Corporate fundraising through CPs touch 5-year high at ₹2.53 trn in June

Press Trust of India

Fundraising by Indian corporates through commercial papers (CPs) route surged to a nearly five-year high in June, driven by favourable pricing, seasonal working capital requirements and refinancing of existing debt.

According to Prime Database data, corporates raised Rs 2.53 trillion through CPs in June, up 84.6 per cent from Rs 1.37 trillion in May. On a year-on-year basis, issuances rose 59.4 per cent from Rs 1.59 trillion in June 2025.

The June mobilisation was the highest since July 2021, when companies had raised Rs 2.69 trillion through CPs, the data showed.

"Corporates preferred CPs over bank borrowings wherever pricing was favourable. Many issuers also refinanced existing obligations and built precautionary liquidity buffers. The easing interest rate environment and expectations of comfortable liquidity further encouraged issuances," said V Ramachandra Reddy, head of treasury at The Karur Vysya Bank.

Balasubramanian R, head of treasury at Dhanlaxmi Bank, said corporates and non-banking financial companies (NBFCs) increasingly substituted higher-cost bank borrowings with lower-cost short-term market funding.

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"Borrowers also tapped the CP market to meet seasonal working capital requirements, supported by strong investor demand and stable credit conditions," he added.

CPs are short-term debt instruments used by corporates to raise funds between 7 days and one year.

Yields on these instruments remained tight in early part of June, but later it eased after the continuous transient liquidity infusion by the Reserve Bank of India.

The central bank infused more than Rs 6 trillion of transient liquidity to the banking system through various variable rate repo (VRR) auctions ranging between overnight and seven days.

Currently, the liquidity in the banking system is estimated to be in surplus of around Rs 1.85 trillion as on July 5, according to the RBI's data.

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