

Weekly update on Central Government borrowings

October 22, 2021

At the weekly auction of government securities held today, the Central Government borrowed Rs. 24,000 crore via securities carrying tenure of 2 years, 5 years, 14 years, and 30 years. The notified amount of the auctions was raised for the four securities.

Market Borrowings – FY22

- **Total market borrowings** by the central government during 9 April -22 October of FY22 is Rs.7.98 lakh crore, 6% less than that in the corresponding period of FY21 (Rs.8.53 lakh crore during Apr-23 Oct'20).
 - The amount raised so far in FY22 is 66% of the total budgeted borrowing limit of Rs 12.05 lakh crore for the fiscal year.
- **Total devolvement to the primary dealers** so far in FY22 is Rs. 0.76 lakh crore, which is 9% of the total borrowings.
- The quantum of **overallotment** (Green shoe option) thus far in FY22 totaled Rs. 0.60 lakh crore or 7.5% of the total borrowings.
- Auction of securities aggregating Rs.67,000 crore has been **cancelled** so far in FY22. 84% (or Rs.56,000 crore) of this were of the 10-year security.

Tenure-wise borrowings

- During 9 April- 22 October of FY22, the 14- year securities account for the largest share of borrowings at 21% of the total and is followed by the 5- year security which has a share of 19%. The 10-year security accounts for 18% of the borrowings. 71% of the borrowings carry a tenure of less than 15 years. The long-term borrowings (30 and 40 years) account for around 30% of the borrowings.

Table 1: Central Government Dated Securities Auctioned – 22October'21

Instrument	Notified amount (Rs crs)	Accepted amount (Rs crs)	Amount devolved to PD	Cut-off yields (%)	Green Shoe option (Rs crs)
4.26% GS 2023	2,000	2,000	Nil	4.41	Nil
5.63% GS 2026	6,000	6,000	Nil	5.73	Nil
6.67% GS 2035	9,000	9,000	Nil	6.85	Nil
6.67% GS 2050	7,000	7,000	Nil	7.12	Nil

Source: RBI *FRB – Floating Rate Bonds

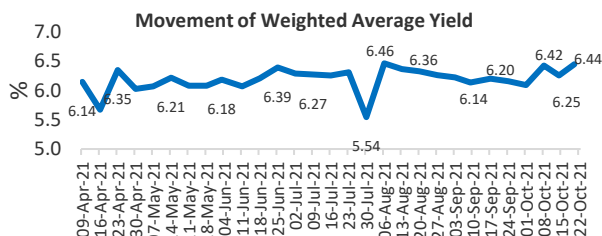
Table 2: Tenure wise GSec issuances in FY22

Tenure (Years)	Auctioned Amount Rs crs: FY22 (9 Apr-22 Oct'21)	% share
2	46,252	6
5	1,49,503	19
7*	4,000	1
10	1,40,865	18
12*	46,000	6
13*	10,375	1
14	1,71,254	21
30	1,05,498	13
40	1,24,599	16

Source: RBI and CARE Rating Calculations
*FRB – Floating Rate Bonds

Cost of Borrowings

- In terms of tenure-wise yields at today's auction, the 2 year and 14 year security witnessed a rise in yields from the last auction of these securities held on 8 October'21, while the yield of the 5 year and 30 year GSec was stable. The yield of the 2 year GSec rose by 2 bps to 4.41% which is the highest yield this fiscal. The 14 year GSec increased by 5 bps from its last auction to 6.85%. The yield of the 5 year GSec was 5.73% and that of the 30 year security was 7.12%.
- The weighted average yield (across tenures) at 6.44% was 19 bps higher than that of last week's auction and marginally lower than the peak touched in early August (6.46% on 6 August'21). GSec yields have inched up since end -Sept on worries over the rise in energy prices and the surge in global bond yields viz., the US Treasury yields.



Source: RBI and CARE Rating Calculations

Table 3: Tenure wise yield movement: FY22

	09-Apr	03-Jun	02-Jul	27-Aug	24-Sep	08-Oct	22-Oct
2 yrs*	4.25	4.19	4.33	4.13	4.07	4.38	4.41
5 yrs	5.63	5.59	5.72	5.70	5.65	5.73	5.73
14 yrs	6.64	6.67	6.74	6.83	6.68	6.80	6.85
30 yrs	6.79	6.97	7.13	7.15	6.93	7.12	7.12

Source: RBI and CARE Rating Calculations
*16 Apr, 11 Jun, 20 Aug, 17 Sep

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