Address by
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Distinguished leaders from industry, professionals from investment funds and intermediaries, and partners in our nation's economic journey. Good morning to you all!

It is always energising to be among people who understand that India's capital markets are not merely transactional platforms. They are, in fact, public institutions — institutions that touch the lives of millions of households, shape the future of thousands of enterprises, and increasingly influence the very direction of our national development.

Today, I want to speak to you about how India's securities markets are evolving: not as a set of isolated reforms or individual data points, but as a larger, coherent transition — a shift towards markets that are deeper, more modern, more inclusive and ultimately, more aligned with India's aspirations over the next decade.

The changing architecture of capital formation

<u>From funding to nation-building</u>

If we step back and view the last decade as a whole, a clear arc becomes visible. The Indian securities market is no longer a peripheral source of financing. It is now a central driver of India's long-term investment cycle.

Consider this: over the past ten years, capital markets — equity and debt together — have facilitated average issuances of roughly ₹9.5 lakh crore every year. This is the capital that flows wide and deep through circulatory system of body-economic in all kinds of sectors- from manufacturing to services; from physical and digital infrastructure to connectivity and logistics; from clean energy to semiconductors; from high-end research to start-up driven innovation; from banking & insurance to ever-expanding fintech industry.

Even in the current financial year, from April to October of FY26, equity capital raised has already crossed ₹2.5 trillion, while corporate bond issuances have touched almost ₹5.5 trillion in the first seven months. These numbers reflect something deeper than market buoyancy — they reflect confidence among issuers that public markets can meet long-term financing needs efficiently, reliably and at scale.

A decade ago, outstanding corporate bonds stood at around 43% of bank credit[1]. Today, they stand at nearly ₹55 trillion, close to 60% of bank credit. This move towards market-based financing reduces concentration risks, diversifies funding channels and strengthens the overall architecture of financial stability.

[1] To industry and services

Market capitalisation and wealth creation

India's market capitalisation-to-GDP ratio — a broad indicator of the role of capital markets in national wealth — has moved from around 69% in FY16 to more than 130% today. This is not the story of a market growing on sentiment; this is the story of an economy whose productive sectors are increasingly funded through transparent, fair and competitive market mechanisms.

Similarly, the growth of the mutual fund industry — from ₹12 trillion in FY16 to nearly ₹80 trillion today — signifies the emergence of millions of first-time savers as stakeholders in India's growth.

And the rise of the AIF ecosystem, from a modest ₹0.2 trillion in FY16 to more than ₹6 trillion today, marks another shift: risk capital is flowing into startups, early-stage ventures and new-economy businesses at a scale that was unimaginable even a decade ago.

These are not isolated developments. They are interconnected signs of a maturing financial system.

The reform journey: building depth, fairness and efficiency

The evolution of our markets did not happen by itself. It has been rooted in a steady reform agenda — not dramatic overhauls, but thoughtful, calibrated and persistent improvements.

Reducing friction and cost in market interactions

One of our key priorities over the last few years has been simplifying market processes so that every stakeholder — issuer, investor or intermediary — interacts with the market smoothly.

For example, the digitisation of onboarding and the establishment of a unified authenticated KYC framework in securities market through KYC Registration Agencies (KRAs) have reduced duplication and made access more seamless. These are changes that save time and reduce compliance burdens, especially for small investors and new entrants. Going forward, the proposed CKRCY 2.0, with de-duplication and authentication and inter-operability with KRAs, will provide a seamless KYC for the entire financial sector. We must also enable, with technological and regulatory changes, KYC and demat account opening for NRIs at their locations abroad without the necessity of their presence in India.

For FPIs, we propose to shorten the registration process to just a few days by not only streamlining processes, but also by persuading FPIs for submission of digitally signed documents. A new website is now functional for providing information about India-investing by FPIs at one place. For Common Application Form (CAF), the front end interface has been recently improved, and more work on this is in progress.

Reforms in Block Deal framework will help meet a long-pending demand from investors. Similarly, the introduction of the Common Contract Note (CCN), with a single VWAP for institutional trades, may seem like a small operational reform. But it enhances clarity in institutional transactions, improves audit processes and reduces discrepancies — all building blocks of trust. We are also close to enabling Closing Auction (CA) mechanism in our market after having widely consulted on the matter.

Improving listing processes and post-listing flexibility

We have also undertaken important steps to improve the experience of issuers.

The rationalisation of Minimum Public Offer (MPO) scale-based thresholds for allows companies with substantial market value to achieve public float requirements through a gradual, orderly process, instead of rushing to dilute ownership.

Enabling founders to retain certain ESOPs post-listing ensures that the alignment of incentives remains intact, while at the same time maintaining transparency and fairness.

Similarly, expanding the scope of Electronic Book Provider (EBP) platforms to include REITs and InvITs has strengthened price discovery in these fast-growing market segments — which are now playing a central role in financing India's infrastructure.

And by lowering[2] the threshold for mandatory electronic book mechanism (EBP) usage in bond issuances, we have improved transparency in price formation in the corporate debt market.

Encouraging participation beyond major cities

A market can deepen only when both supply (new equity, debt and other issuances) and demand (investment by investors) evolve in a balanced manner.

In recent years, efforts have been made to expand participation from smaller towns and underserved segments.

Revised distributor incentive structures now encourage onboarding of first-time investors from B-30 cities and aim to increase women investors in the mutual fund industry. This is not just market development; it is financial inclusion of a profound kind.

But the investor inclusion is meaningful only when it is accompanied by trust in the system. For this reason, we have introduced reforms that are increasingly focused on transparency in disclosures, accountability and prompt identification and mitigation of risks.

Strengthening market governance, stability and systemic resilience

Governance of market infrastructure institutions

[2] From Rs.50 crore or more to Rs.20 crore and above.

Market infrastructure institutions (MIIs) — exchanges, clearing corporations and depositories — are the foundational elements of the securities ecosystem. Their governance must be unimpeachable.

To strengthen governance of MIIs, we have mandated that in addition to the internal evaluation, the performance evaluation of MIIs and its Statutory Committees would be done through an external independent agency once in three years.

For improving board governance of MIIs, new guidelines have been issued for appointment of key directors.

Managing concentrated risks in derivatives markets

In derivatives market, after wide public consultations, we have taken a number of measures in October 2024 and May 2025. These measures have been rolled out in a graded manner as per an implementation roadmap. We will continue to monitor the data and market.

Enhancing governance in SME listings

SME platforms have opened new avenues for smaller enterprises to raise capital. But the integrity of these platforms must remain high.

Enhanced scrutiny and stronger governance norms for SME issuers are designed to ensure that the platform remains credible, protects investors and fulfils its objective of nurturing growth enterprises.

The road ahead: simplifying, rationalising and enabling

Looking ahead, our agenda is not about adding more rules; it is about shaping a smarter rulebook — one that is simpler to understand, proportionate to the risks it seeks to address and supportive of innovation.

Rationalising and modernising the rulebook

A comprehensive review of SEBI's regulations is underway after due public consultations — an exercise intended to eliminate redundancy, remove ambiguity and update outdated constructs.

The process is well advanced for SEBI Stock Brokers Regulations and SEBI Mutual Fund Regulations. For Settlement and LODR Regulations also, the preparatory work has started and public consultations will follow.

The goal is clear-- a regulatory architecture that is contextual to our present and future needs, unambiguous, easier to comply with and more effective to supervise.

Simplifying Fund raising activity

To ease the process of fund raising for IPO bound companies whose pre-IPO shares are pledged is being streamlined, we are proposing a new framework which will ensure that lock-in requirements get automatically enforced even if the pledge is invoked or released, thereby preventing listing delays.

We are also proposing to rationalise the existing contents of the Offer Document Summary. This summary will also be made available separately to investors from the Offer Document, to reduce their reliance on unverified social media or grey market tips and encourage informed feedback from them. With the introduction of the Offer Document Summary, the requirement of Abridged prospectus will be dispensed with reducing the compliance requirements of the issuers.

Closing Remark

Regulation can guide, enable and correct. But true market quality emerges from the conduct of its participants.

Institutions must lead: boards must pursue higher governance standards, intermediaries must embrace excellence beyond compliance, and market participants must operationalise integrity in daily practice. I urge corporates, fund managers and market participants to adopt best practices proactively, to invest in capacity building — whether in cyber risk, data ethics or behavioural governance — and to treat transparency as a strategic advantage.

To conclude - the securities market is no longer a passive mirror of the economy- it is an active partner in nation-building. The numbers I shared are the outcome of collective effort; the reforms underway are the roadmap. But the future we realise will be determined by the depth of our partnerships — between regulators and industry, issuers and investors, urban capital markets and emerging savers in smaller towns.

Let us therefore commit — as regulators, industry leaders and citizens — to shape markets that are deep, inclusive and globally competitive; markets that allocate capital efficiently, protect the small investor, and fuel a growth story that is sustainable and shared by all.

Thank you.