Address by
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Ms. Laya Madduri, Joint Secretary, DEA, Shri Rajkiran Rai G, MD, NaBFID, distinguished industry leaders and esteemed guests, a very good morning to all of you!

At the outset, let me congratulate NABFID for organising this Infrastructure Conclave.

The theme of infrastructure is particularly relevant at a time when India is investing in its physical as well as digital foundations for the next phase of growth.

When we speak of infrastructure, we usually think of roads, ports, airports, power systems, transmission lines, housing, urban infrastructure and digital networks. But behind every such asset, there is another essential ingredient.

Capital.

Building infrastructure requires capital that is large in scale, long-term in horizon and patient in nature. It also requires capital that can take different forms of risk at different stages of an asset's life.

Government expenditure will continue to play an important role. Banks will continue to be important providers of credit.

But can these sources, by themselves, meet the financing requirements of an economy of India's scale and ambition?

This is where the securities market has an important role to play.

It can bring together household savings, institutional capital, foreign capital and long-term pools of capital. More importantly, it can provide different forms of capital for different stages of the infrastructure lifecycle.

And that is the perspective I would like to share today.

The securities market is not merely another source of finance for infrastructure. It is an important part of the infrastructure financing ecosystem.

From financing projects to financing the lifecycle

Let us look at infrastructure from a slightly different perspective.

There is a project that needs to be built. It requires risk capital in the beginning, debt as it progresses, and refinancing once it becomes operational. Later, when the asset has a stable cash flow, there is an opportunity to unlock the capital invested in it and deploy it again.

This means that the financing requirement does not end when the asset is completed.

It evolves.

The securities market can support this lifecycle — through equity for risk capital, debt for long-term financing, AIFs for patient and specialised capital, and REITs and InvITs for monetisation and recycling of capital.

The scale of our capital markets today gives us a strong base for this.

Over the past decade, our capital markets have facilitated more than ₹100 trillion of capital raising through equity and debt issuances.

The momentum continues. In the first five months of FY27, capital raising has already reached around ₹7 trillion. During FY27 so far, we have seen a record 80 IPOs, raising around ₹60,000 crore.

These numbers demonstrate the growing ability of the capital market to connect companies with a broad and diversified pool of capital.

Corporate bonds: Complementing bank finance

Let me turn to the debt side.

Infrastructure assets typically have long lives and long-dated cash flows. A deeper corporate bond market can therefore complement bank financing and provide access to a wider pool of long-term capital.

The growth in corporate bond market has been substantial. During FY27 so far, companies have raised more than ₹4.3 trillion through the corporate bond market. Outstanding corporate bonds have increased from around ₹20 trillion in FY16 to ₹61 trillion, as at the end of August 2026.

To strengthen this ecosystem, we have been taking several measures.

To broaden the overall debt market, the threshold for electronic book mechanism has been reduced[1]. We have permitted incentives in public issues of debt securities to encourage retail participation and reduced the minimum investment size for privately placed bonds.

We are also looking at the next layer of efficiency.

<u>For small-value debt private placements, we have proposed relaxing the mandatory requirement to appoint a merchant banker</u>, subject to certain conditions. The objective is to reduce cost and delays while retaining investor protection.

[1] From Rs. 50 crore to Rs. 20 crore or above.

At the same time, easier access must be accompanied by better investor understanding. We have proposed changes to the Advertisement Code for Online Bond Platform Providers and intend to introduce a standardised, colour-coded Credit Risk-o-Meter for debt securities. This will help investors—especially retail investors—better understand the credit risk of debt instruments and make more informed investment decisions.

There is also scope to make the underlying market infrastructure more technology-driven. Our recent pilot for tokenised corporate bonds explores issuing a corporate bond as a native digital token on a private, permissioned DLT network operated by the Depositories.

These initiatives are part of a broader objective — to make the bond market deeper, more efficient and more accessible, without weakening safeguards.

But infrastructure financing is not only about debt.

Some opportunities require capital that is patient, flexible and willing to take a different risk profile.

That brings us to AIFs.

AIFs: Expanding the pool of patient capital

The AIF ecosystem has emerged as an important source of alternative capital.

As of end of FY26, Category I Infrastructure AIFs had commitments of over ₹20,000 crore and investments of over ₹7,000 crore.

Across all AIFs, cumulative commitments were about ₹17 lakh crore, while investments made stood at around ₹7.1 trillion (as of July 2026).

For AIFs, our approach has been to provide flexibility while maintaining appropriate safeguards. To facilitate greater participation in this segment and support long-term investments, we have reduced the minimum investment threshold for Large Value Funds from ₹70 crore to ₹25 crore.

We have also enabled flexibility for accredited-investor-only schemes and permitted encumbrance structures in infrastructure investments to support long-term financing.

At the operational level, we have introduced lighter compliance for inoperative funds, flexibility in retaining liquidation proceeds in specified circumstances, and dematerialisation of AIF units and investments.

We are also simplifying processes and reducing documentation, while exploring ways to further widen the accreditation framework.

The objective is to ensure that the AIF framework can continue to channel patient capital into opportunities that may not fit conventional financing structures.

But there is another development that addresses a different question:

Once infrastructure has been built and becomes operational, can we unlock the capital already invested in it?

This is where REITs and InvITs become particularly important.

REITs and InvITs: From financing infrastructure to recycling capital

REITs and InvITs have introduced an important dimension to the infrastructure financing ecosystem.

They provide a mechanism through which completed, income-generating assets can be monetised and brought within the investment universe of a wider set of investors.

The growth is visible.

There are currently 6 SEBI-registered REITs and 27 InvITs. Together, they have mobilised more than ₹2 lakh crore over the last seven years, with assets under management of around ₹9.2 lakh crore at the end of FY26.

The significance of these instruments goes beyond the amount raised. REITs and InvITs can play an important role in making infrastructure capital more recyclable.

We have taken several measures to support this evolution.

The scope of strategic investors has been expanded to facilitate wider participation. REITs have been reclassified as equity for investment by mutual funds.

We have also permitted REITs and InvITs to invest in liquid mutual funds with minimum credit risk for managing short-term liquidity, and expanded the EBP framework to these instruments to strengthen price discovery.

Recently, <u>we have proposed a set of ease-of-doing-business measures for REITs and InvIT. These proposals are intended to facilitate capital formation, improve transaction and compliance efficiency, remove interpretational ambiguities, and support smoother functioning of the REIT/InvIT ecosystem</u>.

Together, these measures reflect an important principle: as a financial product matures, the regulatory framework must also evolve to reduce unnecessary friction and enable wider participation, while preserving investor protection.

Municipal bonds: Bringing the capital market closer to citizens

There is one more dimension of infrastructure finance that deserves attention — our cities. Water supply, sewage, waste management, urban transport and roads require significant investment. Much of this infrastructure is local, and therefore municipal finance has an important role to play.

Municipal bonds can connect these infrastructure requirements with the capital market. The segment is still relatively small, but progress is visible.

As of end-FY26, 22 urban local bodies had raised more than ₹4,500 crore through 31 municipal bond issuances.

The next phase will require continued focus on municipal creditworthiness, governance, disclosure and predictable project cash flows.

If these foundations strengthen, municipal bonds can become an increasingly important source of funding for India's urban infrastructure.

The road ahead

Looking ahead, I see specific areas where further progress can deepen this ecosystem.

First, widening participation in REITs and InvITs.

There is scope to bring in more domestic institutional capital, global long-term investors and retail participation.

Second, deepening the corporate bond market.

We need a wider issuer base, greater participation and better secondary-market liquidity.

Third, continuing to evolve the AIF framework.

We have proposed to review the Accredited Investor Framework to widen the access for sophisticated investors, deepen the pool of domestic and foreign risk capital, and strengthen the market ecosystem.

Fourth, strengthening municipal finance.

India's cities will need increasingly sophisticated financing mechanisms. Building institutional capacity, improving governance and strengthening financial disclosures will be essential for creating investor confidence.

Closing: From capital formation to capital recycling

Let me come back to where I began.

The infrastructure story is not only about how much capital India can mobilise. It is also about how efficiently that capital can move through the infrastructure lifecycle.

This brings us to fundamental questions:

Can we mobilise capital to build?

Can we provide the right form of capital as the project develops?

Can we unlock capital from mature assets?

And can that capital be deployed again into the next generation of infrastructure?

If we can do this well, the securities market becomes more than a financing channel.

It becomes a continuous capital engine for infrastructure.

This, I believe, is the opportunity before us — to build an infrastructure financing ecosystem where banks, equity markets, bond markets, AIFs, REITs, InvITs, municipal bodies, institutional investors and regulators each contribute to different parts of the same journey.

The objective is not to replace one source of capital with another.

It is to ensure that the right capital reaches the right asset, at the right stage, with the right safeguards.

And that is where a deeper, broader and more efficient securities market can make a meaningful contribution to India's infrastructure journey.

Thank you.