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# Maharashtra to borrow Rs 25,000 cr in Q1 FY22: CARE Ratings

By Sanjay Jog

States and the UTs resorted to higher market borrowings in FY21 to mitigate the impact of the pandemic and the resultant lockdown on their finances



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Maharashtra is slated to borrow the highest quantum in Q1 FY22 at Rs 25,000 crore (against Rs 25,500 crore during the corresponding period last year), followed by Tamil Nadu at Rs 23,450

crore and Uttar Pradesh at Rs 21,500 crore.

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The other major borrowers are likely to be Rajasthan (Rs 14,500 crore), West Bengal (Rs 14,000 crore), Andhra Pradesh and Bihar (Rs 12,000 crore each). These seven states are likely to account for 70 per cent of the overall market borrowings by states in Q1 FY22.



There would be a notable increase in the borrowings by Uttar Pradesh, Punjab, West Bengal and Assam in Q1 FY22 v/s Q1 FY21.

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According to CARE Ratings, as per the indicative borrowing calendar for Q1 FY22, 28 states and one Union Territory (UT) are cumulatively slated to raise Rs 1.78 lakh crore via market borrowings. This is 7 per cent more than the borrowings of Rs1.67 crore raised in Q1FY21. The amount raised in Q1 FY21 was 32 per cent (or Rs 40,071 crore) more than what was proposed in the indicative borrowing calendar for the period.



States and the UTs resorted to higher market borrowings in FY21 to mitigate the impact of the pandemic and the resultant lock-



down on their finances. Owing to the lower levels of economic activity, the revenues of states witnessed a significant contraction in FY21, prompting higher market borrowings (26 per cent year-on-year increase).

With the economy across states yet to see a broader reopening amid the resurgence of the pandemic and reimposition of restrictions, states reliance on market borrowings is to continue in FY22 also.

Three states including Rajasthan (Rs 1,000 crore), Jammu and Kashmir (Rs 500 crore) and Meghalaya (Rs 200 crore) at the auction of the state government securities or state development loans (SDLs) held today. This was the second auction for FY22.

The borrowing in the first two auctions of FY22 has been starkly lower than that in the same period of FY21.



According to the CARE Ratings, Rs 44,688 crore was cumulatively raised by 20 states and 1 UT in the first two auctions of FY21 (7 and 13 April'20). This was 87 per cent more than the Rs 5,700 crore raised by 3 states and 1 UT in the first two auctions of the current financial year (8 and 15 April'21).



In FY21, 28 states and 2 UTs (Union Territories) cumulatively raised a total of Rs 7.98 lakhs crore via market borrowings, 26 per cent more than the borrowings of Rs 6.35 lakh crores in FY20.

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