

India Inc raises ₹5.47 trn from bonds in H1

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Indian companies raised over ₹5.47 trillion through bonds in the domestic debt market during the first half of 2025-26 (H1FY26).

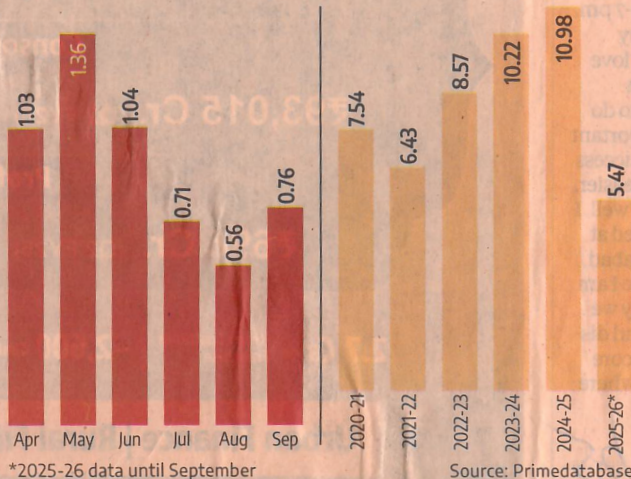
While fundraising was robust in the first quarter (Q1), with ₹3.44 trillion mobilised amid lower yields, activity slowed in Q2, with ₹2.03 trillion rung up as yields hardened due to global and domestic factors.

With the likely entry of banks into the bond market after remaining largely absent in Q1 and Q2, and investor appetite staying strong for short- to medium-term maturities, Q3FY26 is expected to see a notable revival in the primary market, setting the stage for a stronger H2, according to market experts.

The data from Prime Database shows in H1FY26, the money raised through bonds was 4.33 per cent higher year-on-year over the

A strong bond

Issue amount (₹ trn)



equivalent period of FY25.

In FY25, Indian companies raised about ₹11 trillion as against ₹10.22 trillion in FY24.

In Q1FY26, with yields softening after rate cuts by the Reserve Bank of India (RBI), companies turned to the debt market, preferring it over bank borrowing.

Fundraising remained strong in April, May, and June, with each month seeing issues of over ₹1 trillion.

However, in Q2FY26, bond yields hardened following the imposition of tariffs by the United States. Additionally, the RBI not lowering the policy rate in two con-

secutive meetings exerted upward pressure on yields, prompting India Inc to slow fundraising.

"The Indian bond market witnessed a noticeable slowdown in Q2FY26 compared to the strong momentum seen in Q1. This moderation was driven by policy recalibration, an elevated sovereign

supply, and a clear investor preference for short-duration debt. One major factor has been the complete absence of bond issues by banks since April, which dampened overall market activity," said Venkatakrishnan Srinivasan, founder and managing partner, Rockfort Fincap LLP.

Market experts said the absence of bond issues by banks weighed on market activity.

Most liquidity, boosted by a cut of 100 basis points in the cash reserve ratio (CRR), flowed into short-term instruments because investors avoided longer maturities amid the heavy supply of government and state-development bonds, they said.

There was further pressure on yields because in Q2 there was a run of negative macro cues, including rupee weakness, fresh American tariff concerns, foreign portfolio outflows due to a narrowing spread between the 10-year G-Sec and US Treasuries, and uncertainty over amendments to goods and services tax.