Address by Chairman, SEBI
CareEdge Debt Summit
Corporate Debt Market - Way Ahead
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I am delighted to be here at the CareEdge Debt Market Summit. This room brings together issuers, investors, intermediaries, rating professionals and market participants. Our shared task is clear - to build a deeper, more liquid and more trusted Indian debt market.

Indian households and investors are increasingly trusting capital markets for investments. SEBI's household savings study confirms this shift[1]. In FY25, around ₹7 trillion of household savings flowed into the capital market and total household assets stood close to ₹141 trillion by the close of FY25.

India's financing model for businesses is still predominantly bank-led. A growing economy needs patient debt capital - for infrastructure, capacity expansion, refinancing and long-gestation projects. It needs price discovery across tenures and credit profiles. That is why the corporate debt market is central to India's journey of sustained economic growth.

Growth of the Indian Corporate Debt Market

The corporate bond market is the economy's second engine of credit. It reduces over-reliance banks. A deep bond market can finance infrastructure, productive capacity, urbanization, energy transition, housing, logistics and digital infrastructure.

For issuers, bonds provide long-term capital, often at a lower cost than bank loans.

For investors, corporate bonds can offer income and diversification. But they are not risk-free. They carry credit risk, interest-rate risk and liquidity risk. Growth must therefore be anchored in transparency, suitability and investor education.

The market already has scale. Outstanding corporate bonds have grown from about ₹17.5 trillion at the end of FY15 to over ₹59 trillion today - a CAGR of around 12%. Average annual fundraising through the debt market has been around ₹8 trillion during FY21 to FY25. In FY26, debt issuances mobilized ₹9.1 trillion - nearly twice the amount mobilized through equity.

But scale alone is not enough. The real test is diversity, liquidity, and wider participation.

Four gaps stand out.

First, the market is concentrated - by rating and by sector. Nearly 85-90% of bond issuances are rated AAA or AA, while around 70% of outstanding bonds come from financial sector entities.

[1] Source: Article dated May 20, 2026, on 'Household Savings through Indian Securities Market' (www.sebi.gov.in)

This narrows investor choice. The primary market also remains dominated by private placements.

Second, the issuer base is narrow. Around 6,000 companies are listed on NSE and BSE. But only 776 have listed debt. We need more issuers to see the debt market as a regular source of capital.

Third, secondary-market liquidity remains shallow. A buy-and-hold investor base provides stability. But when bonds rarely trade, volumes stay thin, price discovery weakens, exits become difficult, and new investors hesitate.

Fourth, retail participation remains low. While retail investors have embraced equities and mutual funds, corporate bonds remain unfamiliar to many households. SEBI’s Investor Survey shows corporate bond awareness at only 10%, with household penetration at less than 1%. This gap must be addressed through simpler access, better disclosures, and stronger fixed-income literacy.

The next phase cannot rest on one reform. It needs an ecosystem approach.

SEBI's regulatory approach

SEBI’s approach has been clear - widen access, improve transparency, deepen market infrastructure, and protect investors. The objective is to bring more issuers and investors into the bond market - with confidence.

The minimum investment size was reduced to make bonds more accessible to retail investors and smaller participants. Online Bond Platform Providers (OBPP) have been regulated so that digital access comes with safeguards.

The EBP framework has been expanded and its threshold lowered to improve price discovery in private placements. RFQ and related market infrastructure changes have strengthened secondary-market access. A framework for ESG-linked debt instruments has been introduced. Issuers have also been permitted to offer incentives to specified investor categories.

The impact is now visible. Secondary-market trades rose from 1.2 million in FY25 to 2.8 million in FY26, with traded value rising from ₹17 trillion to ₹22 trillion. RFQ trades rose from 0.3 million to about 1.8 million, while traded value increased from ₹5 trillion to ₹7.3 trillion.

OBPPs are emerging as an important bridge to investors. Registered clients have increased from around 0.6 million to 1.5 million. Transaction value rose from ₹71 billion to ₹260 billion. ARCL has started showing scale in the repo ecosystem - since its inception, it has cleared a trading volume of ₹12 trillion.

These numbers show that a well-designed regulatory framework and market infrastructure are producing real outcomes. They are translating into greater participation, transparency, and access.

However, regulation cannot be static. As markets, products and risks evolve, regulation must evolve too.

Way Ahead

Let me now turn to the way ahead.

First, liquidity and market architecture. That is why the market-making framework announced in the Union Budget is important. SEBI is working with market participants, RBI, and the Ministry of Finance to take it forward.

We are working towards further developing bond ETFs and derivatives on corporate bond indices. These can improve liquidity, allow retail investors to access debt markets with smaller ticket sizes, and help institutions hedge interest-rate risks.

We are also exploring a distinct regulatory classification for debt brokers. This can lower costs, reduce entry barriers, and encourage dedicated debt-market intermediaries.

There is also a need to review whether debt-only listed entities need the same rigour under LODR regulations as equity-listed companies (Currently, LODR obligations for pure debt-listed entities are similar to equity-listed entities. The review will be to relax some of these LODR obligations for pure debt-listed entities). We will take up this review in due course.

Second, investor confidence. Retail participation will not grow merely because products are available. It will grow when products are understood. Bonds have their own vocabulary - coupon, yield, duration, rating, and different types of risks. We must make this vocabulary investor-friendly. Through Project Jagrook, SEBI will take bond-focused awareness campaigns across India.

Third, widening the issuer base. SEBI and the stock exchanges will conduct bond-issuer outreach programs and engage directly with potential issuers. The focus will be on SMEs and companies that are ready for the listed debt market but have not yet entered it.

Fourth, securitization and technology. We have released a consultation paper to align SEBI's securitized debt framework with RBI's framework on securitization of standard assets. The aim is to ease listing restrictions, streamline disclosures, and provide clarity for RBI-regulated entities.

We are exploring a pilot for tokenization of corporate bonds. The pilot will test whether tokenization can deliver faster settlement, better traceability, automated servicing, and greater transparency. We must move carefully - but we must remain open to useful innovation.

Fifth, deepening the municipal bond market. The Municipal Debt securities framework is being reviewed to help municipal bodies finance urban infrastructure, to allow pooled finance for multiple municipal bodies, and to increase retail participation in municipal bonds.

The way ahead is not one road. It is a network of reforms - market making, municipal bonds, securitization, bond ETFs and derivatives, tokenization, and investor education. Together, these reforms can build a bond market that finances India's growth at scale - with transparency and trust.

Concluding Remarks

The corporate debt market has come a long way. It must now go much further. India needs a bond market that is large, liquid, widely participated, and trusted.

For issuers, it must provide reliable long-term capital. For investors, it must be transparent and well understood. For intermediaries, it must be a market where opportunity is matched by responsibility.

SEBI will facilitate market development, support innovation, and simplify where possible. But we will not compromise on investor protection or market integrity.

Our goal is not merely a bigger bond market. Our goal is a better bond market - one that finances growth, supports resilience, protects trust and serves Viksit Bharat.

Thank you. Jai Hind!