

Weekly update on Central Government Borrowings

January 22, 2021 | Economics

The Central government raised Rs 20,920 crs during the week ended January 22, 2021, the lowest amount raised since April 27, 2020 in its scheduled weekly auctions. The amount raised is notably lower than the notified amount (Rs 27,000 crs) and the funds raised during the previous week (Rs 20,920 crs). The total amount raised so far this year is Rs 11.5 lakh crs, 69% higher than the corresponding period last year. It is 87% of the revised central government borrowing limit of Rs 13.1 lakh crs for the year. Total funds raised so far in H2-FY21 is Rs 3.8 lakh crs, nearly 70% of the scheduled borrowing limit (Rs 5.44 lakh crs). The higher expenditure incurred and lower revenues have led the government to resort to additional market borrowing to meet the fiscal deficit.

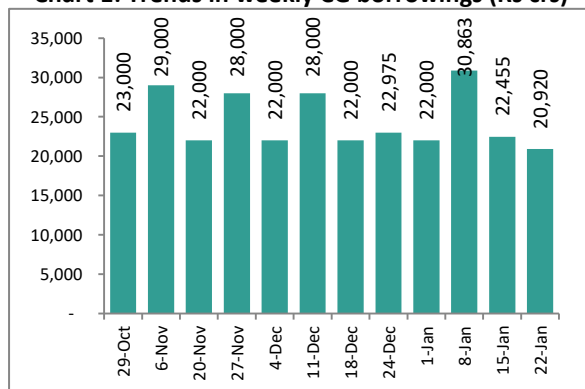
This auction witnessed devolution to primary dealers, no bids accepted and exercise of green shoe option. Total amount of green shoe option exercised during this auction is Rs 1,920 crs. So far this year, there have been 22 auctions when the green shoe option was exercised and the actual amount has exceeded the notified amount by Rs 78,238 crs. There was devolution of instruments to the primary dealers aggregating Rs 10,750 crs in case of the 5-year GSec (GS 2025). Total devolution so far this fiscal has been Rs 92,2213 crs. There was no acceptance of bids in case of the 10-year GSec (2030).

During the current week, there are 4 securities which have been auctioned and the details have been tabulated below in Table 1. The weighted average yields fell to 5.65%, 6 bps lower than the previous week.

Table 1: Results of the CG security auctions on January 22, 2021

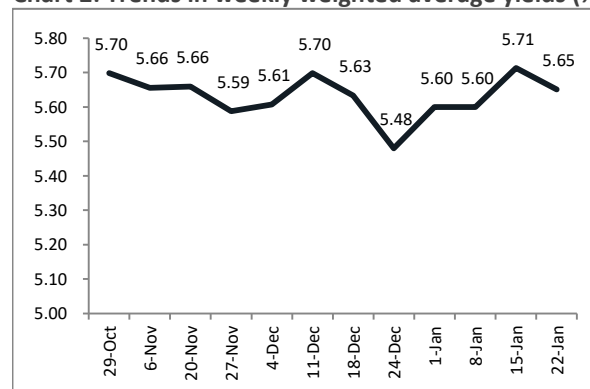
Instrument Name	Notified Amount (Rs crs)	Accepted Amount (Rs crs)	Amount devolved to the PD	Cut-off yields (%)
3.96% GS 2022	2,000	2,000	Nil	4.10
5.15% GS 2025	11,000	250	10,750	5.31
5.85% GS 2030	8,000	Nil	Nil	No bids accepted
6.8% GS 2060	6,000	7,920	Nil	6.51

Chart 1: Trends in weekly CG borrowings (Rs crs)



Source: RBI

Chart 2: Trends in weekly weighted average yields (%)



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