

## **PRESS NOTE**

Since Apr-Jun (Q1) 2010-11, Public Debt Management Office (PDMC) (earlier Middle Office), 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 Jul-Sep 2016 (Q 2 FY 17).

2. During Q2 of FY17, the Government issued dated securities worth ₹ 176,000 crore taking the gross borrowings during H1 FY17 to ₹ 341,000 crore or 56.8 per cent of BE, vis-a-vis 58.5 per cent of BE in H1 FY 16. Net market borrowings during H1 FY 17 was at ₹124,777 crore, 55.1 per cent of BE. Auctions, both government dated securities and Treasury bills, during Q2 of FY17 were held in accordance with the pre-announced issuance calendar. In the 12 tranches of G-securities auction, two new securities, namely 6.97% GS 2026 and 6.84% GS 2022 were issued during the quarter on Sep 6 and Sep 12, 2016, respectively. The weighted average maturity (WAM) and weighted average yield (WAY) issued during Q2 FY17 was 14.26 years and 7.24 per cent. Liquidity conditions in the economy remained comfortable and in surplus mode during the quarter. It continued to improve in Q2 with RBI front-loading the liquidity required to manage FCNR (B) redemptions. The cash position of the Government during Q2 of FY17 was comfortable and remained mostly in surplus mode.

3. The Public Debt (excluding liabilities under the 'Public Account') of the Central Government provisionally increased by 3.0 per cent in Q2 of FY 17 on Q-o-Q basis. Internal debt constituted 92.3 per cent of Public Debt as at end-September 2016, while marketable securities accounted for 83.4 per cent of Public Debt. About 26.2 per cent of outstanding stock has a residual maturity of up to 5 years at end - September 2016, which implies that over the next five years, on an average, around 5.6 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 period is expected to reduce roll over risk further.

4. G-sec yields declined sharply across the curve during the quarter, with 10 yr segment gaining the most, on the back of softening of crude prices, increase in risk appetite globally after sharp correction post Brexit, passage of GST Bill by Upper House of Parliament, liquidity easing measures of RBI, expectation of rate cut from RBI, etc. The trading volume of Government securities on an outright basis during Q2 FY 17 increase by 78.45 per cent over the previous quarter.