There is a need for seamless transmission of information from G-sec to corporate bond market, says Sebi chairman

Mumbai: The chairman of the Sebi, Ajay Tyagi, on Wednesday proposed an electronic platform for better price discovery for corporate bonds, similar to equities markets.

"Enhancing and coalescing the fragmented liquidity of corporate bonds is a felt need of the market participants. One way in which this could possibly be achieved is to create an electronic platform that enables sophisticated, multi-lateral negotiations to take place i.e. an enhanced 'Request for Quote (RFQ)' kind of arrangement," Tyagi told an ASSOCHAM national conference on corporate bond market.

Unlike equity shares, corporate bonds are traded over the counter, where prices are negotiated off-line and bilaterally.

"Negotiations that currently take place offline and bilaterally would have to be done on an electronic platform, with straight through processing of clearing and settlement to complete the trade. This is expected to lead to more transparency, centralisation and pooling of investor interest and hopefully, a more efficient and liquid market," Tyagi said.

He also said Sebi is in the process of enabling UPIN (unified payment interface) linked payment interface for bond subscription, including an app-based subscription mechanism.

"The fundamental challenge, in my judgement, is the absence of a continuous corporate bond yield curve spanning across different maturities and across different rating buckets. For instance, primary issuances and trading are majorly concentrated in 10 years and 3-5 years bucket," he said.

The longer end of the yield curve is predominantly dominated by debt papers of public sector undertakings, financial institutions and housing finance companies. While the shorter end is dominated by non-banking finance companies. As regards rating buckets, approximately 90% of the papers are AA and above rated, Tyagi said.

A corporate bond is generally priced on the basis of price of G-sec of comparable tenure. In other words, price of G-sec is the base on which the spread of a corporate bond gets determined.

"Naturally therefore, it is important for us to have a robust, continuous G-sec yield curve. Unfortunately, however, we do not have the benefit of such a benchmark yield curve. Most of the G-sec issuances and concomitant liquidity are concentrated in only few maturity buckets," Tyagi said.

"There is a need for seamless transmission of information from G-sec to the corporate bond market. One of the ways to achieve this could be through unification of the G-sec and the corporate bond market, wherein trading, clearing and settlement take place on one platform, backed up by an ecosystem that provides for seamless transfer of G-sec and corporate bond holdings," he added.

In addition to unification of the bond market, retail participation should also be encouraged in G-sec.

India's corporate bond market has gained significant traction over the years. Funds raised through corporate bonds increased from around Rs.7 lakh crore in 2021-22 to Rs.5 lakh crore in 2018-19.

However, corporate bond issuances have remained flat in the last three years at an average of about Rs.6.4 lakh crore. "The plateauing of corporate bond issuances and declining bank credit disbursements by banks are inextricably linked to the decline in corporate private investments, resulting in sluggish growth seen in various sectors of the economy," Tyagi said.

"For the economy to move to the next level of the growth trajectory, it is essential that all means of financing corporate investments, including corporate bond issuances, fire on all cylinders," Tyagi said.
Need to unify G-sec, corporate bond markets, says Tyagi

ASSOCHAM in the News

As the chairman of the Network of ASSOCHAM under the aegis of ASSOCHAM, Tyagi said that the need of the hour is to unite the G-sec and corporate bond markets. He said that the unification of these two markets will help in bringing more transparency and liquidity to the markets.

Tyagi said that the current structure of the bond markets is fragmented and lacks coordination. He added that the unification of these markets will help in bringing down the cost of borrowing and improving the efficiency of the markets.

Tyagi also highlighted the importance of having a single platform for the issuance and trading of corporate bonds. He said that a single platform will help in reducing the transaction costs and improve the market efficiency.

The ASSOCHAM chairman also called for the need to have a single clearing and settlement system for the corporate bond markets. He said that a single system will help in reducing the risk of default and improve the market stability.

Tyagi also underscored the need for the government to provide incentives to corporate bonds issuers. He said that the government should provide tax incentives and other incentives to encourage the issuance of corporate bonds.

Finally, Tyagi called for the need to have a strong regulatory framework for the corporate bond markets. He said that a strong regulatory framework will help in maintaining the integrity of the markets and preventing any fraudulent activities.

The ASSOCHAM chairman concluded by saying that the unification of the G-sec and corporate bond markets will help in bringing more transparency and liquidity to the markets and improving the overall efficiency of the financial system.
Sebi chief Tyagi moots single platform for Gilts, corporate bonds

PRESS TRUST OF INDIA
Mumbai, September 4

CAPITAL MARKETS REGULATOR
Sebi on Wednesday called for "unification" of the corporate bond market with the more widely-traded government securities market to make it easier for investors to enter and exit the market.

Sebi chairman Ajay Tyagi also said the corporate bond market, where issuances have plateaued in the past three years, can play an important role in pushing economic growth given the handicaps in the banking system. "There is a need for seamless transmission of information from G-secs to the corporate bond market... there is a need for unification of both," Tyagi said at an event organised by Assocham here. "One of the ways to achieve this can be the unification of G-secs and corporate bond markets, wherein trading, clearing and settlement can take place on one platform backed by an ecosystem that allows seamless transfer of G-secs and corporate bond holdings," Tyagi said.

Welcoming the government moves on providing credit enhancement for corporate bonds, he said generally the lower-rated companies, especially from the infrastructure sector, get impacted as investors prefer only higher-rated paper.

Tyagi also called for bringing down the bond issuance cost, which is very high now, and pointed out that creating the dividend redemption reserve alone results in up to 50% of the costs. Another way to lower the cost is to shift the payments to unified payments interface.

Calling for innovations, he said there is also a need for different types of corporate bond offerings, as at present issuers are only offering "vanilla" paper. Reeling out data, Tyagi said the market has gained "significant traction" over the past years, as funds raised from the market touched ₹6.5 lakh crore, or 16.3% of GDP, in FY19 from ₹3.7 lakh crore, or 13% of GDP, in FY13. However, over the past three of the six years, there has been a plateauing of issues at ₹6.4 lakh crore per year, he said.
SEBI chief for ‘unification’ of corporate bond market with G-Secs

PRESS TRUST OF INDIA
Mumbai, September 4

Capital market regulator SEBI on Wednesday called for "unification" of the corporate bond market with the more widely-traded government securities market to make it easier for investors to enter and exit the market.

Chairman Ajay Tyagi also said the corporate bond market, where issuances have plateaued in the past three years, can play an important role in pushing economic growth given the handicaps in the banking system.

"There is a need for seamless transmission of information from G-Secs to the corporate bond market... there is a need for unification of both," Tyagi told an event organised by the industry lobby Assocham here.

"One of the ways to achieve this can be the unification of G-Secs and corporate bond markets, wherein trading, clearing and settlement can take place on one platform backed by an ecosystem that allows seamless transfer of G-Secs and corporate bond holdings," Tyagi said.

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Calling for innovations, he said there is also a need for different types of corporate bond offerings, as at present issuers are only offering "vanilla" paper.
Sebi chief backs unified gilt, corp bond trading platform

**Sebi seeks response from IndiGo on Gangwal charges**

**New Delhi:** Sebi has asked IndiGo to give its comments on certain issues raised by the airline's co-founder and co-promoter Rakesh Gangwal. The airline will shortly be sending its reply to Sebi.

In a regulatory filing on Wednesday, IndiGo told BSE it "has received an email dated September 3, 2019, from Sebi, requiring the company to provide its comments to a letter dated August 30, 2019 received by Sebi from legal counsel of Rakesh Gangwal, co-founder and director of company."

**Mumbai:** To deepen the country's bond market, which can serve as a strong alternative to bank financing for capital, Sebi wants the corporate bond market, which is fairly illiquid, to be unified with the government securities market, which is relatively much more liquid.

On Wednesday, Sebi chairman Ajay Tyagi said that such a move would make it easier for investors to enter and exit the bond market.

The top regulator is also trying to shorten the time between issuance of corporate bonds and their listing to six days from 12 days now. In comparison, in the stock market, shares sold through an IPO are listed in three days after the close of the offer.

"There is a need for seamless transmission of information from G-secs to the corporate bond market...there is a need for unification of both," Tyagi said in his inaugural address at an event organised by the industry body Assocham.

Under such a unified system, "trading, clearing and settlement can take place on one platform backed by an ecosystem that allows seamless transfer of G-secs and corporate bond holdings," he said.

Sebi chairman also wants the cost of issuance of bonds to come down, which he feels is very high now. He said that creating a debenture redemption reserve (DRR) for issuance of bonds increases costs by 20-50%. "The recent government announcement to remove DRR would, in all likelihood, substantially bring down the cost of issuance for issuers," Tyagi said. According to him, another way to lower the cost is to shift the payments to unified payments interface.

The Sebi chief also said that there was need for issuers in the corporate bond market to be innovative with products and currently only 'vanilla' products are offered. During his post-speech interaction with the media, Tyagi said that the regulator was in the process of setting up a working group which will look into the issues relating to starting a social stock exchange, which was announced in the Budget.
‘Structural incentives’ drawing firms to bank financing: RBI official

PRESS TRUST OF INDIA
Mumbai, September 4

A SENIOR RBI official on Wednesday blamed “structural incentives” for drawing companies to bank financing, inhibiting them from opting for issuing bonds.

Rajeshwar Rao, the executive director for financial markets operations department, also rued the lack of “disincentives” for unutilised working capital limits as one of the factors limiting corporate bond market development.

It can be noted that for the last two decades, the government, RBI and Sebi have been working on deepening the corporate bond markets. The interventions delivered some successes initially, but the new issuances have plateaued in the last three years. “There is inherent structural incentive for the borrowers to prefer bank financing,” Rao said.
सरकारी व कॉर्पोरेट बॉन्ड के लिए हो एक प्लेटफॉर्म
सेवी चेंड्रेमैनन ने कहा कि एक ही प्लेटफॉर्म से कारोबार और निपटान होगा आसान, मिलेगी बेहतर कीमत

सुदूर संतुलन
मुंबई, 4 सितंबर

बांगला नियामक सेवी के चेंड्रेमैन अन्य सेवी ने कहा कि सरकारी व निजी प्रतिभूतियों के लिए एक ही प्लेटफॉर्म देश में कॉर्पोरेट बॉन्ड बाजार निकटलित करने के लिए आवश्यक है रकम हो सकता है। सेवी ने कहा कि आर्थिक रणनीति को अपने स्तर पर ले जाने के लिए कॉर्पोरेट निवेश के लिए पैसे के सामान्यों में जुनून आकर्षक खुला है।

कॉर्पोरेट बॉन्ड के आर्थिक उन्नयन के लिए लागू गई रकम में 2012-13 के 9.7 लाख करोड़ रुपए से बढ़कर 2018-19 में 6.5 लाख करोड़ रुपए पर सुधार हुआ है। उल्लेख कि बॉन्ड की प्रातिभूति का निर्माण होता है 2012-13 के 13 लाख करोड़ से परा 2018-19 में 11 लाख करोड़ रुपए तक आया। साथ ही कॉर्पोरेट बॉन्ड जारी करने से जुड़ी मात्रिकाएं निस्तार की बढ़त में फंसी रही है और यह आर्थिक 6.4 लाख करोड़ रुपए है।

सेवी ने कहा कि, कॉर्पोरेट बॉन्ड कम जारी होने और बैंक करने के नियंत्रण में बैंकों की कंपनियों की तरह से मिलने वाली रकम हो गई निवेश में सहानुभूति नहीं होगी। इसके बाद से स्थापनाओं के गिरने के लिए किसी नियंत्रण की रकम सुधार हो गई है।

सेवी ने कहा कि, कॉर्पोरेट बॉन्ड के लिए सार्वजनिक कार्यक्रम की शुरुआत कर रहे हैं। उल्लेख कि, सरकारी प्रतिभूतियों और कॉर्पोरेट बॉन्ड के लिए एक ही प्लेटफॉर्म से ट्रेडिंग, विल्यूमिंग देने का एक ही प्लेटफॉर्म पर सूचनात्मक होगा। इस प्रकार, से बेहतर कार्यक्रम सील भी बनाया जा सकता है।

सेवी ने कहा कि, सूचना के लाभ के स्वरुप संचालन आर्थिक विभाग चाहते हैं। उल्लेख कि, से स्थापनाओं की प्रतिभूति के लाभ के स्वरुप संचालन आर्थिक विभाग चाहते हैं।
सेवी ने सरकारी प्रतिभूतियों, कारपोरेट बोर्ड की खरीद-फरीदा के लिए एक मंच की वकालत की

मुंबई, (भारत)। एलीजी बाहार नियमामक सेवी ने कुचबाद का कारपोरेट बोर्ड बाहार और सरकारी प्रतिभूतियों के बाहर के एकोकरण की वकालत करते हुये कहा है कि इससे निवेशकों के बाहर में विश्वास करने और उससे बाहर निकलना अधिक आसान हो जाएगा।

भारतीय प्रतिभूति एवं विनियम बोर्ड सेवी के प्रेम-सैन्य अंतर व्यापारी ने कहा कि बैंकिंग प्रणाली की स्थिति को देखते हुए कारपोरेट बोर्ड बाहार आर्थिक वृদ्धि को बढ़ाने में महत्वपूर्ण भूमिका निभा सकता है। उन्होंने कहा कि इस अवधि बाहार पिछले तीन साल के दौरान एक स्तर पर पहुँचकर निश्चित हो चुका है। लगभग ने यहां उद्योग मंडल एक ओर से आयोजित एक कारकिंग में कहा, सरकारी प्रतिभूतियों के बाहर से कारपोरेट बोर्ड बाहार को और चुनाव लेनें के सरलता के साथ परेशान को आरोपित करता है। इन दोनों कारणों के एकाकृति को आरोपित करता है। उन्होंने कहा कि इस स्थिति को हासिल करना का एक तरीक़ा यह हो सकता है कि सरकारी प्रतिभूतियों और कारपोरेट बोर्ड बाहार का एकाकृति किया जाये जिसमें कि प्रतिभूतियों को खरीद-फरीदा, लेखनारों और नियमानुसार कार्य एक ही प्लेटफार्म पर किया जा सके। इससे लिये ऐसा बेहतर सुविधाजनक मंच तैयार किया जाये जहां सरकारी प्रतिभूतियों और कारपोरेट बोर्ड होंठिंडा का सरलतापूर्वक साथ हस्तांतरण किया जा सके। लगभग ने बाहार जारी करने की लागत को भी कम करने पर और दिया। उन्हें मुख्यमंत्री राष्ट्रमंडल में यह लागत काफी ऊपर है। इससे लागत कम करने का एक तरीका यह हो सकता है कि इस भुगतान को एकाकृति भुगतान प्रणाली को स्वायत्तता कर्ता दिया जाये। उन्होंने बाहार जारी करने के तौर-तरीकों और बाहर के प्रकार में भी न्योतेंच का आवश्यक किया है। उन्होंने कहा कि पिछले तीन साल में से तीन साल के दौरान बाहार बाहार 6.4 लाख करोड़ रुपये के स्तर के आसपास ही रहे।