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Market Watch

Govt to borrow more aggressively in April-Sept than expected

BY REUTERS | UPDATED: MAR 31, 2020, 09.45 PM IST

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NEW DELHI: The Indian government plans to borrow more aggressively than anticipated in the April-September period, even as foreign investors have turned into net sellers in the entire Asian market as the coronavirus spreads.

India aims to borrow 4.88 trillion rupees in the period, nearly 63% of its total annual borrowing plan, Economic Affairs Secretary [Atanu Chakraborty](#) said on Tuesday.

The government plans to issue bonds worth 190 billion rupees to 210 billion rupees weekly through the first six months of the fiscal year that begins on April 1.

"It will be interesting to see how the market reacts. Our guess is that they will move up given the frontloading of the borrowing," CARE ratings said in a note.

The benchmark 6.45% bond maturing in 2029 ended at 102.22 rupees, yielding 6.14%, in Mumbai against 101.71 rupees, yielding 6.21%, on Monday.

Chakraborty said the government would do "all necessary things" to support industry, the health system and the poor.

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India has reported 1,250 cases of the coronavirus and 32 deaths.

"Government shall do whatever is required to do for the resurgence and recovery of the industries. Our fund-raising resources not only from the markets but also from multilateral agencies are geared towards that," Chakraborty said.

Last week, [Finance Minister](#) Nirmala Sitharaman announced a package of 1.7 trillion rupees to help the poor, while the RBI cut its benchmark rates by 75 basis points and announced a host of liquidity measures.

The government is also expected to announce a package for industries that have been hit hard by a 21-day shutdown.

On Monday, Reserve Bank of India (RBI) opened a new category of bonds in which foreign buyers can buy all fresh issuance of 5-, 10- and 30-year bonds starting April 1.

Chakraborty said the move would help in shoring up demand for bonds in the market.

There was anticipation that the government would reduce its borrowings in April but it plans a more aggressive issue than last year. It plans to issue 790 billion rupees of government securities in April.

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