

# Fund Mobilization in Indian Capital Market: Trends and Drivers

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## Abstract

*The capital market is part of financial system of every country. The medium and long term securities trading take place in capital market and through which long term capital is provided to the corporate houses. The present study analyses the trend of fund mobilization by different securities in recent years. It is purely based on secondary data. The study concludes that there is strong steady rise in total funds mobilized in Indian capital market. Besides, Indian capital market has been expanded and diversified with increasing investor participation across multiple instruments.*

**Key words:** *Equity Trading, Debt Securities Trading, REITs/InvITs Trading and Indian Capital Market*

## 1. Introduction

Financial System is backbone of Indian economy. It consists of four components which are financial market, financial assets, financial institutions and financial services. All four components of financial system are playing a significant role and have an equal importance in economic development of the nation. Indian financial system is dynamic and several reforms have been made with regarding to the different aspects. The primary aim of Indian financial system is that transferring the funds from surplus sector/segment to deficit sector in order to facilitate the development of economic activities.

## 2. Literature Review

Saha (2016) in his book has elaborated issue of securities under different route in Indian primary capital market. Pricing of public issues, allotment process, green shoe option operation are also discussed as per SEBI (ICDR) Regulations. 2009. Burch & Foester (2004) in their book has made special emphasis on United States (US) Initial Public Offer (IPO) market. Chakraborti (2010) have taken an analytical approach to assess operational efficiency of Indian primary market. Rubani (2017) in his paper has analyzed the structure of financial market in India and discussed the functions of Indian capital market. Jenica (2017) in her paper has studied role of Indian primary market in resource mobilization during 2014-2016 covering the method of resource mobilization like offer for sale, private placement, qualified institution investor, right issues and so on.

## 3. Need for the Study

As it is mentioned, financial market and financial assets are part of financial system. Financial market facilitates trading activities of financial assets. Financial assets are referring the various kinds of securities trading in financial market. Here it is very interesting to know that trading volume of different securities in recent period. This may help to understand the development taken place in financial market and financial assets and trading trend of securities and preference of the traders in securities. Therefore, in this context, the study on securities trading and fund mobilization has been undertaken. The study finally provides fruitful information to various stakeholders to make effective decisions relating their trading in financial market.

## 4. Objectives of the study

The main objectives of the study are as follows

- a) To examine the equity trading volume and fund mobilization
- b) To examine the debt security trading volume and fund mobilization

- c) To analyse the REITs/InvITs trading volume and fund mobilization
- d) To compare the equity, debt and REIT/InvITs trading volume and fund mobilization

## 5. Research Methodology

The study is based on secondary data which have been collected from the websites of NSE, annual reports of SEBI, RBI bulletins etc,. The collected data has been analysed and presented in tabulation for interpretation. The data collected belongs to period of ten years from 2013-14 to 2023-24.

## 6. Data Analysis and Interpretation

This section gives the details about different securities trading, volume and values from 2013-14 to 2023-24 for ten years which is the recent period and helps to understand Indian capital market present scenario.

### 1. Equity Trading (Public Issues) Fund Mobilization

The below table provides details about equity trading volume and value from 2013-14 to 2023-24.

**Table 1: Equity Trading (Public Issues) Fund Mobilization**

Period	Equity (Public issues)	
	No. of issues	Amount (₹ crore)
2013-14	56	12,068
2014-15	61	9,434
2015-16	84	26,431
2016-17	118	32,483
2017-18	212	99,765
2018-19	133	18,235
2019-20	76	76,965
2020-21	78	1,10,118
2021-22	164	1,38,895
2022-23	238	65,824
2023-24	340	83,093

Source: SEBI Annual Report – 2024

Table 1 illustrates significant volatility in fund mobilization through public issues of equity in the Indian capital market over the period from 2013-14 to 2023-24. The number of issues and the total amount raised (in ₹ crore) demonstrate an upward trend overall, starting with a lower base and peaking in 2021-22 with 164 issues raising a substantial ₹1,38,895 crore. While the number of issues continued to rise in subsequent years, reaching 340 in 2023-24, the total amount raised decreased from its peak, indicating potentially smaller average issue sizes or shifting market conditions.

### 2. Equity Trading (QIP & Preference) and Fund Mobilization

Equity trading can involve different types of shares, such as those issued through Qualified Institutional Placements (QIPs) and preference shares. QIPs are a way for a publicly listed company to raise capital quickly from institutional investors, while preference shares offer a fixed dividend and priority claim on assets over common stock, but typically do not have voting rights.

**Table 2: Equity Trading (QIP & Preference) and Fund Mobilization**

Year	Equity (QIP & Preferential)	
	No. of issues	Amount (₹ crore)
2013-14	378	69,455
2014-15	442	51,264
2015-16	391	65,121
2016-17	429	52,699

2017-18	473	1,26,784
2018-19	416	2,18,837
2019-20	298	2,29,275
2020-21	266	1,19,668
2021-22	378	92,137
2022-23	464	92,044
2023-24	750	1,14,127

Source: SEBI Annual Report – 2024

Table 2 demonstrates fluctuating trends in fund mobilization via Qualified Institutional Placements (QIPs) and preferential allotments over the specified decade. The data indicates that while the number of issues has seen considerable growth, particularly in recent years, the total amount of capital raised has experienced significant peaks and troughs. Notably, the total funds raised reached their zenith in 2019-20 (₹2,29,275 crore), despite a lower number of issues compared to later years. Conversely, 2023-24 saw the highest volume of issues (750) but a more moderate amount raised (₹1,14,127 crore), suggesting a shift toward smaller, more numerous capital raises, possibly reflecting diverse corporate financing strategies.

### 3. Debt (Public Issues) Securities and Fund Mobilization

Debt (Public Issues) Securities" refers to financial instruments, such as bonds, issued to and offered for subscription by the general public. When a company, government, or other entity needs to raise capital, it can issue these debt instruments, becoming the borrower. Investors who buy these securities are essentially lending money to the issuer.

**Table 3: Debt (Public Issues) Securities and Fund Mobilization**

Period	Debt (Public issues)	
	No. of issues	Amount (₹ crore)
2013-14	35	42,383
2014-15	25	9,713
2015-16	20	33,812
2016-17	16	29,547
2017-18	8	5,173
2018-19	25	36,679
2019-20	35	15,068
2020-21	18	10,588
2021-22	28	11,589
2022-23	34	9,221
2023-24	45	19,168

Source: SEBI Annual Report – 2024

Table 3 presents data on fund mobilization through public issues of debt securities from 2013-14 to 2023-24, highlighting significant fluctuations in both the number of issues and the total amount raised. The period generally shows a declining trend in fund raising value compared to early years, with a peak in amount raised in 2013-14 (₹42,383 crore). While the volume of issues recovered to a high of 45 in 2023-24, the amount raised (₹19,168 crore) remained well below the initial peak, indicating a shift towards smaller average issue sizes or potentially less favourable market conditions for large public debt offerings in recent years.

### 4. Debt (Private Placement) Securities and Funds Mobilization

Debt (Private Placement) Securities refer to financial instruments, such as bonds or debentures, which a company issues and sells directly to a select, limited group of investors, rather than offering them to the general public on an open market.

**Table 4: Debt (Private Placement) Securities and Funds Mobilization**

Period	Debt (Private Placement)	
	No. of issues	Amount (₹ crore)
2013-14	1,924	2,76,054
2014-15	2,611	4,04,137
2015-16	2,975	4,58,073
2016-17	3,377	6,40,716
2017-18	2,706	5,99,147
2018-19	2,358	6,10,318
2019-20	1,787	6,74,703
2020-21	1,995	7,71,840
2021-22	1,405	5,88,038
2022-23	1,524	7,54,467
2023-24	1,347	8,37,756

Source: SEBI Annual Report – 2024

Table 4 highlights the dominant role of private placements in India's debt capital market, with a general upward trend in the total amount of funds mobilized over the decade. While the number of issues peaked in 2016-17 with 3,377 issues, the value mobilized continued to increase in subsequent years, reaching its highest point of ₹8,37,756 crore in 2023-24 with a lower volume of issues (1,347). This trend indicates a strong preference among large institutional investors and issuers for the efficiency and negotiated terms of private placements, resulting in significantly larger average transaction sizes over time.

## 5. REITs/InvITs and Fund Mobilization

REITs (Real Estate Investment Trusts) and InvITs (Infrastructure Investment Trusts) are innovative investment vehicles in the capital market that facilitate fund mobilization for large-scale, income-generating real estate and infrastructure projects.

**Table 5: REITs/InvITs and Fund Mobilization**

Period	REITs/InvITs	
	No. of issues	Amount (₹ crore)
2017-18	2	7,283
2018-19	3	14,535
2019-20	4	10,772
2020-21	6	52,416
2021-22	8	21,562
2022-23	7	6,360
2023-24	17	39,024

Source: SEBI Annual Report – 2024

Table 5 illustrates the emerging nature of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) as fund-mobilization vehicles in the Indian capital market, with the first activity recorded in 2017-18. The data shows an upward trend in the number of issues, peaking at 17 in 2023-24, indicating growing adoption of these structures. The total amount raised has been volatile, with a significant spike in 2020-21 (₹52,416 crore) driven by a few large issues, highlighting the lumpy nature of capital raising for large infrastructure and real estate assets in the initial stages of this market's development.

## 6. All Securities Trading and Funds Mobilization

This section gives comprehensive comparative details regarding trading of different equity and debt securities trading volume and values from 2013-14 to 2023-24.

**Table 6: All Securities Trading and Funds Mobilization**

Year	Equity (Public issues)		Equity (QIP & Preferential)		Debt (Public issues)		Debt (Private Placement)		REITs/InvITs		Total Funds Mobilized	
	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)
2013-14	56	12,068	378	69,455	35	42,383	1,924	2,76,054	-	-	2,393	3,99,960
2014-15	61	9,434	442	51,264	25	9,713	2,611	4,04,137	-	-	3,139	4,74,548
2015-16	84	26,431	391	65,121	20	33,812	2,975	4,58,073	-	-	3,470	5,83,437
2016-17	118	32,483	429	52,699	16	29,547	3,377	6,40,716	-	-	3,940	7,55,446
2017-18	212	99,765	473	1,26,784	8	5,173	2,706	5,99,147	2	7,283	3,401	8,38,151
2018-19	133	18,235	416	2,18,837	25	36,679	2,358	6,10,318	3	14,535	2,935	8,98,605
2019-20	76	76,965	298	2,29,275	35	15,068	1,787	6,74,703	4	10,772	2,200	10,06,784
2020-21	78	1,10,118	266	1,19,668	18	10,588	1,995	7,71,840	6	52,416	2,363	10,64,630
2021-22	164	1,38,895	378	92,137	28	11,589	1,405	5,88,038	8	21,562	1,983	8,52,221
2022-23	238	65,824	464	92,044	34	9,221	1,524	7,54,467	7	6,360	2,267	9,27,915
2023-24	340	83,093	750	1,14,127	45	19,168	1,347	8,37,756	17	39,024	2,499	10,93,167

Source: SEBI Annual Report – 2024

Table 6 provides a comprehensive overview of total fund mobilization across various segments of the Indian capital market from 2013-14 to 2023-24. The data reveals that while total capital raised generally increased over the decade, reaching a peak in the latest year at ₹10,93,167 crore, the mix of instruments has shifted significantly. Debt private placements consistently dominate the market in terms of value, overshadowing public issues of both equity and debt. The emergence and growth of REITs and InvITs also represent a diversification of funding sources, while public debt issues have seen a relative decline in importance.

## 7. Major Findings of the Study

- Fund mobilization through equity public issues has grown substantially over the decade, with a clear peak in value in 2021-22 and a peak in volume (number of issues) in 2023-24.
- Fund mobilization through QIPs and preferential issues exhibits high volatility in total value raised, peaking significantly in 2019-20, even as the volume of issues reached its maximum in 2023-24.
- Fund mobilization through public debt issues has shown an overall decrease in the total value raised over the decade, despite the volume of issues in 2023-24 surpassing the initial year of the period.

- d) Debt private placements are a preferred and substantially larger source of capital than public debt issues, showing a significant increase in the total amount raised over the decade despite a decline in the number of issues in recent years.
- e) Fund mobilization through REITs and InvITs is an emerging yet increasingly utilized mechanism, showing substantial growth in the number of issues and significant capital raising potential, with a peak value in 2020-21.
- f) Debt private placements are overwhelmingly the most significant source of capital mobilization in the Indian market, consistently contributing the largest share to the total funds raised throughout the decade observed.

## 8. Important Suggestions

- a) To ensure market stability and attract consistent investor participation, continuous monitoring and enhancement of regulatory frameworks are suggested to manage volatility and maintain a healthy balance between large-scale capital raises and market capacity.
- b) To optimize market efficiency and investor confidence, it is recommended that companies provide clearer rationales for the timing and size of these placements, and that regulatory bodies ensure consistent oversight to manage volume increases and value fluctuations.
- c) To further enhance market depth and accessibility, regulations could encourage greater standardization of private placement processes, potentially improving transparency and allowing a slightly broader, yet sophisticated, investor base to participate.
- d) To foster continuous growth and stability in this segment, consistent regulatory support and investor education are suggested to ensure market confidence and facilitate more frequent, large-scale capital deployment.
- e) To foster a more balanced and resilient capital market structure, regulatory policies should aim to enhance the attractiveness and depth of public market instruments, particularly public debt issues, through further standardization and improved market liquidity.

## 9. Conclusion

The study has been concluded that the data shows a strong and steady rise in total funds mobilized in the Indian capital markets, driven mainly by the consistent dominance of private debt placements and the significant growth in equity public issues. While QIP and preferential issues contributed steadily, public debt issues fluctuated over the years. The introduction of REITs/InvITs from 2017–18 added a growing new source of funds, with notable jumps in later years. Overall, the trend reflects that Indian capital market has been expanding and diversifying with increasing investor participation across multiple instruments.

## 10. Important References

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