

Weekly update on Central Government borrowings

July 2, 2021

The Central Government has raised Rs 34,500 crs in the first auction for the month of July 2021 as against the notified amount of Rs 32,000 crs. The auction includes devolvement of bids of Rs 10,495 crs in case of the paper having a maturity period of 5 years while green shoe option was exercised in case of the 14-year instrument aggregating Rs 2,500 crs. **This is the 3rd time during the current fiscal when there has been a devolvement in case of the 5 year paper.** Total devolvement to the primary dealers so far in this financial year has been Rs 57,192 crs, with almost 61% of the 5-year paper and 30% of the 10-year paper. **5-year and 10-year papers are also the only two papers which have seen complete non-acceptance of bids during the current fiscal.**

The amount raised so far in FY22 is Rs 3.53 lakh crs, 29.3% of the total budgeted borrowing limit of Rs 12.05 lakh crs in FY22 and close to half of the H1-borrowings (Rs 7.24 lakh crs). The total borrowings by the Central government so far are 7.1% lower than the corresponding period last year. The highest share of issuances has been in case of the 14-year paper (24.7%), followed by the 5-year paper (19.4%) and 40-year paper (14.7%).

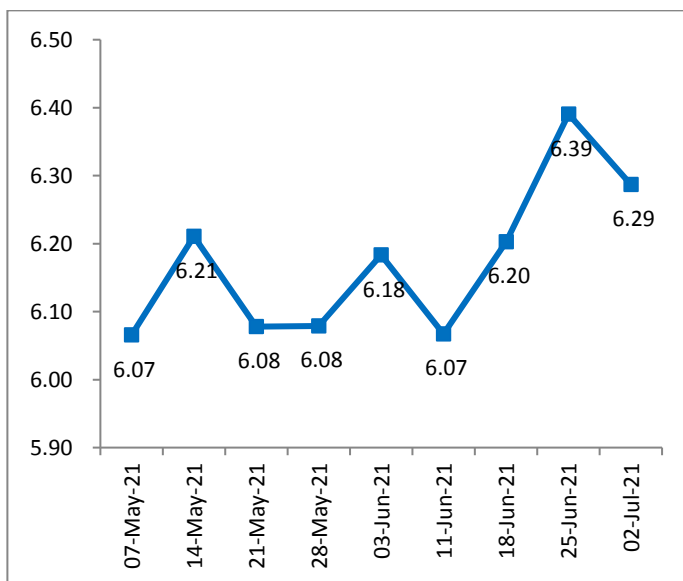
The weighted average yields in this auction fell from the previous auction to 6.29% primarily on account of floating rate bond issued which has a lower weighted average yield. There is an uptick in the weighted average yield of 5-year, 14 year and 30-year paper in the first auction of July 2021 as against June 2021.

Table 1: Results of the CG security auctions on July 2, 2021

Instrument Name	Notified amount (Rs crs)	Accepted amount (Rs crs)	Amount devolved to PD	Cut-off yields (%)	Green Shoe option (Rs crs)
5.63% GS 2026	11,000	505	10,495	5.72	Nil
GoI FRB 2033	4,000	4,000	Nil	4.93	Nil
6.64% GS 2035	10,000	12,500	Nil	6.74	2,500
6.67% GS 2050	7,000	7,000	Nil	7.13	Nil
Total	32,000	24,005	10,595		2,500

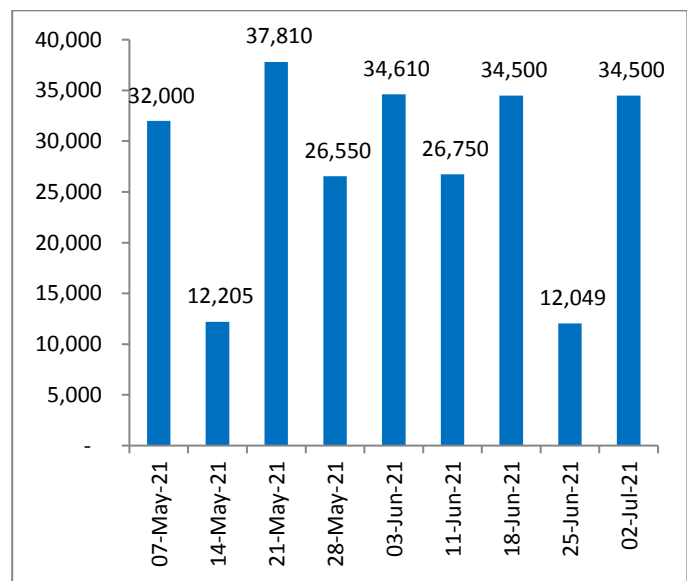
Note: Total amount of borrowings is accepted amount and amount devolved to PD

Chart 1: Trends in weekly weighted average yields (%)



Source: RBI

Chart 2: Movement in CG market borrowings (Rs crs)



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