

TAMIL NADU

80% of borrowings in Q1 are through long-tenure bonds

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They can be repaid over longer time

Long-tenure bonds with a maturity profile of 20-35 years accounted for about ₹19,200 crore, or 80%, of Tamil Nadu's total borrowings of ₹24,000 crore in the first quarter of fiscal 2021-22.

On Tuesday, the State raised ₹2,000 crore through bonds known as State development loans.

It reissued bonds of ₹1,000 each, of a tenure of 30-35 years, with yields of 7.23%.

“There is little difference between the yields on short-tenure bonds and long-tenure bonds. So we are ensuring that we take advantage of lower yields for the long-tenure bonds and stretch our repayment profile,” said a senior official.

During April-June 2021, the State raised ₹4,800 crore through short-tenure bonds of 5-10 years, with yields of 6.83%.

“The States that have been issuing longer-tenure bonds would be doing so with the aim of spacing out their debt repayment obligations over a longer period of time,” said Kavita Chacko, senior economist, CARE Ratings.

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were quite low, it would be better to lock them in for the longest tenures possible.

Tamil Nadu has indicated that it will borrow ₹15,500 crore in the second quarter (July-September) of 2021-22, according to the Reserve Bank of India.

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