Address by
Shri Tuhin Kanta Pandey, Chairman, SEBI
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Shri Challa Sreenivasulu Setty, Chairman, SBI, Managing Directors, distinguished guests, leaders from banking, securities markets and industry, representatives from government and regulatory institutions, ladies and gentlemen,

Good afternoon to all of you!

It is a pleasure to be here at the 13th SBI Banking and Economics Conclave. I compliment the State Bank of India for bringing together such a diverse group of leaders from across the financial sector.

SBI has been closely associated with India's economic journey for generations. So, there could hardly be a more appropriate forum to discuss how our financial system must evolve as India's economy enters its next phase.

A Resilient Economy in an Uncertain World

India's next phase of growth will, of course, unfold against a global environment that remains challenging. Geopolitical tensions persist. Trade relationships are being reshaped. Capital flows remain sensitive to global developments. Technology, especially AI, is transforming businesses and financial markets at a remarkable pace.

Yet, against this backdrop, India's economic performance has remained encouraging. Growth has remained strong, inflation is within the RBI's target framework, and our external buffers remain comfortable.

These are encouraging signs. But for us in the financial sector, perhaps a more relevant question is not where growth stood in the last quarter. It is what will be required to sustain India's growth over the next decade and beyond.

Part of the answer lies in productivity, infrastructure, technology and human capital. But another important part lies in finance.

A growing economy needs a growing pool of capital. More importantly, it needs different kinds of capital, available for different purposes and different periods.

And that brings us to the role of our financial system.

Financing a Larger India: Banks and Markets, Not Banks versus Markets

India's aspirations are large.

We need capital for infrastructure and manufacturing. We need it for urbanisation and energy transition. We need finance for MSMEs as well as large companies. We need capital for traditional businesses and for enterprises built around technologies that may not even have existed a decade ago.

These requirements cannot all be met in the same way.

Banks have been central to India's development. They provide much more than funds. They understand businesses. They assess projects. They provide credit. They monitor borrowers. And they build relationships that often extend over decades.

That role will remain important.

But as an economy becomes larger and more sophisticated, its financing requirements also become more diverse.

Some businesses need debt. Others need risk capital. Infrastructure may require patient, long-duration capital. Young businesses may need equity before they are ready for conventional debt. Large and established companies may benefit from diversifying their borrowings between banks and bond markets.

Therefore, the question before us is not whether India's growth should be financed by banks or markets.

We need both. And we need both to be strong.

Banks and capital markets are not competing destinations. They are complementary parts of the same financing ecosystem.

And over the last decade, the role of securities markets within this ecosystem has expanded significantly.

From Securities Market to Capital-Formation Ecosystem

The scale of this transformation is visible in the numbers.

Since FY 2016, India's market capitalisation has grown at a compound annual rate of around 17 per cent and today stands at about ₹481 trillion.

But market capitalisation alone does not tell the full story.

Over the last ten years, Indian companies have raised, on average, around ₹10 trillion every year through equity and debt issuances in the securities market.

The pool of domestic savings coming into the markets has also expanded substantially. Mutual fund assets under management have grown from around ₹12.3 trillion in FY16 to around ₹87 trillion by August 2026—a compound annual growth rate of more than 20 per cent.

Participation has widened alongside it. The number of unique investors in the securities-market ecosystem has more than tripled and reached around 150 million by August 2026.

These numbers point to something larger than the growth of a market.

They show an expanding mechanism through which household and institutional savings can be channelled towards productive economic activity.

And one part of this ecosystem is particularly relevant to today's gathering—the corporate bond market.

Corporate Bonds: Strengthening the Second Channel of Debt Finance

Corporate bonds provide an important bridge between banking and capital markets.

As of August 2026, outstanding corporate bonds have increased to around ₹61 trillion. To put that number in perspective, it is equivalent to around 55 per cent of outstanding bank credit to industry and services.

A deeper bond market allows companies to diversify their sources of finance. It also enables institutional pools of savings to participate more directly in financing businesses.

For the financial system as a whole, this diversification matters. Our effort, therefore, has been to make the corporate bond market more accessible, efficient and liquid.

SEBI has taken several steps to strengthen the corporate bond market architecture.

- We have lowered the threshold[1] for mandatory use of the Electronic Book Provider platform. The platform has also been opened to issuances by REITs and InvITs.
- For public issues of debt securities, the listing timeline has been shortened[2]. This means faster access to funds for issuers.
- The minimum face value for privately placed debt securities has been reduced[3], widening the scope for participation.
- We have also introduced a framework for liquidity windows in non-convertible securities, allowing issuers to provide investors with an option for liquidity before maturity.
- And more recently, we have introduced the next generation of market infrastructure through a pilot for tokenisation of corporate bonds under Demat 2.0. The objective is to explore whether technology can make issuance, settlement and servicing more efficient.

At the same time, we should also recognise that the journey is not complete.

[1] from ₹50 crore to ₹20 crore
[2] from T+6 to T+3 working days
[3] from ₹1 lakh to ₹10,000

Greater liquidity, broader investor participation and stronger price discovery mechanism remain important areas of work.

Making Capital Formation Easier—Without Compromising Trust

As regulators, we have to continuously ask ourselves a simple question: Can legitimate businesses raise capital more easily, without weakening the safeguards that investors rely upon?

We have been working on both sides of this equation.

IPO timelines have become shorter. Rights issues have been made faster. Listing requirements have been rationalised for large issuers. We have also addressed practical issues affecting founders and institutional investors.

In the alternative investment space, a fast-track mechanism has been introduced to reduce time to market for fund launches. Greater regulatory flexibility has also been enabled for schemes meant exclusively for accredited investors.

For REITs and InvITs, recent proposals seek to improve transaction and compliance efficiency, facilitate capital formation and address operational ambiguities.

At the same time, easier access to capital has to be accompanied by informed participation. That is particularly important as new investors enter markets and new products become available to them.

For example, we have proposed a standardised, colour-coded Credit Risk-o-Meter for debt securities to make credit risk easier for investors to understand. We have also proposed a review of the Accredited Investor Framework to broaden access for sophisticated investors, expand the pool of domestic and foreign risk capital, and further strengthen the market ecosystem.

The broader principle is straightforward. Ease of doing business and investor protection are not competing objectives.

Optimum regulation can reduce unnecessary friction.

Our objective is therefore to make markets easier to access, while preserving the trust on which those markets are built.

The Next Frontier: From Bigger Markets to Better Markets

This brings me to the road ahead.

Indian financial markets have grown substantially. But the next phase cannot be measured only by size.

We also need to ask:
Are our markets becoming deeper and more liquid?

Are we creating adequate pools of long-term capital?

Can infrastructure and emerging businesses access the right kind of finance?

Can technology improve efficiency without creating vulnerabilities?

These are questions for the entire financial system.

The boundaries within finance are also becoming less distinct.

Mutual funds and insurers invest in securities issued by banks and corporates. Banks participate in capital-market activities. Markets depend on payment systems and financial infrastructure. Technology connects all of them.

Capital moves across these boundaries. Risk can move across them as well. Financial stability, cyber resilience and operational resilience therefore cannot always be viewed through individual institutional or regulatory silos. This makes cooperation among regulators and market institutions increasingly important.

Financing India's Aspirations—Together

Let me conclude by returning to where I began.

India has demonstrated considerable economic resilience. Its ambitions for the coming decade are even larger.

Financing those ambitions will require a financial system that is not merely bigger, but deeper, more diverse, efficient, resilient and trusted.

Banking and Capital markets will remain central to this journey. Mutual funds, insurers, pension funds, alternative investment funds, REITs and InvITs will bring different pools of savings and different forms of capital.

There need not be a contest among these channels.

The real strength of India's financial system will come from each part doing what it does best—and from all of them working together to ensure that savings can reach productive opportunities efficiently and responsibly.

India's next phase of growth will require a great deal of capital. Our collective task is to ensure that the financial architecture is ready to provide it.

Thank you.