

# Bonds of growth

CRISIL Bond market seminar, 2018

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# Corporate bond market at a crossroads

## Macro-economy



Signs of GDP growth revival



Inflation trending upwards



FPI flow sluggish

## Bond markets



Declining issuances after growth in recent years



Hardening yields



Structural issues of width and depth

## Banks and non-banks



Bank NPAs still a concern



Revival in credit growth



Non-banks facing challenges in terms of access to funds

## Regulations



IBC in place, still evolving



Initiatives to deepen bond markets

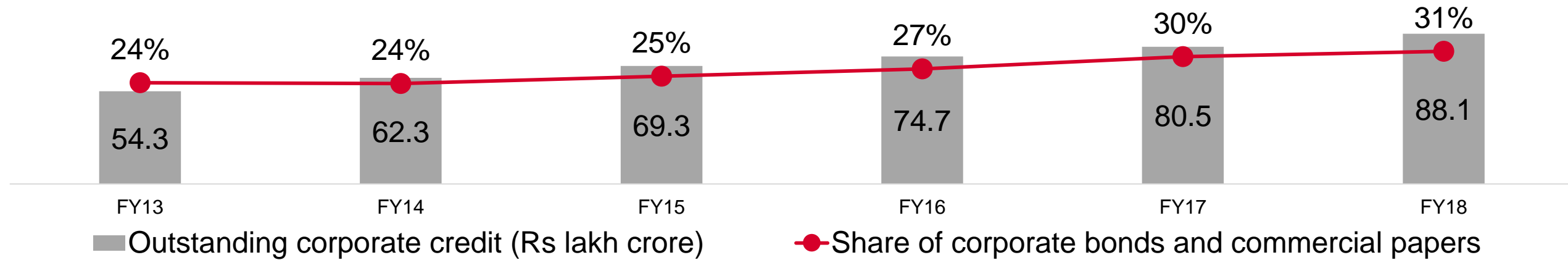


Changes to create shift from banks to bonds

# A key funding source for corporates in recent years

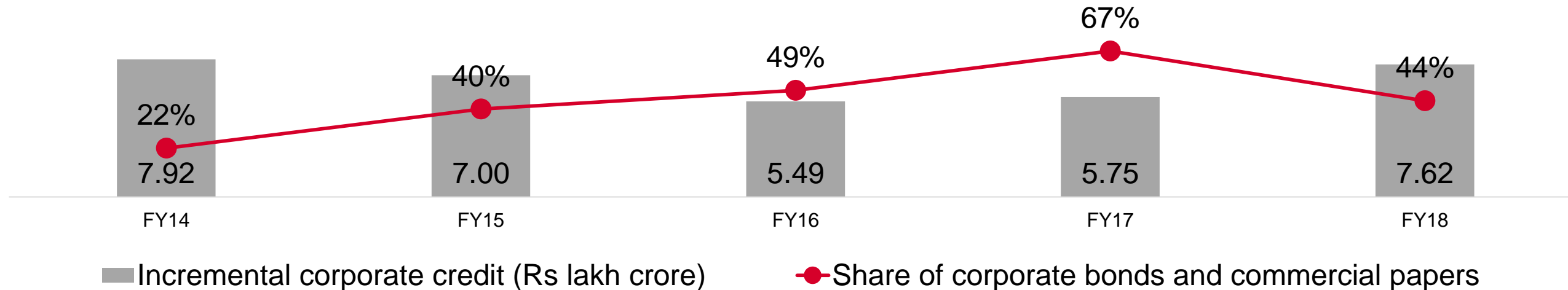
Share of corporate bonds as percentage of outstanding funding has grown steadily...

### Outstanding corporate credit

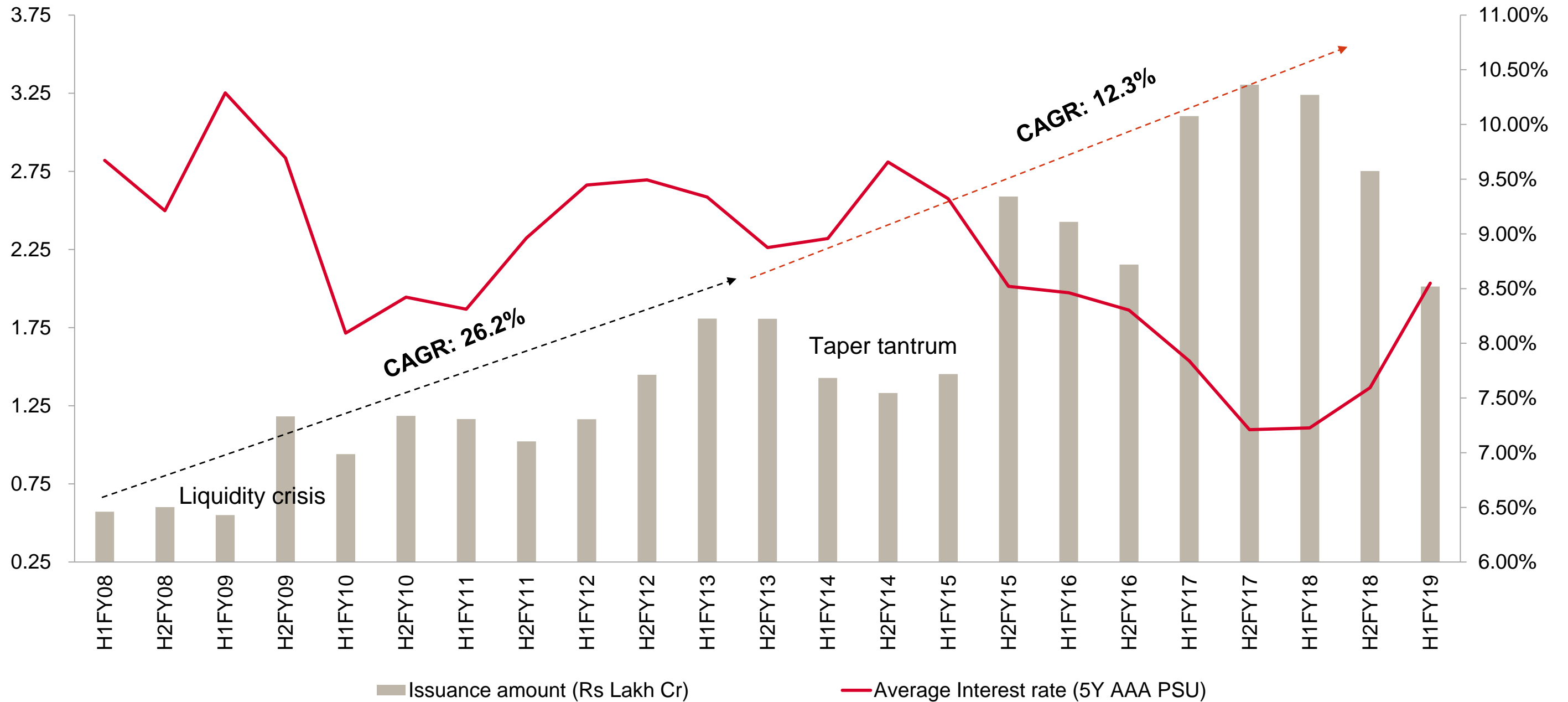


... and in recent years, have represented the largest share of incremental funding

### Incremental corporate credit

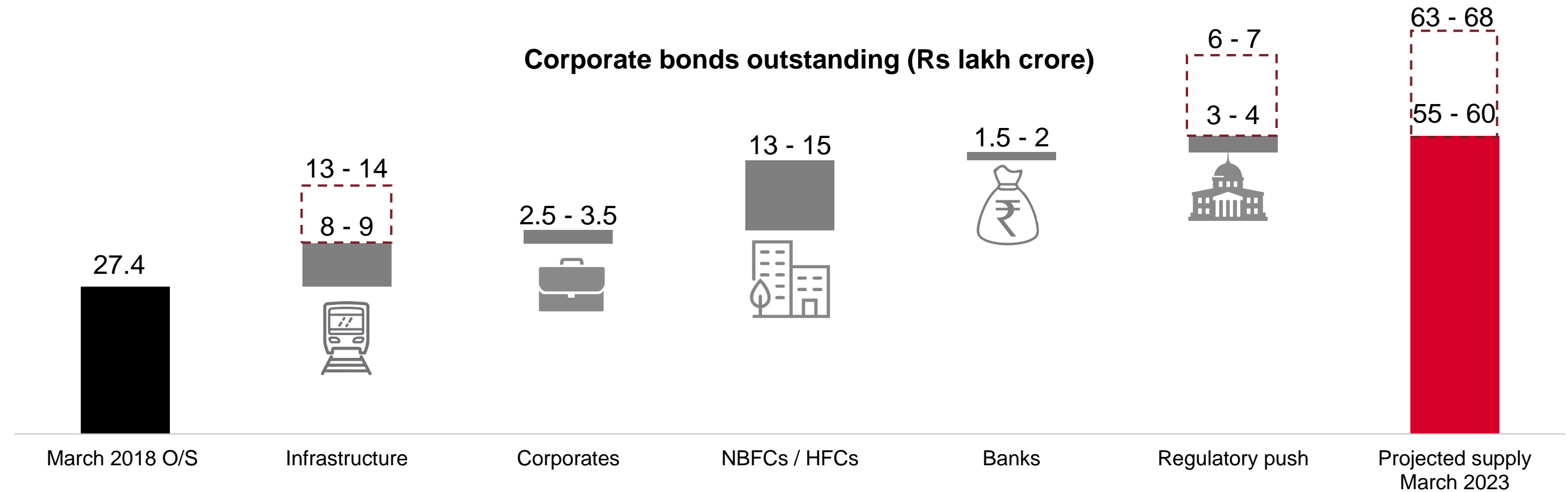


# Corporate bond market growth has sustained through market blips



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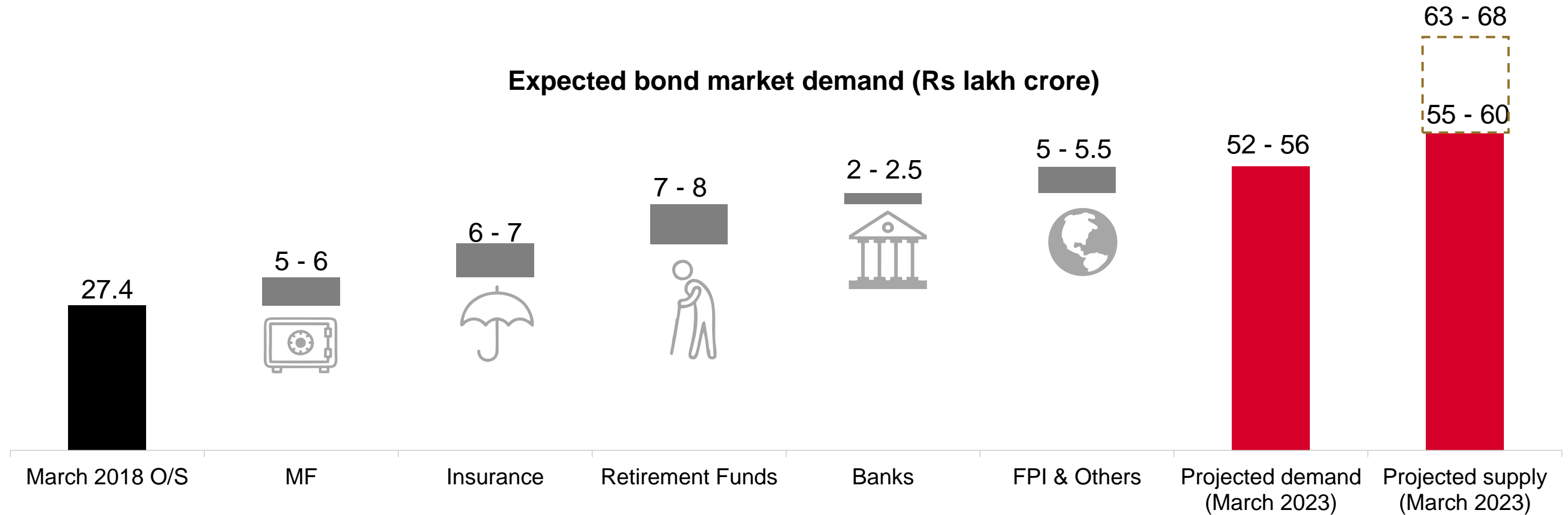
# Rs 55-60 lakh crore of corporate bond issuances expected



Source: Prime Database, CRISIL estimates

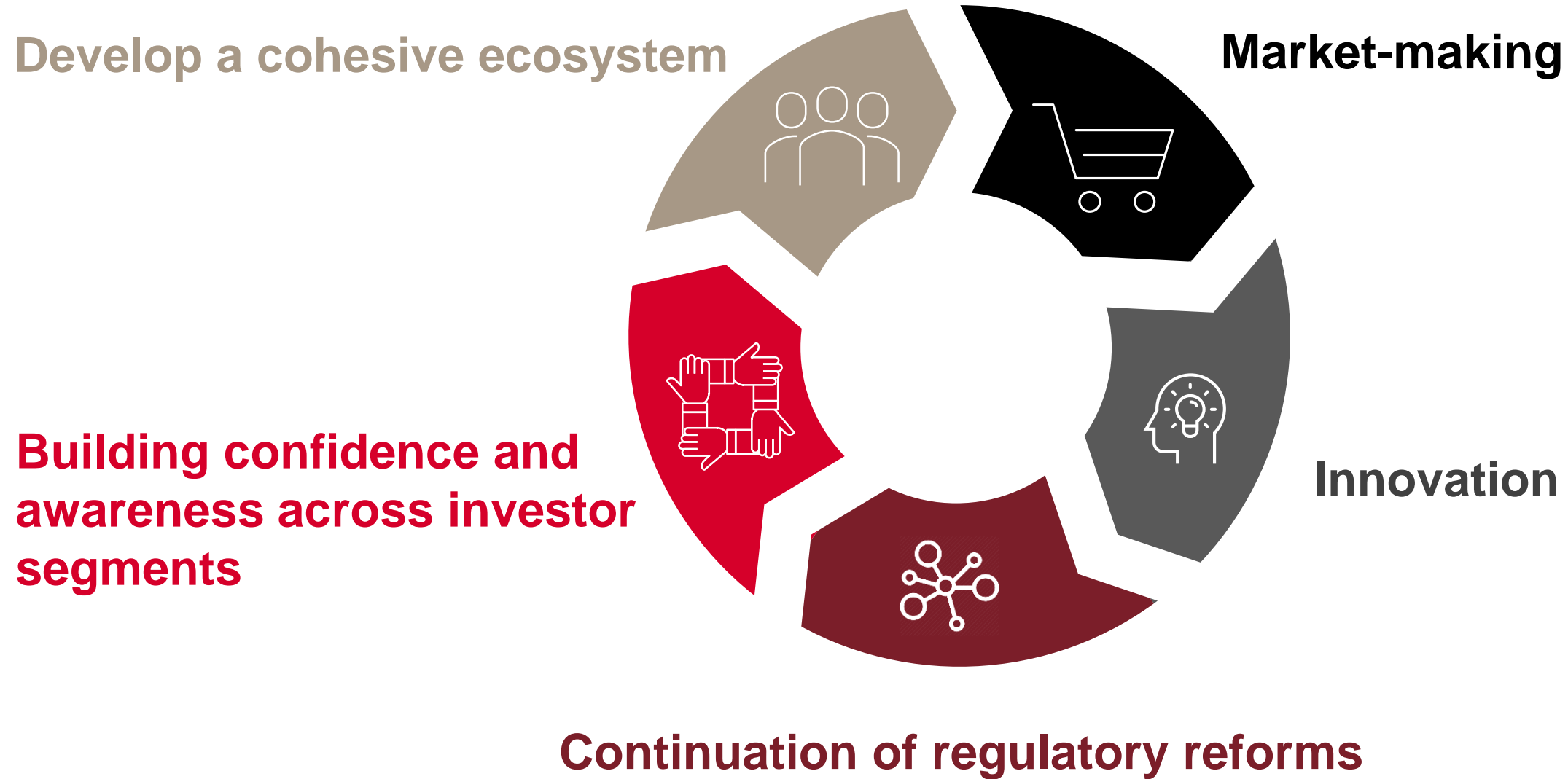
- Drivers of growth to be:
  - Infrastructure investments
  - Requirement from non-banking financial institutions (NBFCs) and housing finance companies (HFCs)
  - Regulatory push from loans to bonds

# Investor demand expected to lag as facilitations trail



- Drivers of growth to be:
  - Higher penetration of mutual funds (MFs) and insurance products
  - Increasing retirement subscriptions
  - Increasing wealth of high networth individuals (HNIs)
- Need for measures to bridge the gap

# Recommendations to bridge the supply-demand gap



# Thank you



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