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INCOME STATEMENT

REVENUES	6,554,224.00
NOT SALES	3,420,563.00
Investment	6,764,984.00

EXPENSES	
Research-Development	1,337,886.00
Operating expenses	2,899,500.00
Marketing	500,799.00
NET INCOME	59,877,892.00

Growth Catalyst for Viksit Bharat @2047

EQUITY STATEMENT

REVENUES	6,554,224.00
NOT SALES	3,420,563.00
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Foreword

Mr. Manish Singhal

Secretary General

ASSOCHAM

Capital markets play a critical role in supporting India's ambition of becoming a developed nation by 2047 under the Viksit Bharat@2047 vision. These markets can empower innovation-driven enterprises and emerging start-ups through financial resources mobilisation. Their role in channelling investment into high-potential sectors is essential for enriching the technological progress, encouraging sustainable practices, and diversifying the economy.

India's capital market shows strength through a regular flow of new IPOs, active stock trading, a vibrant leadership in equity derivatives, and the launch of new and creative financial products. However, Alternative Investment Funds (AIFs) encompass investments in various forms of securities beyond traditional investment avenues. Investor-friendly policies, regulatory reforms, and tax parity with debt mutual funds have led more experienced investors to put money into Alternative Investment Funds (AIFs) to spread their risk and aim for better returns.

Technology has also acted as a catalyst in transforming capital markets globally, and in India, it stands as a cornerstone in the journey toward Viksit Bharat@2047. SEBI has strategically harnessed technology as a powerful enabler to enhance market efficiency, reduce costs, and democratise access to financial markets.

Recognising these crucial developments, ASSOCHAM is proud to host the 16th National Conference on Capital Market under the theme – 'Growth Catalyst for Viksit Bharat@2047'. ASSOCHAM has partnered with ICRA Ltd., to prepare a comprehensive report outlining India's capital market journey and the road ahead.

We hope this report serves as a valuable resource for regulators, market participants, policymakers, and researchers, fostering further advancements in the capital market. I extend my sincere appreciation to our Knowledge Partner for their invaluable contributions and wish all participants a successful and enriching conference.



Foreword

Mr. K. Ravichandran

Chief Rating Officer

ICRA Limited

Capital markets are fundamental to a country's economic growth and development. In this regard, the Indian capital market is on a trajectory of sustained expansion, fuelled by a dynamic and youthful population, increasing income levels, and a rise in financial awareness. This dynamic marketplace is not only generating wealth but also supporting entrepreneurship and providing avenues for risk diversification, thereby enhancing financial inclusion and economic stability.

To support this growth, policymakers have implemented measures that have enhanced the ease of doing business, supported market development and improved its efficiency, built transparency, mitigated risks and safeguarded investor interests. These transformative reforms aim to unlock India's full potential by strengthening the regulatory environment, expanding market participation, and promoting financial literacy. Expanding the reach of capital markets facilitates smoother business operations by providing a wider and more accessible market for pooling funds, increasing market liquidity, and promoting ease of doing business. This vision of a developed India includes deepening financial inclusion and enabling a wider spectrum of enterprises to access the capital markets.

Reflecting this confidence, India's equity market has seen a significant rise in retail investor participation. Meanwhile, the debt market, is also being revitalised by the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) through initiatives to broaden the investor base and enhance liquidity. Supported by infrastructure development, political stability, and prudent monetary policies, India has emerged stronger and more stable post-pandemic. A decade ago, India's

gross domestic product (GDP) was the eleventh largest in the world; today, it ranks fifth.

Significant growth in domestic capital markets has played a crucial role in resource mobilisation, driving innovation and investments. Despite global headwinds, the domestic capital markets have performed remarkably well, driven by strong domestic investor participation. Looking ahead, the global economy may face challenges on account of the potential impact of new and threatened tariffs from the US, which in turn could impact corporate earnings. Nonetheless, India remains insulated from the shock since external demand makes up a small portion of our GDP. Additionally, recent tax incentives and an accommodative stance on the monetary policy should help boost the domestic economy and dampen the shock of the tariffs on overall growth relative to other vulnerable economies.

This report elucidates the multifaceted dimensions of the Indian capital markets. As a comprehensive compendium of analyses and forward-looking statements, it is crafted to serve a diverse array of stakeholders. It offers an in-depth examination of the prevailing trends, regulatory developments, and the prospective trajectory of India's financial markets. We trust that its contents will furnish policymakers and industry stakeholders with valuable insights.

While envisioning the future, it is evident that India's financial markets are evolving beyond mere expansion. They are embracing greater sophistication, inclusivity, and setting new standards. This transformation reflects India's broader economic ambitions and its steadfast dedication to establishing itself as a pivotal player in the global financial landscape.

Executive Summary

Indian equities have shown significant growth, supported by infrastructure development, political stability, and prudent monetary policies. India's GDP is now the fifth largest globally, with equity market capitalisation reaching Rs. 411 lakh crore in March 2025. This is despite the sizeable contribution of India's informal sector in the overall GDP at 45%.

Between April 2020 and February 2025, the country's primary market equity mobilisation stood at Rs. 12.35 lakh crore, of which 49% has been achieved through public and rights issues. During the same period, India witnessed 247 main board initial public offerings (IPOs) raising Rs. 4.2 lakh crore. Notably, seven of the top 10 all-time largest equity raises occurred over the past five years, amounting to Rs. 1.31 lakh crore. Fund raising through qualified institutional placements (QIPs) and preferential placements also remained strong, generating about 26% and 25%, respectively, of the overall fund raise during this period.

The outperformance of India's capital markets has been an outcome of various policy and regulator reforms, some of which include:

- **Ease of Doing Business:** Reduction in listing timelines, operationalisation of the Social Stock Exchange, and faster approvals supported by digitisation.
- **Market Development:** Measures to enhance liquidity and depth of the corporate bond market, introduction of a backstop facility, and setting new trends in settlement cycles.
- **Transparency and Disclosures:** Enhanced disclosures for debentures, standardisation of offer documents, and leveraging technology for bond covenant transparency.

- **Investor Protection:** Measures to safeguard client collaterals and funds, introduction of unified payments interface (UPI) block facility for secondary trades, and enhanced monitoring of qualified stockbrokers.

Amid multiple global headwinds over the past few years, such as the pandemic, protracted wars and geopolitical tensions, the domestic benchmark indices have outperformed other emerging markets, driven by strong domestic investor participation. Retail investor participation has surged, with unique investors in the National Stock Exchange (NSE) increasing 3.6 times during March 2020–February 2025. The direct investment of domestic households in equities during FY2020–FY2024 stood at Rs. 1.7 lakh crore; while indirect participation through mutual funds (MFs) remained even more prominent. In the past five years, domestic institutional investors have invested a net amount of Rs. 12.9 lakh crore in the cash market segment, with record net inflows of Rs. 6 lakh crore in FY2025.

During March 2020–December 2024, the unique investor base in MFs rose by 2.5 times to 5.3 crore. The MF industry witnessed stellar growth in the past five years, with assets under management (AUM) surging to Rs. 68 lakh crore, up by 2.7 times from March 2020. With remarkable net inflows of over

Rs. 10 lakh crore and sizeable mark-to-market gains, the equity AUM under MFs increased to Rs. 29 lakh crore in February 2025, up by 3.0 times from March 2020. The share of AUM from equity schemes rose to 43% in February 2025 from 34% in March 2020.

With sizeable net flows from domestic investors amid material outflow by foreign portfolio investors (FPIs), the ownership of domestic investors in Indian equities has continued to rise.

As of December 31, 2024, the share of retail ownership held directly and indirectly through MFs stood at 20% in the NSE-listed universe over 16% five years ago, while the ownership share of FPIs declined to 17% from 22%. However, FPIs still own significant share in Indian markets and remain a key determinant of market direction.

The Indian debt capital market has seen significant development over the years. Over the past few years, a series of measures have been undertaken to enhance the liquidity and depth of the corporate bond market. In alignment with the dynamic evolution of domestic capital markets, the policies and regulatory frameworks have undergone significant transformational changes in recent years. As a result, the annual corporate bond issuances have doubled to Rs. 10.9 lakh crore in FY2025 from Rs. 5.2 lakh crore in FY2018. The stock of corporate bond issuances has also more than doubled to more than Rs. 52 lakh crore by March 2025 from Rs. 27 lakh crore as of March 2017.

However, given a higher growth in Government borrowings over this period, the share of corporate borrowings through debt capital markets and money markets (including commercial papers and certificate of deposits) declined to 25% of the total stock of bond and money market instruments by March 2025 from 29% as of March 2017. With the inclusion of Indian Government Bonds in Global Indices in FY2025, the FPIs invested significant quantum of

funds in government securities under fully accessible route (FAR) in FY2025, especially towards the year-end. As per data from National Securities Depository Ltd. (NSDL), FPIs made a net investment of Rs. 1.43 lakh crore in India's debt markets (sovereign and corporate bonds) in FY2025. This was the second highest inflow since FY2015 when FPIs infused Rs. 1.66 lakh crore into the debt market.

Amid global headwinds driven by an increasing protectionist approach on account of the potential impact of new and threatened tariffs from the US, India's economy may witness some moderation in growth, which in turn could impact corporate earnings. Nonetheless, it remains relatively insulated from the shock since external demand makes up a small portion of its GDP. Additionally, recent tax incentives and an accommodative stance on the monetary policy should help boost the domestic economy and absorb the shock of the tariffs on overall growth relative to other vulnerable economies.

However, with developed economies comprising over 85% of the MSCI World Index, any downturn in these markets could trigger significant ripple effects across global markets, including India, underscoring the need for heightened risk management. While the above factors may have a near-to-medium term impact, with India's long-term vision to become a developed country, the continued improvement in our core strengths and domestic opportunities will be drivers for sustained growth.



Growth Catalyst for Viksit Bharat @2047

India's vision for 2047, marking 100 years of independence, is to transform into a developed nation, or 'Viksit Bharat'. Achieving this ambitious goal requires a multifaceted approach, leveraging various growth catalysts to drive economic, social, and technological advancements.

Sustained Economic Reforms and Infrastructure Development: Economic reforms are crucial for sustained growth. Simplifying regulatory frameworks, enhancing ease of doing business, and fostering a conducive environment for startups and Small and Medium Enterprises (SMEs) will stimulate economic activity. Infrastructure development, including modernising transportation networks, expanding digital infrastructure, and ensuring reliable energy supply, will support industrial growth and improve the quality of life.

Continued Innovation and Technology: Innovation and technology are pivotal for India's transformation. Investing in research and development (R&D), promoting Science, technology, engineering, and mathematics (STEM) education, and fostering a culture of innovation will drive technological advancements. Embracing emerging technologies like artificial intelligence, blockchain, and renewable energy solutions will enhance productivity and sustainability.

Investing in Human Capital Development: Improving access to quality education and healthcare, promoting skill development, and ensuring gender equality will empower the workforce. A healthy, educated, and skilled population will drive economic growth and social progress.

Sustainable Development: Sustainability is a key pillar for Viksit Bharat. Adopting green technologies, promoting renewable energy, and implementing sustainable agricultural practices will ensure environmental conservation. Urban planning should focus on creating smart, sustainable cities that provide a high quality of life while minimising ecological impact.

Governance and Institutional Reforms: Effective governance and robust institutions are fundamental. Strengthening democratic institutions, ensuring transparency, and combating corruption will build public trust and create a stable environment for growth. Decentralisation and empowerment of local government bodies will enhance governance efficiency and responsiveness.

Global Integration: Integrating with the global economy will open new avenues for growth. Strengthening trade relations, attracting foreign investments, and participating in global value chains will enhance economic resilience. Promoting cultural diplomacy and international cooperation will bolster India's global standing.

Achieving Viksit Bharat by 2047 is an ambitious yet attainable goal. By leveraging economic reforms, technological innovation, human capital development, sustainable practices, effective governance, and global integration, India can transform into a developed nation, ensuring prosperity and well-being for all its citizens.

Current Scenario in Indian Capital Markets

Equity Capital Markets

Indian equities continue to be a promising story accompanied by significant improvements in market inclusivity and resilience

Supported by infrastructure development, political stability at the Central Government level, and prudent monetary policies, India has emerged as a stronger and more stable economy from the pandemic. While a decade ago, India's GDP was the eleventh largest in the world, the size of India's GDP is currently ranked fifth, after the US, China, Germany, and Japan. In addition, significant growth in domestic capital markets has played a crucial role in resource mobilisation, thereby driving innovation and investments.

Though the contribution of the informal sector in the country's overall GDP remains as high as 45%,

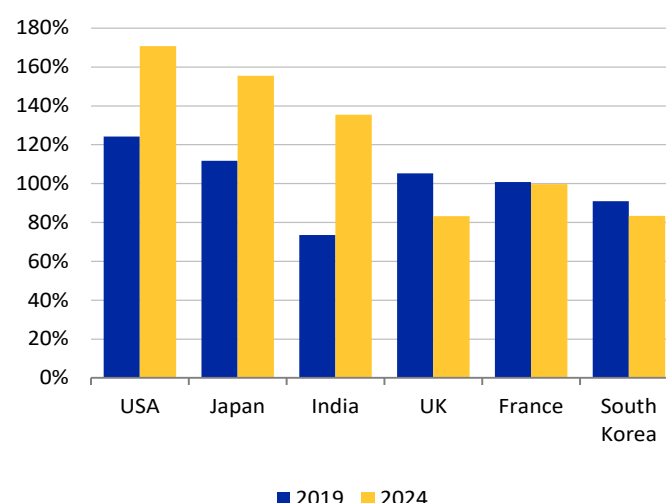
it has witnessed a sizeable expansion in market capitalisation, outpacing the GDP growth rate in the past five years. The soaring market capitalisation of NSE-listed companies reached Rs. 411 lakh crore in March 2025, thereby positioning India as the fourth-largest market globally, behind only the US, China and Japan. Currently, India's market capitalisation to GDP compares well with developed economies, thereby highlighting high investor expectations of future growth. Currently, the financial sector (banks), information and technology, automobiles and ancillaries, and the healthcare sector collectively account for over 40% of market capitalisation of companies listed in the NSE.

Exhibit: Trend in NSE market cap and as % of GDP in India



Source: ICRA Research, RBI, NSE; GDP at current prices

Exhibit: Trend in market cap to GDP in other economies



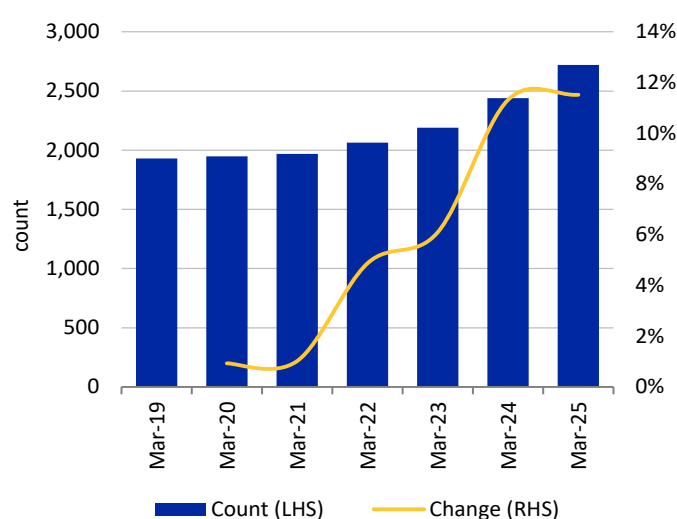
Source: ICRA Research, CEIC, World Bank

The market capitalisation in recent years has been driven by newly listed companies besides an expansion in valuations. Currently, there are ~110 stocks with a market capitalisation exceeding \$ 1,000 crore up from just 30 in the pre-Covid period. In regard to market capitalisation, the proportion of such companies compares well with other developed economies.

The domestic capital markets have demonstrated a remarkable performance over the past decade. The broader benchmark indices demonstrated a strong recovery following a major dip in March 2020 on account of the announcement of lockdowns due to the Covid-19 pandemic. Despite intermittent correction amid periodic global headwinds, supported

by strong participation of domestic investors, the domestic benchmark indices have outperformed emerging market indices. In the past five years, the domestic broader bench market indices delivered compounded annual returns of 22% compared to other major emerging market indices (IBOVESPA, Brazil, at 12%, and Shanghai Composite, China, at 4%). While India witnessed net foreign institutional investor (FII) outflows, in line with many other emerging economies, the domestic capital markets remained largely resilient supported by the healthy participation of domestic investors. Spurred by a consumption-driven narrative, the domestic markets continue to trade at significant premium valuation to other major economies.

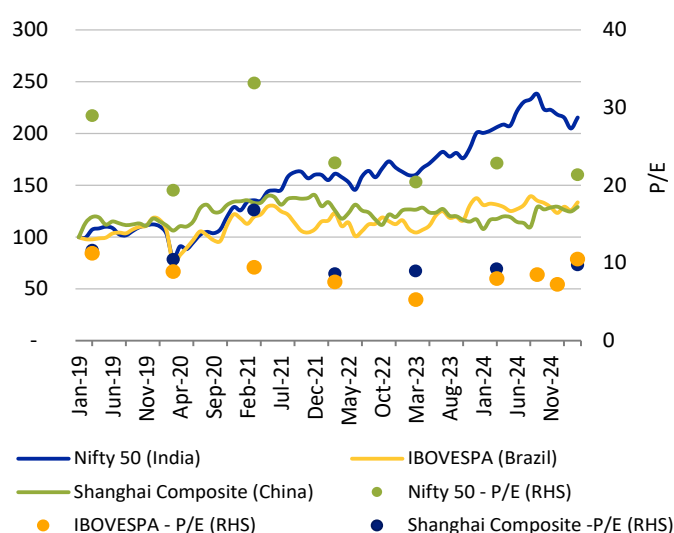
Exhibit: Trend in count of listed companies – NSE



Source: ICRA Research, NSE

Going forward, India's economy may witness some moderation in growth on account of potential impact of new and threatened tariffs from the US, which could impact corporate earnings. Nonetheless, the same remains insulated from the shock since external demand makes up a small portion of India's GDP. Additionally, recent tax incentives and an accommodative stance on monetary policy should

Exhibit: Benchmark indices movement-emerging markets



Source: ICRA Research, NSE, Yahoo Finance

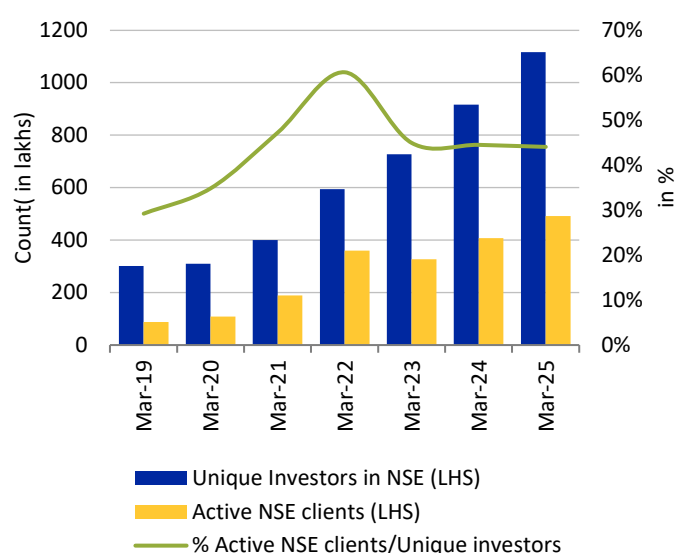
help boost the domestic economy and dampen the shock of the tariffs on overall growth relative to other vulnerable economies. However, with developed economies comprising over 85% of the MSCI World Index, any downturn in these markets could trigger significant ripple effects across global markets, including India, underscoring the need for heightened risk management.

Surge in retail investor participation driven by high-risk appetite, internet penetration and user-friendly processes

The domestic capital markets have witnessed a significant surge in retail investor participation as is evident from the exponential rise in unique investor registration in NSE. While it took 14 years for NSE to reach 1 crore investors since the commencement of its operations, the pace of growth has significantly accelerated following the pandemic. Between March 2020 and February 2025, the unique investors

participating directly through NSE have increased by 3.6 times to 11.2 crore, translating to ~1.6 crore per year. Additionally, the industry has witnessed a prominent shift in trading activity as evidenced by the rise in active clients (traded in the past 12 months) as a percentage of unique investors; despite intermittent moderation.

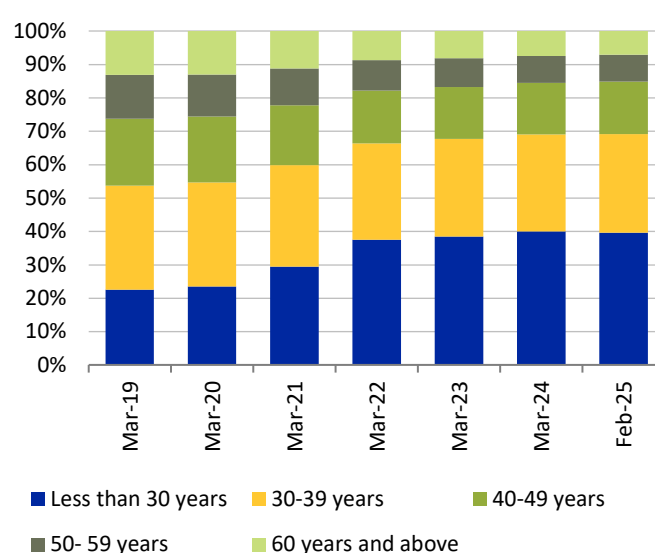
Exhibit: Trend in investors, active clients and activity – NSE



Source: ICRA Research, NSE

While the work-from-home option and limited investment opportunities, given the low yielding investment avenues during the pandemic, triggered retail interest in equity markets, retail participation has remained strong in the subsequent years, driven by heightened enthusiasm and interest among young risk embracing investors with better internet accessibility. With sizeable increase in participation of young investors, the median/mean age has reduced to 32–36 in February 2025 from 38–41 in March 2019.

Exhibit: Distribution of individual investors by age – NSE

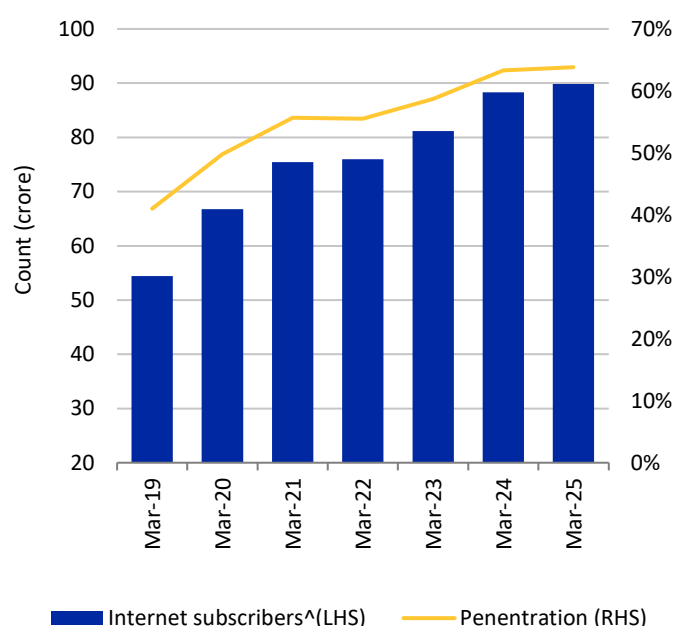


Source: ICRA Research, NSE

Improved internet accessibility has boosted investor participation by facilitating quicker registrations, increasing financial awareness, and extending reach to tier-II and beyond cities. With substantial improvement in internet penetration in recent years, the domestic markets have witnessed rise in investor participation beyond the top 100 districts. According to an NSE communication, ~47% of the investor registrations in the first 11 months of FY2025 originated from districts beyond the top 100, while

62% came from districts beyond the top 50, signalling the decentralisation of the country's investor base. Despite the sizeable increase in retail participation, India's equity penetration remains low at about 8%

Exhibit: Trend in internet subscribers and penetration

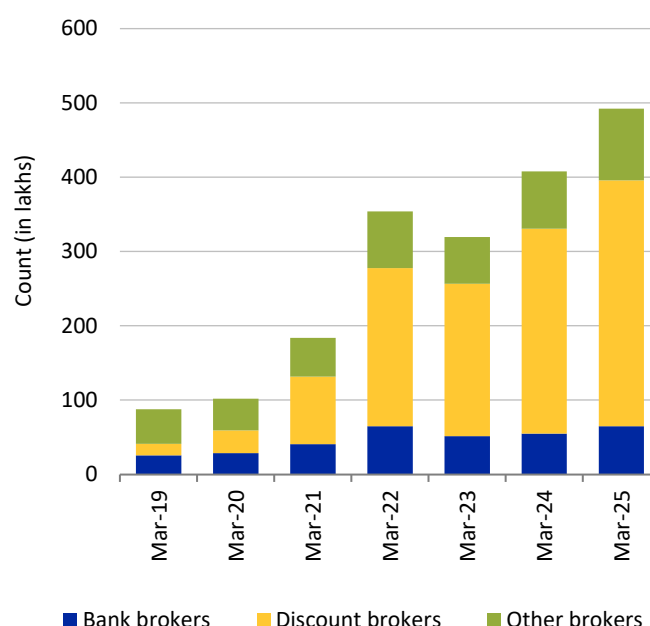


Source: ICRA Research, TRAI, RBI, CEIC, ^ Mobile internet users

A key beneficiary of increasing internet penetration has been discount brokers. Discount brokers, by virtue of their user-friendly interface and low brokerage cost, have significantly scaled up their positions and emerged as the leading category of brokerage

compared to about 15-20% for China, about 45-50% for USA, and 55-60% for Japan, indicating significant potential for growth.

Exhibit: Trend in active clients – broker-wise



Source: ICRA Research, NSE

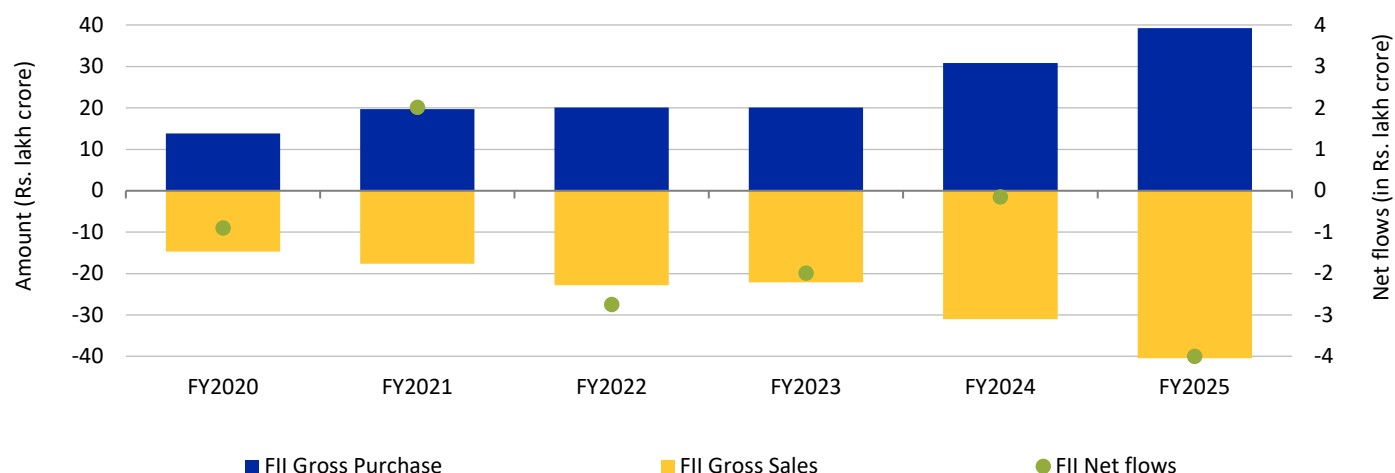
houses in terms of active NSE clients. Consequently, the share of discount brokerage houses among NSE active clients increased to about 67% in March 2025 from a mere 17% in March 2019.

Progressive financialisation of savings has increased domestic investor ownership, complementing FII flows and enhancing market stability

Since 2020, retail investors have become substantial net buyers of Indian equities, further solidifying their position in the following years. The direct investment of domestic households in equities during FY2020–FY2024 stood at 1.7 lakh crore. The indirect

participation through mutual funds remained even more prominent. In the past five years, domestic institutional investors have invested a net amount of Rs. 12.9 lakh crore in the cash market segment, with record net inflows of Rs. 6 lakh crore in FY2025.

Exhibit: Trend in FII flows in cash

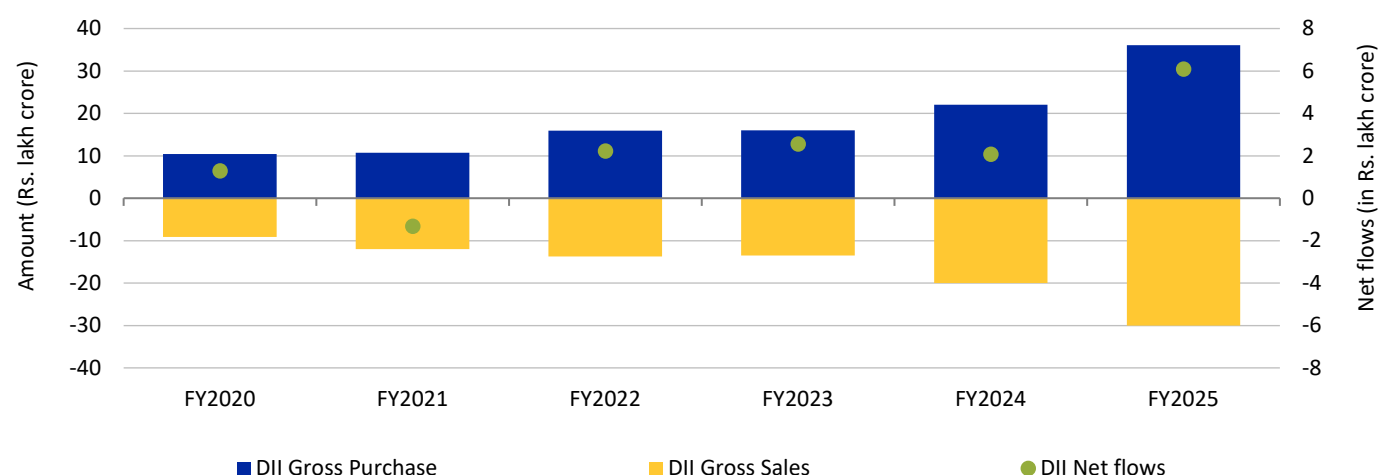


Source: ICRA Research, Money control

Historically, the trend in FII flows have determined the direction for markets in India's stock exchanges; however, with increasing retail participation in equities, retail investors have been a strong counterbalancing force for FII flows. While FPIs have cumulatively net sold Rs. 7.8 lakh crore in the past five fiscals amid a weakening rupee, concerns of elevated valuations, geopolitical uncertainties, a strong growth outlook, and elevated interest rates in

the US, direct and indirect participation of domestic investors have supported the markets. This strong support is evidenced by the increasing resilience of Indian markets during periods of FPI outflows. For example, in October 2024, despite FPI outflows of Rs. 1.1 lakh crore, the Nifty 50 index corrected by only 6.2% compared to over 23% correction in March 2020 with FPI selling of Rs. 0.66 lakh crore.

Exhibit: Trend in DII flows in cash

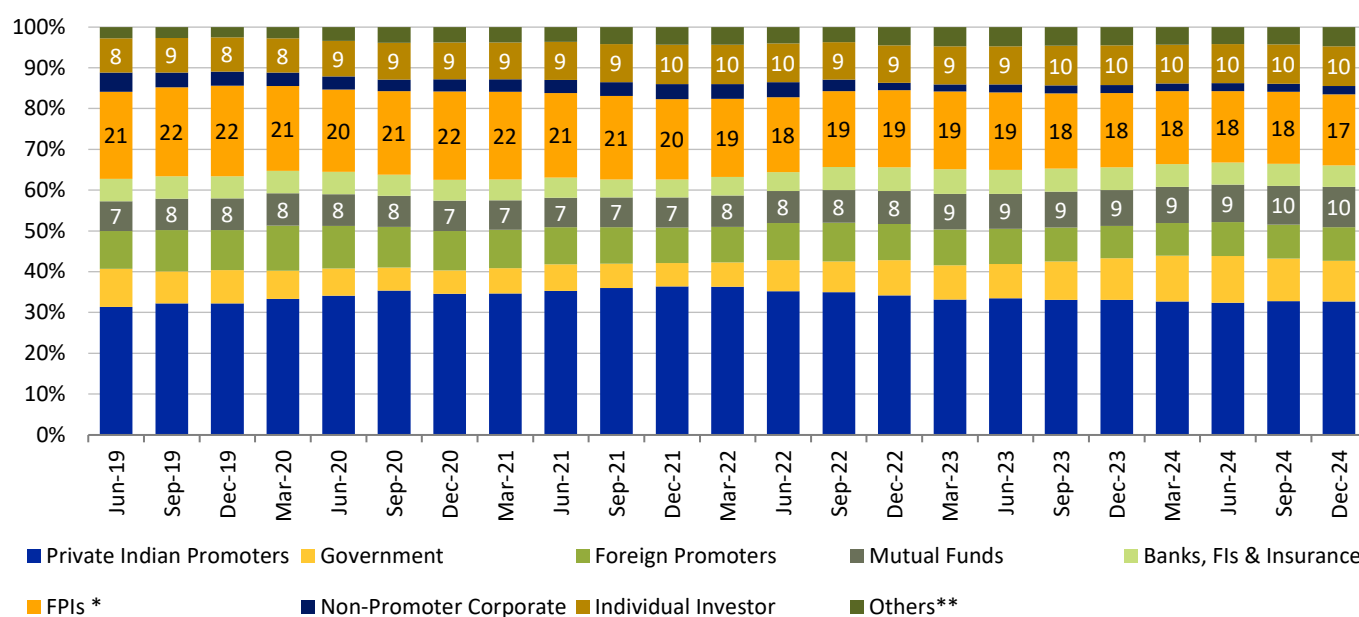


Source: ICRA Research, Money control

With sizeable net flows from domestic investors amid material outflow by FPIs, the ownership of domestic investors in Indian equities has continued to rise. As of December 31, 2024, the share of retail ownership held directly and indirectly through MFs stood at 20%

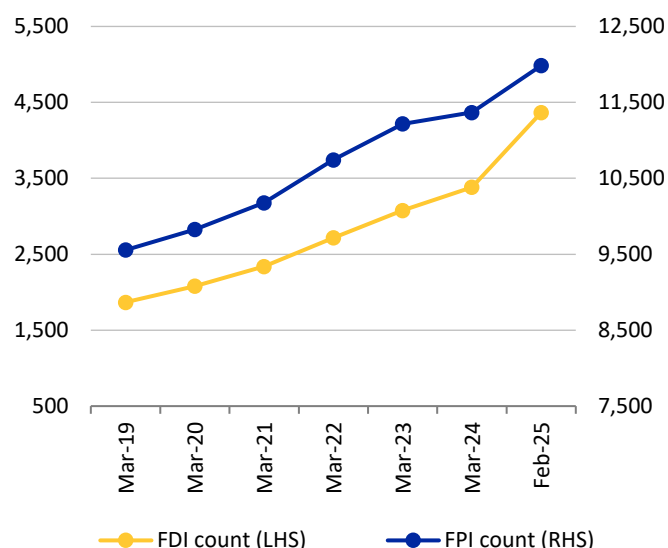
in the NSE-listed universe over 16% five years ago, while the ownership share of FPIs declined to 17% from 22%. However, FPIs still own significant share in Indian markets and remain a key determinant of market direction.

Exhibit: Trend in ownership of key stakeholders in NSE-listed universe



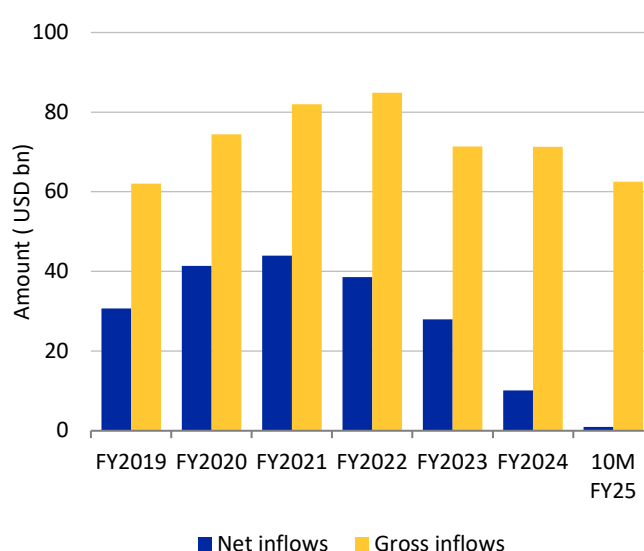
Source: ICRA Research, NSE; *FPI ownership includes ownership through depository receipts held by custodians; ** Others include other institutional non-promoters, other non-institutional non-promoters and Government non-promoters.

Exhibit: Trend in registrations of foreign investors



Source: ICRA Research, SEBI

Exhibit: Trend in gross and net FDI inflows



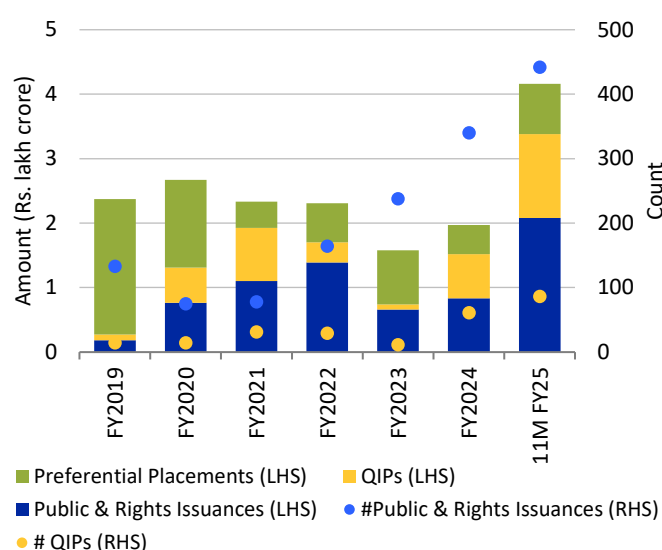
Source: ICRA Research, RBI

Primary markets played a key role in resource mobilisation with significant expansion in investor base

Buoyant market conditions and heightened investor interest have significantly bolstered the primary markets, leading to robust resource mobilization and broad investor participation. Between April 2020 and February 2025, primary market equity mobilisation stood at Rs. 12.35 lakh crore with 49% of this achieved through public and rights issues. During the same period, India witnessed 247 main board IPOs

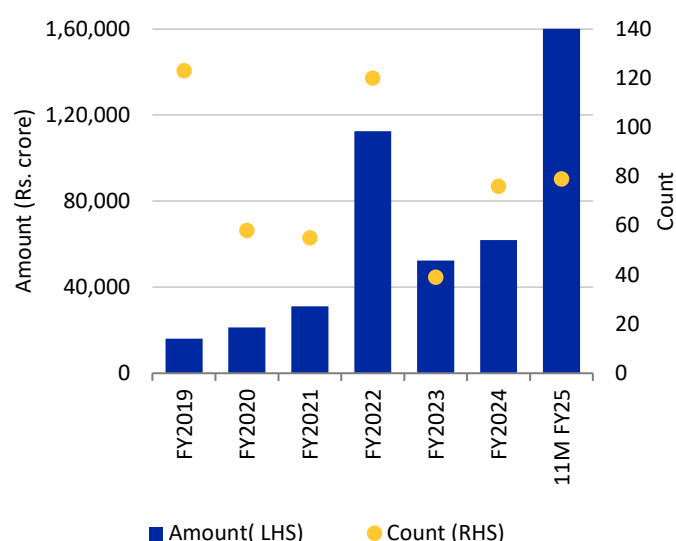
raising Rs. 4.2 lakh crore. Notably, seven of the top 10 all-time largest equity raises occurred in the past five years, amounting to Rs. 1.31 lakh crore. Fund raising through QIPs and preferential placements also remained strong contributing about 26% and 25%, respectively, of the overall fund raise during this period.

Exhibit: Trend in resource mobilisation (equity)



Source: ICRA Research, SEBI

Exhibit: Trend main board IPOs



Source: ICRA Research, SEBI



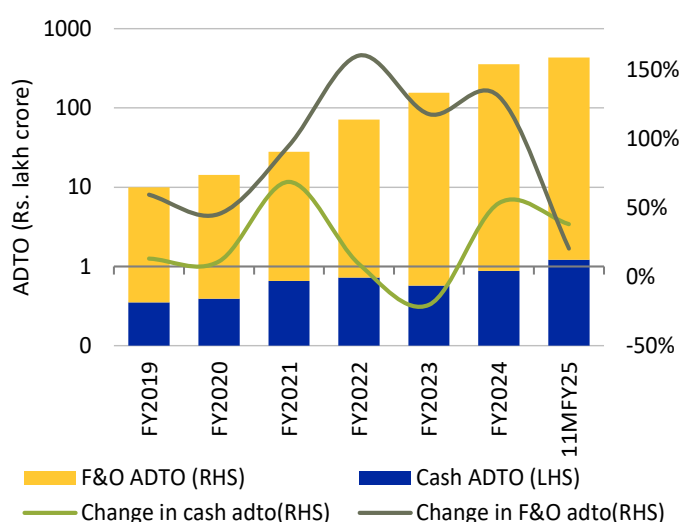
Substantial rise in investor participation drove multifold increase in transaction volumes, enhancing market depth

Driven by a substantial rise in investor participation in both cash and derivative segments, overall trading volumes have increased multifold over the past five years. The average daily trading volumes in the cash segment rose to Rs. 1.2 lakh crore in the first 11 months of FY2025, marking a 3.5 times increase from FY2019. The surge in derivative volumes was even more pronounced, fuelled by exchange initiatives and a shift in the risk-reward appetite among new investors. During the same period, the average daily turnover in derivative segments soared to Rs. 431

lakh crore, a 45-fold increase from FY2019; while the average contracts executed per day also rose by 44 times during the same period.

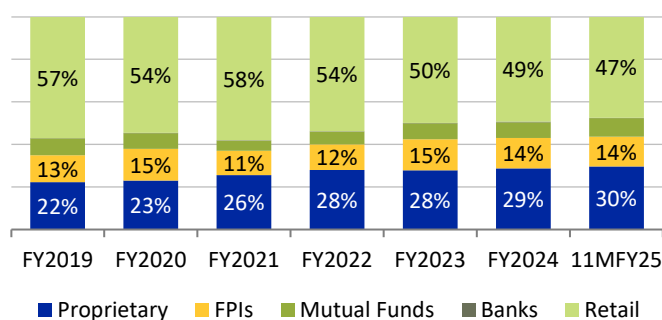
While high trading volume signifies strong market liquidity, accurate price discovery, enhanced market confidence, reduced transaction costs, and robust market sentiment, facilitating efficient buying and selling of assets in financial markets underscores the need for heightened vigilance for ensuring market stability and investor protection.

Exhibit: Trend in equity market average daily turnover



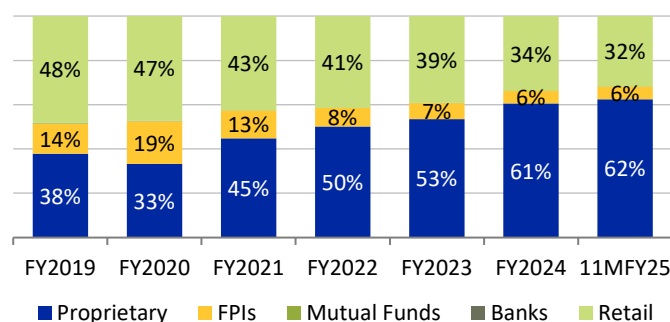
Source: ICRA Research, SEBI

Exhibit: Trend in cash volumes – investor-wise



Source: ICRA Research, SEBI

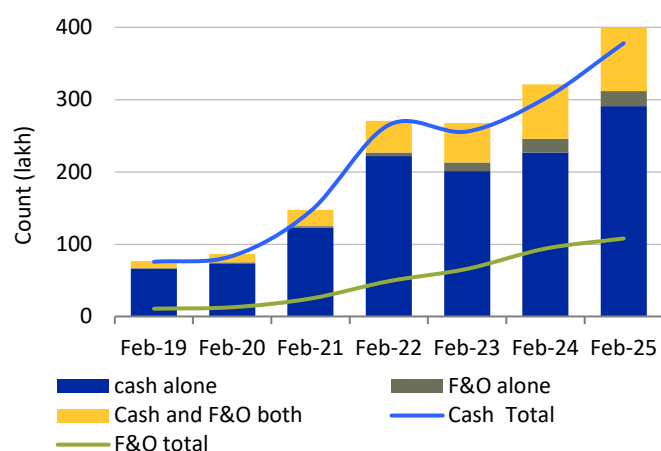
Exhibit: Trend in derivatives volumes – investor-wise



The strong returns generated by domestic equity markets over last five years resulted in a significant accretion to household wealth. According to an NSE report, the household wealth in Indian equities increased by over Rs. 40 lakh crore in the past five years (2020-2024; as of September 2024). However, a select group of investors engaged in derivative trading witnessed sizeable losses.

As shown in the exhibit below, the industry witnessed a sizeable increase in retail participation in index derivatives amid sachetisation of index derivatives, new launches and dedicated expiries a day. The number of unique individual traders engaging in derivatives touched the 108-lakh mark in February 2025 from about 11 lakh in February 2019, a jump of ~10 times. However, a concerning trend was the sizeable losses incurred by a major share of derivative traders.

Exhibit: Count of individual investors across NSE segments

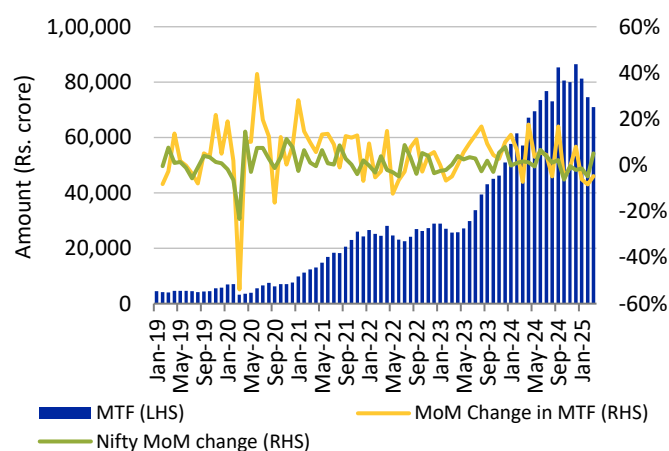


Source: ICRA Research, NSE

Another key development in the past five years has been the growing prominence of margin trade financing (MTF) facilities. Under this facility, investors are required to pay an initial margin in the form of cash, cash equivalents, or Group I equity shares, with an appropriate haircut, while the remaining transaction value is funded by the client's broker. Driven by substantial retail investor participation

As per a SEBI study, nine out of 10 traders engaged in derivative trading incurred significant losses. The case was more concerning for the low-income segment characterised by annual income below Rs. 5 lakh. In FY2024, low-income traders, who accounted for about 75% of overall futures & options (F&O) traders, incurred average losses of Rs. 60,000, a considerable share of their annual income. In light of this, the regulator implemented several measures for strengthening index derivative framework in recent months for ensuring market stability and enhancing investor protection. With the phased implementation of these measures, while the industry has witnessed a moderation in derivative volumes, the same is expected to augur well for the industry in the long run.

Exhibit: Trend in MTF



Source: ICRA Research, NSE, BSE

and favourable industry conditions, the aggregate industry MTF exposures grew approximately 22 times over the past six years, reaching Rs. 71,063 crore as of March 31, 2025. Bank brokers, leveraging their competitiveness in money market borrowings, have captured a dominant market share in the MTF segment.

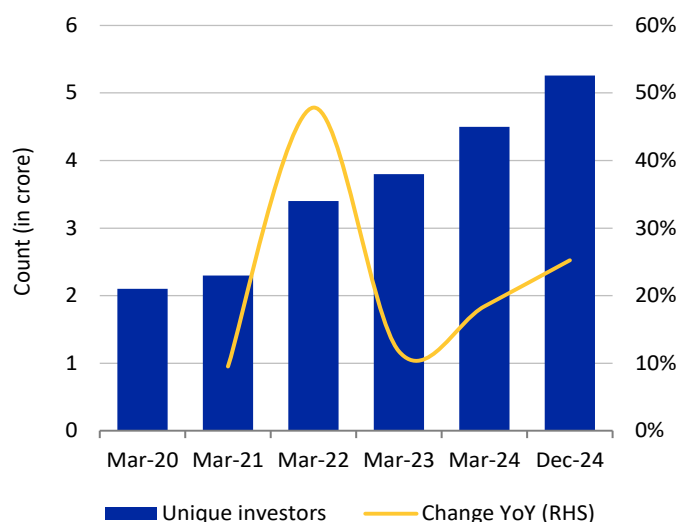
Mutual Funds

Surge in retail participation in mutual funds propels the industry to unprecedented heights

In the past few years, mutual funds have emerged as a popular investment channel for retail investors. This surge has been driven by enhanced access through digitisation initiatives, rising income levels, improved financial awareness, and a shift towards higher risk appetite investments. During March 2020–December 2024, the unique investor base in MFs rose by 2.5 times to 5.3 crore; while the total number of accounts touched 23.45 crore in March 2025. Notably, the number of folios under equity-oriented schemes, which attract most retail investments (contributing 88% of equity AUM), stood at approximately 18.58 crore, accounting for 80% of overall folios. Despite the significant scale-up in investor base, the penetration remains low at about 4%, indicating significant potential for future growth.

The mutual fund industry witnessed stellar growth in the past five years, with AUM surging to Rs. 68 lakh crore, up by 2.7 times from March 2020. The growth was largely led by equity mutual fund schemes, which witnessed significant increase in retail participation. With remarkable net inflows of over Rs. 10 lakh crore and sizeable mark-to-market gains, the equity AUM under MFs increased to Rs. 29 lakh crore in February 2025, up by 3 times from March 2020. The share of

Exhibit: Trend in unique investors in MFs

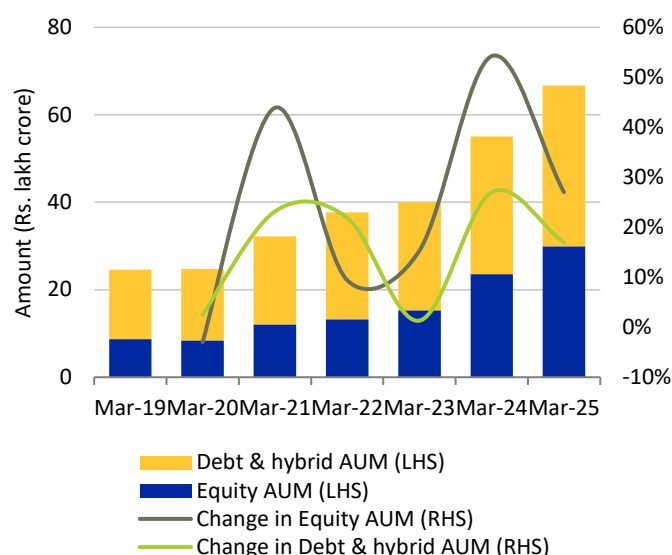


Source: ICRA Research, AMFI

AUM from equity schemes rose to 43% in February 2025 from 34% in March 2020. The debt-oriented MF schemes, wherein a major share of investments is from institutional investors, also registered a healthy compound annual growth rate (CAGR) of about 19% during March 2020–February 2025. As on February 2025, 60% of MF AUM was held by individuals, while the remaining largely comprised debt-oriented investments held by institutional investors.



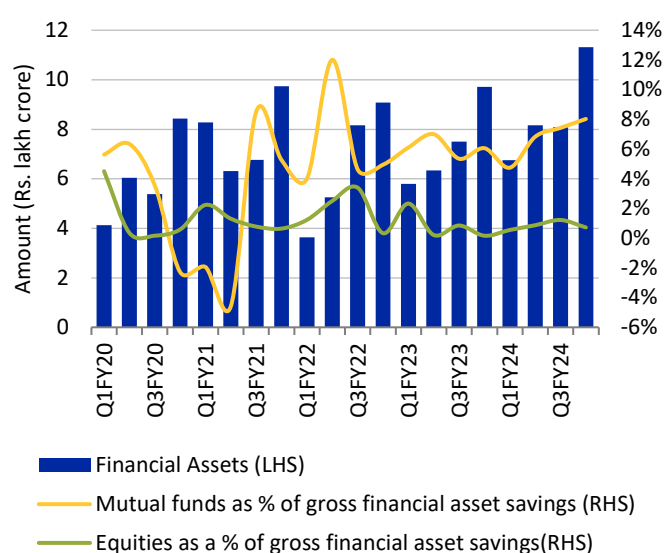
Exhibit: Trend in mutual fund AUM



Source: ICRA Research, AMFI

While bank deposits and dedicated vehicles for retirement savings continue to account for a major share in flow of household savings into financial assets, as evidenced from the above exhibit, the trend has started shifting towards mutual funds amid shifting preference towards higher return and tax

Exhibit: Trend in flow of household savings in MFs & equities



Source: ICRA Research, RBI

efficient investment avenues. As of March 2024, the share of mutual funds in household financial assets increased to 11% from 7% in March 2020. With record inflows in FY2025, the same is estimated to further increase.

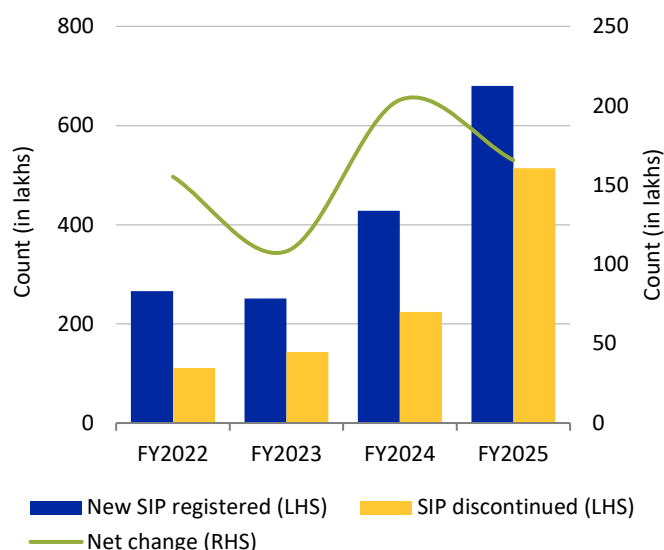
Retail investors demonstrated confidence in markets through systemic approach towards investments

A transformative shift in retail investment behaviour is evident from the growing popularity of Systematic Investment Plans (SIPs). Awareness campaigns promoting mutual funds have led to a significant surge in SIP registrations, indicating a resilient, disciplined, and informed approach adopted by retail investors.

Over the past four years, new SIP registrations have surged to 6.8 crore in FY2025 from 2.7 crore in FY2022. The net increase in SIP accounts during this period stood at about 6.3 crore, representing

~34% of outstanding accounts. Further, as shown in the exhibit below, the SIP contributions have also continued to rise; despite intermittent moderation on account of macro-economic headwinds. Over the past five years, SIP contributions have grown by 3 times to about Rs. 2.9 lakh crore in FY2025. A significant share of SIP contributions, over 80%, is directed towards equity-oriented schemes, which in FY2025 were estimated at 25-30% of the gross resource mobilisation by these schemes.

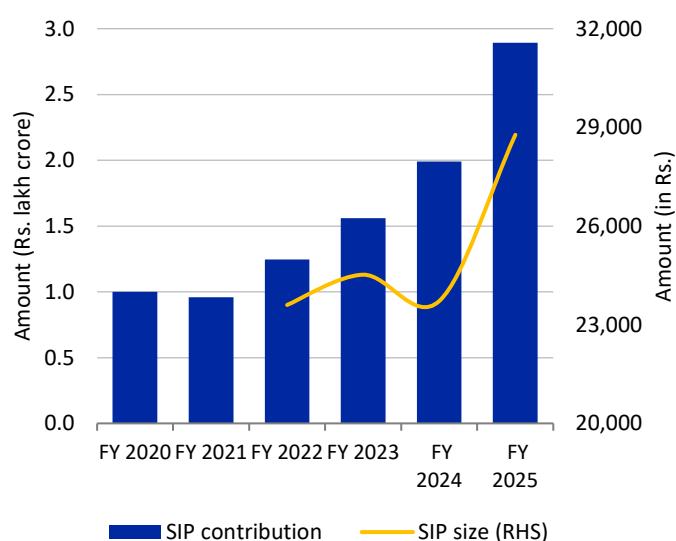
Exhibit: Trend in SIP accounts



Source: ICRA Research, AMFI

With a more disciplined and patient approach towards investments, the average holding period in equity-oriented schemes has shifted towards longer durations. Despite the substantial inflows over the past two years, as shown in the adjacent exhibit, the

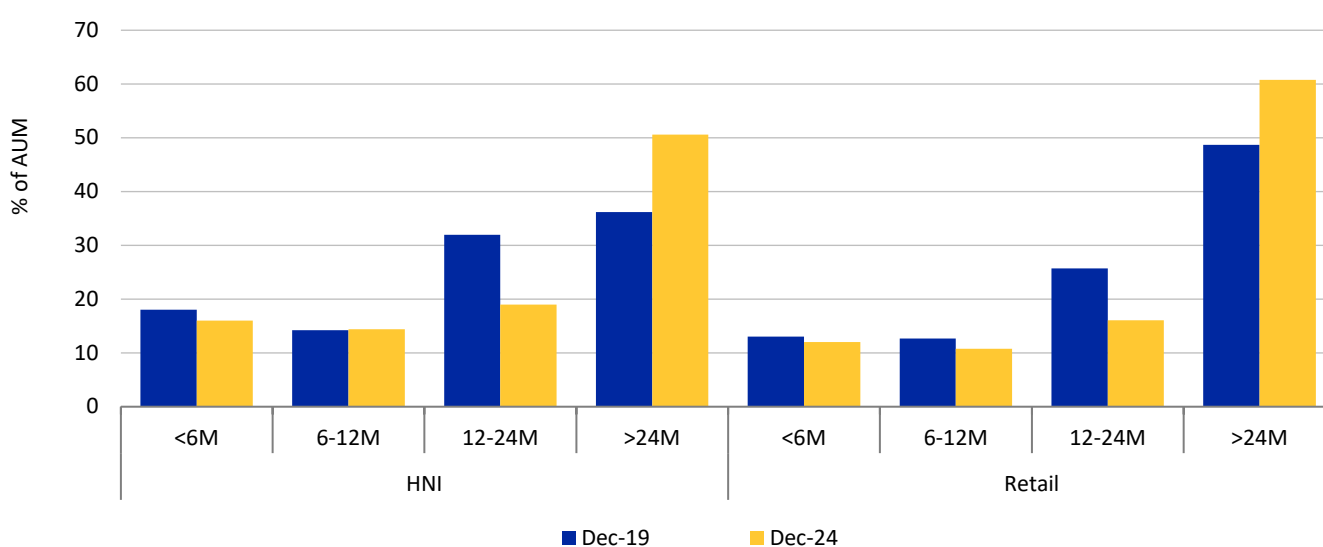
Exhibit: Trend in SIP contribution



Source: ICRA Research, AMFI

share of equity AUM held for more than 24 months by retail investors increased to 61% in December 2025, up from 49% in December 2019. For high net worth individuals (HNIs), this share rose to 51% from 36%.

Exhibit: Trend in holding horizons of retail in equity



Source: ICRA Research, AMFI

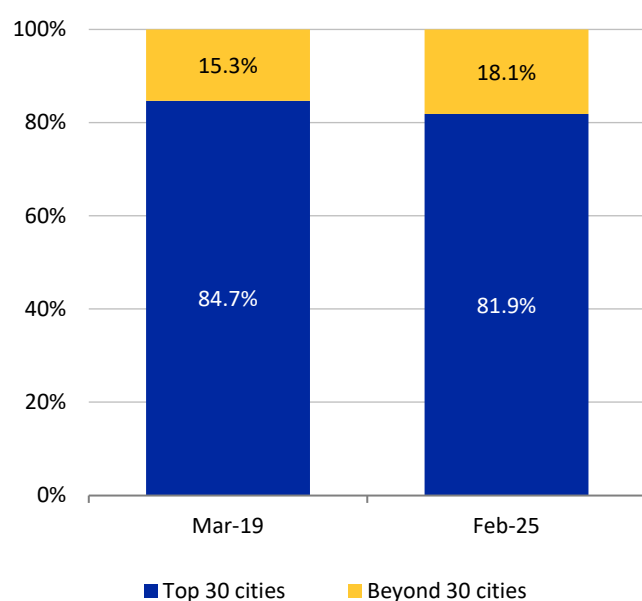
Digitisation initiatives propel mutual fund penetration

Driven by digitisation initiatives, the mutual fund industry's penetration beyond the top 30 cities (B30) has significantly improved in recent years. As shown in the exhibit below, the contribution of B30 cities to the overall AUM of the industry increased to approximately 18% in February 2025, up from around 15% in March 2019. Furthermore, investments from B30 cities have exhibited a strong preference for equity-oriented investments. As of February 2025, the share of equity assets in the overall AUM from

B30 cities stood at 86%, compared to 53% from the top 30 cities.

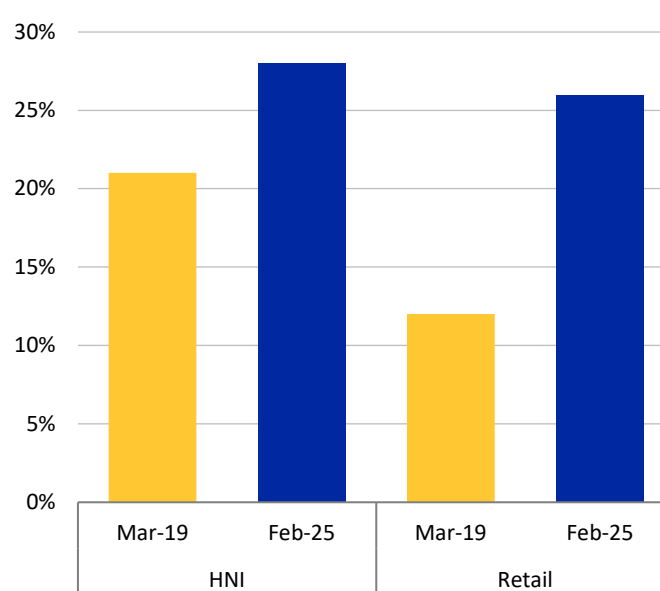
Digitisation initiatives have also resulted in a shifting trend towards 'do it yourself' (DIY) investments in direct mutual funds. The share of retail investors investing through direct schemes increased to 26% in February 2025 from 12% in March 2019, while the same increased to 28% from 21% for HNIs.

Exhibit: AUM mix across T30 and B30 cities



Source: ICRA Research, AMFI

Exhibit: Share of direct investments—individual investor count



Source: ICRA Research, AMFI

Debt Capital Market

The debt capital market segment provides a platform for issuances and trading of debt securities, also known as fixed-income securities. These securities can be primarily of three types—namely, corporate bonds, government dated securities, and money market instruments.

Debt capital markets play a crucial role in the country's overall financial system. An efficient and well-developed debt capital market helps make raising debt funds easy for the issuers. It reduces their dependence on the banking system and brings issuers and investors together on a single platform to meet the funding requirements of entities and the investing requirements of investors. Investors gain access to additional investment avenues beyond fixed deposits offered by banks with an option to exit from an efficient secondary market. Thus, for a debt capital market to be functional, not only primary but a well-developed secondary market is also essential.

Indian Debt Capital Market Evolution: The Indian debt capital market has seen significant development over the years. Over the past few years, a series of measures have been undertaken to enhance the liquidity and depth of the corporate bond market. In alignment with the dynamic evolution of domestic capital markets, the policies and regulatory frameworks have undergone significant transformational changes in recent years. These measures have substantially enhanced the ease of doing business, supported market development and improved its efficiency, built transparency, mitigated risks and safeguarded investor interests, and promoted financial awareness.

Here are some of the key milestones, which have shaped the current corporate bond market:

Early Stages: Until the late 1980s, India's economic development was centrally planned, with a significant role for the public sector. Government borrowing

was primarily financed through public sector banks and financial institutions.

Reforms in the 1990s: The liberalisation of the Indian economy in the early 1990s led to significant reforms in the financial sector. This included the introduction of market-determined interest rates and the establishment of a more active government securities market.

1992 – Establishment of SEBI: SEBI was established to regulate the securities market, including the debt market, ensuring transparency and investor protection.

2000 – Introduction of the Clearing Corporation of India Ltd. (CCIL): CCIL was established to provide guaranteed settlement of trades in Government securities, money market instruments, and foreign exchange.

2007 – Launch of the Reporting Platform for Corporate Bonds: SEBI introduced measures to develop the corporate bond market, including the introduction of a reporting platform for corporate bonds to capture real time data on corporate bond trading. Recognised stock exchanges, viz., NSE and Bombay Stock Exchange (BSE), were authorised to establish and maintain the said platform.

2013 – Introduction of the Debt Market Segment on NSE: This segment allowed for the listing and trading of debt securities, improving liquidity and transparency.

2015 – Implementation of the Electronic Bidding Platform (EBP): The EBP was introduced for private placement of debt securities, streamlining the issuance process.

2018 – Mandating Large Corporates for Incremental Borrowings via Bonds: To deepen the corporate bonds market, SEBI mandated large corporates with credit rating of AA and above, and at least Rs. 100

crore of borrowings, to raise at least 25% of their incremental borrowings via bonds.

2021 – Launch of the Retail Direct Scheme: This scheme allowed individual investors to directly invest in Government securities, broadening the investor base.

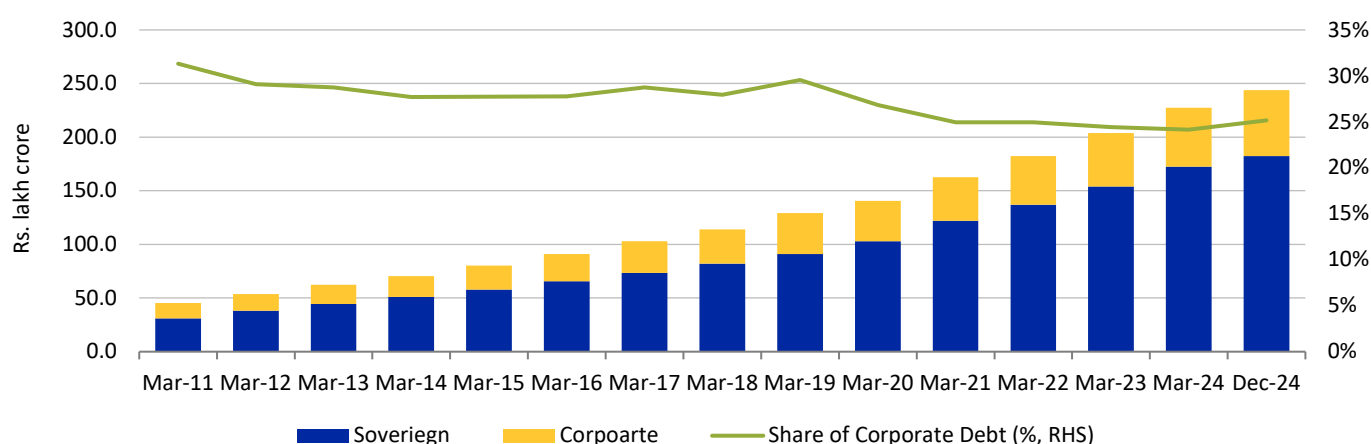
2024 – Inclusion of Indian Government Bonds in Global Indices: This inclusion increased foreign investor participation and brought more visibility to the Indian debt market.

These milestones reflect the ongoing efforts to enhance the depth, liquidity, and accessibility of

the Indian debt capital market. Consequently, the corporate bond issuances reached a record Rs. 10.9 lakh crore in FY2025, marking a significant increase and highlighting the growing importance of the debt market.

Indian Debt Market Composition: In the Indian context, the debt capital market has been dominated by Government securities followed by money market securities. The corporate bond market has remained small compared to the Government securities market and has been predominantly occupied by AAA and AA category issuers.

Exhibit: Trend in debt market composition



Source: RBI, SEBI, CCIL, ICRA research. Corporate debt includes debt issued by financial sector entities including banks, financial institutions and NBFCs

As shown in the exhibit above, the corporate debt (including commercial paper (CP) and certificate of deposit (CD)) raised from the market has grown at a CAGR of 11% since FY2011. However, at the same time, Government debt has increased at a higher pace of around 14%, and as a result, the share of corporate debt in the total market debt has declined to ~25% as on December 31, 2024 from ~31% as on March 31, 2011. Some of the key reasons for this slower growth in the corporate debt market include:

1. Debt market participation remains limited to a few highly rated issuers with a limited investor base restricted to insurance companies, pension

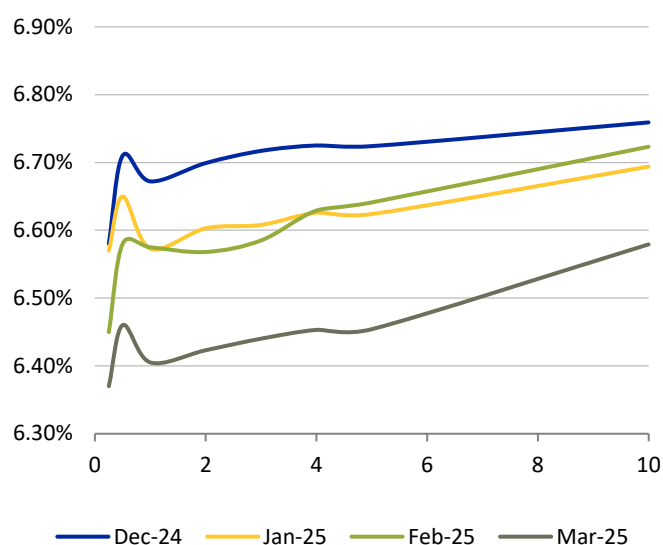
trusts, and mutual funds. Though various measures by regulators have led to increase in the number of issuers and investors. However, sizeable issuances continue to be done by few select players, whereas a large number of players raise small funds through the private placement route.

2. Given the relatively smaller number of big issuers and lack of investor interest in low rated bonds, the overall secondary market transactions also remain limited. This restricts the liquidity of corporate bonds.

The corporate bond issuances have been primarily carried out by issuers with high credit ratings. There has been steady increase in the number of entities raising funds via private placement of bonds; however, in terms of volume of debt raised, the market predominantly belongs to high-rated issuers. This is primarily on account of investor preference and consequent high volumes providing liquidity in the secondary market for high-rated issuers.

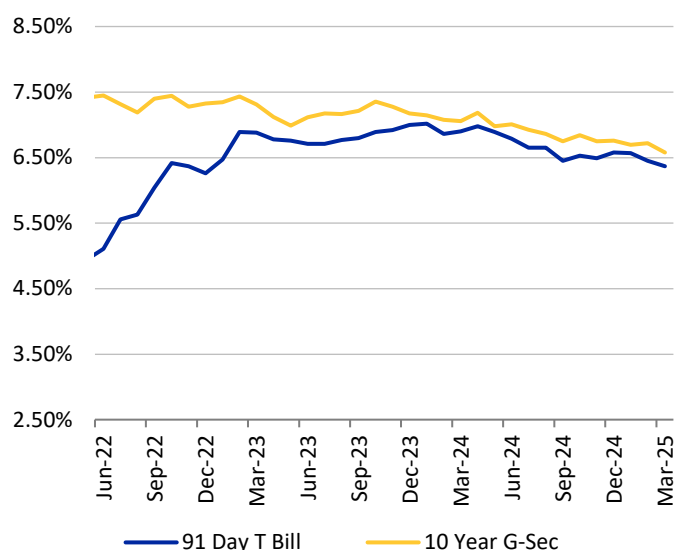
Nevertheless, there have been gradual increase in low-rated/ small entities coming to the bonds market to raise funds. Increased usage of transparent platforms like EBP and extension to more issuers is making the bonds market accessible to small players as well. ICRA estimates that given the ongoing growth and measures taken by regulatory authorities, the Indian bonds market is set for continued expansion, attracting both domestic and international investors.

Exhibit: 10-year G-Sec yield curve (month-end rates)



Source Refinitiv, ICRA Research

Exhibit: Movement in key gilt rates



Source Refinitiv, ICRA Research



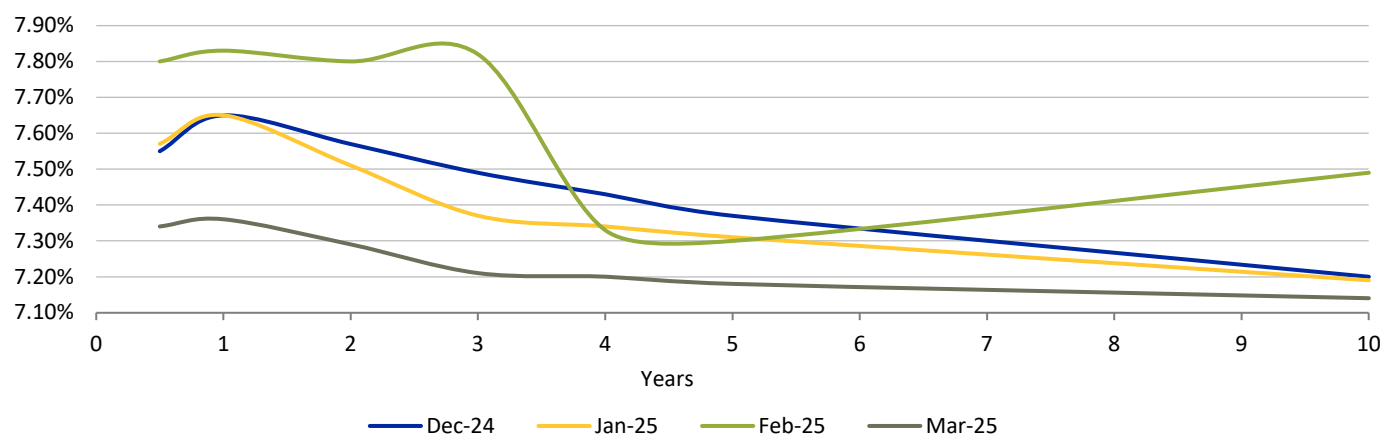
Recent Trends in Indian Debt Capital Market: The Government of India's (GoI) net market borrowings are budgeted to decline marginally in FY2026 with an estimate of Rs. 11.54 lakh crore for FY2026, 0.8% lower than Rs. 11.63 lakh crore in FY2025. With redemptions rising by ~38% YoY, gross borrowings are estimated to rise by 5.8% to Rs. 14.82 lakh crore in FY2026 from Rs. 14.01 lakh crore in FY2025. Of this, the GoI has planned to borrow ~54% or Rs. 8.0 lakh crore in H1 FY2025 (~53% or Rs. 7.4 lakh crore in H1 FY2024).

Though the 10-year yields hardened to 6.84% on January 13, 2025, following hardening of the US treasury yields, the yields softened in Q4 FY2025 with 10-year government securities (G-Sec) closing at 6.58% as on March 31, 2025 (6.72% as on February 28, 2025, 6.69% as on January 31, 2025). Moreover, the daily average yield during March 2025 was 6.66%

(6.70% in February 2025, 6.75% in January 2025, 6.75% in December 2025). The yield movement in Q4 FY2025 was influenced by US treasury yield movements, rate cut by the RBI in February 2025, expectation of a further rate cut in April 2025, and open market operations (OMO) purchase of G-Sec by the RBI in February and March 2025.

While the liquidity conditions remained in deficit in January and February, the RBI injected liquidity by way of OMO sales, variable rate repo (VRR) auctions and forex swaps, which aided in softening the 91-day treasury bill (T-Bill) rate to 6.45% as on February 28, 2025 (6.57% as on January 31, 2025, 6.58% as on December 31, 2024). Further, the liquidity conditions turned surplus by the end of March 2025, which led to further softening of the 91-day T-Bill rate to 6.37% as on March 31, 2025.

Exhibit: Long-duration AAA corporate bond yield curve (month-end)



Source: Refinitiv, ICRA Research

During Q4 FY2025, the yields on AAA corporate bonds softened across all maturities, and the AAA corporate bond spreads too narrowed across all maturities except the 1-year maturity as the extent of softening was less steep than G-Sec of the same maturity.

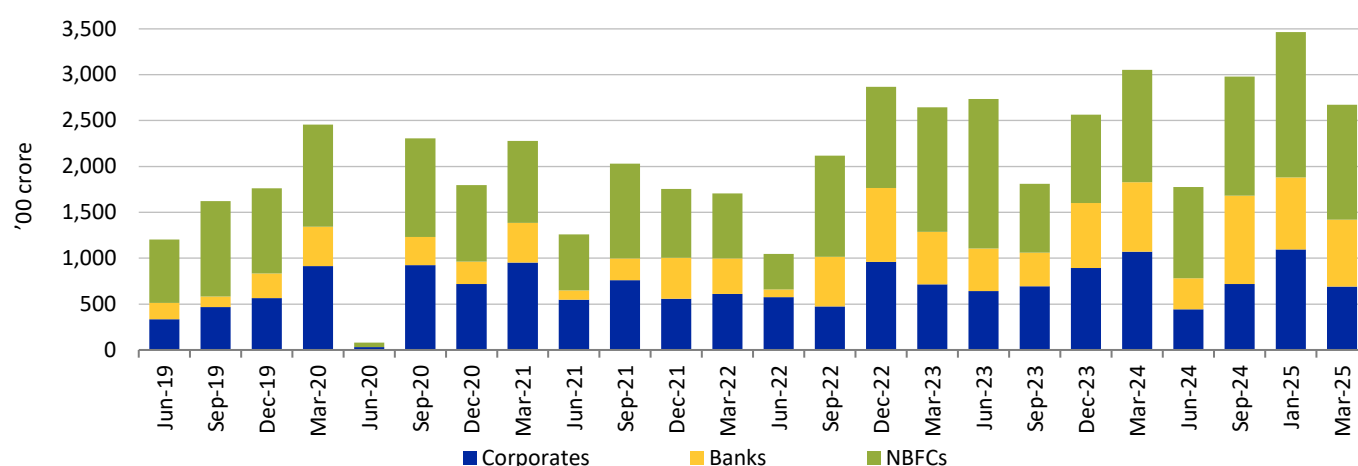
The daily average spreads for 1-year, 3-year, 5-year and 10-year AAA corporate bonds stood at 1.23%, 1.02%, 0.90% and 0.75%, respectively, during Q4 FY2025 (1.13%, 0.98%, 0.87% and 0.71%,

respectively, during Q3 FY2025). On a sequential closing basis (March 31, 2025 over December 31, 2024), spreads for long duration bonds (5-year and 10-year AAA corporate bonds) were higher by 8 bps and 12 bps, respectively, while that for the shorter end of the curve, i.e., 1-year, were higher by 2 bps. The spreads for 3-year AAA corporate bonds did not change sequentially and stood at 77 bps as on March 31, 2025 and December 31, 2024.

The daily average 1-year, 3-year, 5-year and 10-year AAA corporate bond yields stood at 7.81%, 7.63%, 7.53% and 7.45%, respectively, during Q4 FY2025 (7.79%, 7.69%, 7.60% and 7.50%, respectively, during Q3 FY2024). On a sequential closing basis (March 31, 2025 over December 31, 2024), the 1-year, 3-year,

5-year and 10-year yields were lower by 29 bps, 28 bps, 19 bps and 6 bps, respectively. On a trailing twelve month (TTM) basis, the 1-year, 3-year, 5-year and 10-year corporate bond yields were lower by 40 bps, 45 bps, 43 bps and 38 bps, respectively.

Exhibit: Quarterly corporate debt issuances (only INR denominated)

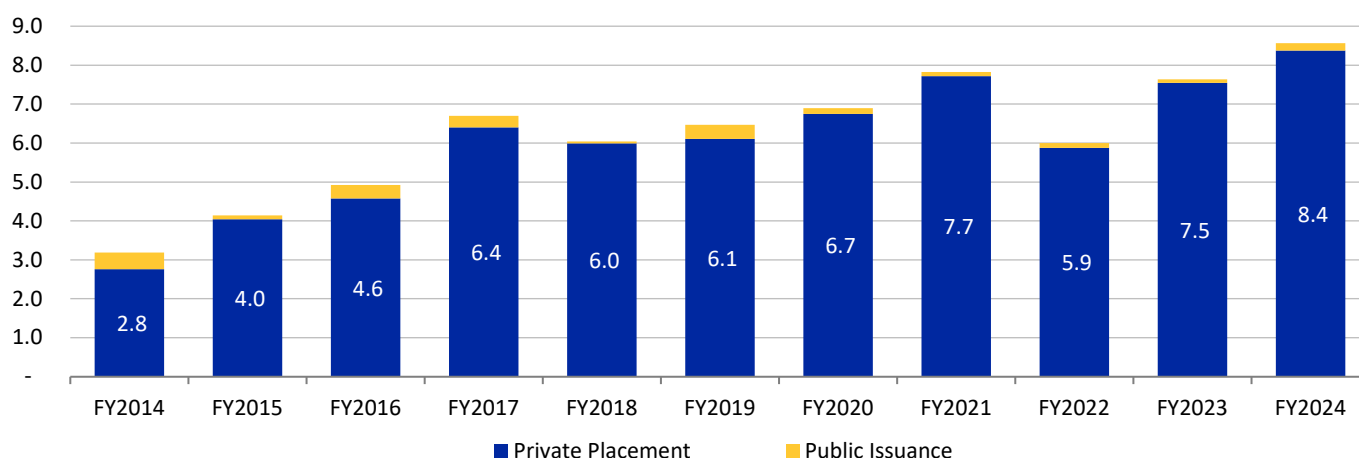


Source: AIMIN, ICRA Research

Corporate bond issuances reached a record Rs. 10.9 lakh crore in 2025, marking a 7% increase from the previous year (Rs. 10.2 lakh crore in FY2024). This growth highlights the increasing reliance on debt financing by Indian corporations.

On QoQ basis, despite the cooling off of corporate bond yields, bond issuances were lower in Q4 FY2025 and stood at Rs. 2.7 lakh crore over Rs. 3.5 lakh crore in Q3 FY2025. Of the total issuances in Q4 FY2025, the share of NBFCs, corporates and banks stood at 47%, 26% and 26%, respectively.

Exhibit: Trend in public and private placement of corporate debt (>1 year Maturity)



Source: SEBI, ICRA Research

Corporate Bond Issuances – Private Placement Continues to Be a Preferred Mode: Though the growth in debt issuance has been strong, the market remains largely skewed towards private placement of debt securities—private placements accounted for 98% of the total debt issuances (in value terms) in FY2024 over 87% a decade ago in FY2014.

FPI in Indian Debt Market: Investments in debt securities in India by non-residents is governed by both the RBI and SEBI. Overseas investors can invest in the Indian debt market either through external commercial borrowings (ECBs) or through the route available for FPIs registered with SEBI. In recent years, the FPI route has gained traction given the flexibility and less restrictive conditions as compared to ECBs.

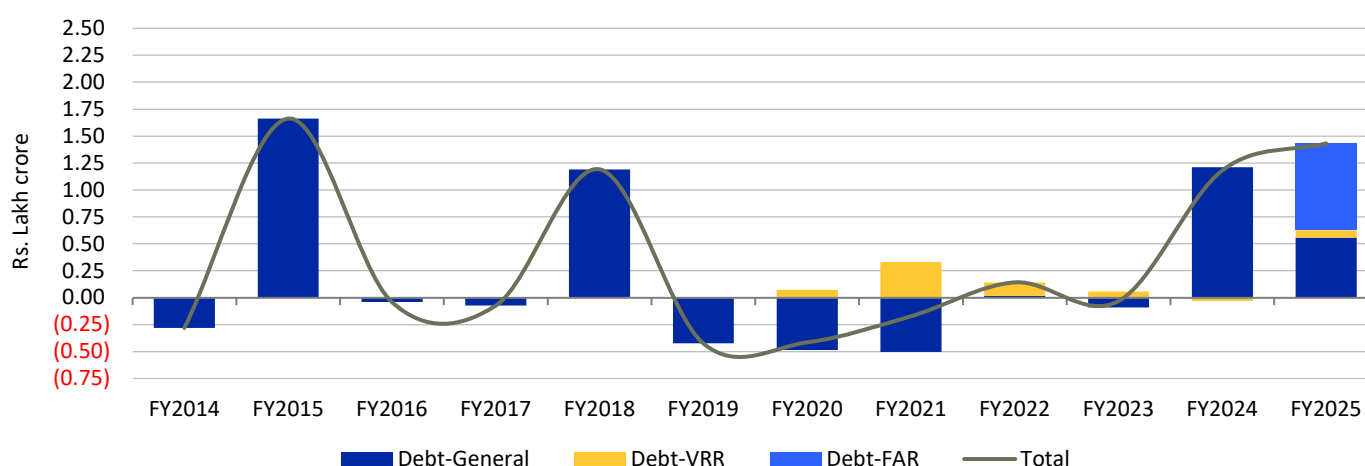
In January 2025, the RBI issued a Master Direction, Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025, which consolidated several circulars and directions issued by the RBI on investments in debt instruments by non-resident investors, including FPIs.

The Master Direction identifies the following key investment channels for investments in debt instruments by non-residents:

1. General Route
2. Voluntary Retention Route (VRR)
3. Fully Accessible Route (FAR)
4. Scheme for Trading and Settlement of Sovereign Green Bonds (Scheme).

Of these channels, the General Route and the VRR are available exclusively to FPIs while the FAR is available to FPIs as well as to other categories of non-resident investors, for investments in specified securities issued by the Central Government. The Scheme applies to the issue of sovereign government bonds to eligible investors in the International Financial Service Centre. In addition to the above, FPIs are also permitted to participate in over-the-counter markets for investments in Government securities (in both primary and secondary markets). The General Route and the VRR are avenues for FPIs to make investments in corporate debt securities, whereas FAR provides an avenue to FPIs to invest in Government securities. With the inclusion of Indian Government Bonds in Global Indices in FY2025, the FPIs have invested significant quantum of funds in Government securities under FAR in FY2025, especially towards the year-end.

Exhibit: Trends in FPI investment in debt (sovereign and corporate bonds)



Source: National Securities Depository Ltd. (NSDL), ICRA Research

As per data from NSDL, FPIs made a net investment of Rs. 1.43 lakh crore in India's debt markets in FY2025. This was the second highest inflow since FY2015 when FPIs infused Rs. 1.66 lakh crore in the debt market.

Outlook for Corporate Bond Issuances: The outlook for bond issuances remains strong for FY2026. With banks remaining cautious towards lending to NBFCs, as well as the cooling-off of the benchmark yields, the issuances are likely to remain healthy. In addition, ICRA expects the domestic debt capital markets to remain competitive vis-à-vis ECBs. With expectations of further cut in monetary policy

rates, the transmission in lending rates is expected to be faster in debt capital markets compared to banks. Banks, in turn, are likely to face challenges of elevated funding cost amid heightened competition for deposits, which shall constrain their ability to reduce their lending rates. This shall augur well for the domestic debt capital market issuances, and bonds may remain a preferred funding source over bank loans for large, well-rated corporates. ICRA estimates the bond issuances to remain healthy at Rs. 10.7-11.3 lakh crore in FY2026 and, consequently, the corporate bond outstanding would increase to Rs. 55.0-55.6 lakh crore by the end of March 2025 (marking a YoY growth of 5.8-6.9%).



InvITs and REITs

Evolution of InvITs and REITs: The evolution of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) in India has been quite significant, transforming the investment landscape in the country. These new asset classes have attracted both domestic and foreign investors, contributing to market growth. They offer diversification, liquidity, access to capital markets, asset monetisation, regular yields, and capital appreciation.

REITs: REITs were introduced in India to provide a structured way for investors to invest in real estate without directly owning properties. The first REIT, Embassy Office Parks, was launched in March 2019. REITs in India have primarily focused on commercial real estate, offering investors a way to earn rental

income and benefit from property appreciation. The growth of REITs has provided a new avenue for real estate financing, helping to address the funding challenges in the sector

InvITs: InvITs were introduced to facilitate investment in infrastructure projects, which are crucial for India's economic growth. SEBI introduced the regulatory framework for InvITs in 2014, similar to REITs. InvITs pool funds from various investors to invest in infrastructure assets like roads, highways, and power transmission lines. InvITs have helped attract long-term capital for infrastructure development, providing investors with stable returns and contributing to the country's infrastructure growth.



Regulatory Landscape

2014-16: SEBI introduced regulations for InvITs and REITs, setting the foundation for their development.

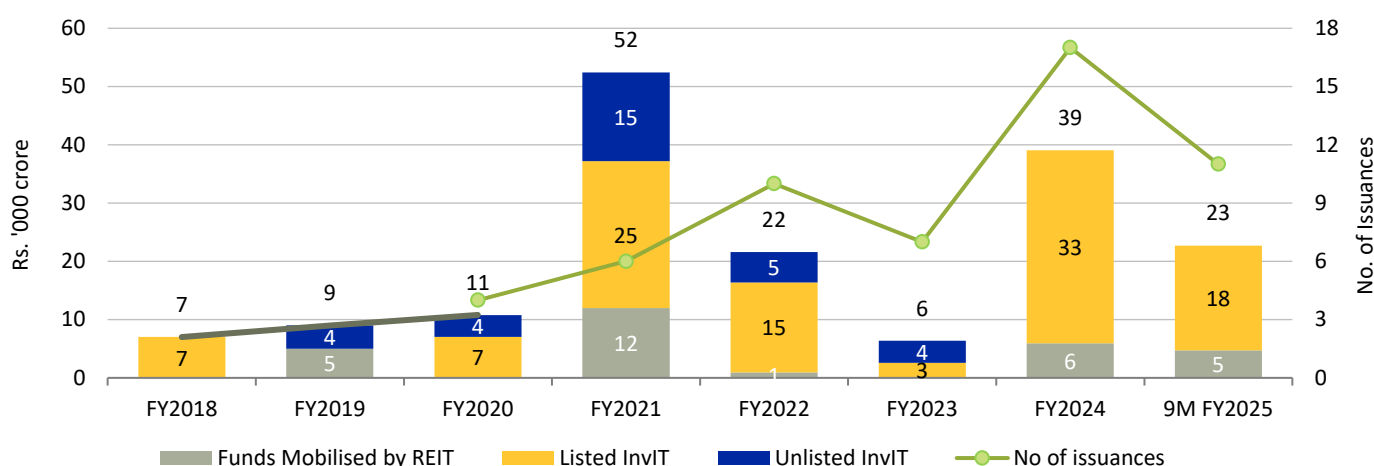
2017-18: Guidelines for public issues were issued, and SEBI allowed listed InvITs/REITs to issue debt securities.

2019-22: Significant changes included the relaxation of leverage limits for listed InvITs to 70%, tax

exemptions for Sovereign Wealth Funds (SWFs), permission to banks to lend to InvITs and the introduction of guidelines for rights issues.

2023-24: Continued regulatory support with the introduction of frameworks for Small and Medium REITs (SM REITs) and reduced holding periods for retail investors.

Exhibit: InvIT/REIT issuances* in the Indian market



Source: SEBI, ICRA Research

* Includes funds raised through public issues, private placement, preferential issues, institutional placement, and rights issue

Market Performance and Growth: Over these last few years, the valuations have grown significantly, with notable examples like Embassy REIT and Mindspace REIT. Similarly, the growth in InvITs has been strong with entities like Digital Fibre Infrastructure Trust and IndiGrid Infrastructure Trust showing substantial increases. Approximately Rs. 1.7 lakh crore have been raised through various issuances, including public issues, private placements, and rights issues. Of the total 55 issuances from FY2020, 37 were from listed InvITs, eight were from unlisted InvITs and the remaining 10 were from listed REITs.

Challenges and Way Forward: Despite multiple benefits, certain challenges persist, and the structuring of the debt can help address these

challenges. Some of the key challenges include the lumpy nature of cash flows, covenants in special purpose vehicles (SPVs) restricting the benefit of cash flow pooling, aggressive valuations and the evolving taxation, which can have a bearing on the returns of unit holders.

Nevertheless, the medium to long-term monetisation potential remains robust, with significant asset monetisation expected through the InvIT/REIT route. ICRA estimates potential monetisation of Rs. 2.3-2.5 lakh crore of asset through the InvIT/REIT route. Majority of these is expected to come from roads and commercial real estate.

Alternative Investment Funds

Alternatives are emerging as a popular investment route among HNIs

Alternative investment funds (AIFs) encompass investments in various forms or securities beyond traditional investment avenues. While AIFs were introduced in FY2013, they have gained significant traction only in recent years. The growth has been driven by investor-friendly policies, regulatory

reforms and tax parity with debt mutual funds. Moreover, given their low correlation with public markets, AIFs have seen an increasing participation from sophisticated investors seeking diversification and higher returns amid concerns on elevated valuation in domestic public markets.

Exhibit: Overview of AIF categories

Particulars	Category - I	Category - II	Category - III
Asset Classes	Start-up or early-stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the Government or regulators consider as socially or economically desirable	Others, which do not fall in Category I and III	Capital market instruments
Examples	Venture capital funds, SME Funds, social venture funds, infrastructure funds	Private equity, private debt	Hedge funds
Leverage/ Borrowings	Temporary funding requirements, permitted to create encumbrances on their equity holdings in investee companies engaged in infra sector		Yes, subject to consent of investors & limit specified by SEBI
Open/ Close-ended	Close-ended	Close-ended	Open or close
Tenure	Minimum of 3 years; can be extended up to 2 years upon consent of two-third of unit holders		NA
Sponsor Contribution	Continuing interest of not less than 2.5% of the corpus or Rs. 5 crore, whichever is lower		Continuing interest of not less than 5% of the corpus or Rs. 10 crore, whichever is lower
Minimum Investment	Not less than Rs. 1 crore. In case of investors who are employees or directors of the AIF or employees or directors of the Manager, the minimum value of investment shall be Rs. 25 lakh.		

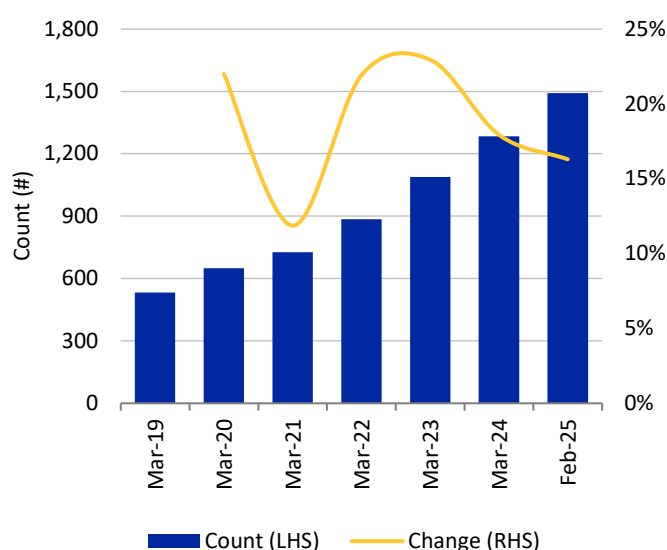
Source: ICRA Research, SEBI

Multifold growth in scale over past few years

Over the past five years (up to February 2025), the number of registered AIFs in India has surged by 2.8 times, reaching a total of 1,492 as of February 2025. As illustrated in the exhibit below, from April 2020 to December 2024, the total quantum of commitments raised—representing the amount clients willing to

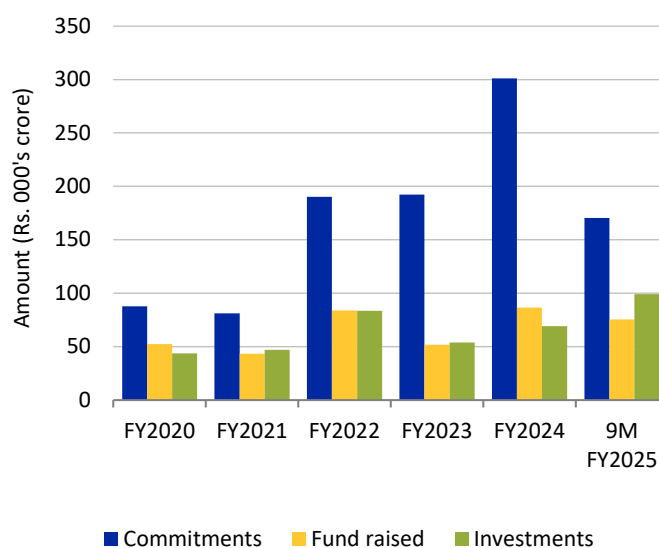
invest in AIFs—stood at Rs. 9.4 lakh crore, accounting for 72% of gross commitments since their inception. During the same period, the net funds raised amounted to Rs. 3.4 lakh crore, constituting 65% of total funds raised since inception.

Exhibit: Trend in AIF count over years



Source: ICRA Research, SEBI

Exhibit: Incremental commitment, fund raising and investments



Source: ICRA Research, SEBI

Exhibit: Break-up of cumulative commitments, fund raised & investments – category-wise

Rs. crore	March 2020			December 2024		
	Commitments	Fund raised	Investments	Commitments	Fund raised	Investments
Category I AIF	38,745	18,472	14,840	84,862	46,845	40,578
Category -II AIF	282,013	124,524	101,088	1,002,672	350,774	319,760
Category -III AIF	49,230	43,527	37,475	217,645	129,665	145,838
Sub-total	369,988	186,523	153,403	1,305,179	527,284	506,176

Source: ICRA Research, SEBI

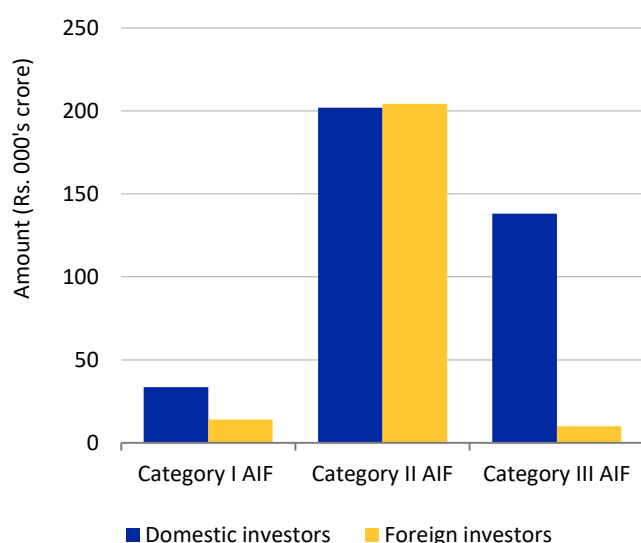
Concurrently, net deployments grew to Rs. 3.5 lakh crore representing 70% of total net investments till date. As on December 31, 2024, CAT-II schemes accounted for 67% of overall funds raised followed by 25% in CAT-III and 9% in CAT-I. As of December 2024, while the commitments stand at Rs. 13.1 lakh crore, the fund raised remained at Rs. 5.3 lakh crore. This indicates that a substantial amount of funds remain to be raised and deployed.

As can be inferred from the above exhibit, a significant share of growth has been propelled by Category-II AIFs. These funds primarily invest in real estate, private equity, private debt, distressed funds and unlisted securities. According to a report published by the Indian Brand Equity Foundation, as on December 2024, the private credit segment (within CAT-II) accounted for 15% of total AIF commitments amounting to Rs. 1.95 lakh crore, up from 6% five years prior. This surge in the private credit segment

has driven the cumulative commitments in Category-II AIFs to rise by 3.6 times, reaching Rs. 10 lakh crore between March 2020 and December 2024.

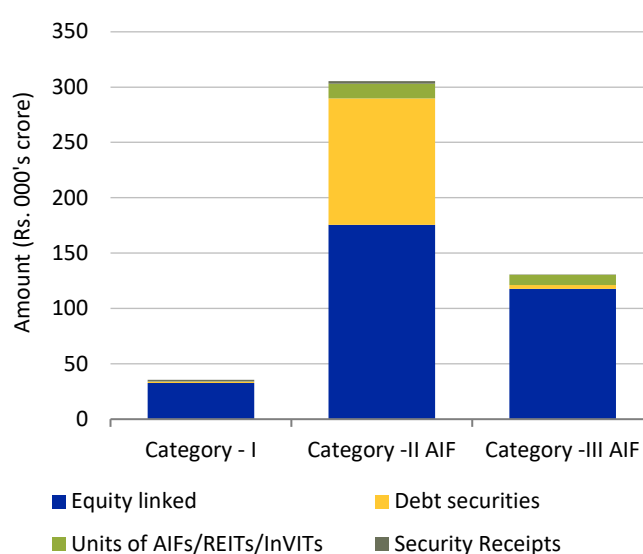
Another notable development over the past five years has been the increasing prominence of Category-III AIFs, which primarily invest in public markets. The cumulative commitments in Category-III AIFs have risen by 4.4 times during the same period, reaching Rs. 2.2 lakh crore, reflecting depth and resiliency of domestic markets. While the commitments in CAT-II schemes rose by 2.2 times. Historically, domestic investors were the primary participants in AIFs. However, over the years, there has been a notable increase in the participation of foreign investors. As of December 31, 2024, funds raised from foreign investors amounted to Rs. 6 lakh crore, representing 38% of the overall gross funding. This significant contribution underscores the growing confidence in India's economic growth trajectory.

Exhibit: Gross funding across categories – Dec 2024



Source: ICRA Research, SEBI

Exhibit: Instrument wise deployment – Dec 2024



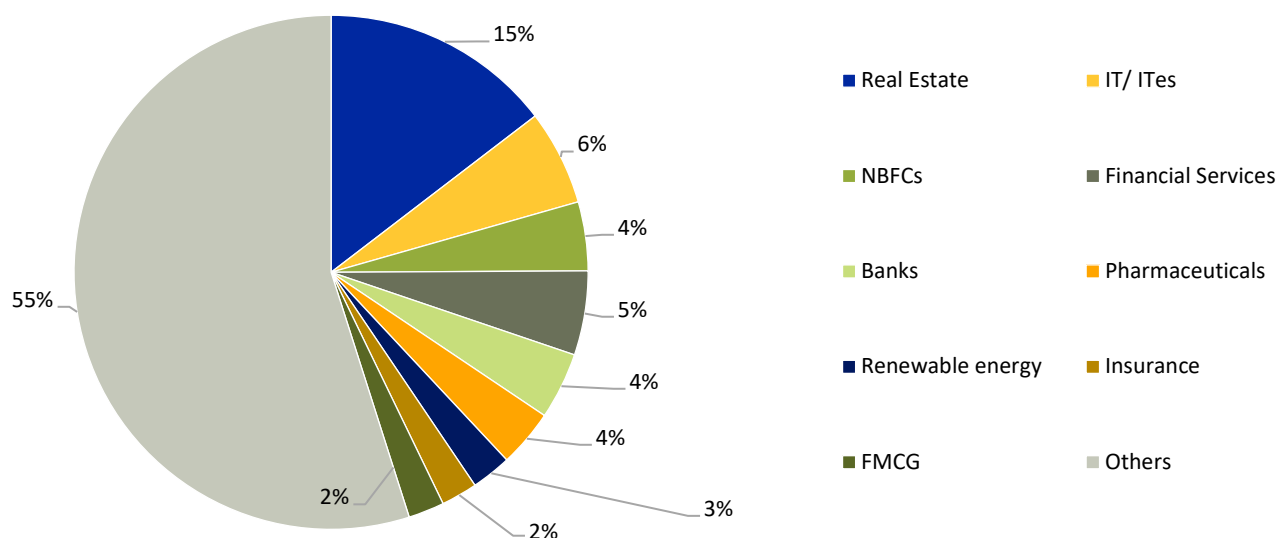
Source: ICRA Research, SEBI

In terms of deployment, Category-II AIFs saw their investments in private credit and unlisted equities grow by 2.9 times each, reaching Rs. 1.2 lakh crore and Rs. 1.1 lakh crore, respectively. Meanwhile, investments in Category-III schemes increased by approximately 3.7 times, amounting to Rs. 1.3 lakh crore. About 65% of AIF investments are directed towards unlisted assets. Given the inherent challenges that traditional lenders encounter in financing mid-market corporates, AIFs—particularly private credit funds—are strategically positioned to fulfil the sector's credit demands. These funds offer higher

risk-adjusted returns and steady income streams for HNIs and institutional investors.

As of December 31, 2024, AIFs deployed a significant portion of their funds in various sectors, with real estate accounting for 15%, followed by banking and NBFCs at 8%, information technology and IT-enabled services (IT/ITeS) at 6.1%, financial services at 5%, and pharmaceuticals at 4%. Collectively, the top six sectors represented approximately 40% of the total deployment of funds by AIFs as of December 2024.

Exhibit: Sector-wise deployment – December 2024



Source: ICRA Research, SEBI; others include Industrial goods, other services, etc.

Government and Regulatory Measures in Indian Capital Markets

Transformative reforms in domestic market in recent years

In alignment with the dynamic evolution of domestic capital markets, the policies and regulatory frameworks have undergone significant transformational changes in recent years. These measures have substantially enhanced the ease of

doing business, supported market development and improved its efficiency, built transparency, mitigated risks and safeguarded investor interests, and promoted financial awareness.

Ease of doing business

Reduction in Listing Timelines: In a bid to foster a more dynamic and responsive capital market, ensuring that both issuers and investors benefit from a streamlined and faster listing process, the listing timeline for all public issuances, debt securities, and non-convertible redeemable preference shares was reduced from six days to three days.

Capital Formation for Non-Profit Organisations (NPOs): A significant development in recent years has been the operationalisation of the Social Stock Exchange (SSE). The initiative has established a framework for the social sector to raise funds and for investors to contribute to impact-driven entities. As on December 2024, ~111 NPOs had registered on the SSE segment of both exchanges. Recently, the regulator also expanded the scope of the SSE to include a wider range of activities and structures for NPOs.

Faster Approvals Supported by Digitisation: Recognising the delays in approvals, the regulator has prioritised the standardisation of documents and reports and has been investing in technology to automate its approval process. This would ensure that approvals are expedited without compromising the necessary due diligence.

Flexibility Extended to AIFs for Raising Funds: In a bid to improve ease of doing business for AIFs, the regulator provided flexibility to their investors to deal with unliquidated investments and to permit Category-I and II AIFs to create an encumbrance on the equity of its investee companies in infrastructure sector to facilitate raising of debt by such investee companies.

Market development and enhancing efficiency

Enhancing Liquidity and Depth of Corporate Bond Market: Over the past few years, a series of measures have been undertaken to enhance the liquidity and depth of the corporate bond market. These initiatives include the reduction in minimum application size, the expansion of the scope of Online Bond Platforms,

the introduction of a backstop facility in the form of the Corporate Debt Market Development Fund (CDMDF)¹, and the launch of AMC Repo Clearing Limited (ARCL)². These measures aim to encourage investor participation in both the primary and secondary markets.

¹ CDMDF has been set up as a standby institution to be a buyer of investment-grade debt securities from mutual funds in the event of market stress.

² ARCL offers clearing and settlement services for all tri-party repo transactions in corporate debt securities to boost liquidity and participation in the bond markets.

Furthermore, to enhance the liquidity available to retail investors in debt markets, the domestic markets have introduced a liquidity window facility for investors in debt securities via the stock exchange. This facility allows investors holding listed debt securities to sell them back to the issuer using a put option on specific dates, thereby ensuring liquidity. If this initiative gains traction, it could attract investors who currently prefer fixed deposits for the debt portion of their investments due to favourable liquidity conditions.

Setting New Trends in Establishing Shortest Settlement Cycle: In its continuous endeavour to improve market efficiency and mitigate settlement related risk, Indian markets have set new global benchmarks towards shorter settlement cycles. After successfully migrating from T+2-day settlement in equity to T+1 day in 2023, leveraging significant evolution of India's payment systems in recent years, coupled with the technology, architecture, and capacity of market infrastructure institutions, the domestic market is currently approaching T+0 settlement of securities, over two phases. In the first phase, which went live on April 1, 2024, the stocks were settled at the end of the day. Currently, it is exploring the next phase, which aims at instant settlement of securities at the depository as soon as an order is executed. Shorter settlement cycles free up capital for investors in the securities market, enhancing the overall market efficiency. Additionally, an instant settlement cycle also eliminates both pre-settlement and settlement risks.

Building transparency through enhanced disclosures

Verification of Market Rumours: A standardised approach for verifying market rumours by listed entities was established to enhance transparency and efficiency. This method involves continuous monitoring of market activities, prompt verification of identified rumours, and timely public disclosure

Environmental, Social, and Governance (ESG): To facilitate timely and appropriate disclosures to investors, the Business Responsibility and Sustainability Report (BRSR) framework was introduced. This initiative aims to enhance the transparency and accountability of listed entities regarding their ESG practices. Additionally, disclosure requirements were established for corporates, rating agencies, and ESG mutual fund schemes to ensure a transparent and reliable system.

Fostering Retail Participation in Real Estate: In 2024, a regulatory framework was introduced to facilitate the establishment of Small and Medium Real Estate Investment Trusts (SM REITs). This framework significantly lowers the entry barriers for investors, enabling participation in real estate investments that were previously dominated by institutional players. The regulations are designed to regulate and promote the growth of fractional ownership platforms, thereby making real estate investment more accessible to retail investors with smaller capital.

Deepening Commodity Derivative Market: To promote institutional participation and enhance liquidity in exchange-traded commodity derivatives (ETCDs), the Direct Market Access (DMA) facility was extended to FPIs. This extension is expected to facilitate more efficient trading, attract a broader range of institutional investors, and ultimately contribute to deeper and more liquid commodity derivative market.

of verified information. This aids in disseminating accurate information, thereby reducing market volatility and boosting investor confidence. Additionally, it ensures regulatory compliance, avoiding potential legal and financial repercussions.

Standardisation of Guidelines on Offer Documents:

In a bid to foster a more transparent and efficient market environment for investors, the regulator standardised the guidelines for the drafting of offer documents. By emphasising clarity, consistency, and comprehensiveness in disclosures. This initiative was a significant step towards enhancing the quality of information dissemination to investors.

Enhanced Disclosures for Maintaining Market Integrity:

To facilitate transparency in price discovery of NCDs and enable investors to make informed decisions based on a comprehensive understanding of a company's debt profile, provisions were introduced requiring issuers with outstanding listed NCDs to list all subsequent issuances of NCDs. This ensures that investors have access to complete and up-to-date information regarding a company's debt obligations, thereby promoting a more transparent and efficient market environment. Additionally, to guard against the possible circumvention of minimum public shareholding (MPS) norms, additional disclosures by FPIs that meet certain objective criteria were mandated. This measure ensures greater transparency and compliance, thereby preventing any attempts to bypass the established MPS requirements and maintaining the integrity of the market.

Disclosures Promoting Awareness on Risks in Derivative Trading:

To caution investors with information about the risks associated with trading in

derivatives, stockbrokers are now required to display risk disclosures related to trading by individual traders in the equity derivatives segment. This measure ensures that investors are fully informed about the potential risks involved, thereby promoting more prudent and informed trading decisions.

Leveraging Technology for Building Transparency on Bond Covenants:

At the forefront of technological advancements, Indian markets have strategically leveraged technology to enhance systemic risk mitigation. A notable example of this is the introduction of the Security and Covenant Monitoring (SCM) System in 2022. This innovative system employs blockchain technology to improve the monitoring and transparency of bond issuances and covenants. The SCM System records asset details for every bond issued, enabling comprehensive verification of these details. It provides information on the allotment and listing of bonds, covenants, and the payment of interest and redemption proceeds. This transparency facilitates monitoring of compliance with bond covenants, thereby strengthening market integrity. In addition to these advancements, the focus on cybersecurity has been strengthened. During FY2023, the Cyber Incidents Reporting Portal (CIRP) functionality was also extended to include stockbrokers, mutual funds, portfolio managers, and Registrars and Transfer Agents (RTAs). This extension underscores the commitment to safeguarding the financial ecosystem against cyber threats, ensuring a robust and secure market environment.



Safeguarding investors interests and mitigating systemic risks

Drawing from the lessons learned from instances of fraud and mismanagement by certain market participants and keeping pace with the unprecedented growth of domestic capital markets, SEBI has, over recent years, instituted a series of measures to further strengthen the regulatory framework for securities broking entities. These measures are designed to

enhance the oversight of stockbrokers, safeguard investor interests, and instil greater discipline within the industry. Collectively, these initiatives have played a pivotal role in bolstering investor confidence and reinforcing the robustness of the Indian capital markets.

Measures for safeguarding client collaterals

Margin Obligations via Pledge/Repledge in the Depository System: In February 2020, SEBI mandated that trading members (TMs) and clearing members (CMs) accept collateral from clients exclusively through a margin pledge. Clients' securities are pledged with the TM, repledged to the CM, and subsequently repledged to the clearing corporation. This policy enhanced the margin guidelines and significantly mitigated the potential for misuse of client securities.

Segregation and Monitoring of Collateral at Client Level: To safeguard investors from market volatility and excessive leveraging, SEBI introduced a 50% cash

margin rule in derivatives in May 2022. Investors are now required to place at least 50% of the required margin in the form of cash and cash equivalents for their derivative positions.

Direct Payout of Securities to Investors: Further refining the processes, SEBI established new guidelines for securities settlement, wherein the clearing corporation now directly settles the stock to the client's demat account, as opposed to the previous practice of settling securities to the broker's pool accounts. These regulations further safeguard investor's securities by ensuring that they do not reside in the broker's pool account.

Measures for safeguarding investor's cash collaterals

Following the fortification of client collaterals, SEBI continued its endeavour to safeguard client funds from potential misuse.

Quarterly Settlement of Funds: To promote transparency and prevent the misutilisation of client funds, SEBI mandated that all securities brokers transfer unused client funds to the client's bank account every Friday of each month or quarter, starting October 2022.

Prohibition on the Use of Bank Guarantees from Client Funds: In April 2023, SEBI prohibited

stockbrokers and clearing corporations from creating bank guarantees out of client funds. This curbed the implicit leverage provided by some intermediaries through cash-equivalent collaterals.

Upstreaming of Client Funds: Recognising the vulnerability of client funds retained by intermediaries during the settlement process, SEBI directed upstreaming of all client funds received by stockbrokers and CMs to clearing corporations starting July 2023.

Introduction of UPI Block Facility for Secondary

Trades: Further, isolating client funds from the intermediaries, SEBI introduced a supplementary mechanism for trading in the secondary markets by integrating the UPI service with a single block and multiple debits in January 2024. Under this facility, clients can trade in the cash segment based on blocked funds in their bank accounts, rather than transferring

funds upfront to the trading member. Subsequently, SEBI mandated that qualified stockbrokers (QSBs) offer this facility or the 3-in-1 trading facility, starting February 2025.

In addition to these aforementioned measures, the regulator undertook several policy actions aimed at mitigating systemic risks.

Other measures implemented for mitigating systemic risks**Implementation of True-to-Label Exchange Charges:**

Historically, exchanges operated an incentive scheme that permitted them to pass a portion of the exchange turnover charges collected to brokers, contingent on the turnover generated by each broker. Effective October 1, 2024, SEBI abolished this practice, instituting a uniform rate of transaction charges across all brokers. This reform resulted in a reduction of overall transaction costs for investors.

Protection of Market Stability in F&O: Strengthening the index derivative framework has been a focal point of the most consequential regulatory actions in recent years. Given the concerns regarding market stability and the financial losses sustained by individual investors amid a substantial increase in retail participation in index derivatives, SEBI introduced six pivotal measures on October 1, 2024, to reinforce the equity index derivative framework. These measures included:

- Rationalisation of weekly index derivatives,
- Enlargement of contract sizes,
- Upfront collection of option premiums from buyers,
- Increased margins on expiry days,
- Elimination of calendar spread benefits on expiry days, and
- Enhanced monitoring of position limits.

While the implementation of these measures resulted in a decline in derivative volumes in the subsequent months, they are anticipated to foster long-term benefits for the industry by promoting market stability.

Enhanced Monitoring and Supervision of QSBs:

Recognising the concentration of trading activity among a few stockbrokers and the significant impact of any service disruption, SEBI has established a framework for designating QSBs. This framework imposes enhanced obligations and responsibilities on QSBs. The regulator's initiative aims to fortify market resilience, ensuring QSBs are rigorously overseen and equipped to handle modern trading complexities, thereby safeguarding investor interests and enhancing market efficiency and transparency.

Safety Net for Investors against Technical Disruptions:

Given the high dependence of Indian capital markets on technology, investors remain exposed to technological risks. In recent years, Indian capital markets have uniquely provided a 'safety net' to protect investors from serious technical glitches faced by their brokers. The newly introduced Investor Risk Reduction Access (IRRA) platform enables investors to square off their open positions and cancel pending orders in case of significant disruptions in trading services provided by their brokers.

Financial awareness and investor grievance redressal mechanism

Given the surge of first-time retail investors into the securities market, the imperative for comprehensive investor education and heightened awareness is underscored. In this regard, the regulator organised multiple regional seminars in collaboration with various stakeholders. Furthermore, to promote transparency and establish an efficient mechanism for grievance and dispute resolution, the regulator launched two major initiatives in recent years:

1. **SCORES 2.0:** An upgraded platform enabling investors to submit grievances concerning intermediaries and regulated entities. The

workflow for handling investor complaints is automated, incorporating two levels of review. This initiative has significantly simplified the process of filing complaints and reduced resolution timelines.

2. **SMART ODR:** An Online Dispute Resolution (ODR) system for streamlining the process for addressing disputes related to listed companies, their RTAs, as well as investor-facing securities market intermediaries. Online mediation and arbitration are now easily accessible to all investors.



Opportunities & Challenges in Indian Capital Markets

The Indian capital market stands at the cusp of a transformative era, driven by a confluence of digital advancements, regulatory reforms, and a burgeoning investor base. The digital revolution, characterised by the widespread adoption of technologies like Electronic Know Your Customer (E-KYC) and Unified Payments Interface (UPI), has democratised market access, enabling a broader spectrum of participants to engage in trading and investment activities. This digital shift has not only streamlined processes but also significantly reduced transaction costs, enhancing overall market efficiency.

Regulatory reforms spearheaded by SEBI have played a pivotal role in fortifying market integrity and transparency. Initiatives such as the introduction of the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code have bolstered the financial ecosystem, fostering a more robust and resilient market environment. The growing middle class, coupled with rising financial literacy, has led to a surge in retail investor participation, with mutual funds and systematic investment plans becoming increasingly popular investment vehicles.

Financial literacy and inclusion ensure that the broader population can benefit from market opportunities

For investors, the evolving landscape of the Indian capital market presents numerous opportunities. The digital transformation and regulatory reforms have made it easier for retail investors to participate in the market. The availability of diverse investment products, such as mutual funds, exchange traded funds (ETFs), portfolio management services (PMS), REITs, InVITs, AIFs, plain vanilla debentures, market linked debentures, etc, allows investors to build diversified portfolios that align with their risk tolerance and investment goals. Additionally, the

focus on financial literacy and inclusion ensures that a broader population can benefit from market opportunities. Despite the substantial increase in retail participation in domestic equities, India's equity market penetration remains low at approximately 8%, compared to 15-20% in China, 45-50% in the USA, and 55-60% in Japan, indicating significant growth potential. Additionally, the number of domestic investors in mutual funds is about 50% of those directly investing in equities, further highlighting the potential for expansion.

Financial institutions to benefit from the growth and diversification of the capital market; adoption of advanced technologies can enhance operational efficiency and security

Financial institutions, including banks, asset management companies, and brokerage firms, stand to benefit from the growth and diversification of the capital market. The adoption of advanced technologies, such as blockchain and AI, can enhance operational efficiency and security. Regulatory

reforms that promote market transparency and integrity attract more investors, boosting business for financial institutions. Furthermore, the development of new financial products and services provides opportunities for innovation and growth.

Corporates can get access to diverse financing options through strong Governance and ESG Practices

For corporates, the capital market offers a vital source of funding for expansion and development. The growth of the corporate bond market and the availability of AIFs will provide diverse financing options. Companies that adopt strong corporate

governance practices and ESG criteria can attract long-term investments and enhance their market reputation. While India has made strides in green finance, the scale and variety of green bonds and ESG funds are still nascent compared to mature markets.

Policymakers will continue to play a crucial role; collaboration with industry stakeholders can help address emerging challenges and leverage opportunities

Regulators and policymakers will continue to play a crucial role in shaping the future of capital markets. By implementing supportive policies and regulatory frameworks, they can foster a conducive environment for market growth and innovation. Enhancing regulatory oversight and ensuring market stability are essential for maintaining investor confidence. Collaboration with industry stakeholders can help address emerging challenges and leverage opportunities for sustainable market development.

In summary, the Indian capital market is poised for significant growth and transformation, offering numerous benefits and opportunities for investors, financial institutions, corporates, and regulators. By navigating strategically, India can build a resilient, inclusive, and dynamic capital market that supports its broader economic aspirations.

Global economic shifts can, however, impact India's capital markets

However, the market is not without its challenges. The Indian capital market is deeply interconnected with the global economy. Economic shifts in major economies can have a ripple effect on Indian markets. Certain sectors in the Indian economy are particularly more vulnerable to global and domestic shocks. For instance, the IT sector, which relies heavily on exports to the US and Europe, can be significantly impacted by global economic slowdowns. Moreover, geopolitical events, such as conflicts, trade wars, and sanctions, can create significant uncertainty in the markets. For example, tensions in West Asia can lead to fluctuations in oil prices, impacting inflation and corporate profitability in India.

The Indian capital market is also significantly influenced by FIIs. Large-scale buying or selling by FIIs can lead to substantial market movements. For example, geopolitical risks can trigger capital flight from emerging markets, further exacerbating volatility. Domestic policy changes, such as fiscal and monetary policies, can also contribute to market volatility. Conversely, positive global developments can attract foreign investments, boosting market sentiment and stability. Furthermore, the volatility of the Indian Rupee (INR) against major currencies can also impact the capital market.

Market volatility poses a risk to investor confidence

Market volatility poses a significant risk to investor confidence. High volatility indicates larger, unpredictable price changes, which can be triggered by economic surprises, geopolitical events, or policy shifts. This uncertainty can lead to increased risk for investors, as the value of their investments may fluctuate more dramatically. Volatility also influences how investors construct their portfolios. A well-diversified portfolio can help mitigate the impact of volatility by spreading risk across different asset classes. This approach can reduce the overall risk and smooth out returns over time, making it a key consideration in asset allocation.

In the realm of options trading, volatility is a central factor in pricing. Higher expected volatility increases the value of options, reflecting the greater likelihood of significant price movements. This makes volatility an essential concept for investors using derivatives to hedge risks or speculate on price movements. Notably, while India has seen a significant increase in the depth of its derivative markets, the range and sophistication of financial instruments remain

limited compared to mature markets. Instruments such as volatility index derivatives, inflation swaps, and weather derivatives could support investors in hedging various risks. Volatility can have broader economic implications as well. For instance, during periods of high market volatility, consumer and business confidence may decline, leading to reduced spending and investment. This can slow economic growth and potentially lead to recessions. Conversely, stable markets can foster confidence and support economic expansion.

Having said that, while volatility is often viewed negatively, it can also present opportunities for long-term investors. Market downturns can provide attractive entry points for buying undervalued assets. Overall, market volatility has multifaceted implications, influencing investment strategies, portfolio construction, options pricing, and overall market sentiment. While it introduces risk and uncertainty, it also offers opportunities for informed and strategic investors.

Corporate governance issues, including instances of fraud, can undermine market integrity and erode investor trust

Another challenge for emerging markets can be instances of corporate governance issues, including instances of fraud, which can undermine market integrity and erode investor trust. Strengthening governance frameworks is essential to maintain credibility and foster a culture of transparency and accountability. Furthermore, despite increased participation, a significant portion of the population remains unbanked and excluded from the capital markets. Enhancing financial literacy and inclusion will continue to remain imperative for achieving broad-based market growth and ensuring that the benefits of market development are widely shared. In this regard, understanding and navigating volatility is also crucial for achieving long-term investment

success and maintaining financial stability. Investor education can play a pivotal role in equipping individuals with the knowledge and skills needed to make informed decisions, especially during periods of market turbulence.

With reference to role of the regulator to ensure good market practices and corporate governance, while policies can foster a culture of transparency and accountability, regulatory complexities and compliance costs, can also become burdensome for market participants. Additionally, gaps in market infrastructure and technology adoption, particularly in ensuring cybersecurity and data privacy, remain evolving challenges that will continue to need attention.

Future Directions and Strategic Roadmap for the Indian Capital Market

Looking ahead, the Indian capital market is poised for further evolution, driven by continued technological advancements, regulatory evolution, and market diversification. The integration of artificial intelligence, blockchain, and machine learning into

market operations could enhance security, efficiency, and transparency. Advanced trading platforms and real-time settlement systems may further enhance market operations, making them more advanced, efficient and resilient.

Catering to investor needs through market diversification and product development

Regulatory frameworks will need to continuously evolve to accommodate new financial instruments and market practices. Market diversification, including the expansion of the corporate bond market and the development of new financial products, will

be required to cater to the diverse needs of investors and promote a more dynamic market environment. Regulatory oversight will remain imperative for ensuring market stability and protect investor interests.

Encouraging sustainable finance to support environmental and social initiatives

Sustainable finance will also play a pivotal role in the future of the Indian capital market. Encouraging the issuance of green bonds and other sustainable investment products will support environmental and social initiatives, aligning market growth with

broader sustainability goals. Integrating ESG criteria into mainstream investment strategies will attract long-term investments and promote responsible business practices.



Build a more informed and confident investor base

Financial inclusion and literacy should remain key priorities. Targeted initiatives to enhance financial literacy, particularly in non-metro areas, will help build a more informed and confident investor base. Promoting investor education programmes will ensure that a wider population can participate in and benefit from market opportunities.

Overall, the strategic roadmap for the Indian capital market will involve strengthening market infrastructure, enhancing corporate governance, promoting innovation, expanding global integration, and ensuring policy support and collaboration. Adopting best cybersecurity standards will protect against data breaches and cyber threats, ensuring the integrity of market operations. Additionally, investing in robust market infrastructure, including real-time data analytics, will support market growth and resilience.

Implementing stringent corporate governance standards will ensure transparency and accountability,

fostering a culture of trust and integrity. Encouraging companies to adopt best practices in governance and disclosure will enhance market credibility and attract long-term investments. Expanding global integration by strengthening ties with international financial markets will also augur well for attracting foreign investments and enhancing market liquidity. Policy support and collaboration with policymakers, regulators, and industry stakeholders will create a conducive environment for market growth, ensuring that regulatory frameworks are supportive of innovation and long-term development.

In conclusion, the Indian capital market is on a promising trajectory, with numerous opportunities for growth and development. By addressing the challenges and strategically navigating future directions, India can build a resilient, inclusive, and dynamic capital market that supports its broader economic aspirations.



Conclusion

In conclusion, the Indian capital markets have demonstrated remarkable resilience and growth, becoming a critical driver and indicator of the nation's economic development and financial stability. The concerted efforts of policymakers to enhance market efficiency, transparency, and inclusivity have been paying off, fostering a robust and dynamic financial ecosystem. This has not only spurred wealth creation and entrepreneurship but also facilitated greater financial inclusion, thereby strengthening the overall economic fabric of the country.

The proactive measures implemented to support the capital markets, such as ease of doing business reforms, regulatory enhancements, and initiatives to broaden market participation, have been instrumental in unlocking India's full potential. The significant rise in retail investor participation in the equity markets and the revitalization of the debt markets underscore the growing confidence in India's financial markets. The prudent policies and infrastructure



development have further solidified India's position as a stable and emerging economic power, even in the face of global uncertainties.

As we look ahead, the trajectory of India's capital markets appears promising, with continued focus on innovation, regulatory advancements, and financial literacy. These efforts will be crucial in navigating potential global challenges and ensuring sustained growth. Ultimately, India's evolving financial markets reflect the nation's broader economic ambitions and its commitment to establishing itself as a significant player in the global financial landscape. By embracing sophistication, inclusivity, and setting new standards, India is well-positioned to achieve its vision of a developed and financially empowered nation by 2047. The journey ahead is filled with opportunities, and with continued dedication and strategic initiatives, India is poised to reach new heights in its economic and financial development.



Notes

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About ASSOCHAM

The Associated Chambers of Commerce & Industry of India (ASSOCHAM) is the country's oldest apex chamber. It brings in actionable insights to strengthen the Indian ecosystem, leveraging its network of more than 4,50,000 members, of which the MSMEs represent a large segment. With a strong presence in states, and key cities globally, ASSOCHAM also has more than **100 associations**, federations and regional chambers in its fold.

Aligned with the vision of creating a New India, ASSOCHAM works as a conduit between the industry and the Government. The Chamber is an agile and forward-looking institution, leading various initiatives to enhance the global competitiveness of the Indian industry, while strengthening the domestic ecosystem.

With more than **70 national** and regional sector councils, ASSOCHAM is an impactful representative of the Indian industry. These councils are led by well-known industry leaders, academicians, economists and independent professionals. The Chamber focuses on aligning critical needs and interests of the industry with the growth aspirations of the nation.

ASSOCHAM is driving four strategic priorities - **Sustainability, Globalization, Startup's & Innovation** and **Digital Economy**. The Chamber believes that affirmative action in these areas would help drive an inclusive and sustainable socio-economic growth for the country.

ASSOCHAM is working hand in hand with the Government, regulators and national and international thinktanks to contribute to the policy-making process and share vital feedback on implementation of decisions of far-reaching consequences. In line with its focus on being future-ready, the Chamber is building a strong network of knowledge architects. Thus, ASSOCHAM is all set to redefine the dynamics of growth and development in the technology-driven 'Knowledge-Based Economy.' The Chamber aims to empower stakeholders in the Indian economy by inculcating knowledge that will be the catalyst of growth in the dynamic global environment.

The Chamber also supports civil society through citizenship programmes, to drive inclusive development. ASSOCHAM's member network leads initiatives in various segments such as empowerment, healthcare, education and skilling, hygiene, affirmative action, road safety, livelihood, life skills, sustainability, to name a few.

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ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange.

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