

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1298
TO BE ANSWERED ON MONDAY, 25TH NOVEMBER/ AGRAHAYANA 4, 1941 (SAKA)

BOND MARKET

QUESTION

**1298. SHRI ADALA PRABHAKARA REDDY:
SHRI L.S.TEJASVI SURYA:**

Will the Minister of Finance be pleased to state:

- (a): whether development of the bond market requires a lot of attention and unified approach by all regulators and if so, the details thereof along with the steps being taken to adopt this approach;
- (b): the status of the budget announcement regarding issuance of Sovereign Bonds in foreign currencies along with the proposed date for commencement of issuance of such bonds;
- (c): whether the Government has taken cognizance of India securing 163rd rank in Enforcing Contracts category in Ease of Doing Business Rankings, 2019; and
- (d): if so, the measures taken by the Government to improve India's ranking in Enforcing Contracts category?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)**

(a): Yes sir, development of bond market requires a unified approach by all regulators. Bond market consists of primarily two segments: Government Bonds regulated by Reserve Bank of India (RBI) and Corporate Bonds regulated by Securities and Exchange Board of India (SEBI). However, both markets use the infrastructures such as trading platforms, depositories and clearing entities regulated by the other regulators for the issue and trading of bonds. For instance, government securities are permitted to be traded on the stock exchanges directly regulated by SEBI. Further, access of and investment conditions for respective entities like pension funds, insurance companies, mutual funds, banks etc. in corporate bonds and government securities are regulated by their respective regulators like, Pension Fund Regulatory and Development Authority (PFRDA), Insurance Regulatory and Development Authority of India (IRDAI), SEBI and RBI. Some of the steps being taken in close coordination with various sectoral regulators for the development of corporate bonds are listed as under:

- a) Development of the repo market on corporate bonds by RBI and SEBI;
- b) Various sectoral regulators permitting their regulated entities to invest in corporate bonds of certain rating grade and above;
- c) Inter-operability of depositories regulated by RBI and SEBI;
- d) Development of a Credit Default Swap (CDS) market which would enable better management of credit risk of corporate bonds etc.

(b): In the Budget Speech, 2019-20, (July 05, 2019) Honourable Finance Minister had announced that the Government would start raising a part of its gross borrowing programme in external market in external currencies. Administrative, procedural and legal aspects of this will need to be worked out in detail before fixing any date of issuance.

(c): Yes sir, India ranks 163rd in the category of 'Enforcing contracts' as per the report of World Bank Group on *Doing Business, 2019*.

(d): The Commercial Courts Act, 2015 has been amended to reduce the pecuniary jurisdiction of commercial courts from INR 1 crore to INR 3 lakh to establish commercial courts at the District Level. Creation of 22 dedicated commercial courts have been approved in Delhi and 16 dedicated commercial courts in Mumbai.
