

Weekly update on Central Government borrowings

April 9, 2021

In the first GSec auction in the new fiscal year FY22, the central government has raised Rs 37,853 crs, highest weekly market borrowing since May 22, 2020 and notably higher than the notified amount (Rs 32,000 crs). Two new instruments, one with a 5 year maturity (Year: 2026) and 14 year maturity (Year 2035) have been issued in this weekly auction. There has been devolvement of bids to the primary dealers in case of the 5 year instrument amounting to Rs 10,926 crs. In case of the other three instruments, green shoe option has been exercised aggregating Rs 5,852 crs.

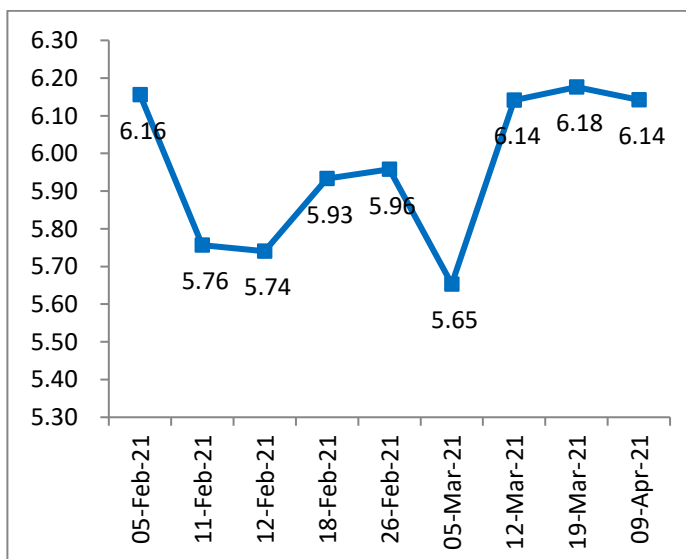
For the fiscal, the Central government has budgeted for total gross market borrowings of Rs 12.05 lakh crs in FY22, out of which Rs 7.24 lakh crs will be raised in H1-FY22. This is 60% of the total gross market borrowings for the fiscal. In FY21, the total gross market borrowings of the Central government stood at Rs 13.6 lakh crs, which was marginally lower than the revised estimate for FY21(RE) i.e Rs 13.9 lakh crs. There was no GSec auction which was undertaken during the last week of March 2021.

The weighted average yield in this auction is 6.14% which is marginally lower than the cost of borrowing of 6.18% in the last auction of March 2021 (i.e March 19, 2021). The cost of borrowings of the central government has been beyond 6% during the previous 3 auctions.

Table 1: Results of the CG security auctions on April 9, 2021

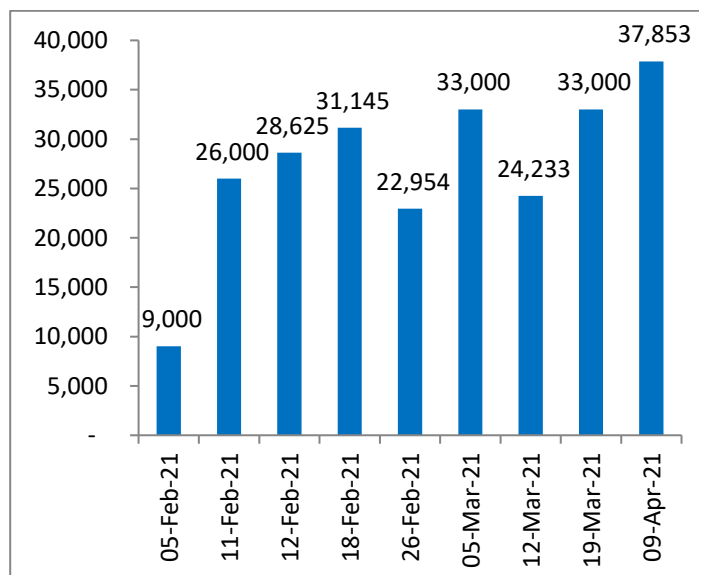
Instrument Name	Notified amount (Rs crs)	Accepted amount (Rs crs)	Amount devolved to PD	Cut-off yields (%)	Green Shoe option (Rs crs)
New GS 2026	11,000	73	10,926	5.63	Nil
GoI FRB 2033	4,000	5,020	Nil	4.86	1,020
New GS 2035	10,000	13,879	Nil	6.64	3,879
6.67% GS 2050	7,000	7,953	Nil	6.79	953
Total	32,000	32,853	10,926		5,852

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



Source: RBI

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



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