



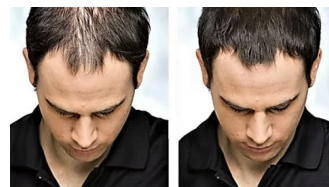
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Fund-raising cost from corporate bond market up

By: **FE Bureau** | New Delhi | Published: November 10, 2017 4:13 AM



The cost of raising funds from the Indian corporate bond market has gone up in October with the spread of corporate bonds widening over government bonds in the last one month, Care Ratings said on Thursday.



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The cost of raising funds from the Indian corporate bond market has gone up in October with the spread of corporate bonds widening over government bonds in the last one month, Care Ratings said on Thursday. "The spread has widened by 19 basis points from 1.41% to 1.60%. The widening of the spread reflects the increase in cost of funds for corporates during the month," it said, adding that the average spread of corporate bonds over government securities so far this fiscal year was 1.6%, the highest in the last 6 years. Care ratings said the spread of corporate bonds over government securities in October was different across tenures. It was 0.8% for tenures over 15 years, 1.5% for 10 years, 2% for 5 years and 1.2% for tenures of 1 year.

The movement in the spread has been fluctuating in this fiscal year, Care said, adding that it rose from 1.3% in April to 1.9% in May and declined in the next 2 months to 1.35% and 1.25% respectively. It rose to 2.04% in August.

In terms of traded volume, the 15 years corporate bonds on an average have been accounting for 3% of the aggregate trades, Care said. The 10-year, 5-year and 1-year bonds together have been accounting for a little over 10% of the aggregate trades. The total traded volumes was Rs 7.63 lakh crore in April-October.

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