



**AMIDST CONTINUOUS SHIFTS IN TRADE
POLICIES AND GLOBAL UNCERTAINTIES,
INDIA'S EQUITY MARKETS EXHIBITED
MEASURED YET RESILIENT PERFORMANCE:
ECONOMIC SURVEY 2025-26**

**NIFTY 50 AND BSE SENSEX REGISTERS GAINS OF
APPROXIMATELY 11.1% AND 10.1% RESPECTIVELY
DURING APRIL-DECEMBER 2025**

**SECURITIES MARKETS CODE, 2025- IMPORTANT STEP
TOWARDS STRENGTHENING SECURITIES MARKET
REGULATION**

**235 LAKH DEMAT ACCOUNTS ADDED DURING FY26 TILL
DECEMBER 2025, PUSHING TOTAL COUNT BEYOND 21.6
CRORE**

**12-CRORE MARK CROSSED FOR UNIQUE INVESTORS WITH
DEMAT ACCOUNT IN SEPTEMBER 2025, WITH NEARLY A
FOURTH OF THEM BEING WOMEN**

**5.9 CRORE UNIQUE INVESTORS IN MUTUAL FUNDS AS OF
DECEMBER 2025, OF WHICH 3.5 CRORE FROM NON-TIER-I
AND TIER-II CITIES**

**UNIQUE INVESTOR BASE IN SIP CONTRIBUTIONS
EXPANDED SHARPLY FROM AROUND 3.1 CRORE IN FY20
TO OVER 11 CRORE BY FY25**

**INDIA'S CORPORATE BOND MARKET GROWS WITH AN
ANNUAL RATE OF AROUND 12% BETWEEN FY15 AND FY25**

**AMIDST VOLATILE FOREIGN CAPITAL FLOWS, DIIS
SUPPORT MARKETS BY COUNTERBALANCING FOREIGN**

GIFT CITY MOVES UP NINE PLACES IN GLOBAL FINANCIAL CENTRES INDEX, REACHING 43 OUT OF 120 FINANCIAL CENTRES

प्रविष्टि तिथि: 29 JAN 2026 2:12PM by PIB Delhi

The Economic Survey 2025-26 tabled in the Parliament today by the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, says that in the midst of continuous shifts in trade policies and exacerbated geopolitical uncertainties, India's equity markets exhibited a phase of measured yet resilient performance, reflecting the interplay of supportive policies, macroeconomic conditions and sustained domestic investor participation. A series of measures, including personal income tax cut, GST overhaul, easing of monetary policy, and receding inflation, as well as improved corporate performance in Q2 FY26, supported the market during the FY 2025-26, says the Survey.

Strength of India's Financial Ecosystem

Nifty 50 and BSE Sensex registered gains of approximately 11.1% and 10.1% respectively during April-December 2025. The primary markets in FY26 (up to December 2025) remained resilient and vibrant, leading the world in initial public offers (IPOs) issuances. IPO volumes in FY26 (up to December 2025) were 20% higher than FY25, and the amount mobilised was 10 per cent higher than the corresponding period of FY25. A notable feature of IPO activity in FY26 (up to December 2025) was the prominence of Offer for Sale (OFS) components, where existing shareholders sell their stakes rather than the company issuing new shares.

SME Listings: The number of SME listings in FY 26 (up to December 2025) increased to 217 from 190 in FY25 (up to December 2024). The amount mobilised increased from ₹7,453 crore to ₹9,635 crore. Since its inception, more than 1,380 companies have been listed on the SME platforms of BSE and NSE. The sustained mobilisation of resources through primary markets and the widening participation of emerging enterprises through SME platforms point to the increasing breadth and sophistication of India's capital markets.

Securities Markets Code (SMC): The Securities Markets Code, 2025, represents an important step towards consolidating the legal framework and strengthening the foundations of securities market regulation. The Economic Survey highlights that the Code spans subjects such as board composition, independence, conflict management, transparency, regulatory sandboxing, investor protection, governance of market infrastructure institutions (MIIs), and ease of doing business. For the first time, the Code brings MIIs, stock exchanges, clearing corporations, depositories, and others, onto a clear statutory footing, formally recognising them as entities performing vital public functions.

Broadening Retail Participation in Capital Markets

During FY26 (till December 2025), 235 lakh of demat accounts were added, pushing the total count beyond 21.6 crore. A key milestone was the crossing of the 12-crore mark for unique investors in September 2025, with nearly a fourth of them being women. The mutual fund industry also expanded, with 5.9 crore unique investors at the end of December 2025, of which 3.5 crore (as of November 2025) were from non-tier-I and tier-II cities.

The Economic Survey further highlights that equity investments, which were once ancillary to household balance sheets, have increasingly become a significant component of financial wealth, supported by broader participation and more diversified channels of access. While the direct share of individuals in

equity markets increased only gradually, from just under 8 per cent in FY14 to approximately 9.6 per cent by September 2025, the indirect share nearly tripled over the same period, reaching 9.2 per cent.

The share of equity and mutual funds in annual household financial savings increased from 2 per cent in FY12 to over 15.2 per cent in FY25. This shift has coincided with a steady rise in SIP contributions, with average monthly SIP flows increasing seven times from under ₹4,000 crore in FY17 to over Rs 28,000 crore in FY26 (April-November). The unique investor base expanded sharply in the initial years following the pandemic, rising from around 3.1 crore in FY20 to over 11 crore by FY25.

SEBI's Recent Initiatives

The Economic Survey states that SEBI undertook a comprehensive suite of initiatives aimed at reinforcing regulatory integrity, streamlining market operations, and enhancing investor protection. Collectively, these measures underscore SEBI's commitment to fostering a transparent, resilient, and inclusive capital market ecosystem in India, while strengthening market confidence through improved verification, disclosure, accessibility, and risk surveillance across key segments of the securities market.

Investor protection and empowerment: SEBI has mandated a new UPI address structure for all SEBI-registered intermediaries that collect funds from investors, effective 1st October 2025.

Strengthening the Regulatory Framework and improvement in Operational Efficiency: To facilitate SEBI-registered stock brokers in undertaking securities market-related activities in GIFT-IFSC under a Separate Business Unit, the requirement of obtaining specific SEBI approval was removed.

Debt market

India's corporate bond market has demonstrated impressive growth, with outstanding issuances increasing from ₹17.5 trillion in FY15 to ₹53.6 trillion in FY25, growing with an annual rate of approximately 12 per cent. In FY25, the highest-ever fresh issuances were recorded, totalling ₹9.9 trillion.

As of March 2025, the corporate bond market accounts for 15-16 per cent of the country's GDP and corporate bond fundraising now complements bank credit. In FY26, the debt market accounted for over 63 per cent of total resource mobilisation from the primary market in April-December 2025. The regulatory authorities have undertaken substantial reforms for the development of the bond market. SEBI introduced the Request for Quote platform, facilitating retail access, strengthening governance standards for credit rating agencies, and simplifying issuance norms.

Foreign Portfolio Investment

India's Foreign Portfolio Investment (FPI) trends in FY26 exhibit volatility. During Q1 FY26, FPIs were net buyers of Indian equities and net sellers of debt instruments. In contrast, in Q2 and Q3 FY26, they transitioned from being net buyers of equities to net sellers, while being net buyers of debt instruments. Overall, FPIs were net sellers of Indian securities from April to December 2025. Supported by SEBI's relaxation of FPI investment norms and ongoing India-US trade discussions, the outlook for FPI inflows into India's debt market remains positive. As of 31st December 2025, the asset base under custody of FPIs stood at ₹81.4 lakh crore, marking a 10.4% increase over March 31, 2025.

Domestic Institutional Investors: Counterbalancing FPIs

In the midst of volatile foreign capital flows, domestic institutional investors (DIIs), particularly mutual funds and insurance companies, have counterbalanced the volatility of foreign investment outflows and have provided much-needed support to the markets. With continued buying, as of 30th September 2025, DII ownership within NSE-listed equities stands at 18.7%.

The DIIs have consistently maintained their position as net buyers in Indian equities, effectively countering FPI selling and reinforcing the strength of the domestic market. The share of DIIs (by value of holdings) surpassed that of foreign institutional investors (FII) for the first time in Q4 FY25 and has now reached an all-time high in Q2 FY26.

In Q2 FY26, the share of MFs (by value of holdings) reached an all-time high of 10.9 per cent. Therefore, even though FIIs remain important participants in the Indian capital market, DIIs, along with retail investors and high-net-worth individuals, have been playing a strong counterbalancing role to the decisions made by FIIs regarding market participation.

GIFT City

As of 30th November 2025, GIFT City has shown a strong growth momentum, with over 1,034 domestic and international entities registered across various categories. Within a year, GIFT City has moved up nine places in the Global Financial Centres Index (GFCI), reaching a rank of 43 out of 120 financial centres. Within the fintech specific ranking, GIFT City improved by ten places, reflecting progress made through a dedicated regulatory framework for fintechs, academic partnerships and innovation centres.

Conclusion

The Economic Survey notes that India's aspiration to become a Viksit Bharat by mid-century demands a fundamental rethinking of finance, not merely as funding, but as the architecture of economic transformation. To finance sustained growth, India must strengthen long-term capital markets. SEBI has demonstrated a parallel commitment to regulatory modernisation and investor protection. The systemic rise in regulatory quality has received international validation through the Financial Sector Assessment Program (FSAP) conducted jointly by the IMF and World Bank in 2025. Both reports noted capital markets expanding from 144% of GDP in CY 2017 to 175% in CY 2024.

NB/VM/SK

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