



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

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## CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES

**Consultation paper for permitting debt issuers to offer incentives in public issues to certain category of investors**

October 2025

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### Timeline to Respond

Comments on the Consultation paper may be sent by November 17, 2025

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**1. Objective:**

1.1. The objective of this consultation paper is to seek comments/ views/ suggestions from the public on the proposal to amend SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ('NCS Regulations'), for permitting debt issuers to offer incentives in public issues to certain category of investors in order to encourage them to invest in debt securities, thereby promoting the development of the bond market.

1.2. The detailed proposal is mentioned in paragraph 2 of this consultation paper.

## 2. Proposal for public comments:

### Permitting debt issuers to offer incentives in public issues to certain category of investors in order to encourage them to invest in debt securities

#### 2.1. Background:

SEBI has been receiving feedback from the industry for increasing participation in the debt market. During discussions held with SEBI, few market participants proposed to permit debt issuers to offer incentives in public issues to certain category of investors in order to encourage them to invest in debt securities.

#### 2.2. Relevant legal provisions:

Regulation 31 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (“NCS Regulations”) provides as under:

##### ***“Prohibition on payment of incentives***

*31. Any person connected with the issue shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application in the issue, except for fees or commission for services rendered in relation to the issue.”*

#### 2.3. Need for review:

Upon analysis of recent data in respect of public issuance of NCDs, it is observed that the amount of public debt issues has reduced from Rs. 19,168 Crore in FY 2023-24 to Rs. 8,149 Crore in FY 2024-25 [Source: SEBI Annual Report 2024-25], which further emphasises the need to increase retail participation in debt market through public issuance mode.

#### 2.4. Proposal and the rationale thereof:

2.4.1. It is proposed to permit issuers to offer incentives in the form of higher coupon rate or discount to the issue price to certain categories of allottees like senior citizens, women, armed forces personnel (viz. serving Defence personnel, ex-servicemen and widows of ex-servicemen) and retail subscribers to encourage retail participation in debt securities, while providing a fillip to the number of public issuances in the debt market.

2.4.2. **Similar offerings in Securities market:** In case of Offer for Sale (OFS) of shares by promoters through Stock Exchange mechanism, SEBI has

permitted the seller to offer discount to retail investors. The details of discount and percentage of reservation for retail investors are required to be disclosed upfront in the notice of OFS to the exchange. Relevant extract of SEBI Master Circular for Stock Exchanges and Clearing Corporations dated December 30, 2024 (Chapter 1: Trading) is as under:

**19. OFFER FOR SALE OF SHARES BY PROMOTERS THROUGH STOCK EXCHANGE MECHANISM**

...

**19.1.5.4. Discount by Seller**

19.1.5.4.1. *Seller may offer discount to retail investors. The details of discount and percentage of reservation for retail investors shall be disclosed upfront in the notice of OFS to the exchange.*

19.1.5.4.2. *Discount to retail investors may be offered as follows:*

**a) Multiple Clearing Price OFS**

- i. Retail investors may be allocated shares at a discount to the cut-off price determined in the retail category, irrespective of the bid price entered by them. Or,*
- ii. Retail investors may be allocated shares at a discount to the bid price entered by them.*

**b) Single Clearing Price OFS**

- i. Retail investors shall be allocated shares at a discount to cut off price determined in the retail category.*

*c) In case of both of the above methodologies, the discounted price which shall be the final allocation price to the retail investors may be below the floor price.*

...

**2.4.3. Similar offerings in Banking sector:** It is a common practice for banks to offer higher interest rates on Fixed Deposits (FDs) to senior citizens. Further, certain NBFCs also offer higher interest rates on FDs to women depositors.

**2.4.4. Similar offerings in non-financial sector:** Armed forces personnel can get financial incentives in the form of discounts on domestic travel through various Indian airlines and travel portals, with offers on base fares, waived convenience fees, and extra baggage allowances.

**2.4.5.** Based on the aforementioned similar precedent/ practices in the securities market/ banking sector/ non-financial sector, it is felt that aligning the incentives offered to certain category of investors, viz. senior citizens, women, armed forces personnel for subscription in debt

securities shall enhance the competitiveness of debt securities for the said class of investors, which in turn may increase their participation in debt securities while meeting the dual objective of SEBI, i.e. to increase retail participation in debt market and, thereby, provide a fillip to the number of public issuances in debt market.

2.4.6. The said offering may be at the sole discretion of the issuer and shall be disclosed upfront in the offer document. Further, the said differential offering shall be limited to the original allottee of the public issue.

2.4.7. Accordingly, the following proviso may be inserted in Regulation 31 of the NCS Regulations:

*“Provided that nothing contained above shall preclude the issuer from offering a higher coupon rate or discount to the issue price to certain categories of allottees like senior citizens, women, armed forces personnel (viz. serving Defence personnel, ex-servicemen and widows of ex-servicemen), retail subscribers or any other category of investors as may be specified by the Board from time to time.*

*Provided further that the higher coupon rate shall be available only to the initial allottee and shall not be available in case the bonds are transferred/ transmitted.”*

### 3. Public comments being sought:

3.1. Considering the implications of the aforementioned matter on the market participants, public comments are invited on the following:

Whether it would be appropriate for issuers to offer higher coupon rate or discount to the issue price to certain categories of investor, but limited to the initial allottee only? If yes, which categories of investors may be permitted for the same?

3.2. The comments/ suggestions should be submitted latest by, November 17, 2025, through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

3.3. The process to submit comments:

- a. *Before initiating the process, please read the instructions given on top left of the web form as “Instructions”.*
- b. *Select the consultation paper to comment upon from the dropdown under the tab – “Consultation Paper” after entering the requisite information in the form.*
- c. *All fields in the form are mandatory;*
- d. *Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.*
- e. *If you represent any organization other than the types mentioned under dropdown in “Organization Type”, please select “Others” and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select “Others” and mention “Not Applicable” in the text box.*
- f. *There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory.*
- g. *If you want to provide your comments for the selected proposal, please select “Yes” from the dropdown under “**Do you want to comment on the proposal**” and use the text boxes provided for the same.*
- h. *After recording your response to the proposal, click on “Submit” button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown.*

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- i. *If you do not want to react on any proposal, please select that proposal from the dropdown and click on “**Skip this proposal**” and move to the next proposal.*
- j. *After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on “**Check your response before submitting**” just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.*
- k. *The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper*

3.4. In case of any technical issue in submitting comments through web based public comments form, you may contact the following through email with a subject: *“Issue in submitting comments on Consultation Paper for Permitting debt issuers to offer incentives in public issues to certain category of investors”*:

- a. Mr. Rohit Dubey, General Manager ([rohitd@sebi.gov.in](mailto:rohitd@sebi.gov.in))
- b. Mr. Appin Gothwal, Assistant General Manager ([apping@sebi.gov.in](mailto:apping@sebi.gov.in))
- c. Ms. Nishtha Tewari, Assistant General Manager ([nishthat@sebi.gov.in](mailto:nishthat@sebi.gov.in))

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