

CORPORATE BOND MARKET IN INDIA: AN EMPIRICAL STUDY

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ABSTRACT

In any economy, equity and debt are two useful sources of financing for corporate sector. These financial instruments caters to investors having different risk appetites and requirements. However, a corporate bond market helps an economic entity to raise funds at cheaper cost vis-à-vis syndicated loan from banks. Unlike other countries, a large chunk of corporate funding in India is done through banking, retained earnings and capital through equity offerings. India have fairly progressed in development of government securities (G-Sec) market; but private corporate bond contribute fairly little in terms of long term funding like other emerging economy in asia because of the absence of an active secondary market for debt instruments. India is lagging behind in respect of private bond market capitalisation as a percentage of gross development product. Since 2005, Government of India, Reserve Bank of India and Securities Exchange Board of India have initiated several measures to develop the corporate debt market in India. This paper is an attempt to analysis development and growth of corporate bond market in India as compare to other developed and asian countries. Based on the study, certain guidelines are forwarded for improvement in corporate bond market of India.

Keywords: Corporate Debt, Emerging Economy, Government Securities, Gross Development Product, Private Bond

INTRODUCTION

A well developed capital market may consist of both the equity market and the bond market. While the exact opus of the market varies from country to country, it is generally found that the debt market section in the capital market develops more slowly than the equity market. The limitations of public finances as well as the systemic risk awareness of the banking systems in developing countries have led to growing interest in developing bond markets. It is believed that well run and liquid corporate bond markets can play a critical role in supporting economic development in developing countries, both at the macroeconomic and microeconomic levels (*Jiang et. al. '03*). The need for a developed bond market with a sizeable corporate debt segment is particularly important as it offers an effective alternative to banks for raising capital by corporate, leading to improvement in efficiency of the capital market. Corporate debt markets also function as a stable source of finance when the equity

market is volatile. Generally, there have been two models for developing debt markets internationally. Whereas, in developed countries like the U.S., regulators stepped in to bring about an orderly way of doing business after the markets had by themselves developed reasonably, in several developing countries such as India, the regulators have had to assume the role of market developers. Purely from an issuer angle, the debt market could be segregated into government securities (G-Sec) and corporate bond market. The existence of an efficient G-Sec debt market is usually seen as an essential forerunner for the corporate debt market. Following a developmental model rather than a regulatory and supervisory model, the Reserve Bank of India (RBI) took up the task of developing the G-Sec market, so as to smooth the progress of sustainable growth of financial and economic system in India. Along with the initiation of overall economic reforms in the early 1990s, the development of the G-Sec market was initiated in 1992.

Corporate Bond: Meaning and Types

A corporate bond is a bond issue by a corporation to raise money effectively in order to expand its business. The term is usually applied to longer-term debt instruments, generally with a maturity date falling at least a year after their issue date. Sometimes, the term "corporate bonds" is used to include all bonds except those issued by governments in their own currencies. However, the bonds of local authorities and supranational organizations do not fit in either category. Corporate bonds are often listed on major exchanges (bonds there are called "listed" bonds) and ECNs, and the coupon (i.e. interest payment) is usually taxable. Sometimes this coupon can be zero with a high redemption value. However, despite being listed on exchanges, the vast majority of trading volume in corporate bonds in most developed markets takes place in decentralized, dealer-based and over-the-counter markets. Some corporate bonds have an embedded call option that allows the issuer to redeem the debt before its maturity date. Other bonds, known as convertible bonds, allow investors to convert the bond into equity. Corporate Credit spreads (CDS) may alternatively be earned in exchange for default risk through the mechanism of Credit Default Swaps which give an unfunded synthetic exposure to similar risks on the same 'Reference Entities'. However, owing to quite volatile CDS 'basis' the spreads on CDS and the credit spreads on corporate bonds can be significantly different.

Corporate debt fall into several broad categories

- Secured Debt
- Unsecured Debt
- Senior Debt
- Subordinated Debt

A secured loan is a loan in which the borrower pledges some asset (e.g. a car or property) as collateral for the loan, which then becomes a secured debt owed to the creditor who gives the loan. The debt is thus secured against the collateral in the event that the borrower defaults, the creditor takes possession of the asset used as collateral and may sell it to regain some or the entire amount originally lent to the borrower. Various types of secured loan are – mortgage loan, nonrecourse loan, foreclosure and repossession.

The opposite of secured debt/loan is unsecured debt, which is not connected to any specific piece of property and instead the creditor may only satisfy the debt against the borrower rather than the borrower's collateral and the borrower. In finance, unsecured debt refers to any type of debt or general obligation that is not collateralized by a lien on specific assets of the borrower in the case of a bankruptcy or liquidation or failure to meet the terms for repayment. In finance, senior debt, frequently issued in the form of senior notes or referred to as senior loans, is debt that takes priority over other unsecured or otherwise more "junior" debt owed by the issuer. Senior debt has greater seniority in the issuer's capital structure than subordinated debt. It is a class of corporate debt that has priority with respect to interest and principal over other classes of debt and over all classes of equity by the same issuer. In the event the issuer goes bankrupt, senior debt theoretically must be repaid before other creditors receive any payment. Senior debt is often secured by collateral on which the lender has put in place a first lien. Usually this covers all the assets of a corporation and is often used for revolving credit lines.

In finance, subordinated debt (also known as subordinated loan, subordinated bond, subordinated debenture or junior debt) is debt which ranks after other debts should a company fall into liquidation or bankruptcy. Such debt is referred to as 'subordinate', because the debt providers (the lenders) have subordinate status in relationship to the normal debt. A typical example for this would be when a promoter of a company invests money in the form of debt rather than in the form of stock. In the case of liquidation (e.g. the company winds up its affairs and dissolves), the promoter would be paid just before stockholders — assuming there are assets to distribute after all other liabilities and debts have been paid. Subordinated loans typically have a lower credit rating, and, therefore, a higher yield than senior debt. While subordinated debt may be issued in a public offering, major shareholders and parent companies are more frequent buyers of subordinated loans. Subordinated debt is issued periodically by most large banking corporations in the U.S.

Importance of Corporate Bond Market

In any economy, equity and debt are two useful sources of financing for corporate sector. It caters to investors having different risk appetites and requirements. When a firm cannot finance its activities solely through equity, it must look at debt financing to support its operating activities and support development and growth (*Allen, Kraakman and Subramaniam, 2009*). Equity investors have generally a smaller time frame for investment but debt investors are long term investors in a firm. Debt is funded either by bank loans or bond issuances. A corporate bond market helps an economic entity to raise funds at cheaper cost vis-à-vis syndicated loan from banks (*Mishkin, 2006*). Jiang, Tang and Law point out that one of the major benefits of a well developed corporate bond market is to provide an effective alternative source of financing to bank financing. The corporate bond market helps investor to convert their holdings into cash as there are others who would like to take the risk of investing in bonds if the return is appropriate for them to assume such risk. Thus the development of a corporate debt market can also be seen as a way of mobilizing savings, either by encouraging direct retail participation in bond markets or, more likely in our view, by encouraging the development of indirect investment vehicles. A successful corporate bond market might also improve the supply of investment capital for a firm. Again, the secondary market trading also provides important information not only on price discovery

but also on many other factors like credit risk appetite, spread, default probability, etc. The tradability of bonds issued by a fund raiser helps the market in getting required information on the firm (*Mishkin, 2006*). Further, development of Credit Default Swap (CDS) market globally also helped in unbundling the risk and reselling the same at appropriate rate.

Many international agencies strongly recommend the development of corporate bond markets as a key part of countries' capital market improvement. In large part this recommendation was prompted by the events of the Asian financial crisis in 1997, during which many countries suffered as a result of an over-reliance on weak banking sectors for the finance of corporate. Developed capital markets, outside the USA, tend to rely heavily on the banking sector for debt finance and tend to have active, but not dominant corporate debt markets. This suggests that it is not necessarily a reliance on bank finance that hinders economic growth or causes instability, rather it is a reliance on a banking sector which is intrinsically weak that creates the systemic risk in a credit crisis. The 2008 Global Financial Crisis (GFC) again highlighted the need to reduce the dominance of the banking system in financing corporate sector by developing a good corporate bond market. Banking sectors in developing markets have tended to suffer from structural weaknesses that have made them vulnerable to crises. Therefore in markets with weak banking sectors, it is important to develop other avenues of corporate finance, and in particular the corporate bond market. Often in developing markets there is an absolute shortage of assets for long-term investors to acquire. Corporate bonds are particularly important for the development of long-term institutional investors such as pension and life insurance funds.

In India, most of the financial markets like equity, equity derivatives, currency derivatives, commodity derivatives, G-Sec, money and currency market including OTC currency derivatives, OTC interest rate derivatives relatively well developed while corporate bond market is not well-developed. This is in contrast to other developed and emerging markets in the world. India's corporate bond market, about 30 percent the size of China's, is failing to expand to help Government of India (GOI) to meet its target of building infrastructure. India has about \$200 billion of corporate bonds outstanding (Bloomberg) compared with China's corporate bond market of \$614 billion, according to Asian Development Bank figures (2011). The need for a developed bond market with a sizeable corporate debt segment is particularly important as it offers an effective alternative to banks for raising capital by corporate, leading to improvement in efficiency of the capital market. Corporate debt markets also function as a stable source of finance when the equity market is volatile. Generally, there have been two models for developing debt markets internationally. Whereas, in developed countries like the U.S., regulators stepped in to bring about an orderly way of doing business after the markets had by themselves developed reasonably, in several developing countries such as India, the regulators have had to assume the role of market developers.

As is true of many Asian countries, India is a bank-dominated market, supplemented by the Development Financial Institutions (DFIs) with Moodys /ICRA reporting that banks hold around 90% of the assets of the financial sector. Credit demand is growing rapidly but remains low by Asian standards. The financial system has undergone several changes during the recent years and DFIs have been converted into banks. Commercial banks, by nature, are not able to fill the gap in long-term finance, given the asset-liability management issues.

While banks have been the main source of corporate credit, they have often competed aggressively for corporate business and this suggests that there is at least a measure of competition to supply funds. While the Indian banking sector has shown significant progress, especially with regard to the transformation of the development banks, it is still in a transition stage. Rapid economic growth, which is expected to continue, is expected to put pressure on conventional (largely bank-based) sources of finance in the future. A well-developed corporate bond market is critical for a developing economy like India because it (i) enables efficient allocation of funds, (ii) facilitates infrastructure financing, (iii) improves the health of the corporate balance sheets, (iv) promotes financial inclusion for the Small and Medium Enterprises (SMEs) and the retail investors, (v) safeguards financial stability and (vi) enables development of the municipal bond market.

Corporate Bond Market: Global Scenario

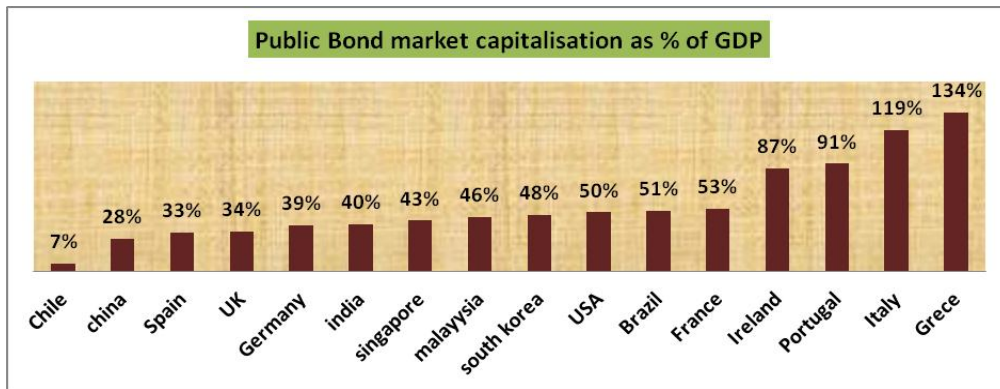
Global bond market stood at US \$ 98 trillion as of 2012 out of which 70% were constituted by domestic bonds. The US was the largest market with 38% of the value outstanding, followed by Japan 20%. Government bonds accounted for 59% of the outstanding value of domestic bonds in 2012. Since 2001, the US corporate bond markets have been an important source of capital for issuers, with daily trading volume of \$16 bn and more than 400 mutual funds across the world are investing in US high yield bonds. Increasing fear over the ability of some governments' to repay their debt has resulted in a significant widening of government bond yields. Recently, 10- year Spanish government bonds reached the 6% mark, which is considered very high. In relation to the size of the economy, in Europe, public sector debt is highest in Greece (134% of GDP) followed by Italy (119%), Portugal (91%) and Ireland (87%) [Figure: 1]. Recently Greece's credit rating has been downgraded by a number of times. Other countries with high budget deficits such as Portugal, Ireland, Turkey, Italy and Spain have also experiencing downgrades in government debt. However, net government debt in emerging markets is set to improve in the next few years due to the high level of projected government borrowing in many countries. On the other hand, private bond market capitalisation as a percentage of GDP is high in case of U.S. (128% of GDP) & Spain (90%); India (5%) is lagging behind (figure: 2). After 2008, (Post Crisis period) the share of corporate debt as a percentage of GDP has been declining in the developed countries like U.S. and Japan (where the economies are being supported by additional government borrowing). On the other hand, share of some emerging market like China and India is gradually increasing due to increasing trend of corporate approach towards the market (Figure: 3). However, during the period 2005-06 to 2011-2012 the share of corporate bond in total debt showing a declining trend in developed countries (U.S., Japan) as compare to emerging market economy (China, India).

Globally corporate bond markets are OTC (Over the Counter Exchange) markets. Over the counter (OTC) and/or the telephonic market rather than exchanges extensively used by the institutional investors and professional money managers for bond market transaction. In Japan, for instance the value of bonds traded on the exchanges accounted for a mere 5% of the total traded value of bonds. Internationally corporate bond markets are primarily wholesale markets. Retail interest is not likely to be noteworthy in corporate bond market. Unlike in the case of equity where scope of upside appreciation is high, the scope for such upside gain is limited in case of bonds while there is a significant downside risk due to

default risk. Even in developed corporate bond markets most issues are illiquid. For example in the Eurobond market most bonds trade actively for a brief period after issue. Trading interest declines thereafter and is usually revived with advancing redemption dates or significant corporate announcements (Patil ‘ 2005).

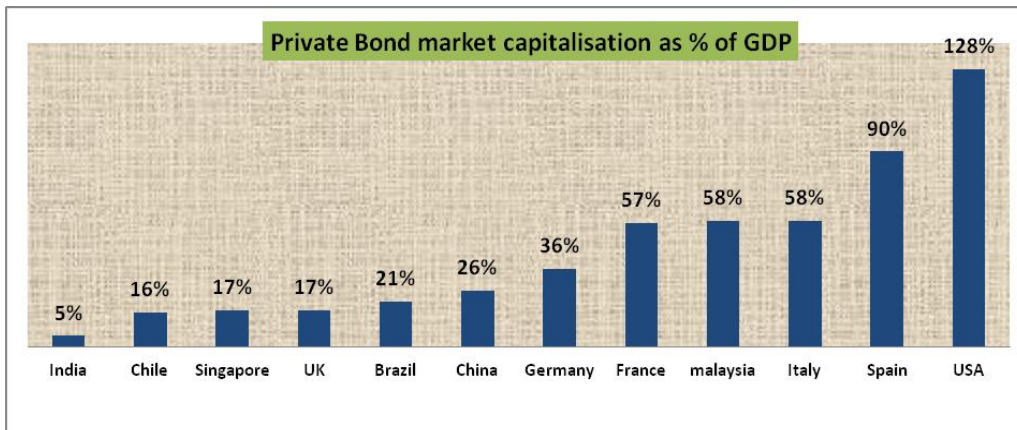
Corporate Bond Market in India

The debt market in India is of some age and of some substantial size. The G-Sec market dates back to 1859 when the British Government took over from the East India Company; there has been active debt issuing by the government both before and after independence. Public limited companies have been raising capital by issuing term debt securities mostly through private placement. State owned public sector units (PSUs) began issuing PSU bonds since 1985-86.



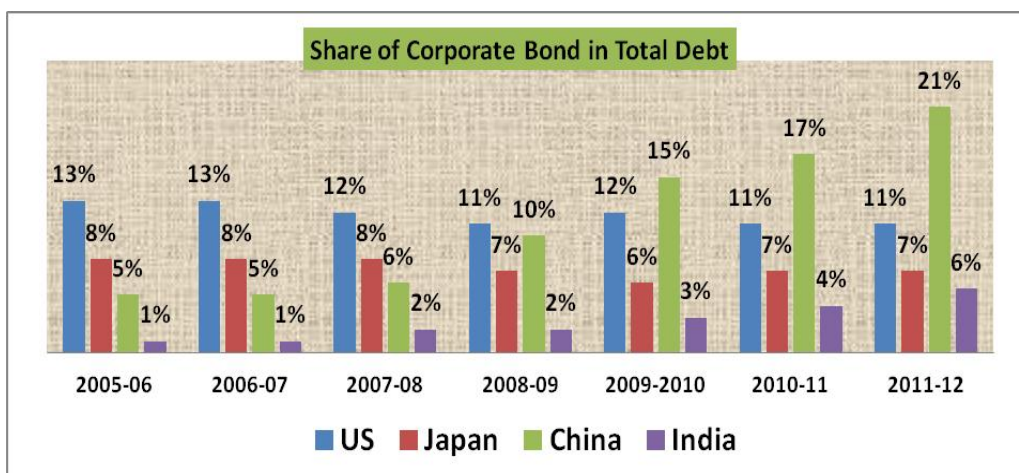
Source: RBI

Figure: 1



Source: RBI

Figure: 2



Source: RBI

Figure: 3

At present there are basically three segments in the Indian debt market namely - Sovereign issuer, public sector and private sector. In the Sovereign issuer market, the main issuers are the central government and state governments and investor includes RBI, DFIs, banks and pension funds; traded instruments consists of GOI dated securities, treasury Bills, state govt. securities, index bonds, zero coupon bonds. On the other hand, Govt. agencies, state bodies, public sector units (PSUs) and commercial banks are the main issuers in the public sector market and pension fund, FIIs and corporate bodies are investors; usually government guaranteed bonds/ debentures, PSU bonds, debentures, commercial papers (CPs), commercial deposits (CDs) are traded in this market. Again in the private segment of Indian debt capital market, financial instruments like bonds, debentures, commercial paper, floating rate notes (FRNs), floating commercial deposits (FCDs), zero coupon bonds (ZCBs), CPs and CDs are traded. The buyer and seller of this market includes individuals, pension fund, insurance companies, trusts, mutual fund, private banks and other corporate bodies. Structure of Indian debt market is given in table: 1.

Table 1. Structure of Indian Debt market

Regulators (SEBI, RBI, DCA)			
Market Segment	Issuers	Instruments	Investors
The Sovereign Issuer	<ul style="list-style-type: none"> Central Government State Government 	GOI dated securities Treasury Bills, State Govt. Securities, Index bonds, Zero coupon bonds	<ul style="list-style-type: none"> RBI DFIs Banks Pension Funds
The Public Sector	Govt. Agencies & State Bodies	Government Guaranteed Bonds/ Debentures	<ul style="list-style-type: none"> Pension Funds FIIs Corporate
	PSUs	PSU Bonds, Debentures, Commercial Papers (CPs).	
	Commercial banks / DFIs	Commercial Deposits (CDs), Bonds	

Table 1. Structure of Indian Debt market (Contd....)

Regulators (SEBI, RBI, DCA)			
Market Segment	Issuers	Instruments	Investors
The Private Sector	Corporate	Bonds, Debentures, Commercial Paper (CP), Floating Rate Notes, Floating Rate Deposits (FCDs), Zero coupon Bonds (ZCBs)	<ul style="list-style-type: none"> • Individuals • Pension Fund • Insurance Companies • Trusts
	Private Banks	Bonds, Debentures, CPs and credit default swap (CDS)	<ul style="list-style-type: none"> • Mutual Funds

Unlike other countries, a large chunk of corporate funding in India is done through banking, retained earnings and capital through equity offerings. Corporate bonds contribute fairly little in terms of long term funding because of the absence of an active secondary market for debt instruments. During the initial phase of growth of private industry in post-independence India, corporate sector arranges long term finance mainly from various types of financial incentives and supportive channels supplied by government-nurtured development financial institutions (DFIs). Commercial banks were not interested on providing such loans for fear of asset-liability mismatch. Working capital finance, however, was provided mostly by commercial banks in a regime of administered interest-rate with a differentiated rate structure. This pattern of financing changed totally with the start of the deregulation process in the early 1990's. The DFIs increasingly withdrew themselves from project lending. Their withdrawal created a vacuum and thus the need for opening alternative sources of term finance to industry and infrastructure development came to the forefront. Thereafter efforts are being taken by GOI to fill up this vacuum by enlarging the scope of the bond market and more particularly encouraging the growth of an active bond market. Institutional participants, such as, banks, primary dealers, mutual funds, insurance companies, pension funds, corporate, etc. are the major players in this market. Retail investors are also gradually entering this market. However, their participation is very small. As regards regulation of corporate debt market, the regulatory involvement is clearly delineated between the RBI, SEBI and Department of Company Affairs (DCA). RBI is responsible for the market for repo transactions and OTC credit derivatives besides framing prudential regulations for banks, etc. in respect of their exposure to corporate bonds. In all other cases, SEBI and DCA have the regulatory jurisdiction except in case of unlisted privately placed bonds. With the abolition of the office of the Controller of Capital Issues (CCI) and the consequent removal of the administrative control over the pricing of new issues, number and variety of corporate debt issues has to a great extent. At present, the primary market for corporate debt is mainly dominated by private placements (Table: 2) as corporate prefer this route to public issues because of simplicity in operation i.e., minimum disclosures, low cost, tailor made structures and speed of raising funds. Banks/FIs (42.3 per cent of total issuances) followed by finance companies (26.4 per cent) were the major issuers in 2012-13.

Table 2. Public Vs. Private Placement of Corporate Bond in India

Year	Public Placement		Private Placement		Total	
	Amt. ₹.	%-age	Amt. ₹.	%-age	Amt. ₹.	%-age
2007-08	Nil	--	118484.64	100.00	118484.64	100.00
2008-09	1500.00	0.86	173281.18	99.14	174781.18	100.00
2009-2010	2500.00	1.16	212634.92	98.84	215134.92	100.00
2010-11	9451.17	4.14	218785.41	95.86	228236.58	100.00
2011-12	35610.71	12.00	261282.65	88.00	296893.41	100.00
2012-13	16982.05	4.49	361462.00	95.51	378444.05	100.00
2013-14 (upto June'13)	133.70	0.12	110784.55	99.88	110918.25	100.00

Source: SEBI

In the absence of a well functioning secondary market, corporate debt instruments remained highly illiquid and unpopular among the investing population at large in India. Not only the size of the private corporate debt segment of the Indian capital market small compared with the size of the government segment, but the secondary market for corporate bonds is also extremely skinny and low with very little participation of individual investors. India lacks a long-term debt market for pure project finance. Corporate bonds issued in India usually carry a rating of AAA indicating lack of interest in bonds of lower rated borrowers in the debt market. However, in most developed countries, the secondary market for corporate bonds is generally illiquid and institutional investors rather than individuals are the key players in these markets. Both the major and minor corporate bond issuers in developed countries enjoy a fairly well functioning corporate bond market. In India, the lack of credit rating requirements for private placement of corporate debt has fostered a primary market structure where private placement dominates in an overwhelming manner, leading towards illiquidity in the secondary market. The private placement of debt as well as transactions in debt securities are generally made through opaque negotiations with poor disclosures and ineffective audits thus resulting in an inefficient secondary market which suffers from fragmentation, low liquidity and inefficient price discovery.

India's infrastructure funding requirements (10 per cent of GDP) need a healthy corporate bond market for diversifying risk, enhancing financial stability, and for better matching of risk-return preferences of the borrowers. The Committee on Infrastructure Financing (Chairman: Shri Deepak Parekh) has estimated that 51.46 trillion would be required for infrastructure development during the 12th Five Year Plan (2012–17) and that 47 per cent of the funds could come through the public-private partnership (PPP) route. The requirement will be increased if the potential financing needs for up gradation of railways, urban and rural infrastructure is added. G-sec market development has provided a boost to the development of the private corporate bond market. The municipal bond market in India also derives benefits from a well-developed corporate bond market.

Measures Taken To Develop the Corporate Bond Market in India

GOI, RBI along with SEBI have initiated several measures to develop the corporate debt market in India. RBI has also taken various initiatives in this regard. Some of the measures are given below:

- To promote transparency in corporate debt market, a reporting platform was developed by Fixed Income Money market and Derivative Association of India (FIMMDA) and it was mandated that all RBI-regulated entities should report about OTC trades in corporate bonds on this platform. Other regulators have also prescribed such reporting requirement in respect of their regulated entities. This has resulted in building a plausible database of all the trades in corporate bond market providing useful information about regulators and market participants.
- Clearing houses of the exchanges have been allowed to create a pooling fund account with RBI to facilitate DvP-I based settlement of trades in corporate bonds.
- Repo in corporate bonds was allowed under a comprehensive regulatory framework.
- Banks were permitted to classify their investments in non-SLR bonds issued by companies engaged in infrastructure activities and having a minimum residual maturity of seven years under the Held to Maturity (HTM) category;
- The provisioning norms in commercial banks for infrastructure loan accounts have been relaxed.
- The exposure norms for primary dealers (PDs) have been relaxed to enable them to play a broader role in the corporate bond market. Again, Credit Default Swaps (CDS) have been introduced on corporate bonds since December 01, 2011 to facilitate hedging of credit risk associated with holding corporate bonds and encouraging investors to participate in long term corporate bonds trading.
- For bringing interest of the foreign investors into this market, FIIs limit for investment in corporate bonds has been increased by additional US\$ five billion on November 18, 2011 (total limit US\$ 20 billion). In addition a separate limit of US\$ 25 billion has been allowed to them for investing in corporate bonds issued by infrastructure companies. Further, additional US\$ one billion has been provided to the Qualified Financial Institutions (QFI).
- Lock in period and residual maturity of investment in infrastructure debt by FIIs and non-resident investment in Infrastructure Development Funds (IDFs) has been modified.
- Further, as a measure of relaxation, Qualified foreign institutions (QFIs) are allowed to invest in those MF schemes that hold at least 25 per cent of their assets (either in debt or equity or both) in the infrastructure sector.
- Guidelines have been designed for securitisation of standard assets focussed on twin objectives of growth of bond market as well as capital protection of the investors.
- Flexibility in investment has given to bank for investment in unrated bonds of companies engaged in infrastructure activities within the overall ceiling of 10 per cent;
- RBI has issued detailed guidelines on setting up of Infrastructure Development Funds (IDFs) by banks and NBFCs. It is expected that IDFs will accelerate and

enhance the flow of long-term debt for funding the ambitious programme of infrastructure development in our country.

Recommendations for Sustainable Growth of Corporate Bond Market in India

Measures taken so far have produced the impetus needed to develop the corporate bond market in India but the indicators are suggesting that the market is yet to develop to its potential in respect to needs of macro-economy. The size of the Indian private corporate bond market as a per cent of GDP (i.e. 5 %) is still lower than the average for Emerging East Asia and for Japan at 17.2 and 19.8 per cent respectively. Indeed there are some potential risks associated with this market, such as, absence of robust bankruptcy framework, inadequate liquidity, thin investor base, refinancing risk, lack of improved market facilities and standardisation. Some of the issues and challenges which need attention for the development of corporate bond market in India are as follows:

- Taking measures to improve liquidity, such as, consolidation of particularly the privately placed bonds, etc;
- Setting up a pertinent framework for market making in corporate bonds;
- Creating tools for managing credit, market and liquidity risks (e.g. CDS, Interest Rate Futures (IRF), Repo in corporate bonds, etc.)
- Introducing a suitable institutional mechanism for credit enhancement for enabling SMEs and other corporate with lower credit rating to access the corporate bond market;
- Developing an even yield curve for the government securities market for efficient pricing of the corporate bonds;
- Enhancing transparency by setting up a centralised database for tracking rating migration, issue size, etc.;
- Amplifying the scope of investment by provident/pension/gratuity funds and insurance companies in corporate bonds;
- Encouraging foreign investor participation by increasing foreign investor limits, providing tax incentives and easing regulations.
- Encouraging institutional investor participation by easing restrictions on holding investments grade securities and revamping the cash credit system and Statutory liquidity requirements of banks.
- Standardized opening of the corporate bond market for the foreign investors;
- Developing a safe and sound market infrastructure;
- Establishing a sound bankruptcy rule;
- Rationalization of stamp duty across states;
- Developing the securitization market under the new regulatory framework;

- Lastly, extensive participation of retail investors in the market through stock exchanges and mutual funds.

CONCLUSION

A vibrant corporate bond market provides a suitable alternative to conventional bank finances and also mitigates the vulnerability of foreign currency sources of funds. In India, the regulators have taken proactive steps and provided the market with tools of risk management. Efforts are on to enable wider participation the market and create scope for market making. However, Development of debt market is not a one-off affair. We have been able to foster the development of a deep and liquid G-Sec market in India; and there are issues that need continued coordination and cooperation between the market participants and the regulators to develop private bond market for making India's bond market truly global debt market.

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