

Address by the Chairman, PDAI

25th FIMMDA-PDAI Annual Conference

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Honourable Governor, Reserve Bank of India, **Shri Sanjay Malhotra ji**;
Shri CS Setty ji, Chairman, State Bank of India;
Shri Radha Shyam Ratho ji, Executive Director, Reserve Bank of India;
Shri Amarjeet Singh, Whole Time Member, Securities and Exchange Board of India;
Shri Shamsheer Singh, Chairman, FIMMDA;
Shri A K Goel, Chief Executive, Indian Banks' Association;
Dr D Chand ji, Managing Director & CEO, Bank of Baroda;
Executive Directors **Mr Paramasivam ji & Nitesh Ranjan ji** and other respective seniors;
Distinguished panellists, Members of PDAI, FIMMDA, FAI and FEDAI; Ladies and Gentlemen.

It is my privilege to welcome you to the Silver Jubilee edition of the FIMMDA-PDAI Annual Conference, here in Amsterdam.

Amsterdam is a fitting place to be holding this conference. The stock exchange founded here in 1602, through the public flotation of the Dutch East India Company (VOC), is the oldest in the world. The first publicly tradable corporate bond followed from the same company in 1623. The first book written about a financial market – Joseph de la Vega's *Confusión de Confusiones* (Confusion of Confusions) – was written in Amsterdam in 1688. And in the decades that followed, Amsterdam became the market on which the governments of Europe came to borrow.

There is a quiet symmetry in discussing the next phase of the Indian bond market in the city where the modern bond market first took shape.

When the first of these conferences was convened twenty-five years ago, the institutional architecture of the Indian debt market was still being put in place. The architecture we now operate within – the primary dealer system itself, central clearing through CCIL, NDS-OM, the rupee interest rate derivatives market, and the progressive build-out of the FPI debt framework – is the cumulative product of three decades of deliberate reform by the Government of India and the Reserve Bank. That foundation deserves to be acknowledged before we turn to what lies ahead.

The financial year just ended was, by any reasonable measure, a demanding one for markets. Successive shifts in global trade policy through FY26 kept risk appetite under pressure and drove sustained foreign portfolio outflows from Indian markets. The escalation of the conflict in West Asia from late February added a crude-oil shock to an already stretched external setting. Through this period, the Reserve Bank used a coordinated set of measures across rates, liquidity operations, and the foreign exchange market to keep the system orderly – and it did.

It is against that backdrop that one should read the contribution of the primary dealer industry.

The central government's gross market borrowing of around ₹14.6 lakh crore in FY26 was completed smoothly, and we approach the FY27 programme of about ₹16.09 lakh crore in the same spirit of orderly conduct.

In the first half of FY26, primary dealers subscribed to 71.4 per cent of Treasury bill issuance, with a success ratio of 62.4 per cent against the regulatory minimum of 40 per cent. In the auctions of central government dated securities, the PD share in total allotment was 56.2 per cent in H1 of FY26. In the secondary market, the outright turnover of the standalone PD industry in central government dated securities rose by about 17 per cent to ₹51.5 lakh crore in FY25, with turnover of ₹29.4 lakh crore in the first half of FY26.

The industry remains well capitalized, with capital adequacy at 39 per cent in H1 FY26, well above the regulatory minimum of 15 per cent; return on net worth at 13.7 per cent; and the cost-to-income ratio has come down to 17.9 per cent in the first half of FY26. The industry has the balance sheet, the capital, and the operating efficiency to commit to what comes next.

And what comes next is a considerably wider operating canvas, shaped by a sequence of regulatory measures taken over the past year.

Standalone PDs are now authorised to transact in non-deliverable derivative contracts involving the rupee. The RBI's Forward Contracts in Government Securities Directions have opened the bond forward market in the over-the-counter segment with scheduled commercial banks and standalone PDs as market-makers. The Standing Liquidity Facility for SPDs has been raised from ₹10,000 crore to ₹15,000 crore, and SPD participation has been extended to all repo operations of the RBI regardless of tenor. The revised Partial Credit Enhancement framework became operative at the start of this fiscal year, widening access for a broader set of corporate issuers. Recently, the term money market has been opened to a broader set of non-bank participants, alongside an enhancement of the borrowing limit for SPDs in that segment.

The combined effect of the regulatory work of recent years is that the operating environment for primary dealers in 2026 is materially wider than it was even a year ago. A wider opportunity carries a corresponding responsibility to use the additional room to deepen markets, to broaden participation, and to strengthen the transmission of monetary policy – rather than simply to grow balance sheets.

The primary dealer industry is grateful for the continued engagement of the RBI, of FIMMDA and FBIL, and of the CCIL. On behalf of PDAI, I assure the RBI that the PD industry is ready for the next leap in the developmental journey of the Indian bond market.

Much of the work that lies behind that journey is what the day ahead will take up. I look forward to the addresses of the distinguished speakers that follow, and to the panel discussions through the day.

Thank you.

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