DEBT MARKET SNAPSHOT

Q2 FY27 Report

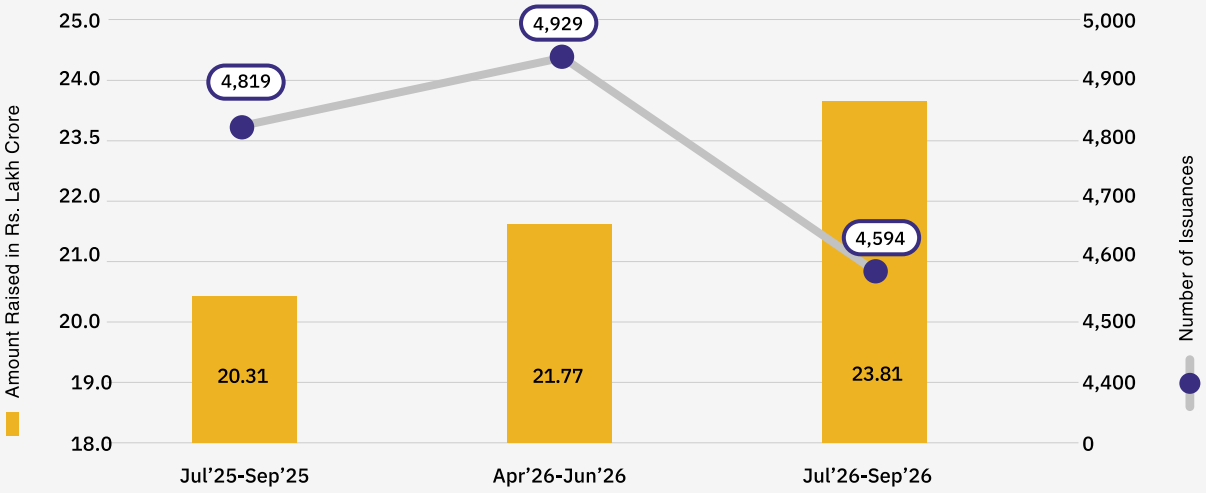
2026

NSE Cogencis

Primary Debt Market Activity Strengthens in Q2 FY27

Primary debt market mobilisation strengthened in Q2 FY27, supported by higher borrowings across key issuer segments. Gross issuances increased to Rs.23.81 lakh crore, up 9.3% sequentially and 17.2% YoY.

Fund Raising in Primary Debt Market



The sequential growth in borrowings was led by strong expansion in the Government borrowings, to the tune of 15.7%, and an even sharper growth in non-finance sector borrowing at 19.8%. Finance Companies witnessed a 2.2% QoQ contraction in fund mobilisation to Rs.8.29 lakh crore due to improved systemic liquidity and a subsequent reduction in Certificate of Deposit (CD) issuances. Despite this quarterly dip, finance companies achieved the highest annual growth in fund mobilisation (31.3% YoY) among the three ownership groups.

Total Debt Raised (Amount in Rs. Crore)

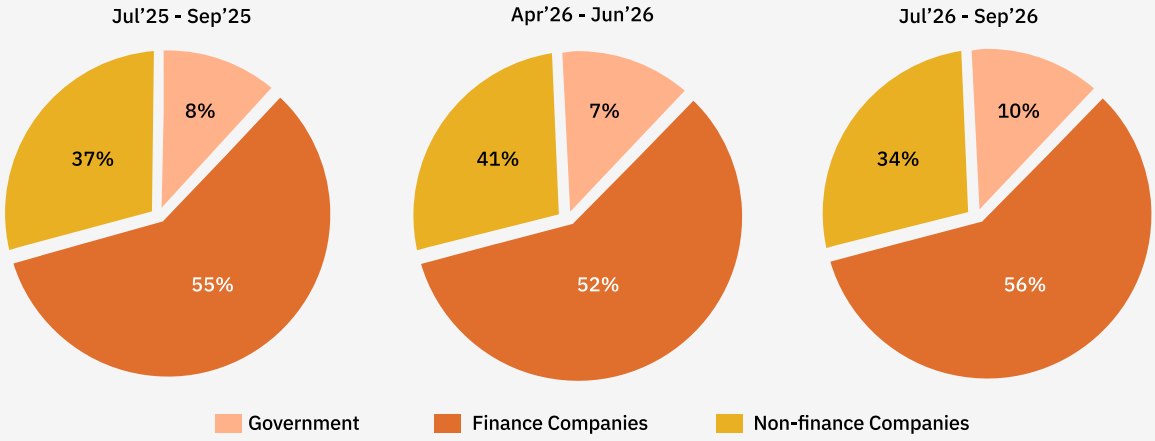
Debt Raised	Jul'25 - Sep'25	Apr'26 - Jun'26	Jul'26 - Sep'26	QoQ % Change	YoY% Change
Government	10,54,756	10,03,040	11,60,305	15.68	10.01
Finance Companies	6,31,688	8,47,956	8,29,261	-2.20	31.28
Non-finance Companies	3,44,967	3,26,269	3,90,978	19.83	13.34
Total	**20,31,412**	**21,77,265**	**23,80,544**	**9.34**	**17.19**

Note: Debt issuances include fresh as well as re-issuances of instruments during the period under consideration.

Larger Mobilisation Through Fewer Issuances in Q2 FY27

While the amount of debt mobilised increased in Q2 FY27 in value terms, the number of debt instrument issuances declined to 4,594. Issuance volumes contracted 6.8% QoQ and 4.7% YoY. The pullback was largely concentrated among non-finance companies, whose issuances fell sequentially by a sharp 22.8% to 1,579. Finance companies continued to dominate the primary market activity, accounting for 56% of total issuances.

Number of Issuances



The average size of issuance increased substantially in Q2 FY27 to Rs.518 crore from Rs.442 crore in the preceding quarter and Rs.422 crore in the same quarter, a year ago. The increase mainly came through non-finance companies.

Debt Raised	Jul'25 - Sep'25	Apr'26 - Jun'26	Jul'26 - Sep'26	QoQ % Change	YoY% Change
Government	357	330	445	34.85	24.65
Finance Companies	2,668	2,555	2,570	0.59	-3.67
Non-finance Companies	1,794	2,044	1,579	-22.75	-11.98
Total	**4,819**	**4,929**	**4,594**	**-6.80**	**-4.67**

Longer-Term Instruments Gain Share in Q2 FY27

The composition of debt issuances shifted towards longer maturities in Q2 FY27. The share of long-tenor instruments in total fund mobilisation increased to 31.9% from 30% in the previous quarter, driven by stronger issuance of Government Securities (G-Secs), State Government Securities (SGS) and corporate bonds, resulting in a higher share of long-term funding in overall debt mobilisation.

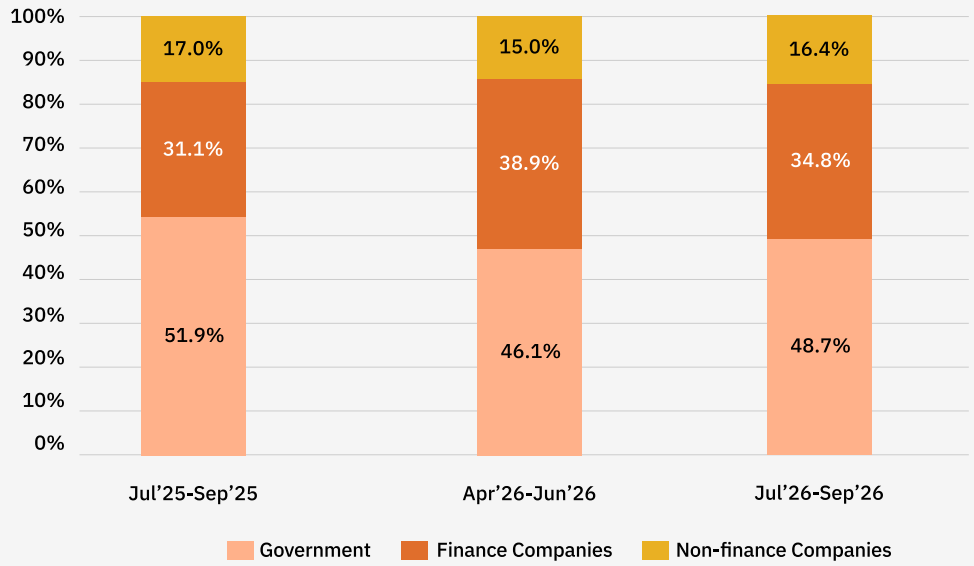
Money market issuances remained broadly stable, as a rise in Commercial Paper (CP) issuance offset lower borrowings through CDs. CP issuances increased 6.7% QoQ to Rs.5.72 lakh crore, led by highly rated public-sector institutions such as NABARD, SIDBI and EXIM Bank. At the same time, CD issuances fell 15.5% to Rs.2.84 lakh crore as banks relied less on market funding amid comfortable deposit conditions. The decline in the credit-deposit ratio from 82.6% in June 2026 to 81.0% in September 2026 supports this trend, although its subsequent rise to 81.6% by mid-October 2026 hints at an increase in the funding requirement once again.

Government borrowing remained the principal driver of debt market activity in Q2 FY27. It mobilised 4.44 lakh crore through G-sec and Strips, which was equivalent to the borrowings made in the preceding quarter and 3.67% higher than year-ago quarter. Of this, Rs.4.06 lakh crore borrowed against G-secs and the balance Rs.5,236 crore was raised through Strips. Cumulative borrowings through G-secs during the first half at Rs.8.14 lakh crore turned out to be a shade lower than the amount of Rs.8.20 lakh crore notified in the issuances calendar by the RBI at the beginning of the year. The Centre's short-term borrowings increased. T-bill issuances climbed to Rs.4.59 lakh crore in Q2 FY27 from Rs.3.85 lakh crore in preceding quarter.

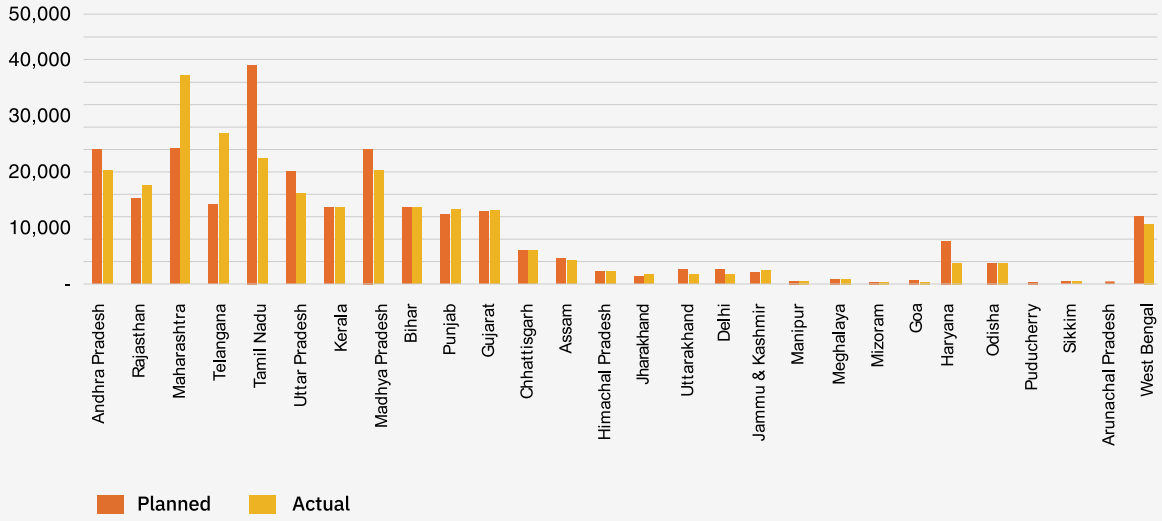
SGS mobilisation increased 40.3% to Rs.2.91 lakh crore in Q2 FY27 as states stepped up fundraising after a muted first quarter. Maharashtra (Rs.38,050 crore), Telangana (Rs.27,500 crore) and West Bengal (Rs.26,800 crore) accounted for a significant share of issuances.

Aggregate borrowings through SGS during Q2 were 4.75% lower than the planned amount.

Total Debt Raised (Amount in Rs. Crore)



State-wise Planned vs Actual Borrowing (Amount in Rs. Crore)



Corporate borrowing through bonds and debentures rose in Q2FY27. The amount raised was Rs.3.64 Lakh Crore, up 20.6% QoQ and 32.4% YoY. Non-Convertible Debentures (NCDs) accounted for almost 75% of this at Rs.2.72 Lakh crore, growing 30.75 QoQ and 55.9% YoY. Corporate bonds also rose 56.0% YoY, while convertible debentures fell 27.9% YoY. The increase reflects stronger demand for funds from companies, with issuers preferring long term funding

through NCDs. Overall, the borrowing mix became more balanced during the quarter, with the share of short-term instruments declining to 54.5% from 57.8% in Q1, however funding conditions now began to tighten.

Instrument-wise (Amount in Rs. Crore)

Instrument wise Debt Raised through Debt Market	Jul'25 - Sep'25	Apr'26 - Jun'26	Jul'26 - Sep'26	QoQ % Change	YoY% Change
Government Securities (Gsec + Other approved)	3,96,220	4,10,695	4,10,745	0.01	3.67
Treasury Bills	3,87,692	3,85,118	4,58,848	19.1	18.4
State Government Securities	2,70,844	2,07,227	2,90,712	40.3	7.3
Bonds & Debentures	2,74,746	3,01,634	3,63,875	20.6	32.4
Non-convertible Debentures (NCDs)	1,74,381	2,08,002	2,71,928	30.7	55.9
Convertible Debentures	31,496	23,754	22,719	-4.4	-27.9
Non-convertible Bonds	41,420	64,237	64,595	0.6	56.0
Others	27,449	5,641	4,633	-17.9	-83.1
Foreign Currency Bond	572	308	1,143	271.2	99.8
Green Bond	670	0	0	NA	NA
Masala Bond	0	0	0	NA	NA
Pass Through Certificates	21,140	180	0	NA	NA
Security Receipts	0	0	0	NA	NA
Infrastructure Bond	5,066	5,153	3,041	-41.0	-40.0
Municipal Bond	0	0	450	NA	NA
Certificate of Deposit	2,62,125	3,36,300	2,84,190	-15.5	8.4
Commercial Paper	4,39,785	5,36,291	5,72,174	6.7	30.1
Total Debt Raised through Instruments	**20,31,412**	**21,77,265**	**23,80,544**	**9.34**	**17.19**

Borrowing Tenors Extend Across Issuer Segments

Debt issuance in Q2 FY27 reflected a gradual diversification of funding across maturities, with long and medium-term issuances gaining traction alongside sustained short-term borrowing.

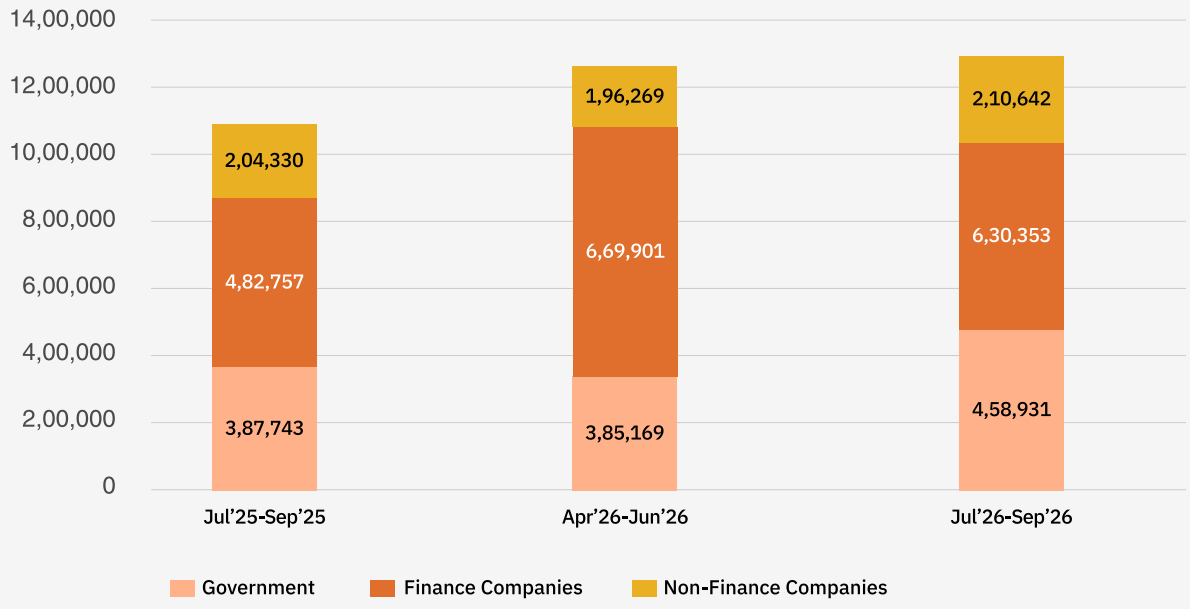
Government entities led the extension in borrowing tenors. Issuances were concentrated in the 5–10-year, 15-20 year and 20–30-year segments, supported by robust G-Sec fundraising. The government's H2 FY27 borrowing calendar subsequently increased the share of 30–50-year securities to 28% of gross borrowing to raise the weighted average maturity (WAM) of debt, suggesting continued preference for longer-dated issuance.

While the overall maturity profile lengthened, finance companies continued to rely predominantly on shorter-tenor funding. Sub-one-year borrowings by finance companies stood at Rs.6.30 lakh crore, accounting for nearly half of their total mobilisation. However, the short-term borrowings were lower than Q1 FY27 (Rs.6.70 lakh crore). This largely reflects lower CD issuance, as comfortable deposit inflows and surplus liquidity reduced banks' dependence on market funding.

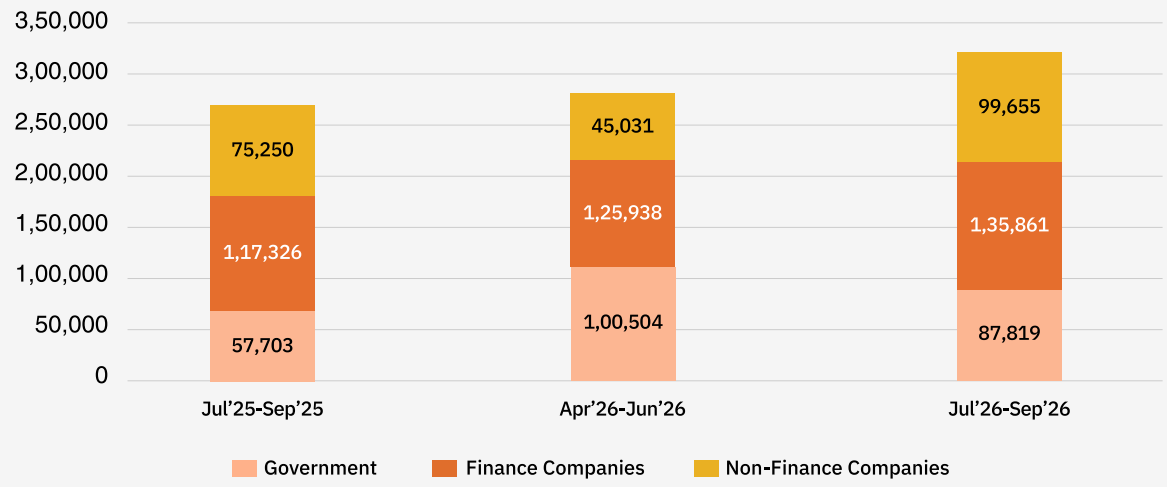
Non-finance companies moved towards medium-term funding. Issuances in the 3–5-year bucket surged to Rs.75,242 crore from Rs.27,052 crore in the previous quarter, while borrowings in the 5–10-year segment increased to Rs.38,423 crore. This largely mirrored the recovery in corporate NCD issuances, which increased from Rs.73,000 crore in Q1 FY27 to Rs.1.27 lakh crore in Q2 FY27, suggesting increasing reliance on bond markets for medium-term funding.

Debt Raised by Maturity Bucket (Amount in Rs. Crore)

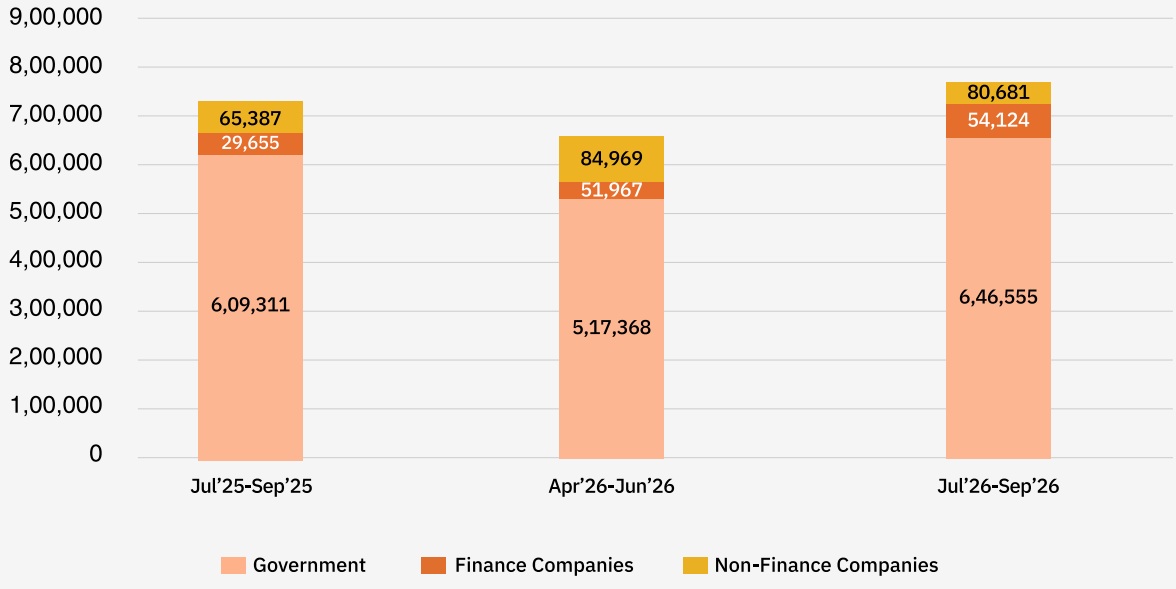
Short-Term Debt (Less than 1 Year Maturity)



Medium Term Debt (1-5 Year Maturity)



Long Term Debt (More than 5 Year Maturity)

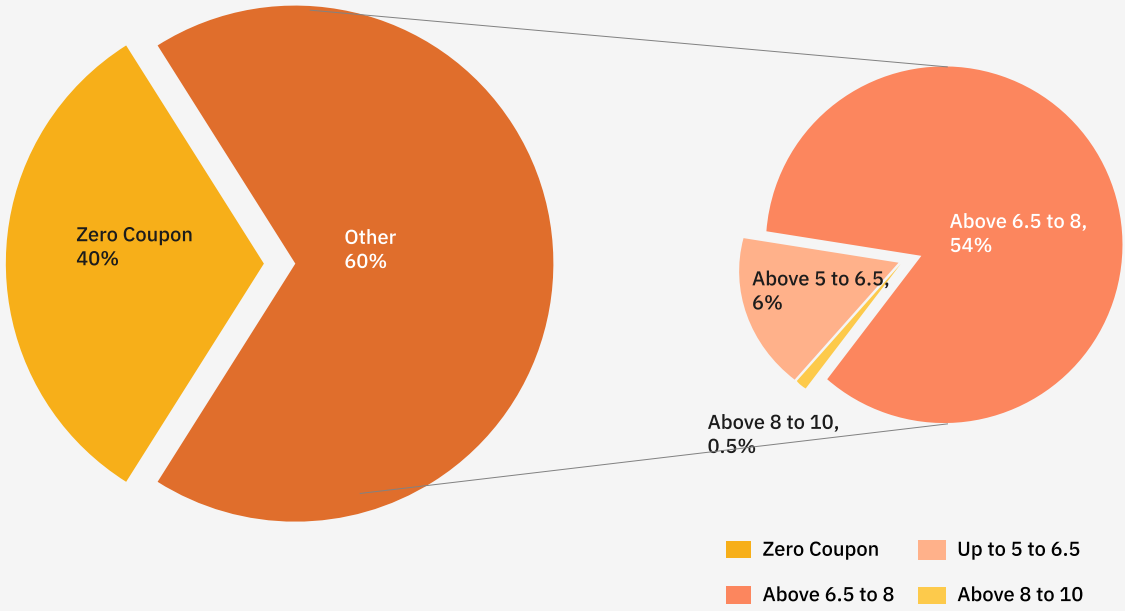


Debt by Maturity Bucket (Amount in Rs. Crore)

Maturity Buckets	Jul'25 - Sep'25	Apr'26 - Jun'26	Jul'26 - Sep'26	QoQ % Change	YoY% Change
Government					
Upto 1Year	3,87,743	3,85,169	4,58,931	19.15	18.36
Above 1Year to 3Years	19,101	33,102	15,672	-52.65	17.95
Above 3Year to 5Years	38,601	67,402	63,146	-6.31	63.59
Above 5Year to 10Years	2,01,478	1,45,576	2,43,361	67.17	20.79
Above 10Year to 15Years	98,953	1,59,610	96,213	-39.72	-2.77
Above 15Year to 20Years	59,853	44,104	82,356	86.73	37.60
Above 20Year to 30Years	1,02,826	74,009	1,18,282	59.82	15.03
Above 30Years	1,46,200	94,069	82,343	-12.47	-43.68
Finance Companies					
Upto 1Year	4,82,757	6,69,901	6,30,353	-5.90	30.57
Above 1Year to 3Years	59,910	52,370	62,441	19.23	4.22
Above 3Year to 5Years	57,416	73,568	73,420	-0.20	27.87
Above 5Year to 10Years	23,378	41,588	34,713	-16.53	48.49
Above 10Year to 15Years	6,277	10,198	12,674	24.27	101.91
Above 15Year to 20Years	0	180	6,737	3,642.78	NA
Above 20Year to 30Years	0	0	0	NA	NA
Above 30Years	0	0	0	NA	NA
Perpetual	1,950	150	8,923	5,848.67	357.59
Non-Finance Companies					
Upto 1Year	2,04,330	1,96,269	2,10,642	7.32	3.09
Above 1Year to 3Years	30,938	17,978	24,413	35.79	-21.09
Above 3Year to 5Years	44,312	27,052	75,242	178.13	69.80
Above 5Year to 10Years	17,914	21,533	38,423	78.44	114.49
Above 10Year to 15Years	23,197	18,204	26,025	42.96	12.19
Above 15Year to 20Years	11,092	7,833	8,122	3.69	-26.78
Above 20Year to 30Years	11,245	11,998	8,085	-32.61	-28.10
Above 30Years	1,938	25,401	25	-99.90	-98.70
Perpetual	0	0	0	NA	NA
Total					
Upto 1Year	10,74,830	12,51,340	12,99,925	3.88	20.94
Above 1Year to 3Years	1,09,950	1,03,450	1,02,527	7.81	1.43
Above 3Year to 5Years	1,40,330	1,68,022	2,11,809	26.06	50.94
Above 5Year to 10Years	2,42,770	2,08,697	3,16,497	51.65	30.37
Above 10Year to 15Years	1,28,428	1,88,012	1,34,912	-28.24	5.05
Above 15Year to 20Years	70,946	52,118	97,215	86.53	37.03
Above 20Year to 30Years	1,14,071	86,007	1,26,367	46.93	10.78
Above 30Years	1,48,138	1,19,470	82,368	-31.06	-44.40
Perpetual	1,950	150	8,923	5,848.67	357.59

Debt Raised by Coupon Rate - Government Securities

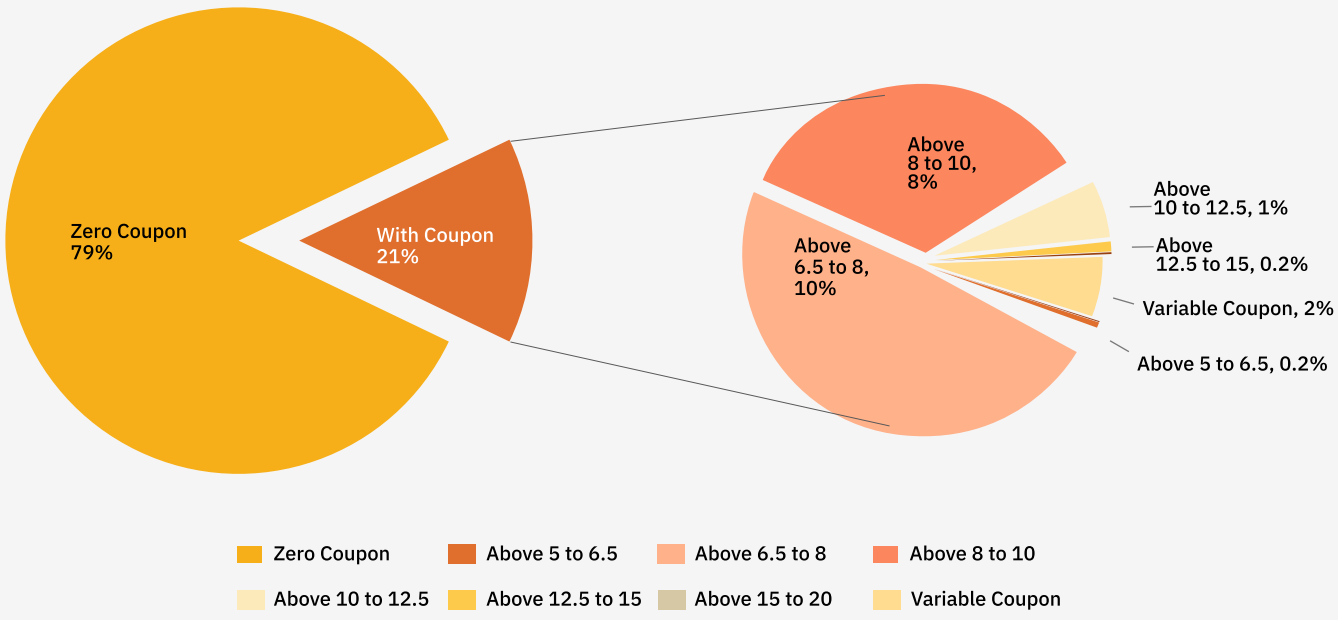
Debt by Coupon- Govt. (Q2 FY27)



Coupon Rate	Jul'25 - Sep'25		Apr'26 - Jun'26		Jul'26 - Sep'26	
	Number of Issuances	Amount (In Rs. Crore)	Number of Issuances	Amount (In Rs. Crore)	Number of Issuances	Amount (In Rs. Crore)
Zero Coupon	100	3,89,912	115	3,87,814	139	4,64,087
Up to 5	0	0	0	0	0	0
Above 5 to 6.5	17	1,90,000	7	1,30,000	5	68,506
Above 6.5 to 8	238	4,72,844	195	4,62,127	297	6,21,812
Above 8 to 10	2	2,000	13	23,100	4	5,900
Total	**357**	**10,54,756**	**330**	**10,03,040**	**445**	**11,60,305**

Debt Raised by Coupon Rate – finance Companies

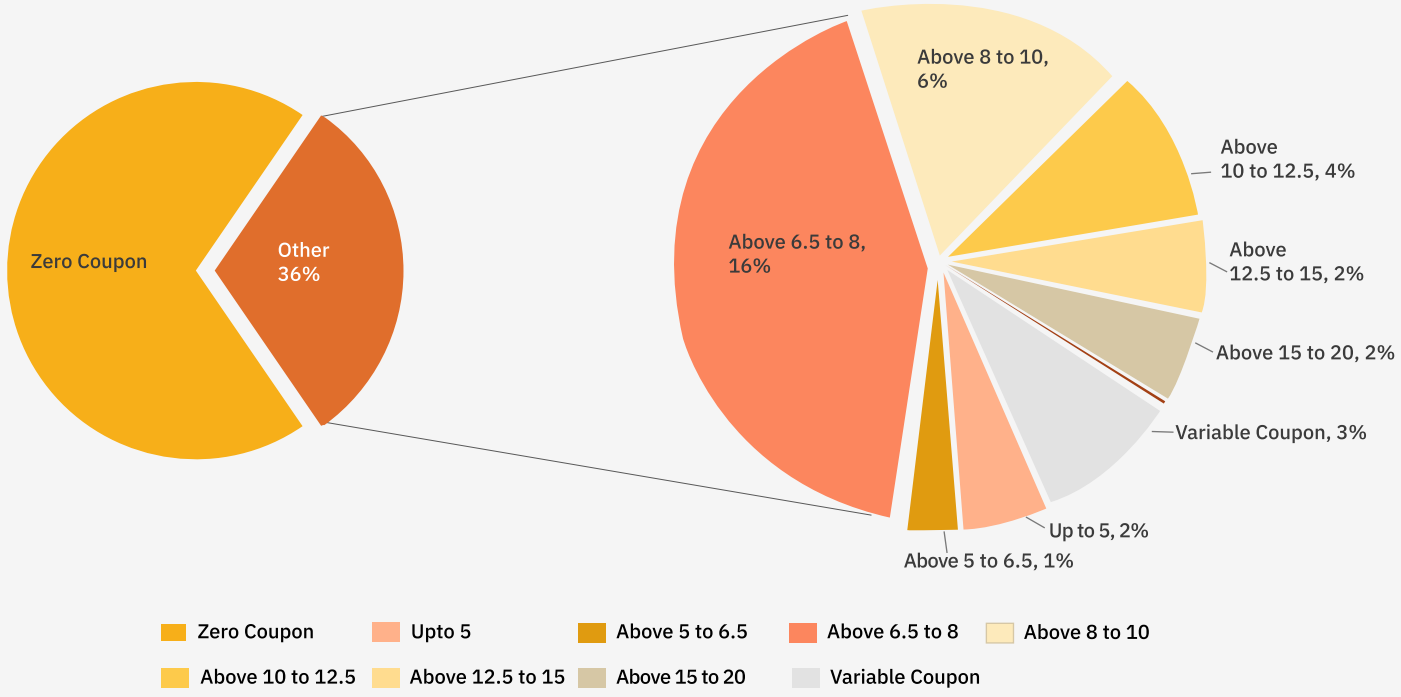
Debt by Coupon- Finance Companies (Q2 FY27)



Coupon Rate	Jul'25 - Sep'25		Apr'26 - Jun'26		Jul'26 - Sep'26	
	Number of Issuances	Amount (In Rs. Crore)	Number of Issuances	Amount (In Rs. Crore)	Number of Issuances	Amount (In Rs. Crore)
Zero Coupon	1,236	5,00,383	1,376	6,87,045	1,519	6,50,808
Up to 5	8	208	7	162	2	30
Above 5 to 6.5	19	643	14	1,465	24	2,055
Above 6.5 to 8	112	85,683	89	72,776	89	86,035
Above 8 to 10	257	20,297	210	44,256	250	62,311
Above 10 to 12.5	516	12,819	398	10,632	349	11,369
Above 12.5 to 15	140	1,451	115	2,540	78	1,505
Above 15 to 20	44	2,590	33	371	22	888
Above 20	0	0	0	0	0	0
Variable Coupon	336	7,615	312	28,710	224	14,039
Total	**2,668**	**6,31,688**	**2,554**	**8,47,956**	**2,557**	**8,29,040**

Debt Raised by Coupon Rate – Non-finance Companies

Debt by Coupon– Non-finance (Q2 FY27)



Coupon Rate	Jul'25 - Sep'25		Apr'26 - Jun'26		Jul'26 - Sep'26	
	Number of Issuances	Amount (In Rs. Crore)	Number of Issuances	Amount (In Rs. Crore)	Number of Issuances	Amount (In Rs. Crore)
Zero Coupon	776	2,27,388	738	2,09,180	693	2,48,474
Up to 5	211	16,783	183	33,217	91	7,749
Above 5 to 6.5	18	4,220	25	2,446	20	4,640
Above 6.5 to 8	65	40,378	62	24,240	58	61,850
Above 8 to 10	90	16,955	135	21,422	97	24,462
Above 10 to 12.5	140	11,263	378	11,324	208	14,036
Above 12.5 to 15	180	7,041	208	8,471	186	8,579
Above 15 to 20	98	8,318	124	4,961	84	7,594
Above 20	8	272	9	380	10	510
Variable Coupon	207	12,336	182	10,628	132	13,083
Total	**1,793**	**3,44,954**	**2,044**	**3,26,269**	**1,579**	**3,90,978**

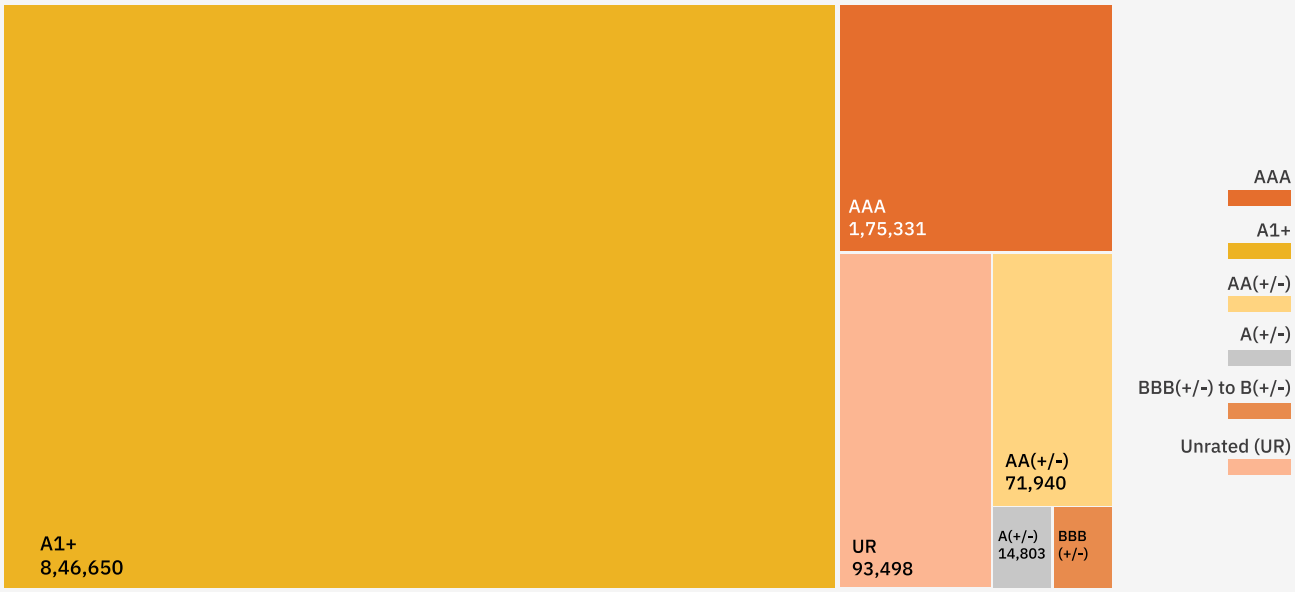
Credit Quality Continues to Dominate Investor Preference

Investor preference remained firmly focused on highly rated instruments in Q2 FY27, with issuers rated AA and above accounting for nearly two-thirds of long-term fundraising. AAA-rated securities accounted for 47.5% of total long-term mobilisation, up from 39.8% in the previous quarter, and above the share recorded a year earlier.

The dominance of higher-rated issuance was accompanied by a decline in the share of unrated borrowings, which fell to 25.3% in Q2 FY27 from 33.4% in Q1 FY27. Lower-rated instruments continued to account for only a marginal proportion of overall mobilisation, reflecting the continued concentration of fundraising among stronger credit profiles.

Risk aversion was even more evident in the short-term market. A1+ rated instruments accounted for 99.7% of total short-term borrowings, leaving negligible room for lower-rated issuers. This highlights the persistent premium placed on credit quality, with investors continuing to prioritise safety despite robust fundraising conditions during the quarter.

Rating-wise Break-up of Debt Raised



Debt Raised across Long Term Rating Scale (Amount in Rs. Crore)

Rating Scale	Finance	Non-finance	Total	% of Total Raised
AAA	1,15,147	60,184	1,75,331	47.47
AA (+/-)	44,720	27,220	71,940	19.48
A (+/-)	11,108	3,695	14,803	4.01
BBB (+/-)	5,246	6,346	11,592	3.14
BB (+/-)	20	1,207	1,227	0.33
B (+/-)	0	632	632	0.17
C	0	58	58	0.02
D	300	0	300	0.08
UR	11,304	82,194	93,498	25.31
Total	**1,87,846**	**1,81,534**	**3,69,380**	

Debt Raised across Short-Term Rating Scale (Amount in Rs. Crore)

Rating Scale	Finance	Non Finance	Total	% of Total Raised
A1+	6,38,982	2,07,668	8,46,650	99.67
A1	1,140	417	1,557	0.18
A2+	20	50	70	0.008
A2	25	0	25	0.003
A3+	181	500	681	0.08
A3	0	456	456	0.05
Total	**6,40,348**	**2,09,091**	**8,49,439**	

Average Coupon Rate Across Rating Scale and Maturity Bucket

Rating Scale	Up to 1 yr	Above 1-3 yrs	Above 3-5 yrs	Above 5-10 yrs	Above 10-15 yrs	Above 15-20 yrs	Above 20-30 yrs	Above 30 yrs	Perpetual
AAA	-	7.87	7.74	7.00	7.77	7.53	-	-	8.75
AA+	-	8.15	8.30	8.50	8.42	-	-	-	7.93
AA	-	9.03	8.63	9.51	9.03	-	-	-	9.89
AA-	-	9.18	9.01	8.10	9.98	-	-	-	-
A+	-	9.80	10.07	10.75	-	-	-	-	-
A	-	10.01	10.15	10.84	-	-	-	-	-
A-	-	10.94	11.58	11.52	-	-	-	-	-
BBB+	-	11.69	11.58	-	-	-	-	-	-
BBB	-	12.43	12.78	12.00	-	-	-	-	-
BBB-	-	12.07	11.78	12.00	10.00	-	-	-	-
BB+	-	-	10.50	11.00	-	-	-	-	-
BB	-	11.13	17.25	18.50	-	-	-	-	-
B+	-	-	14.25	-	-	-	-	-	-
BB-	-	-	19.00	10.00	-	-	-	-	-
B	-	-	17.25	-	-	-	-	-	-
B-	-	14.10	-	-	-	-	-	-	-
C	-	9.50	-	-	-	-	-	-	-
D	-	-	-	18.00	-	-	-	-	-
UR*	17.00	24.32	37.70	22.50	20.00	13.00	13.00	0.01	-

Note: Considered max in each bucket*

Top 10 Issuers by Issue Size (Amount in Rs. Crore)

Issuer Names	Jul'26 - Sep'26	% of Total Debt Raised Excluding Government
HDFC Bank Ltd.	63,027	5.17
Small Industries Development Bank Of India	55,609	4.56
National Bank For Agriculture And Rural Development	47,500	3.89
Union Bank Of India	46,915	3.84
Canara Bank	35,827	2.94
Bajaj Finance Ltd.	34,976	2.87
REC Ltd.	31,766	2.60
Reliance Retail Ventures Ltd.	25,890	2.12
Eqyizen Investment Pvt Ltd.	25,500	2.09
ICICI Securities Ltd.	23,465	1.92
Sum of Top 10	**3,90,475**	**32.00**
Total Debt Raised excluding Government	**12,20,239**	

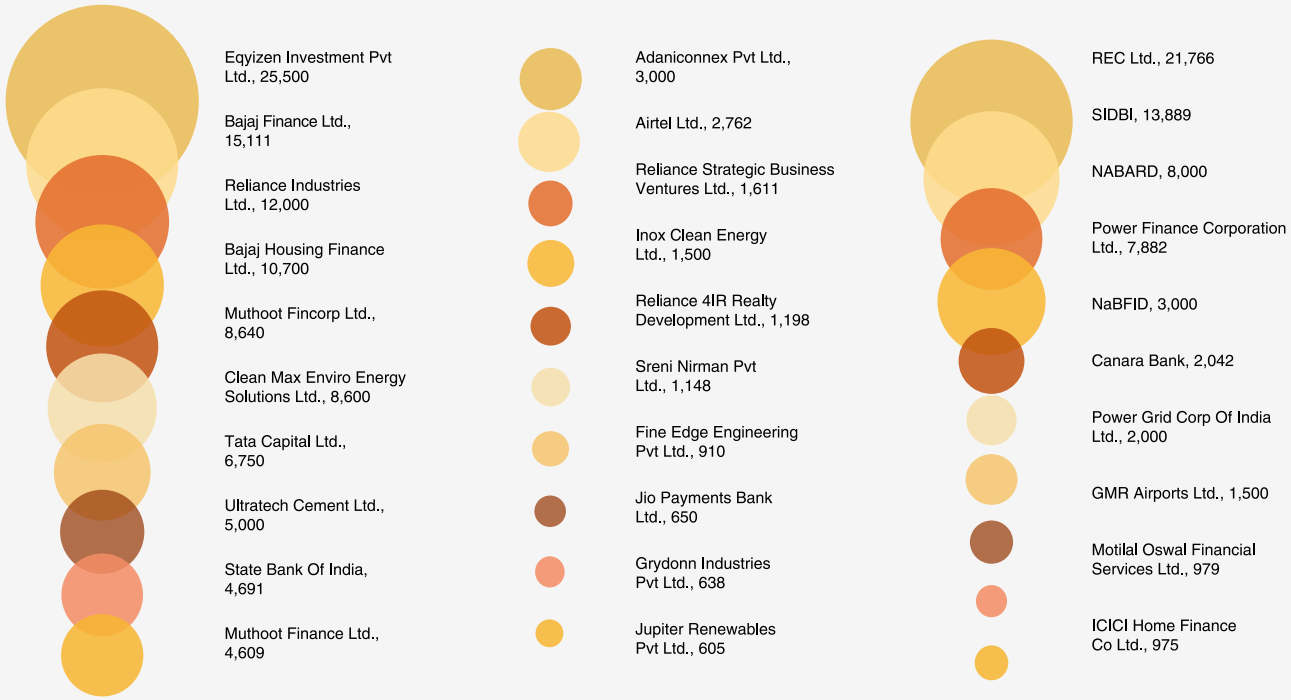
Top 10 States by Issue Size (Amount in Rs. Crore)

State Names	Jul'26 - Sep'26	% of Total Debt Raised by State Government
Government of Maharashtra	38,050	13.09
Government of Telangana	27,500	9.46
Government of West Bengal	26,800	9.22
Government of Madhya Pradesh	23,600	8.12
Government of Tamil Nadu	23,500	8.08
Government of Andhra Pradesh	20,200	6.95
Government of Rajasthan	17,150	5.90
Government of Uttar Pradesh	16,700	5.74
Government of Bihar	14,000	4.82
Government of Kerala	13,800	4.75
Sum of Top 10	**2,21,300**	**76.12**
Total Debt Raised by State Government	**2,90,712**	

Top 10 Trustees (Raised Solely or Jointly) (Amount in Rs. Crore)

Trustee Names	Jul'26 - Sep'26	% of Total Debt Raised Excluding Government
Catalyst Trusteeship Ltd.	96,424	7.90
Axis Trustee Services Ltd.	49,064	4.02
IDBI Trusteeship Services Ltd.	46,355	3.80
Beacon Trusteeship Ltd.	43,053	3.53
SBI Cap Trustee Co Ltd.	19,442	1.59
Vistra ITCL (India) Ltd.	15,519	1.27
Vardhaman Trusteeship Pvt Ltd.	11,608	0.95
Mitcon Credentia Trusteeship Services Ltd.	5,370	0.44
Orbis Trustee Services Pvt Ltd.	394	0.03
Piramal Trusteeship Services Pvt Ltd.	290	0.02
Sum of Top 10	**2,87,517**	**23.56**
Total Debt Raised excluding Government	**12,20,239**	

Bonds and Debentures Issued by Top 10 Issuers (Amount in Rs. Crore)



Non-Convertible Debentures | **Convertible Debentures** | **Non-convertible Bonds**

Top 10 Non-Convertible Debenture Issuers by Issue Size (Amount in Rs. Crore)

Non-Convertible Debentures issued By Top 10 Issuers	Jul'26 - Sep'26	% of Total Debt Raised by Non-Convertible Debenture
Eqyizen Investment Pvt Ltd.	25,500	9.38
Bajaj Finance Ltd.	15,111	5.56
Reliance Industries Ltd.	12,000	4.41
Bajaj Housing Finance Ltd.	10,700	3.93
Muthoot Fincorp Ltd.	8,640	3.18
Clean Max Enviro Energy Solutions Ltd.	8,600	3.16
Tata Capital Ltd.	6,750	2.48
Ultratech Cement Ltd.	5,000	1.84
State Bank Of India	4,691	1.73
Muthoot Finance Ltd.	4,609	1.69
Sum of Top 10	**1,01,601**	**37.36**
Total Debt Raised by Non-Convertible Debentures	**2,71,928**	

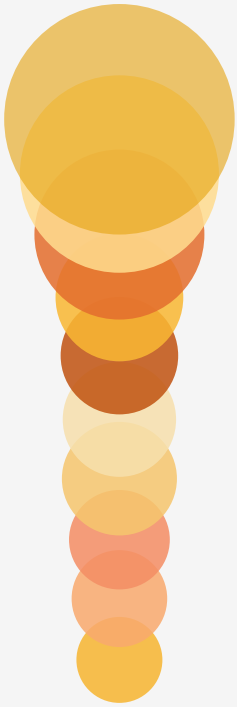
Top 10 Convertible Debenture Issuers by Issue Size (Amount in Rs. Crore)

Convertible Debentures issued By Top 10 Issuers	Jul'26 - Sep'26	% of Total Debt Raised Convertible Debentures
Adaniconnex Pvt Ltd.	3,000	13.20
Airtel Ltd.	2,762	12.16
Reliance Strategic Business Ventures Ltd.	1,611	7.09
Inox Clean Energy Ltd.	1,500	6.60
Reliance 4IR Realty Development Ltd.	1,198	5.27
Sreni Nirman Pvt Ltd.	1,148	5.05
Fine Edge Engineering Pvt Ltd.	910	4.01
Jio Payments Bank Ltd.	650	2.86
Grydonn Industries Pvt Ltd.	638	2.81
Jupiter Renewables Pvt Ltd.	605	2.66
Sum of Top 10	**14,022**	**61.72**
Total Debt Raised by Convertible Debentures	**22,719**	

Top 10 Non-Convertible Bonds Issuers by Issue Size (Amount in Rs. Crore)

Non-Convertible Bonds issued By Top 10 Issuers	Jul'26 - Sep'26	% of Total Debt Raised by Non-Convertible Bonds
REC Ltd.	21,766	33.70
Small Industries Development Bank Of India	13,889	21.50
National Bank For Agriculture And Rural Development	8,000	12.38
Power Finance Corporation Ltd.	7,882	12.20
National Bank For Financing Infrastructure And Development	3,000	4.64
Canara Bank	2,042	3.16
Power Grid Corp Of India Ltd.	2,000	3.10
GMR Airports Ltd.	1,500	2.32
Motilal Oswal Financial Services Ltd.	979	1.52
ICICI Home Finance Co Ltd.	975	1.51
Sum of Top 10	**62,033**	**96.03**
Total Debt Raised by Corporate Bonds	**64,595**	

CPs and CDs Issued by Top 10 Issuers (Amount in Rs. Crore)



HDFC Bank Ltd 62,850

Union Bank Of India, 46,855

Canara Bank, 33,765

Bank Of Baroda, 18,475

Bank Of India, 17,100

Punjab National Bank, 15,425

SIDBI, 14870

Central Bank Of India, 11,250

Indian Bank, 10,290

Punjab & Sind Bank, 8,500

Certificate of Deposit



NABARD, 39,500

SIDBI, 26,850

Reliance Retail Ventures Ltd., 25,890

ICICI Securities Ltd., 23,465

Hindustan Petroleum Corp Ltd., 22,325

Kotak Securities Ltd., 21,410

Bajaj Finance Ltd., 19,865

HDFC Securities Ltd., 19,585

Export Import Bank of India, 19,205

Bajaj Financial Securities Ltd., 15,195

Commercial Paper (CP)

Top 10 Commercial Paper Issuers by Issue Size (Amount in Rs. Crore)

Commercial Paper issued By Top 10 Issuers	Jul'26 - Sep'26	% of Total Debt Raised by Commercial Paper
National Bank For Agriculture And Rural Development	39,500	6.90
Small Industries Development Bank Of India	26,850	4.69
Reliance Retail Ventures Ltd.	25,890	4.52
ICICI Securities Ltd.	23,465	4.10
Hindustan Petroleum Corp Ltd.	22,325	3.90
Kotak Securities Ltd.	21,410	3.74
Bajaj Finance Ltd.	19,865	3.47
HDFC Securities Ltd.	19,585	3.42
Export Import Bank of India	19,205	3.36
Bajaj Financial Securities Ltd.	15,195	2.66
Sum of Top 10	**2,33,290**	**40.77**
Total Debt Raised by Commercial Paper	**5,72,174**	

Top 10 Certificate of Deposit Issuers by Issue Size (Amount in Rs. Crore)

Certificate of Deposit	Jul'26 - Sep'26	% of Total Debt Raised by Certificate of Deposit
HDFC Bank Ltd.	62,850	19.68
Union Bank Of India	46,855	14.67
Canara Bank	33,765	10.57
Bank Of Baroda	18,475	5.79
Bank Of India	17,100	5.36
Punjab National Bank	15,425	4.83
Small Industries Development Bank Of India	14,870	4.66
Central Bank Of India	11,250	3.52
Indian Bank	10,290	3.22
Punjab & Sind Bank	8,500	2.66
Sum of Top 10	**2,84,190**	**89.01**
Total Debt Raised by Certificate of Deposit	**3,19,295**	

Top 10 Traded Government Securities (Amount in Rs. Crore)

Security	Traded Volume (In Crore)	% of Total Traded
06.94 GS 2036	20,87,575	66.81
06.68 GS 2040	2,49,740	7.99
06.36 GS 2031	2,03,490	6.51
07.06 GS 2041	1,37,565	4.40
06.48 GS 2035	70,850	2.27
07.24 GS 2055	56,155	1.80
07.71 GS 2066	38,245	1.22
06.90 GS 2065	36,310	1.16
06.68 GS 2033	24,555	0.79
06.54 GS 2032	13,690	0.44
Total Traded in Quarter	**31,24,520**	

Top 10 Traded Corporate Securities (Amount in Rs. Crore)

Description	Traded Volume (In Crore)	% of Total Traded
NABARD - NCB - 7.44% - 17-Jul-2029	16,684	1.68
NABARD - NCB - 7.48% - 15-Sep-2028	14,800	1.49
NABARD - NCB - 7.16% - 14-Dec-2029	10,448	1.05
NABARD - NCB - 7.44% - 24-Feb-2028	9,510	0.96
NABARD - NCB - 7.80% - 15-Mar-2027	9,410	0.95
REC Ltd. - NCB - 7.17% - 01-Jul-2031	8,190	0.82
REC Ltd. - NCB - 7.38% - 28-Feb-2029	7,984	0.80
NABARD - NCB - 7.53% - 24-Mar-2028	7,925	0.80
SIDBI - NCB - 7.40% - 18-Jun-2031	7,371	0.74
Apex Homes Pvt Ltd. - NCD - 30-Oct-2027	7,060	0.71
Total Traded in Quarter	**9,94,276**	

NABARD	National Bank for Agriculture and Rural Development
SIDBI	Small Industries Development Bank of India
NCD	Non-Convertible Debentures
NCB	Non-Convertible Bonds

Inflation broadens as underlying price pressure builds

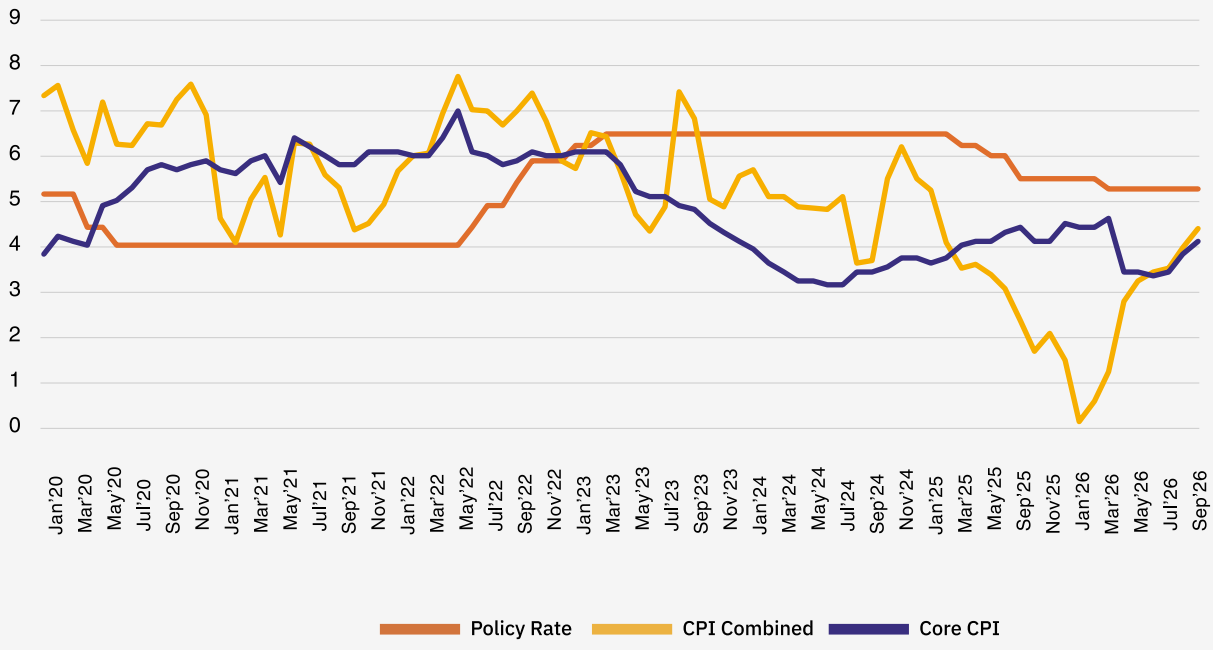
CPI inflation moved steadily higher in Q2 FY27, rising from 4.38% in June 2026 to 5.54% in September. Inflation remained above the RBI's 4% target for 3 consecutive months. However, it crossed the 5% mark only in September 2026, edging closer to the upper end of the RBI's tolerance band.

Food inflation that hovered in the range of 5-6% between June-August 2026, jumped to 7.74% in September. However, the pickup is no longer limited to food. Core inflation rose to 4.2% in August and further up to 4.3% in September, after holding at 3.9% for three months. The weighted share of CPI items recording inflation above 4% increased to about 45% in September from 37% in August. This shows that price gains are spreading across the basket.

Indian Basket crude oil prices rose from US$94.39 per barrel in June 2026 to an average of US$116.38 per barrel in September 2026 amid escalating tensions in West Asia, while fuel and light inflation increased from 1.75% to 3.24% over the same period.

Reflecting the evolving inflation outlook, the Monetary Policy Committee raised its FY27 inflation projection to 5.2% in its October 2026 review from 5.0% earlier.

Policy Rate vs CPI Combined vs Core CPI



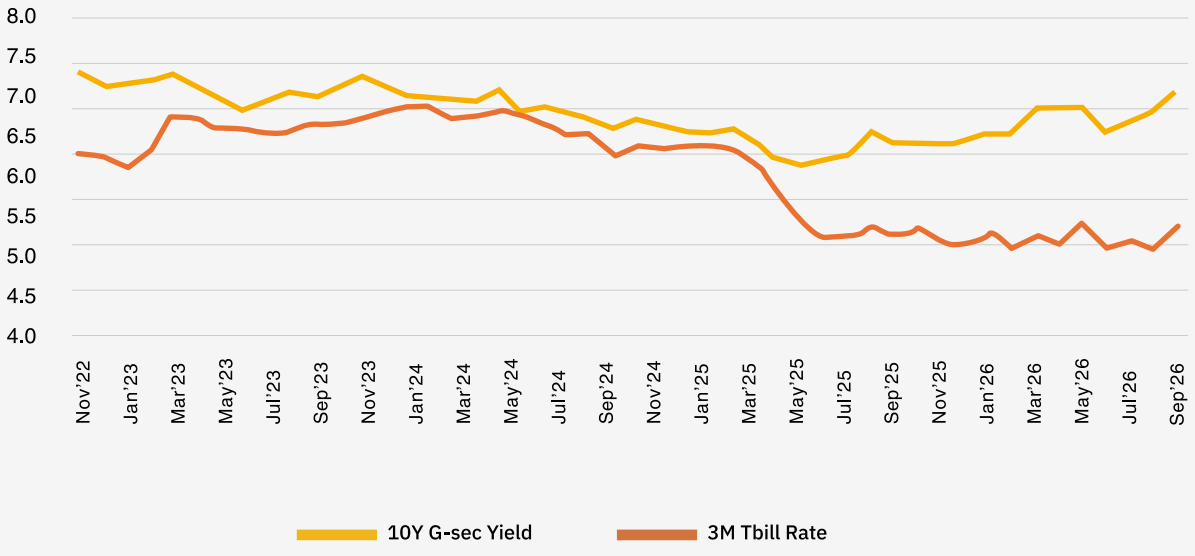
Bear Flattening of G-sec Yield Curve

The G-sec yield curve displayed bear flattening in Q2 FY27 as yields rose across maturities, with a sharper increase at the short end. The 1-year yield rose by 56 bps to 6.17%, while the 10-year yield increased by 43 bps to 7.19% by end September from end-June, marking its highest level in FY27. As a result, the 1Y-10Y spread narrowed from 115 bps to 102 bps over the quarter.

The sharper rise in short term yields signalled expectations of tighter monetary policy, which materialised in early October 2026 as the RBI moved toward tightening to contain inflation. At the longer end, rising global yields added to the domestic bond market pressures. The US 10Y Treasury yield climbed from around 4.76% at end-August 2026 to 5.29% by end-September 2026, narrowing the India-US 10-year yield differential from 2.21 percentage points to 1.90 percentage points, its lowest level in about a year.

Domestic yields faced pressure from both tighter monetary policy expectations and rising US Treasury yields. These forces shaped the yield curve's movement during the quarter.

10 Year G-sec, 3M Tbill

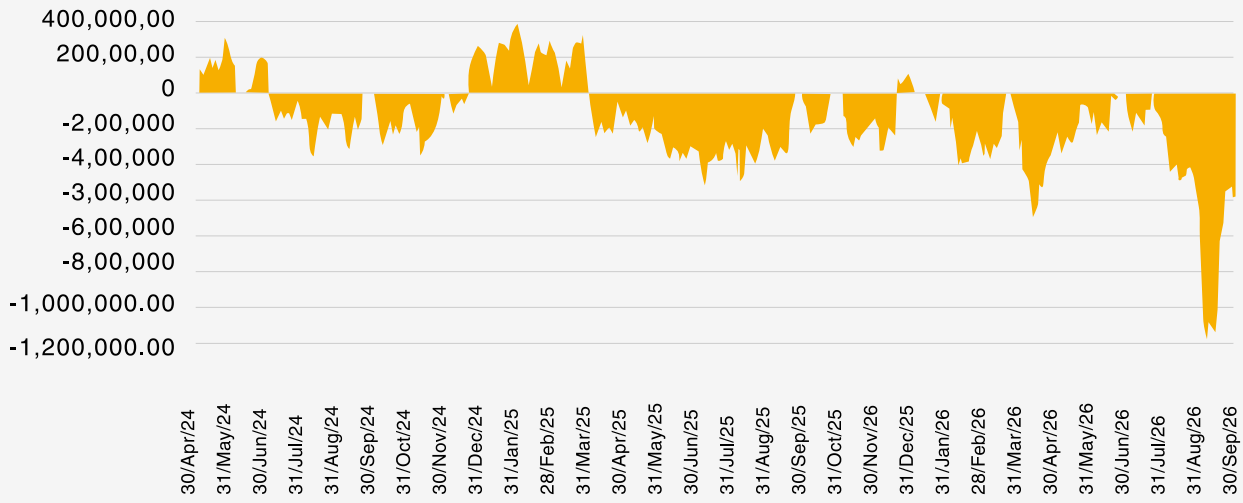


Liquidity Remains Firmly in Surplus

Banking system liquidity remained comfortably in surplus throughout Q2 FY27, driven primarily by strong FCNR(B) inflows under the RBI's special deposit mobilisation scheme and supported by government spending. Banks mobilised over USD127 billion through FCNR(B) deposits by end-August 2026, following the introduction of the facility on 8 June 2026, injecting substantial liquidity into the banking system. System liquidity surplus exceeded Rs.10 lakh crore towards end of September 2026. Weighted average call rate (WACR) fell to 4.99% in September 2026 from 5.23% in July, reflecting abundant liquidity. It remained below the 5.25% repo rate for much of the quarter.

Against this backdrop, the RBI intensified liquidity absorption operations during August and September 2026 as surplus balances continued to build. The central bank conducted a series of Variable Rate Reverse Repo (VRRR) auctions, including a 26-day Rs.5 lakh crore operation in September 2026. It subsequently announced Rs.1 lakh crore of OMO sales, executed in three tranches of Rs.50,000 crore, Rs.25,000 crore and Rs.25,000 crores during September 2026. Despite these measures, liquidity conditions remained firmly in surplus through the end of the quarter.

Net Liquidity Injected (Amount in Rs. Crore)

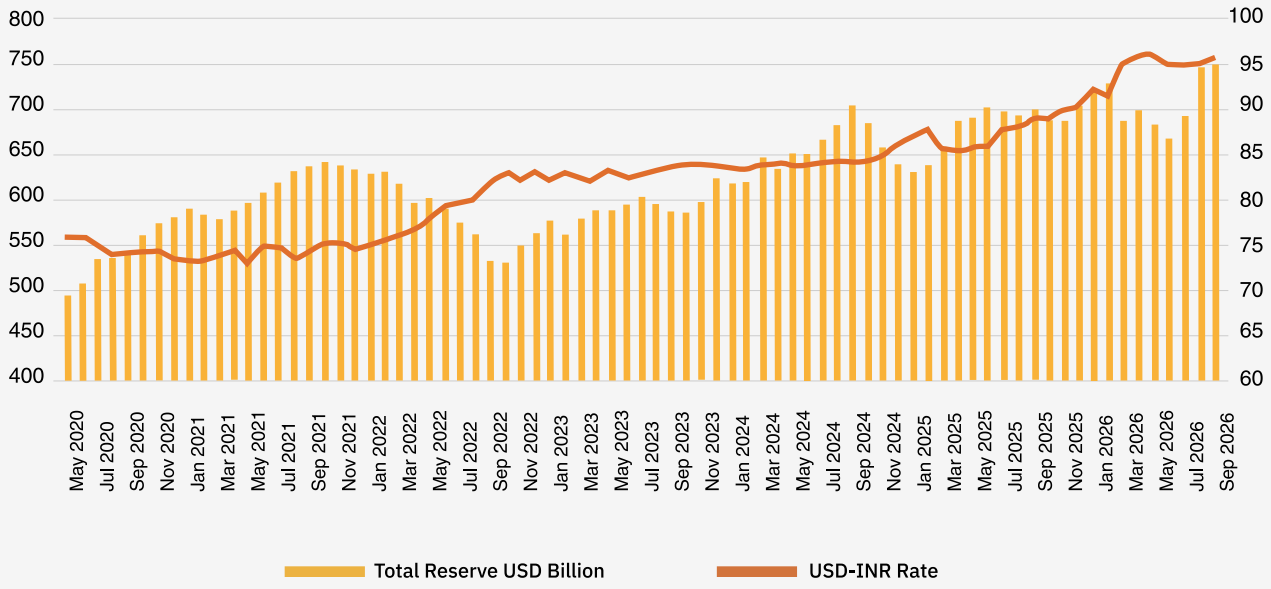


Rupee Ends Q2 Weaker as FPI Flow Turn Negative

The rupee ended Q2 FY27 at Rs.95.83 per USD, around 1.2% weaker than its end-June level of Rs.94.66. Foreign portfolio investors were net buyers during July and August 2026 but turned net sellers in September 2026, resulting in net equity outflows of Rs.35,861 crore and adding to depreciation pressures on the currency.

The RBI's concessional USD-INR swap facility, operational since 8 June, attracted USD 143.6 billion in forex inflows by 18 September, largely through FCNR(B) deposits. This helped forex reserves rise to a record USD 785.7 billion in the week ended 4 September, before moderating to USD 747.6 billion by 25 September. The 3-month forward premium increased to 4.38% at end-September from 2.95% at end-June, indicating expectations of continued pressure on the rupee.

USD-INR and Forex Reserve

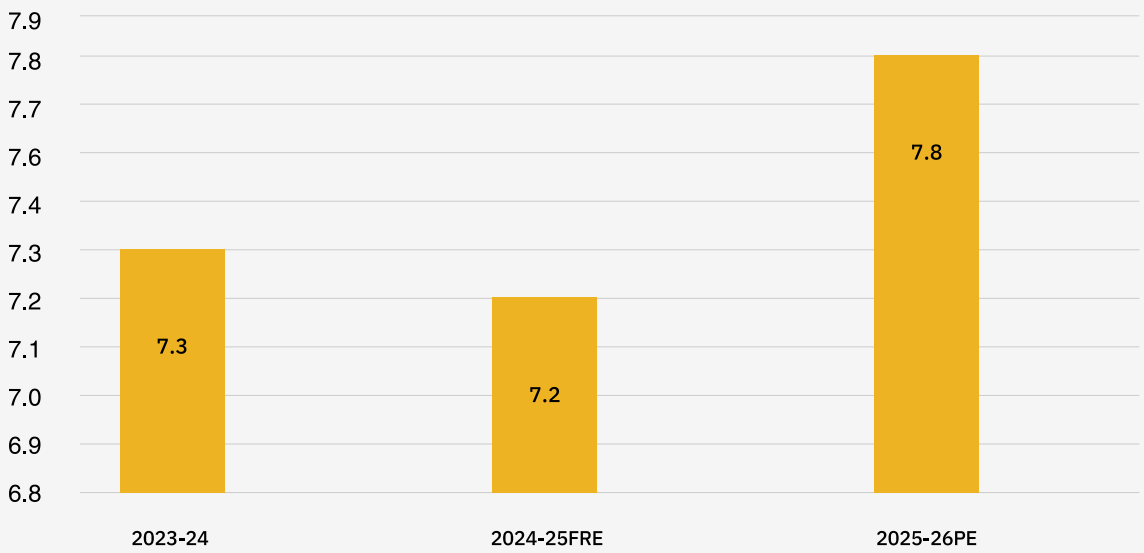


Growth Holds Firm Amid Uneven Momentum

India's growth trajectory remained resilient in Q2 FY27 despite persistent global headwinds, supported by domestic demand and investment. The Finance Ministry estimates GDP growth at 7.3% for the quarter, following 7.8% in Q1. This is a shade higher than the RBI's projection of a 7.2% real GDP growth for the quarter. Continued infrastructure spending, a revival in private capital expenditure and resilient services activity are expected to underpin growth, although elevated commodity prices, trade frictions and tighter global financial conditions remain key downside risks.

High-frequency indicators point to sustained activity. Industrial production growth accelerated to 8.0% in August from 7.4% in July, while gross GST collections rose 6.92% year-on-year in Q2. The composite PMI remained in an expansionary mode, although its quarterly average at 55.23 was below Q1 levels. Below-normal monsoon rainfall also poses a risk to agricultural output and rural demand.

GDP at 2022-23 Constant Prices (YoY % Change)



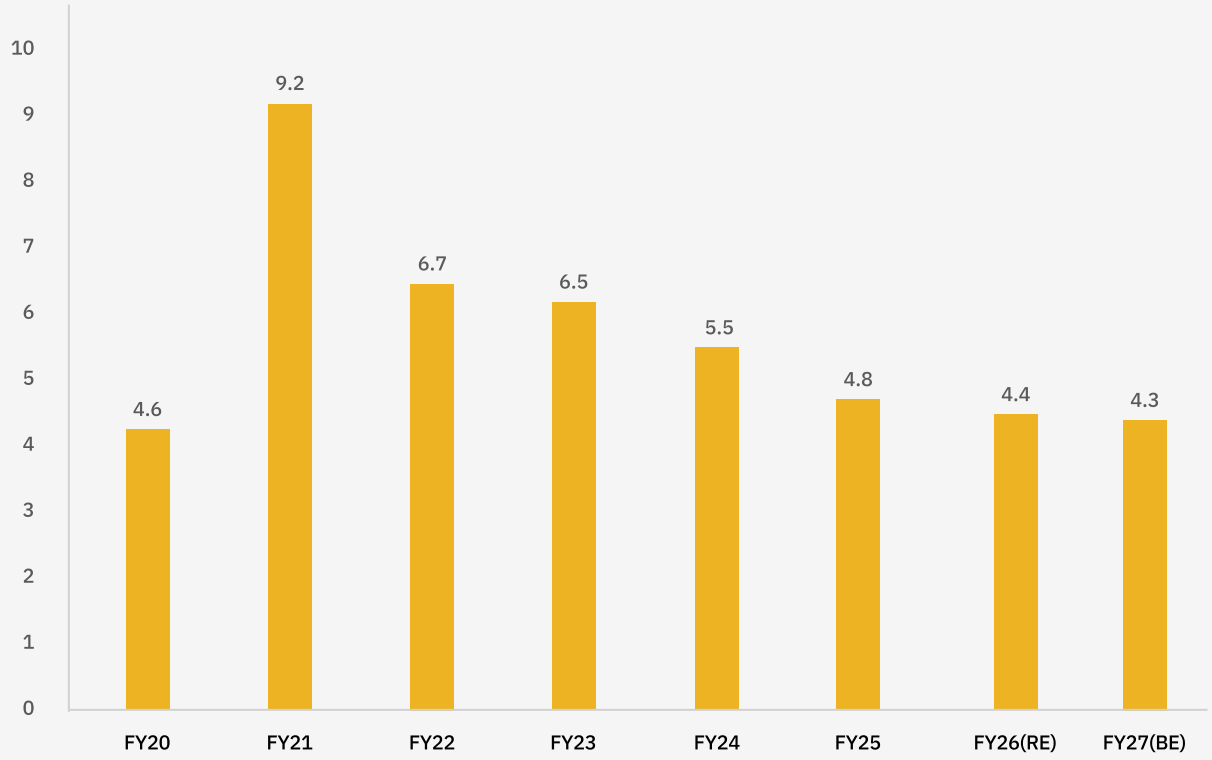
Fiscal Deficit Widens, Spending Outpaces Receipts

During April-August FY27, the Central Government's fiscal deficit widened 18.7% YoY to Rs.7.10 lakh crore from Rs.5.98 lakh crore, reflecting a sharper increase in expenditure relative to receipts. Total spending rose 10.5% to Rs.20.78 lakh crore, with capital expenditure and subsidies among key contributors. Capital expenditure increased 18.2% to Rs.5.10 lakh crore, underscoring the government's continued focus on growth-supportive spending, while revenue expenditure grew 8.2% to Rs.15.68 lakh crore. Major subsidies rose to Rs.1.87 lakh crore from Rs.1.50 lakh crore a year earlier.

Total receipts increased at a slower pace of 6.6% to Rs.13.68 lakh crore. Net tax revenue was partly impacted by the Centre's front-loading of an additional Rs.1.09 lakh crore tax devolution to states in August 2026, which compressed its share of tax collections.

The combined effect of higher capital spending, elevated subsidy outgo and the front-loading of tax devolution widened the fiscal gap, taking utilisation to 41.9% of the FY27 Budget Estimate of Rs.16.96 lakh crore against 38.1% during the same span last year. However, this should not be considered a major slippage as on pro-rata basis the deficit incurred looks proportionate to the annual number.

Fiscal Deficit (% to GDP)



For previous editions of the
Debt Market Report, please refer to:

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Notes

Notes

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NSE Cogencis is a leading provider of data, news, and actionable insights. Our solutions are trusted by professionals in commercial banks, asset management, insurance, conglomerates, and large corporates to trade, manage funds, and hedge risks. As a 100% subsidiary of NSE Data & Analytics, we play a vital role in India's financial ecosystem.

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