Address by
Shri Tuhin Kanta Pandey, Chairman, SEBI
Business Standard BFSI Insight Summit 2025
"Building a Resilient Financial Ecosystem"
October 31, 2025

Distinguished guests, industry leaders, ladies and gentlemen, a very good morning to you all!

It is a pleasure to join you today to reflect on the evolving role of India's capital market — how it has become a key pillar of our economic growth, and how recent reforms are helping make it more efficient, inclusive, and resilient.

India's growth journey is deeply intertwined with the strength of its financial markets. A sound and efficient financial sector—comprising banking, capital markets, insurance, and pensions—forms the foundation on which enterprise, infrastructure, and innovation stand.

Over the years, the financial sector has evolved from being a facilitator of credit to a key enabler of growth and inclusion. It is through this system that household savings turn into productive investments, that entrepreneurs find support for their ideas, and that risk is shared across institutions and investors.

Today, as India stands among the world's leading economies - remarkable both for its scale and its pace of growth - the role of our financial system extends far beyond traditional intermediation. It now embodies a broader mission: fostering inclusion, ensuring stability, and building resilience across the entire economic landscape.

A Connected Financial Ecosystem

Our financial sector today functions as an integrated ecosystem. Banks, corporates, mutual funds, insurers, pension funds, fintechs — all are connected through an intricate web of transactions, exposures, and innovations.

An equity issued by a company might be held by mutual funds, institutional investors, or individual shareholders, while its bonds might be subscribed by pension funds, insurance companies, or NBFCs seeking stable returns. Banks may have extended loans to the same company and may have held its equity within their investment portfolios. Such overlapping exposures create a tightly woven web of financial linkages

These linkages are beneficial—they bring efficiency, lower costs, and expand access to capital. But they also make the system more complex. A disruption in one segment can transmit rapidly to another.

This interdependence underscores the importance of coordination among regulators.

Mechanisms such as the FSDC[1], FSDC Sub-Committee and bilateral coordination channels enable continuous dialogue on issues relating to financial sector stability, its development and inter–regulatory coordination. These mechanisms bring together the financial sector regulators to monitor systemic risks, ensure regulatory harmony, and address emerging challenges collectively.

Such coordination helps anticipate stress early and ensures that the system responds cohesively rather than reactively.

Recent years have tested financial systems globally – rapidly changing trade policies, rising public debt and geopolitical tensions have created uncertainty in markets everywhere.

Yet, India's financial system has remained stable and resilient. And this resilience reflects a shared commitment by entire financial sector stakeholders including regulators to safeguard stability while enabling growth.

Within this broader financial ecosystem, the capital market stands out as a dynamic and fast-evolving segment today.

Indian Capital Market – Deepening and Broadening

Over the past few years, India's capital market has expanded both in scale and in reach. Participation has widened remarkably, with the number of unique investors rising from around four crore in FY19 to more than 13.5 crore today. This growth has been supported by tech-driven simplified access, rising financial awareness, and the credibility built through consistent regulatory reforms.

Market capitalisation has also risen in tandem – rising from 69% in FY16 to about 129% today. A large number of companies are using public markets to raise long-term funds. In the current financial year till Sept, around Rs.7 trillion has been raised through equity and debt issuances. Today the investor participation is no longer limited to major cities -Tier-2 and Tier-3 towns now account for a significant share of new investors. Around 18% of mutual fund assets now come from beyond the top 30 cities, signalling that the benefits of market participation are reaching India's smaller towns and new savers.

[1] Financial Stability and Development Council

These strides represent more than just statistics. They symbolise confidence - confidence of investors and stakeholders in a transparent, efficient and resilient market ecosystem.

SEBI's Core Approach – Building a Resilient Market

Resilience is not built in a day - it is built through foresight, structure, and discipline. It's about building guardrails, anticipating risk, strengthening systems, and ensuring market recovers quickly with minimal disruption when faced with shocks.

Over the past few years, SEBI has undertaken several measures to make the market structure more robust and investor-friendly. Let me touch upon some key such reforms.

Risk Management and Market Integrity

Market Infrastructure Oversight: SEBI has strengthened the governance framework of stock exchanges and clearing corporations, including periodic independent evaluations and enhanced accountability of key directors.

Mutual Fund Resilience: Regular stress testing and tighter liquidity norms today ensures that funds are better aware and equipped to manage sudden redemption pressures.

Corporate Bond Market Reforms: By expanding the electronic book mechanism, introducing tighter disclosure requirements, and enhancing transparency, SEBI has improved price discovery and investor confidence in bond market.

SME IPOs: To ensure that only credible companies access capital markets, for SME IPOs, we have strengthened the eligibility criteria in terms of profitability, cap on offer for sale (OFS), restriction on the use of IPO proceeds and introduced phased release of lock-in on promoter contribution.

Equity Derivatives: We have prescribed a range of measures to strengthen the equity derivatives framework These measures were taken to address the heightened market activity on expiry day and to manage the risk better..

These steps ensure that the foundation of market operations remains strong even in times of stress.

Ease of Doing Business and Efficiency

Simplified IPO and Listing Frameworks: We have streamlined the processes for IPO listings and have made it easier for companies to raise capital.

Digitisation and Process Simplification: From online filings to a unified KYC system, we have made it simpler for investors and intermediaries to operate across segments.

Further, to simplify digital onboarding of overseas investors, recently we have proposed to ease the requirements for NRI clients to be physically present in India during their re-KYC/KYC modification process.

Faster Turnaround Times: Clear timelines for approvals and improved grievance redressals systems have brought predictability, efficiency, and enhanced confidence among stakeholders.

Market Development and Innovation

REITs and InvITs: To facilitate wider investor participation in REITs and InvITs, recently we have expanded the scope of "Strategic Investor" for REITs and InvITs and reclassified REITs as "equity" for investments by mutual funds.

Corporate Bond: We have introduced new liquidity window for non-convertible securities by allowing issuers to offer put options. This would provide investors the option to exit their investments before maturity, if needed.

Mutual Fund: To promote financial inclusion in mutual funds space, we have revised the incentive structure for distributors for new inflows from beyond top - 30 cities and introduced an incentive structure for mutual fund distributors for onboarding first-time women investors.

Alternative Investment Funds: We have provided additional relaxations and operational flexibilities to Accredited Investors-only (AI-only) schemes of AIFs. Further, steps are being taken to promote adoption of accreditation by investors.

Collectively, these reforms have simplified operations, improved business conditions, strengthened governance, and reduced systemic risk—laying the foundation for a marketplace that is both resilient and welcoming to long-term capital.

Balancing Growth and Prudence

The role of a regulator is often seen as balancing two sides of a scale—development and risk management. But in reality, they may not be the opposing forces. Regulations can enable growth just as much as they contain risk.

A simple example is the shorter settlement cycle (T+1) we adopted. It increased efficiency and reduced systemic exposure simultaneously. Similarly, the emphasis on disclosures and governance has made Indian listed entities more credible in domestic as well as global markets, thereby attracting investment.

SEBI's approach has been to encourage responsible innovation—allowing markets to evolve, but within guardrails that protect investor trust.

Looking Ahead – Priorities for the Future

Even as we take pride in progress, the journey is ongoing. Technology will continue to redefine market functioning—from algorithmic trading to investment decisions. But innovation must walk hand in hand with accountability. Our focus will be on promoting the responsible use of emerging technologies such as AI in financial markets, strengthening cyber resilience and encouraging quantum readiness among entities in our ecosystem.

True resilience lies in foresight – the ability to read trends early, anticipate risks, and prepare the system to withstand shocks. Building such capability, both within SEBI and across market institutions, will remain our key priority.

At the same time, we are reviewing our regulatory framework to make it more contemporary, clear, and easy to navigate. Over the years, SEBI's regulations have expanded significantly in line with market growth and innovation. While this evolution has been necessary, it has also added layers of complexity.

To simplify and consolidate, SEBI has initiated a comprehensive review of its regulations. For instance, the SEBI (Mutual Funds) Regulations, first introduced in 1996, have seen multiple amendments over nearly three decades. The ongoing review seeks to bring these provisions together in a cohesive and structured manner, reducing redundancy and improving clarity. This will help stakeholders comply with greater ease and enhance the overall transparency of the regulatory framework.

The surge in retail participation brings new energy, but also new responsibility. Investor protection is not only about regulations; it begins with understanding. SEBI's investor awareness campaigns and the widespread use of regional languages in outreach will continue to expand. An informed investor is the best defence against market misconduct.

As we look to the future, our focus must remain to build a financial system that is strong yet agile, innovative yet responsible, and inclusive yet resilient through optimum regulation and effective collaboration.

Because in finance, as in life, resilience is not the absence of shocks—it is the capacity to recover, to learn, and to keep moving forward together.

Thank you.