

Fixed Income, Money Market and Derivatives Association of India (FIMMDA) 25th Annual Conference

Amsterdam, The Netherlands

Conference Theme:

Indian Financial Markets – Resilience and Resurgence

Chairman's Address

Good morning everyone,
Honourable Governor, Reserve Bank of India, Shri Sanjay Malhotra,
Shri. Amarjeet Singh, Whole Time Member, SEBI,
Shri. Shamsheer Singh, Chairman, FIMMDA,
Shri. G. Ravindranath, CEO, FIMMDA,
Shri. Pareed Sunil, Chairman, PDAI,

Distinguished members from the RBI, banking sector, primary dealers, ladies and gentlemen,

I am deeply honoured to be invited to address this august gathering on the occasion of the 25th Annual Conference of FIMMDA. I thank FIMMDA for this opportunity and congratulate the organisation on reaching this important milestone.

To convene this conference in Amsterdam adds a layer of historical significance. This city has played a defining role in shaping modern financial markets. From the early issuance of tradable securities by the Dutch East India Company to the emergence of structured sovereign debt markets, Amsterdam laid the foundations of global finance as we know it today. It is also a reminder that financial innovation and financial excess have often walked side by side, as seen during the Tulip Mania of the 17th century. History teaches us that while innovation creates opportunity, resilience determines endurance.

There is an important lesson embedded here: enduring leadership is not secured by not necessarily being the first mover, but by continuously adapting, innovating, and strengthening institutional frameworks. That is a lesson highly relevant for all of us today.

FIMMDA itself is a testament to this principle. When it was established nearly three decades ago, India's debt and derivatives markets were fragmented, opaque, and lacked standardisation. There were no reliable benchmarks, valuation practices were inconsistent, and market infrastructure required significant strengthening. FIMMDA stepped into that gap with vision and discipline.

Today, it stands as one of the supportive pillars of India's financial market architecture. As the benchmark institution for Indian rupee interest rates and a standard-setting body, FIMMDA underpins transactions worth trillions of rupees daily. With a diverse

membership across the financial ecosystem, it has strengthened the dialogue between regulators and participants.

The theme of this conference—“Indian Financial Markets: Resilience and Resurgence”—is both timely and forward-looking.

The past 12 to 18 months have tested global financial systems in unprecedented ways. Shifting trade dynamics, geopolitical tensions affecting critical supply chains, evolving monetary policy signals from major economies, and uneven global recovery patterns have collectively introduced a new level of uncertainty. These developments have challenged long-standing assumptions about stability and predictability in financial markets.

Yet, in the midst of this volatility, India has demonstrated remarkable resilience.

This resilience is not accidental. It is the outcome of sustained policy reforms, strong regulatory oversight, and the steady strengthening of institutional frameworks over decades. Our banking system today is better capitalised, with stronger balance sheets and improved asset quality. Our financial markets have deepened, diversified, and become more transparent.

Equally important has been the role of digital public infrastructure. At a scale unmatched globally, India has built systems that serve over a billion people efficiently and securely. The integration of financial inclusion, digital identity, and mobile connectivity has transformed participation in the financial system. Retail investors are no longer peripheral; they are now a stabilising force in times of volatility.

India’s macroeconomic fundamentals have further reinforced this resilience. Strong domestic demand, stable inflation, and consistent growth momentum have positioned India as the fastest-growing major economy. The steady improvement in fiscal credibility and external sector stability has also begun to reshape global perceptions of India risk.

Recent sovereign rating upgrade and inclusion in major global bond indices reflect this shift. India is no longer viewed as a marginal allocation—it is increasingly becoming a core component of global investment portfolios.

However, resilience is only one part of the story. Resurgence is perhaps the more defining dimension of our journey.

Over the past three decades, Indian financial markets have undergone a profound structural transformation. From slow-moving, fragmented, and paper-based systems, we have evolved into globally recognised, technologically advanced, and large-scale financial ecosystems.

Before the 1990s, markets were characterised by limited transparency, manual processes, and restricted participation. The liberalisation era marked a turning point. The establishment of SEBI in 1992, the creation of the National Stock Exchange in

1994, and the shift to electronic trading fundamentally changed market structure and governance.

In the decades since, this transformation has accelerated.

India's equity markets today are among the most vibrant globally. Market capitalisation has crossed 100% of GDP multiple times, reflecting the growing role of capital markets in economic development. The rise of dematerialisation and seamless digital onboarding has enabled participation at an unprecedented scale.

Retail participation, in particular, has emerged as a defining feature of this resurgence. Since the pandemic, investor participation has surged across both direct and indirect channels. Over 210 million demat accounts are now active, with more than 23.5 million added in FY26 alone till December. The number of unique investors has crossed 120 million, with nearly a fourth being women —an important marker of inclusivity.

The mutual fund industry has expanded significantly, with nearly 6 crore unique investors. Importantly, participation is no longer concentrated in major urban centres and investors from smaller cities and towns are increasingly contributing to market depth.

This broad-based participation has reshaped the composition of household financial savings.

Over the past decade, there has been a steady shift from traditional savings instruments towards market-linked products. The share of equities and mutual funds in household financial savings has increased sharply, from about 2 percent to over 15 percent. Monthly SIP flows have grown nearly sevenfold, reflecting a disciplined, long-term investment approach.

As a result, domestic capital has emerged as a stabilising force. Over recent years, cumulative inflows from domestic investors have exceeded those from foreign investors, reducing the vulnerability of markets to external shocks.

Indian markets have also demonstrated a remarkable ability to recover and renew. From the disruptions of 1992 to the Global Financial Crisis of 2008, to the pandemic shock of 2020, each episode has been followed by stronger regulatory frameworks, better risk management systems, and deeper market participation.

This cycle of disruption and reform has strengthened the system. The resurgence we are witnessing has been driven by a combination of factors: regulatory foresight, rising domestic participation, strong economic fundamentals, and timely policy interventions. Together, they have created a market ecosystem that is both dynamic and resilient.

The resurgence is also visible in primary markets. The growing vibrancy of SME platforms, with over a thousand companies accessing capital markets, reflects the widening breadth of our financial ecosystem. Capital markets are no longer the preserve of large corporates; they are becoming an enabler for emerging enterprises.

At the same time, this resurgence is not uniform and points to the next phase of development.

While equity markets have deepened significantly, the corporate bond market remains relatively underdeveloped. Although it has grown substantially over the past decade from ₹17.5 trillion to over ₹53 trillion in the past decade, it still represents a smaller share of GDP compared to global peers. Retail participation in debt instruments remains limited. This represents a significant opportunity.

The next phase of India's financial market evolution must focus on deepening debt markets, expanding investor participation across asset classes, and improving access to long-term financing, particularly for infrastructure and emerging sectors. This will also call for necessary policy nudge to reduce over-reliance on bank credit for long-term financing, manage financial stability risks, and mobilize the vast capital required for infrastructure, green initiatives, and achieving the Viksit Bharat 2047 goal.

However, even as we look to evolve internally, we must remain mindful of external risks.

Global vulnerabilities remain significant. Potential volatility in bond markets, tightening financial conditions, and geopolitical uncertainties can create spillover effects for emerging economies. Capital flows can reverse, currency pressures can emerge, and funding conditions can tighten abruptly.

In such an environment, markets must transition from being reactive to being structural and forward-looking.

I would like to outline a few areas which may well define the next phase of India's financial market evolution.

First, the integration of technology with market infrastructure. The concept of a Unified Markets Interface has the potential to transform how financial assets are issued, traded, and settled. Moving towards tokenisation of securities, real-time settlement in central bank digital currency, and seamless investor access can significantly reduce settlement risk and enhance market liquidity. This is not merely an efficiency gain—it is a transformational shift in how markets operate.

Second, deepening the corporate bond market. For long, this market has remained narrow, concentrated in highly rated issuers. The combination of data frameworks, such as account aggregation, and advancements in analytics and underwriting can enable better risk assessment for lower-rated instruments. This can unlock liquidity in segments that have historically been underserved, including MSME financing and municipal bonds.

Third, the use of advanced analytics and artificial intelligence in risk management. Financial markets today react to information flows in real time. The ability to process large volumes of data, simulate scenarios, and dynamically manage risk exposures is becoming essential. Institutions that invest in these capabilities will be better positioned to navigate volatility.

Fourth, broadening retail participation in fixed income markets. While equity markets have seen significant retail engagement, bond markets remain relatively under-penetrated. Enhancing accessibility, improving liquidity, and simplifying product structures can help build a stable domestic investor base, one that strengthens market resilience over the long term.

Fifth, addressing evolving funding dynamics. As household savings increasingly diversify beyond traditional deposits, banks will need to adapt their funding strategies. Securitisation, market-based borrowings, and deeper engagement with institutional investors will become more important. At the same time, ensuring that maturity mismatches are managed prudently will be critical.

Our institutional strengths provide a strong foundation for this transformation. Market infrastructure systems have achieved high levels of efficiency, transparency, and reliability. Settlement systems operate with minimal risk, and collateralised funding markets continues to progress.

As we move towards the vision of a developed India, financial markets must play a central role, not just in allocating capital, but in enabling inclusive growth, supporting innovation, and building economic strength.

We must all tell India's story, not just as a narrative of growth, but as a model of resilience and resurgence in an uncertain world.

On this landmark occasion of FIMMDA's 25th Annual Conference, I once again extend my congratulations to all the stakeholders and wish the deliberations great success.

Thank you.