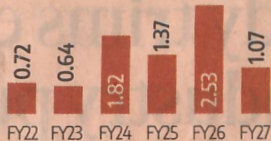


Corp bond issuances hit 3-yr low in Apr-May

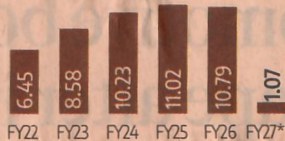
Sharp decline

Issuance of corporate bond pvt placements in April, May (₹ trn)



Private placements of corporate bonds

Issue amount (₹ trn)



*Until May 2026; Note: Only issues with tenor and put/call option of above 365 days
Source: primedatabase.com

SUBRATA PANDA & ANJALI KUMARI
Mumbai, 2 June

Indian companies raised a little over ₹1.07 trillion from the domestic bond market in the April-May period of 2026-27 (FY27), down nearly 58 per cent from the year-ago period and the lowest mobilisation in the first two months of a financial year since FY23.

Market participants attributed the sharp fall in private placements of corporate bonds to elevated yields amid the war in West Asia, which kept issuers away from the debt market. The yield on the 10-year government bond has risen about 35 basis points since the conflict began late February, and is currently hovering above 7 per cent.

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Corporate bond issuances hit a three-yr low in Apr-May

At the same time, many companies are opting for bank loans, as borrowing costs in the loan market have become more attractive than bond issuances. Borrowers are also awaiting the Reserve Bank of India's monetary policy decision later this week for cues on the interest-rate trajectory before tapping the bond market.

According to Prime Database, the issuances through private placements of corporate bonds stood at ₹1.07 trillion in April-May this year, with moderation seen in both months. Issuances in April plunged 64 per cent year-on-year (Y-o-Y) to ₹40,443 crore, from ₹1.13 trillion a year earlier, while issuances in May declined 53 per cent to ₹66,680 crore from ₹1.41 trillion in the year-ago period.

The latest numbers mark a sharp cooling compared to the FY26 figures. The first two months of FY26 had recorded the highest mobilisation through private placements of corporate bonds in six years, driven by aggressive fundraising by financial institutions and corporates amid easing yields and strong investor appetite.

"Compared to last year, corporate bond issuances have slowed sharply and remain well below the levels seen in the corresponding months of 2025 (FY26)," said Venkatakrishnan Srinivasan, founder and managing partner, Rockfort Fincap LLP. He said the market gained from abundant liquidity and relatively lower borrowing cost in the last fiscal year, encouraging issuers to tap the bond market. "This year, the environment is more challenging. Continuing geopolitical tensions, higher crude oil prices, pressure on the rupee, concerns over the current account deficit, possible fiscal slippages, uncertainty around the monsoon, and fears of both imported and domestic inflation have pushed market yields higher and increased uncertainty over the interest rate outlook," he said.

Many issuers are, therefore, adopting a wait-and-watch approach. Instead of rushing to the bond market, they are relying on short-term borrowings, External Benchmark Lending Rate (EBLR)-linked bank loans, and commercial papers until there is greater visibility on the RBI's policy direction and the trajectory of yields. Investors, too, have become more selective and are largely focusing on select deals, he added.

Strong credit demand from sec-

tors such as data centres, green energy, defence, and a handful of large conglomerates has enabled larger banks to capture a greater share of corporate lending.

"The slowdown is driven largely by lower fundraising from public sector entities, which usually account for a substantial share of issuances," said a market participant. "With the RBI expected to keep rates on hold and bond yields staying elevated, many issuers appear to be waiting for greater clarity on the interest-rate outlook before returning to the market," the person added.

Several large state-owned issuers have also withdrawn planned bond issuances amid concerns over pricing and demand. Market participants said some issuers were either unable to raise the desired amount at targeted rates or were unwilling to borrow at prevailing yields. Nabard was among the issuers that recently withdrew a planned bond issue.

"The slowdown in corporate bond issuances reflects weak investor appetite amid heightened uncertainty around the West Asia conflict, elevated oil prices, and the inflation outlook. Investors are becoming cautious about taking duration risk as bond yields have already risen sharply and markets continue to factor in the possibility of higher interest rates, prompting many to stay at the shorter end of the curve," said Ajay Manglunia, Executive Director, at Capri Global Capital. Market participants, however, said funding requirements had not disappeared. Some highly rated issuers, particularly select public sector entities and AAA-rated private sector borrowers, continue to access the market at attractive levels, with strong institutional demand remaining concentrated in high-quality paper.

Once there is greater clarity on interest rates and macroeconomic conditions, bond issuance activity is expected to pick up. Market participants said the market was looking not only for lower rates, but also for stability and predictability instead of volatility.

According to Prime Database, corporate bond issuances rose steadily from ₹6.45 trillion in FY22 to ₹8.58 trillion in FY23 and crossed the ₹10 trillion mark in FY24 at ₹10.23 trillion. Fundraising continued to grow in FY25, reaching a peak of ₹11.02 trillion. However, issuances moderated slightly in FY26 to ₹10.79 trillion.