for the next phase of development.

B. State of Play

6. Over the past decade, India's corporate bond market has expanded significantly. Outstanding issuances have increased in the past 10 years from approx. ₹19 trillion to ₹59 trillion at the end of March 2026, recording a CAGR of almost 12%.
7. In FY 2025–26, funds mobilized through corporate debt markets were approximately INR 9.11 lakh crore, compared to about ₹4.33 lakh crore through equity markets, underscoring the growing importance of debt markets in financing economic activity.
8. There have also been important developments in the broader fixed income ecosystem. The inclusion of Indian sovereign debt in global bond indices — beginning with JP Morgan's GBI-EM (Government Bond Index-Emerging Markets) index in June 2024, followed by FTSE Russell, marks an important step in India's integration with global fixed income markets.
9. The progress is encouraging. But for an economy of India's size and aspiration, the corporate bond market still has considerable distance to travel. At around 16% of GDP, the size of India's corporate bond market remains modest compared to several economies, representing untapped potential (e.g., South Korea at ~79%, China at ~38%, Malaysia at ~54%).

C. Structural challenges

10. Let me now turn to some challenges that need continued attention.

11. Concentration of issuances

- a. First, issuance remains concentrated.
- b. The market continues to be dominated by highly rated issuers and larger entities. Nearly 85 to 90% of issuances are concentrated in top rated securities.
- c. Around 81% of total corporate bond issuances over the past five fiscals have been concentrated among financial sector entities and public sector undertakings.
- d. The participation of lower-rated issuers and mid-sized companies remains limited.

12. Secondary market liquidity

- a. The second issue is liquidity in the secondary markets.
- b. Trading volumes are getting better - average daily trading volumes in the first 6 months of FY 26 increased to around INR 9,000 crore from INR 6,580 crore in the previous year. There is however considerable scope for improvement.
- c. The annual bond turnover ratio in secondary markets is 0.3 in India, compared to 1.17 in Indonesia and 1.16 in China.

13. Participation

The third issue is of participation. Retail participation remains limited - 98% of corporate bonds are privately placed, and primarily accessible to institutional investors. Deeper markets will require a wider investor base.

D. Looking forward

14. Before I turn to the priorities ahead, let me briefly mention some of the work that has been done to strengthen India's bond market architecture.

15. The Electronic Book Provider (EBP) and Request For Quote (RFQ) platforms have brought in greater transparency. Online Bond Platform Providers have created a regulated route for wider investor access. The Limited Purpose Clearing Corporation (LPCC) and liquidity-support mechanisms are aimed at enhancing liquidity.
16. I believe we have a strong foundation to build on the next phase of development. Let me highlight some priorities, broadly in four parts: Building scale and depth, Credibility, Innovation and New products.

17. Building scale and depth

- a. India's financing needs are large and long-term, requiring patient capital at scale. Banks alone cannot meet these needs.
- b. There is also a maturity mismatch: banks are largely funded by shorter-duration deposits, while infrastructure and other long-gestation projects require long-term finance. A deeper corporate bond market can help bridge this gap by matching long-term savings with long-term investment needs.
- c. Depth will also depend on wider retail participation and secondary market liquidity. The Budget announcement on market-making is important in this context. A well-designed framework can incentivize intermediaries, improve price discovery, build investor confidence and, over time, lower the cost of borrowing for issuers.
- d. A number of high-level committees have provided wide-ranging recommendations for the development of the corporate bond market in the past. While policy reforms have been a continuous process, effective implementation holds the key to accelerating real change on the ground. Towards this end, apart from continuing with the policy reforms, of late, we have been actively deepening our engagement with various stakeholders. Deeper engagement, to my mind is as important as the policy agenda.

18. **Credibility as participation widens**

As retail participation expands, suitability, clear disclosure and responsible selling practices become critical. This places a significant responsibility on intermediaries. Mis-selling a high-yield bond to an investor who does not understand the risk is not merely a conduct lapse; it weakens confidence in the market itself. And once trust is damaged, it can take a long time to rebuild.

19. **Innovation**

- a. India has shown that innovation can solve problems at scale. The trinity of Jan Dhan, Aadhaar and mobile connectivity created the foundation for wider financial inclusion and digital access. A similar approach to innovation can help deepen the corporate bond market.
- b. In this context, let me mention that SEBI is examining the potential for tokenisation of bonds, particularly in the context of Online Bond Platform Providers, with a view to leveraging technology to improve accessibility, transparency, and efficiency in the bond market.

20. **New products**

- a. The next phase of bond market development must also support new asset classes and new financing needs.
- b. Municipal bonds are one such area. The Budget 2026 incentive of ₹100 crore for issuances above ₹1,000 crore is an important signal. Municipal bonds can help finance India's urban infrastructure without placing the entire burden on government balance sheets.
- c. We also have a comprehensive framework for ESG debt securities, covering green bonds, social bonds and sustainability bonds. These instruments can channel capital towards energy transition, climate resilience, social infrastructure and inclusive development.

This is an area where we need to see greater traction. For issuers, there must be a clearer economic case, supported perhaps by policy push or incentives. SEBI has recently created a dedicated Sustainable Finance vertical within the Debt Department to give focused attention to this area.

E. Concluding Remarks

21. In conclusion, going back to the theme of this Conference, over the years, Indian markets have been tested repeatedly — through global financial stress, the pandemic, geopolitical uncertainty, shifts in global liquidity and volatile capital flows. Through these episodes, our markets have remained orderly and functional. This resilience has been built on strong institutions, robust infrastructure and confidence in market processes.

22. The next step is to convert that resilience into depth. For corporate bonds, this means building a market where a wider range of issuers can access capital, investors can participate with confidence, and risk is priced transparently.

I wish the conference every success.

Thank you !