

TAMIL NADU

# Amid rising interest rates, Tamil Nadu to borrow less in Q3

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**It may raise ₹13,000 cr. through bonds**

Tamil Nadu has indicated that it will borrow ₹13,000 crore through issue of bonds known as State Development Loans (SDLs) in the third quarter (October-December) of FY 2021-2022. It borrowed ₹15,000 crore in the same period last year.

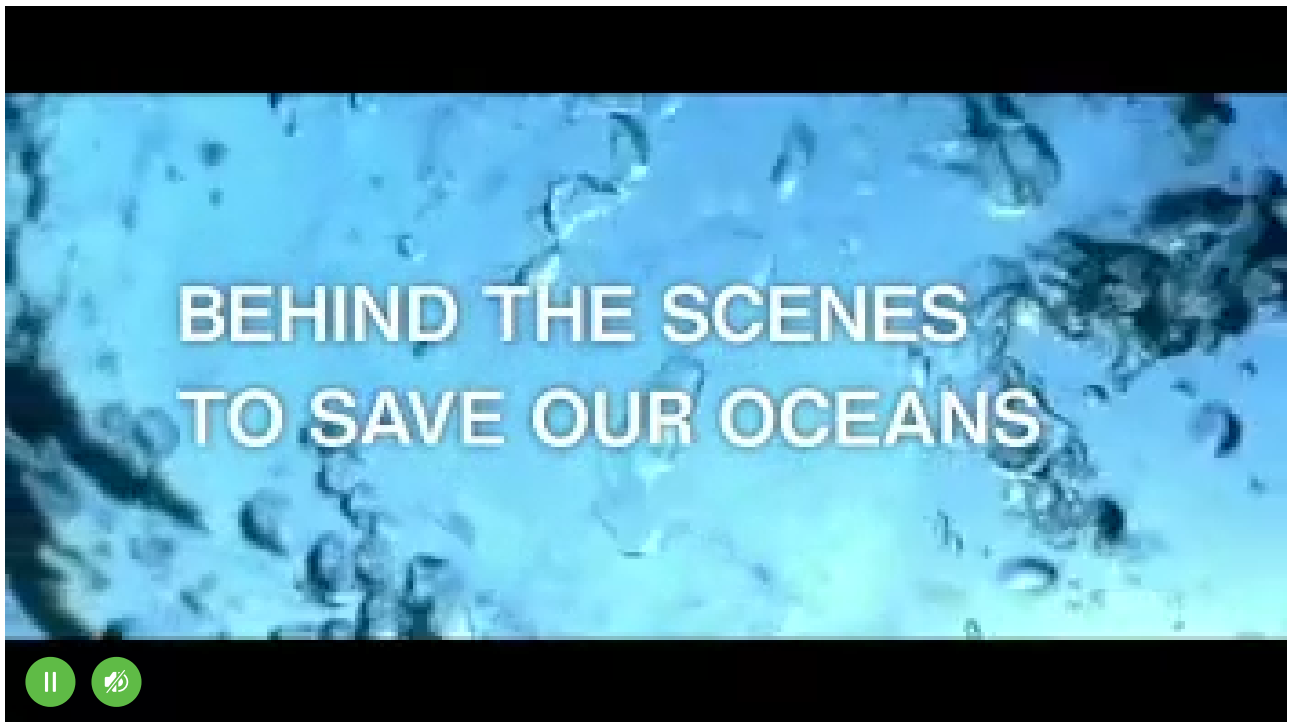
For the first half (April-September) of 2021-22, the State's borrowing through issue of SDLs was ₹39,000 crore, down nearly 19% from ₹48,000 crore in the first half of 2020-21.

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A senior government official said the borrowing plan was based on cash availability and also based on interest costs. “Last year (2020-21), first quarter interest rates were low. This year that is not the case. We are spacing out borrowings this year for that reason too,” he said.

According to data from ratings firm ICRA, the weighted average interest rate on shorter tenure SDLs was 5.97% in Q1, FY 2021 and 5.44% in Q2, FY 2021. This has increased to 6.43% in Q1, FY 2022 and 6.54% in Q2, FY 2022, it said.

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On October 5, the government raised ₹1,000 crore through issue of SDL with tenure of 10

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