

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Quarterly Report on Public Debt Management for the Third (Q3) Quarter of FY 2015-16 (October-December 2015) released; Government issued Dated Securities worth Rs. 1,50,000 crore in ten tranches taking the Gross Borrowings from April-December of FY16 to Rs. 5,01,000 crore or 83.5 per cent of BE FY16, vis-à-vis 83.9 percent of BE FY15.

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Since April-June (Q1) 2010-11, Budget Division, 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 quarter October-December 2015 (Q3 FY 16).

During Q3 of FY16, the Government issued dated securities worth Rs. 1,50,000 crore in ten tranches taking the gross borrowings from Apr-Dec of FY16 to Rs. 5,01,000 crore or 83.5 per cent of BE FY16, vis-à-vis 83.9 percent of BE FY15. Net market borrowings during Apr-Dec of FY16 at 78.1 per cent of BE. To elongate maturity and taking into account the strong demand expressed by long term investors for longer government bonds, security with maturity of 40 years was first issued in October 2016. First tranche of Sovereign Gold Bond Scheme was also launched during the quarter. Auctions during quarter were held broadly in accordance with the pre-announced calendar. During the Q3 FY16 the weighted average maturity of new issuance was 16.72 yrs as compared to 14.75 yrs in Q3 of last year.

Liquidity conditions in the economy remained tight during later part of the quarter. The cash position of the Government during Q3 of FY 15-16 was comfortable and remained in surplus mode during the quarter.

The Public Debt (excluding liabilities under the 'Public Account') of the Central Government provisionally increased by 3.0 per cent in Q3 of FY 16 on Q-o-Q basis. Internal debt constituted 92.2 per cent of Public Debt, as compared with 92.0 per cent in the previous quarter, while marketable securities accounted for 85.7 per cent of public debt.

19.4 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, 3.9 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 quarter is expected to reduce roll over risk further.

G-Sec market opened the quarter on positive note on the back of RBI's monetary policy review on September 29, 2015, with growth centric dovish commentary and accommodative

forward guidance reducing policy repo rate by 50 bps. However, market lost most of its gains since October-end due to hawkish US FOMC Statements, release of 7th Pay Commission Panel report giving impression of strain on the fiscal position, etc. Ten year benchmark yield, after trading between 7.52 % and 7.85 % during the quarter, closed at 7.69% on December 31, 2015 as against 7.61% on September 30, 2015.

During Q3 FY16, trading volumes, on an outright basis, was lower by 9.09 per cent over the previous quarter, with G-securities mainly contributing to the decrease in trading activity during the quarter. The Annualised outright turnover ratio for Central Government dated securities during Q3 of FY16 was at 3.6 as compared with 4.2 in previous quarter.

The Quarterly Report on Debt Management for the quarter October-December 2015 (Q3 FY 16) is also attached here with..
