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Press Release

CareEdge Ratings called out for India’s bond market accessibility and depth to be improved

- SEBI Chief at CareEdge Ratings ‘Debt Market Summit’ highlighted that more issuers need to see the debt market as a regular source of capital

- Noted that SEBI is additionally exploring a pilot for tokenisation of corporate bonds to enable faster settlement, better traceability, automated servicing, and greater transparency

- Shri Ashishkumar Chauhan, MD & CEO of National Stock Exchange at the summit highlighted that corporate bonds will play larger role in India’s ambition of Viksit Bharat by 2047 and in achieving investments to rise to more than 35% of GDP

Mumbai, 26th May 2026: Addressing CareEdge Conversation ‘Debt Market Summit’ in Mumbai, **Shri Tuhin Kanta Pandey, Chairman, SEBI** said that corporate debt market is central to India's journey for sustained economic growth.

According **to CareEdge Rating report 'Structural Shifts in Debt Market: Emerging Themes'** unveiled at the summit, India's bond market is largely dominated by government securities, with the general government debt securities market accounting for 55.4% of the country's GDP. While this is broadly comparable with some other Asian economies, such as the Philippines (52.1%) and Indonesia (33.6%), it is lower than that of some advanced economies, such as Japan (191.9%), the US (107.5%) and the UK (90.7%). Several structural and institutional improvements, including active debt management and increased global integration, have redefined India's government debt securities landscape. Limited rollover risks, a well-diversified G-sec maturity profile, and evolving investor participation by insurance companies and provident and pension funds are some positives for India's government securities market. Despite these developments, several gaps persist, including limited retail and foreign investor participation, lower secondary-market trading volumes, and limited development of sub-sovereign debt securities markets. These gaps will need to be bridged to strengthen the government securities market and align it with global best practices.

Aligning with this view **Shri Tuhin Kanta Pandey** noted that a growing economy needs patient debt capital for infrastructure, capacity expansion, refinancing, and long-gestation projects. It also requires wider price discovery and broader access to global capital providers. He emphasized that the corporate bond market is the economy's second engine of growth, helping reduce over-reliance on banks. He added that a deep bond market can finance infrastructure, productive capacity, urbanization, energy transition, housing, and digital infrastructure. India's outstanding corporate bonds have grown from about ₹17.5 lakh crore at the end of FY16 to over ₹59 lakh crore today, reflecting a CAGR of around 12%. In FY26, debt issuers mobilized about ₹9.1 trillion — nearly twice the amount raised through equity issuances. Though, he highlighted that around 6000 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.

He also said that while retail investors have widely embraced equities and mutual funds, corporate bonds remain unfamiliar to most households. Citing a Securities and Exchange Board of India (SEBI) investor survey, he noted that awareness of corporate bonds stands at just 10%, with household penetration below 1%. He emphasized the need for simpler access, better disclosures, stronger fixed-income liquidity, and investor-friendly communication around bonds. He added that SEBI is working with market participants, the Reserve Bank of India (RBI), and the Ministry of Finance on a market-making framework announced in the Union Budget. SEBI is also exploring a separate regulatory classification for debt brokers to reduce costs and encourage dedicated debt market intermediaries. SEBI is additionally exploring a pilot for tokenization of corporate bonds to enable faster settlement, better traceability, automated servicing, and greater transparency.

He noted that the municipal debt framework is also under review to support pooled financing for multiple municipal bodies and increase retail participation in municipal bonds. Concluding, he said the future of

India's bond market lies in a broad network of reforms spanning market-making, municipal bonds, securitization, bond indices and derivatives, tokenization, and investor education.

CareEdge Ratings in its debt market report has mentioned that as India advances towards becoming a 'Viksit Bharat' by 2047, it is critical to have a strong, well-developed financial ecosystem capable of large-scale mobilisation of capital at competitive prices. CareEdge Ratings calls for strengthening the accessibility and depth of the bond market in India, as a deep and robust bond market is paramount for India becoming a 'Viksit Bharat' by 2047. It notes that continued reforms will be necessary to enhance market accessibility for both issuers and investors.

Speaking at the event, **Shri Ashishkumar Chauhan, MD & CEO of National Stock Exchange (NSE),** said that India's ambition of Viksit Bharat by 2047 would require investments to rise from around 30% of GDP to more than 35%. Bank credit alone cannot carry that burden, and therefore corporate bonds must play a much larger role. He noted that India's bond market size stands at 17.1% of GDP, compared with 75.7% in South Korea, 54.7% in Malaysia, and 38.2% in the United States. Corporate bonds currently represent 13.5% of India's overall domestic debt market — meaningful, but not yet transformational. He noted that on an average daily trading volume in corporate bonds reached INR 9,168 crore in FY26, nearly three times to INR 3,180 crore recorded in FY25.

India's corporate bond market has expanded steadily over the years. However, it remains undersized given the commercial sector's heavy dependence on bank credit for resource mobilisation. Several efforts have been made to improve to India's bond market, however, it remains relatively small compared with that of the US and China, which dominate the global bond market. Furthermore, rising appetite for equity capital among Indian investors has also constrained the resource mobilisation via debt markets. Preference for private placements, limited foreign participation, poor liquidity, regulatory restrictions, less competitive tax regime, etc are some of the challenges faced by the Indian corporate bond market. Several measures aimed at simplifying the regulatory architecture, providing support during periods of financial stress, developing the credit default swap (CDS) market, etc., have been undertaken to strengthen the Indian corporate bond market.

Mehul Pandya, MD & Group CEO, CareEdge said, "A nation of 1.4 billion people, the fastest growing major economy in the world, a vision of becoming a USD 30 trillion economy by 2047, that is the acceleration of Viksit Bharat. And standing within that ambition and its realization, is a single critical question, how does India finance its future? The answer lies in large part right here in the debt market."

"As India moves towards its aspiration of becoming a 'Viksit Bharat' and achieving a USD 30 trillion economy by 2047, the country will require a deep, resilient, and diversified financial system capable of supporting large-scale long-term investments. In this journey, capital markets—and particularly the bond market—will assume a pivotal role. Their importance becomes even more pronounced at a time when rising geopolitical fragmentation is disrupting global supply chains and increasing vulnerabilities in the external sector", **Mr. Pandya** further added.

About CareEdge:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd., (II) CARE ESG Ratings Ltd., and (III) CareEdge Global IFSC Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings (Africa) Private Ltd. in Mauritius, CARE Ratings South Africa (Pty) Ltd., and CARE Ratings Nepal Ltd.
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