**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

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**Quarterly Report on Debt Management for the Quarter January-March 2016 (Q 4 FY 16) released; Gross and Net Market borrowing requirements of the Government for FY16 were revised lower to Rs. 5,85,000 crore and Rs. 4,40,608 crore, which were lower by 1.18 per cent and 2.75 per cent respectively than Rs. 5,92,000 crore and Rs. 4,53,205 crore in FY15**

**New Delhi, May 23, 2016**
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Since April-June (Q1) 2010-11, Middle Office (MO), 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 January-March 2016 (Q 4 FY 16).

During Q4 of FY16, the Government issued dated securities worth Rs. 84,000 crore to complete its gross borrowings of Rs. 5,85,000 crore for FY 16. Gross and Net Market borrowing requirements of the Government for FY16 were revised lower to Rs. 5,85,000 crore and Rs. 4,40,608 crore, which were lower by 1.18 per cent and 2.75 per cent, respectively, than Rs. 5,92,000 crore and Rs. 4,53,205 crore in FY15. Auctions during Q4 of FY16 were held broadly in accordance with the pre-announced calendar. The weighted average maturity of primary issuance was kept long during this quarter and stood at 15.74 years, however, it was lower than Q3 FY 16 (16.72 years) due to market conditions. The weighted average yield (cut-off) of issuance during Q4 of FY16, was at 7.89 per cent as against 7.70 per cent in Q3 of FY16, reflecting some hardening in yields during the quarter. The cash position of the Government during Q4 of FY16 was comfortable and remained in surplus mode during the quarter. The issuance amount under Treasury bills was also broadly as per calendar.

The Public Debt (excluding liabilities under the 'Public Account') of the Central Government provisionally decreased marginally. Internal debt constituted 92.0 per cent of public debt as at end-March 2016, while marketable securities accounted for 84.8 per cent of public debt. About 26.9 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, around 5.4 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 quarters is expected to reduce roll over risk further.

G-sec yields witnessed significant intra-quarter movements. G-Sec market opened the quarter on weak note tracking the depreciating domestic currency and local equity market. The market sentiment was adversely affected in February due to higher than expected inflation numbers, hardening bias in US Treasuries, higher borrowings of states, uncertainties over issuance of UDAYA bonds, *etc.,* and 10-year G-sec yield touched a high of 7.85%, general levels last seen in June 2015. Since February end, the market reversed its direction and gained significantly post budget on positive market sentiment. 10 Yr benchmark paper closed the quarter at 7.46%, lowest yield level since July 2013 as against 7.69% on December 31, 2015. In Q4 FY 16, Central Government dated securities continued to account for a dominant portion of total trading volumes.

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