

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

QUARTERLY REPORT ON PUBLIC DEBT MANAGEMENT FOR THE THIRD QUARTER – OCTOBER-DECEMBER 2013 RELEASED; GROSS AND NET MARKET BORROWINGS ARE MODERATELY HIGHER THAN PREVIOUS YEAR BY 3.8 PER CENT AND 3.6 PER CENT RESPECTIVELY

New Delhi: February 18, 2014
Magha 29, 1935

Since April-June (Quarter-1) 2010-11, Middle Office (MO), Department of Economic Affairs, Ministry of Finance is bringing-out a Quarterly Report on Debt Management on regular basis. The Current Report pertains to the third quarter October-December 2013 (Q3 FY 2013-14).

For fiscal year 2013-14 (FY14), Gross and Net Market Borrowings were budgeted moderately higher than previous year by 3.8 per cent and 3.6 per cent, respectively. Auctions during Q3 of FY14 were largely held in accordance with the pre-announced calendar. Emphasis on re-issues was continued with a view to build up adequate volumes under existing securities imparting greater liquidity in the secondary market. Two new securities of 10 and 30 year maturities were issued during the quarter. The weighted average maturity of outstanding stock of dated securities as at end-December 2013 was lower at 9.81 years than 9.89 years at end-September 2013. Over the same period, the weighted average coupon of outstanding stock remained unchanged at 7.96 per cent. The Government cash position was generally comfortable during the quarter. It vacated the cash management bills worth Rs. 52,000 crore, which were issued in earlier quarter.

The total public debt (excluding liabilities under the 'Public Account') of the Government at end-December 2013 increased on a quarter-on-quarter (QoQ) basis by 2.6 per cent (provisional) compared with an increase of 4.6 per cent in the previous quarter. Internal debt constituted 90.9 per cent of public debt and marketable securities accounted for 83.7 per cent of total public debt. About 30.2 per cent of outstanding dated securities have a residual maturity of up to 5 years compared with about 31.2 per cent a quarter ago, reflecting a decline in the rollover risk in the debt portfolio.

In the secondary market, bond yields which softened initially on back of reduction in the marginal reduction facility (MSF) rate as well as introduction of term repo auctions, ended quarter at higher level due to tightening liquidity condition and continued supply pressure abetted by fears of a sooner-than-anticipated Fed tapering. Bond yield curve flattened during the quarter in above 10-year maturities, while steepening in maturities below 10 years segment. Trading volumes were lower by 8.7 per cent over the previous quarter primarily on account of fluctuation in yields and uncertainty regarding macroeconomic and global outlook as well as exchange rates. The annualised outright turnover ratio for Central Government dated securities for Q3 of FY14 dropped to 3.1 from 3.5 during the previous quarter.

The detailed Report on Public Debt Management for the Third Quarter of 2013-14 (Oct-Dec 2013) is attached herewith and will also be placed on the Ministry of Finance website i.e. <http://finmin.nic.in> today.
