

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

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**QUARTERLY REPORT ON DEBT MANAGEMENT FOR THE QUARTER
OCTOBER-DECEMBER 2014 RELEASED; DATED SECURITIES WORTH RS.1,45,000
CRORE ISSUED TAKING THE GROSS BORROWINGS DURING APRIL-DECEMBER
2014 TO RS. 4.97,000 CRORE (82.8 PER CENT OF BE), AS COMPARED WITH RS.
5,09,000 CRORE (87.9 PER CENT OF BE) IN THE CORRESPONDING PERIOD OF
THE PREVIOUS YEAR**

New Delhi, February 24, 2015
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Since April-June (Q1) 2010-11, Middle Office (MO), Budget Division, Department of Economic Affairs, Ministry of Finance, Government of India is bringing-out a Quarterly Report on Debt Management on regular basis. The Current Report pertains to the Quarter October-December 2014 (Q 3 FY 2014-15).

During Q3 of FY15, the Government issued dated securities worth Rs.1,45,000 crore taking the gross borrowings during April-December 2014 to Rs. 4.97,000 crore (82.8 per cent of BE), as compared with Rs. 5,09,000 crore (87.9 per cent of BE) in the corresponding period of the previous year. Net market borrowing during April-December 2014 at Rs. 3,61,974 crore or 78.5 per cent of BE was lower than Rs. 4,34,629 (89.7 per cent of BE) in the previous year. An amount of Rs. 12,522.064 crore worth G-Sec of repurchased securities (Rs. 18,805 crore) amount was maturing during current year and has already matured till Q3 of FY 15. An amount of Rs. 6,282.881 crore worth G-Sec repurchased was scheduled to mature in FY2015-16. Auctions during Q3 of FY15 were held broadly in accordance with the pre-announced calendar. During the quarter, 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 12 year and 30 year maturity, were issued during the quarter. The amount issued under new securities constituted Rs. 24,000 or 16.6 per cent of total issuances during Q3 of FY 15, remaining being re-issues. The weighted average maturity (WAM) of dated securities issued during Q 3 of FY15 at 14.75 years was higher than 14.70 years for dated securities issued in Q 2 of FY15. The weighted average yield (cut-off) of issuance during Q2 of FY15 also declined to 8.24 per cent from 8.67 per cent in Q 2 of FY15, reflecting a moderation in yields during the quarter. Liquidity conditions in the economy remained generally comfortable during the quarter, barring quarter-end when liquidity in market tightened on account of advance tax outflows. with the liquidity deficit, as reflected by net borrowings from RBI, remaining below the Reserve Bank's stated comfort zone. The cash position of the Government went into deficit mode during November, 2014 and was generally in deficit till mid-December 2014 on account of mismatch in nature of its revenue and expenditure (cash flow). Government took recourse to CMB (Rs. 10000 crore) in addition to WMA to meet its deficit.

The public debt (excluding liabilities under the 'Public Account') of the Central Government provisionally increased by 2.1 per cent in Q3 of FY 15 on Q-o-Q basis as compared with an increase of 2.3 per cent in the previous quarter (Q2 of FY15). Internal debt constituted 91.9 per cent of public debt as at end-December 2014, while marketable securities accounted for 84.7 per cent of public debt. About 26.5 per cent of outstanding stock has a residual maturity of up to 5 years, which implies that over the next five years, on an average, 5.3 per cent of outstanding stock needs to be rolled over every year. Thus, the rollover risk in the debt portfolio continues to be low. The implementation of budgeted buy back/ switches in coming years is expected to reduce roll over risk further.

G-Securities marched upward during the quarter, following its upward trend since mid-August 2014. The G-Sec market opened Q3 on positive sentiment on expectations of low inflation number as crude continued its downward fall. The momentum was bolstered by continually declining oil prices, which has salutary impact on both fiscal and current account deficit situation. Market also welcomed announcement of diesel price deregulation by the government. US Fed concluded its last tranche of USD 15 billion bond buying program in last week of October 2014, and reiterated its guidance to keep federal fund rates at near zero level for a considerable time. Market saw intermeeting corrections on profit taking on long rallies, OMO sales from RBI, etc., during mid-November and traded in a range for rest of the month. Overall bonds yields moderated across the curve, compared to previous quarter and the yield curve flattened at the longer end of the curve. Trading volumes, on an outright basis, were higher by 44.55 per cent over the previous quarter, due to higher trading on account of Central government dated securities. The annualised outright turnover ratio for Central government dated securities for Q3 of FY15 increased to 10.47 from 8.27 during the previous quarter.

The detailed Report on Debt Management for the Quarter October-December 2014 (Q 3 FY 2014-15) is also available on Finance Ministry's website: finmin.nic.in.
