

PUBLIC DEBT MANAGEMENT

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APR-JUN 2010

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

SEPTEMBER 2010

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Introduction

In the Union Budget 2007-08, the Hon'ble Finance Minister announced,

“World over, debt management is distinct from monetary management. The establishment of a Debt Management Office (DMO) in the Government has been advocated for quite some time. The fiscal consolidation achieved so far has encouraged us to take the first step. Accordingly, I propose to set up an autonomous DMO and, in the first phase, a Middle Office will be set up to facilitate the transition to a full-fledged DMO.”

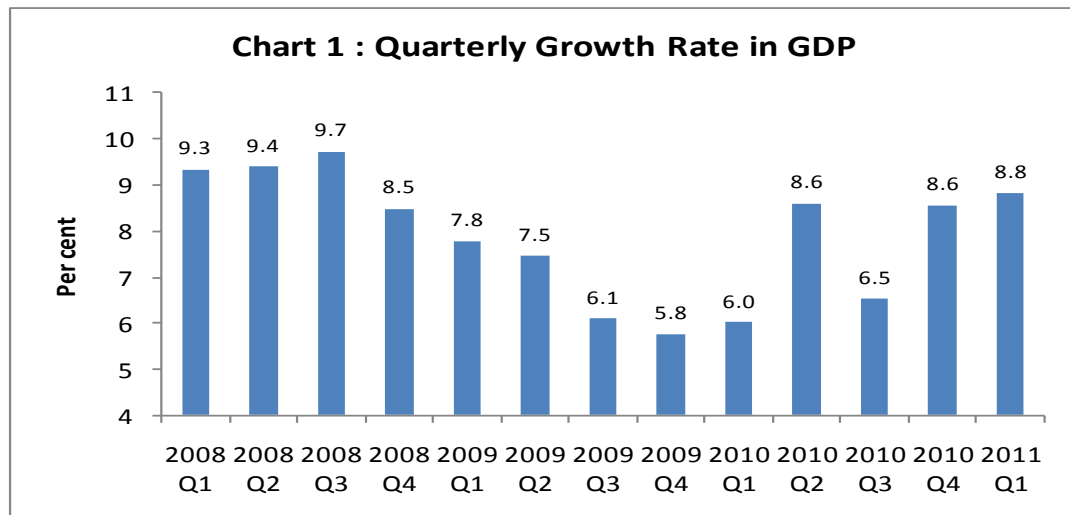
This announcement was the culmination of a series of efforts towards separation of debt and monetary management, starting with a Working Group Report of RBI (1997) and followed by the Internal Expert Group of the MOF (2001), the Report on the Ministry of Finance for the 21st Century (2004), the High Powered Expert Committee on making Mumbai an International Financial Centre (2007) and the Committee on Financial Sector Reforms (2008).

The Middle Office was set up in September 2008. One of the important objectives of the Middle Office is to adhere to international best practices on transparency standards. This quarterly report is an effort in that direction. The report gives an account of the debt management and cash management operations during the quarter and attempts a rationale for major activities. The report also tries to provide detailed information on various facets of debt management.

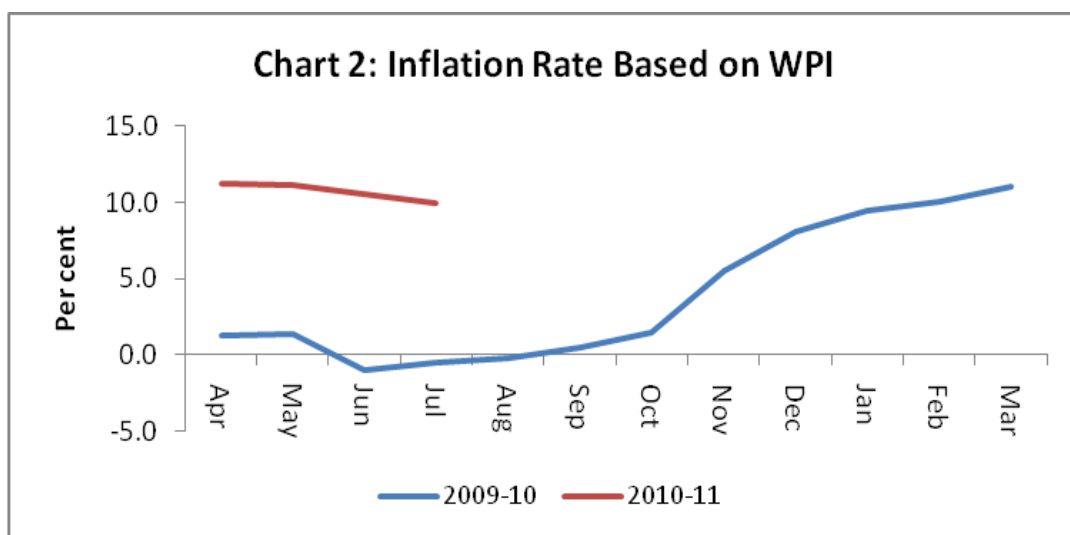
While all attempts have been made to provide authentic and accurate information, it is possible that some errors might have crept in. Readers may inform us of such errors, as indeed their valuable suggestions for improvement of the report, to jai.chander@nic.in or m.vasudevan@nic.in.

Section 1 – Macroeconomic Developments

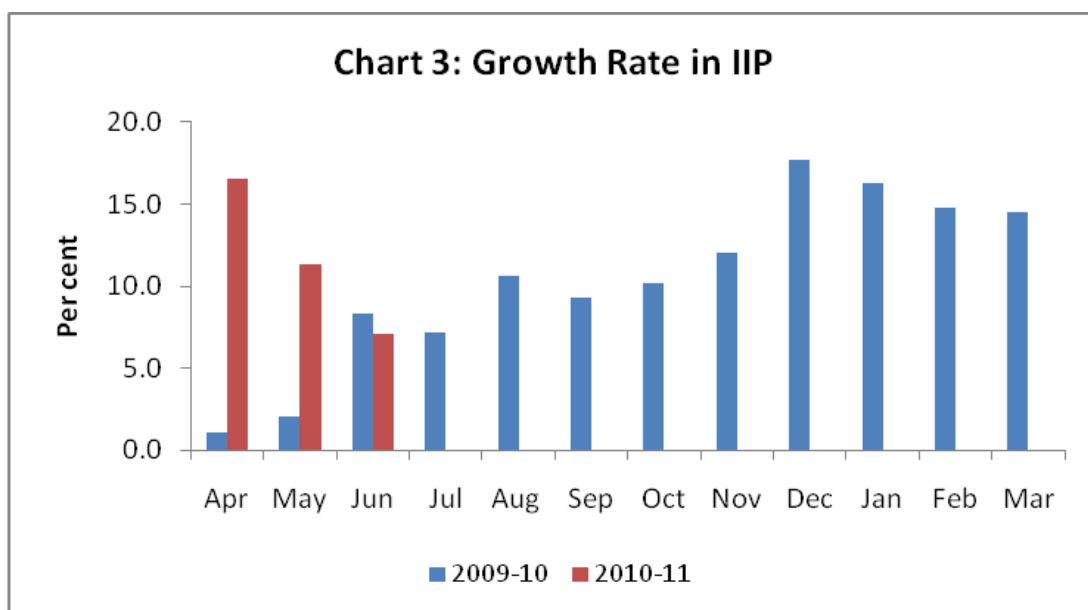
1.1 Quarterly GDP growth improved to 8.8 per cent for April-June 2010 quarter, compared with 8.2 per cent in the previous quarter (Chart 1).



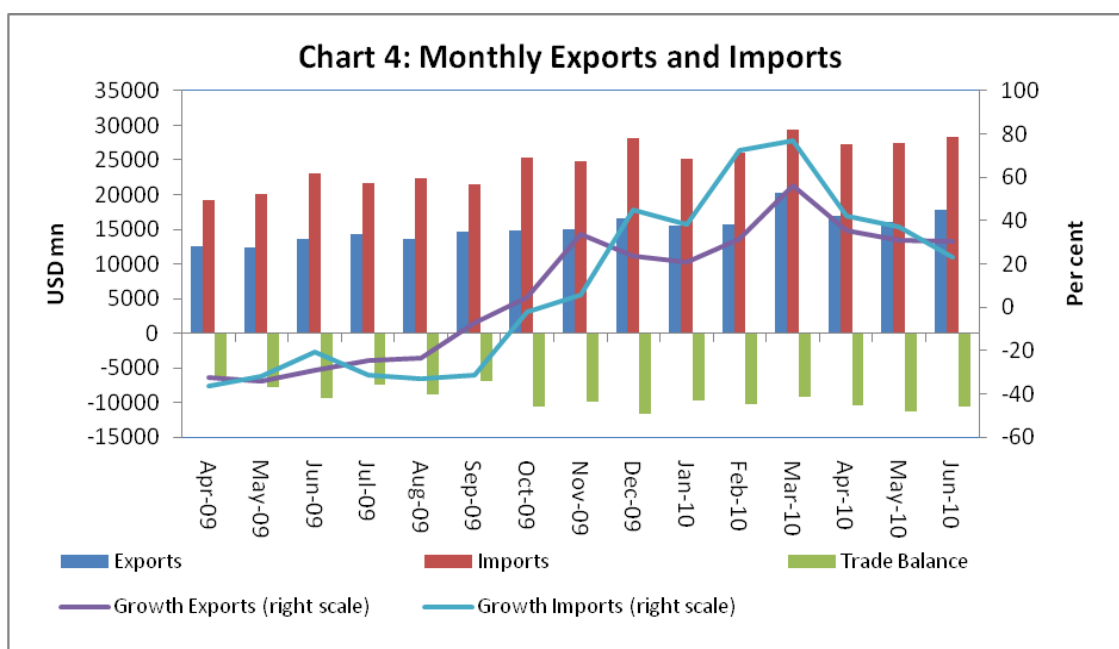
1.2 Inflation rate, as measured by the wholesale price index (WPI), went up to 10.55 per cent (y-o-y) during June 2010 compared to 11.14 per cent in May and 11.23 per cent in April 2010 (Chart 2).



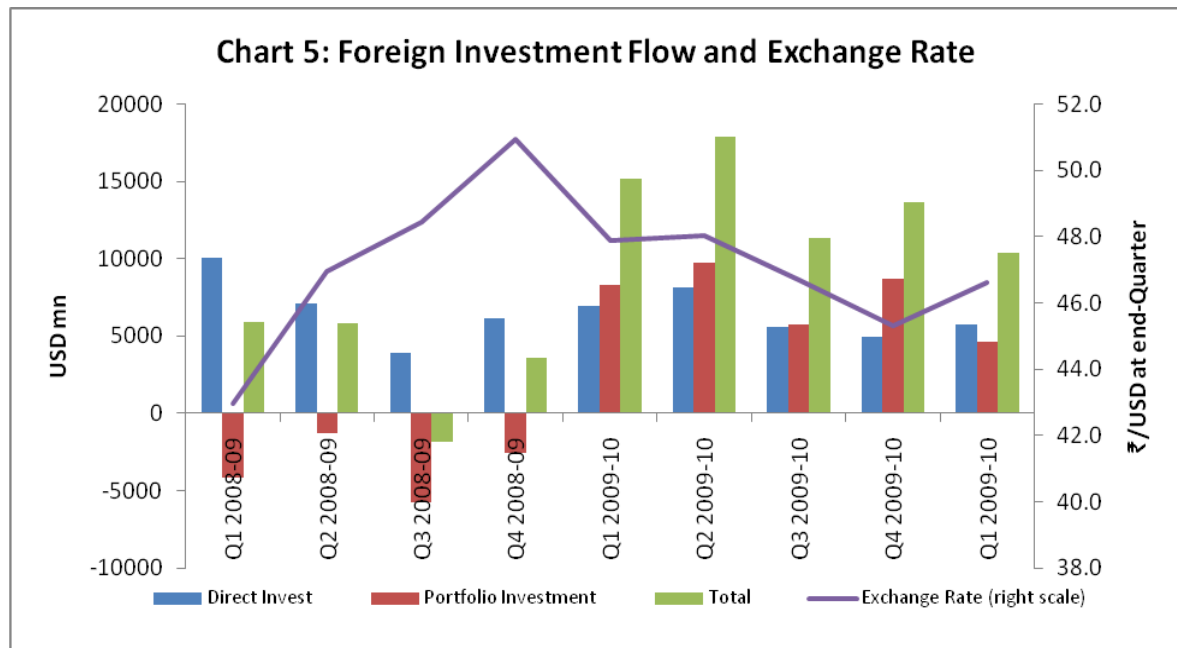
1.3 Index of Industrial Production (IIP) for the month of June 2010 registered a growth of 7.1 per cent as compared with 8.3 per cent a year ago (Chart 3).



1.4 India's exports (in terms of US\$) during the Month of June 2010 showed a growth of 30.4 per cent over the same month a year ago while imports increased by 23.0 per cent leading to some moderation in trade deficit (Chart 4).



1.5 Inflows on account of foreign investment have been positive in the recent quarters. The Rupee, after appreciating till the month of April 2010, depreciated somewhat in May and June (Chart 5).



Section 2– Debt Management - Primary Market Operations

A. Government Finances

2.1 The government finances during April-June 2010 (Q1 of FY 11) showed a relatively better performance in terms of revenue collections particularly the non-tax revenues benefitting from telecom receipts on account of auctions of 3G and broadband wireless access (BWA) licences. As a result revenue deficit and gross fiscal deficit during the first quarter of current fiscal year at 3.8 per cent and 10.5 per cent of BE were considerably lower than those during the corresponding period of the previous fiscal year (Table 1). Notwithstanding the decline in GFD, the market programme was conducted broadly in line with pre-announced calendar. As a result, amount raised through market borrowings and external assistance during Q1 of FY11 exceeded GFD.

Table 1: Fiscal Outcome during April -June 2010

Item	2010-11 BE	April-June 2010	(Amount in ₹crore)	
			April-June 2010 (% of BE)	April-June 2009 (% of BE)
Revenue Receipts	682212	199810	29.3	11.7
Tax Receipts	534094	83994	15.7	13.4
Non-Tax Receipts	148118	115816	78.2	6.2
Other Non-debt Receipts	45129	2202	4.9	12.6
Total Expenditure	1108749	242208	21.8	19.3
Revenue Expenditure	958724	210387	21.9	20.0
Capital Expenditure	150025	31821	21.2	14.1
Revenue Deficit	276512	10577	3.8	38.1
Primary Deficit	132744	-27	0.0	50.6
Gross Fiscal Deficit	381408	40196	10.5	31.0
Financing				
Market Loans	345010	108076	31.3	41.0
External Assistance	22464	10304	45.9	2.1
Securities against Small Savings	13256	-312	-2.4	-2.4
National Small Saving Fund	2593	4996	192.7	7145.1

Source: Controller General of Accounts (CGA) website; cga.nic.in

B. Issuance Details

2.2 As discussed above, the amount raised through market borrowings and external assistance during Q1 of FY 11 exceeded GFD. This section discusses the details regarding the issuance of market loans during the first quarter of the current fiscal year.

2.3 During the first quarter of the current fiscal year, the Central Government issued securities worth ₹1,51,000 crore constituting 33.0 per cent of the budgeted level compared with 35.9 per cent a year ago. Taking into account repayments of ₹41,223 crore during the quarter, the net amount raised through dated securities amounted to ₹1,09,777 crore constituting 31.8 per cent of BE compared with 32.4 per cent a year ago (Table 2).

2.4 Auctions were held in accordance with the pre-announced calendar (details given in Statement 1). Two new benchmark securities (a 10-year and a 5-year) were issued during the quarter under review constituting around 6.0 per cent of the total issuance during Q1 FY11. A larger share of re-issues reflect the continued focus on building up adequate volumes under existing securities imparting greater liquidity in the secondary market.

Table 2: Issuance of Dated Securities

Item	(Amount in ₹Crore)			
	2010-11 BE	Q1 FY 11	Q1 FY 11 % BE	Q1 FY 10 % BE
Gross Amount	4,57,143	1,51,000	33.0	35.9
Repayment	1,12,133	41,223	36.8	62.3
Net Issuance	3,45,010	1,09,777	31.8	32.4

2.5 Apart from providing money market benchmark securities with risk free yields, treasury bills are used as cash management instruments. Net financing through treasury bills was projected as nil in the budget estimates for 2010-11. Due to cash management requirement, however, the net financing through treasury bills for the quarter came negative implying that there was lower order of fresh issuance compared with repayments. Total amount raised through treasury bills (including 364, 182 and 91 day treasury bills) was ₹85,182 crore while total repayments amounted to ₹87,503 crore during the first quarter of the current fiscal. Thus, financing through treasury bills was negative at ₹2,321 crore (Table 3). The details of issuance in Q1 FY11 are given in Statement 2.

Table 3: Issuance of Treasury Bills

(Amount in ₹Crore)				
Item	2010-11 BE	Q1 FY 11*	Q1 FY 11 % BE	Q1 FY 10 % BE
364 DTB				
Gross Amount Raised	41492	10182.2	24.5	15.0
Repayment	41492	6000	14.5	35.2
Net Issuance	0	4182.2	-	-
182 DTB				
Gross Amount Raised	45500	10000	22.0	26.0
Repayment	45500	10000	24.2	25.4
Net Issuance	0	0	-	-
91 DTB				
Gross Amount Raised	308458	65000	21.1	46.1
Repayment	308458	71503	23.8	43.6
Net Issuance	0	-6503	-	-

*:- Including amount through non-competitive route.

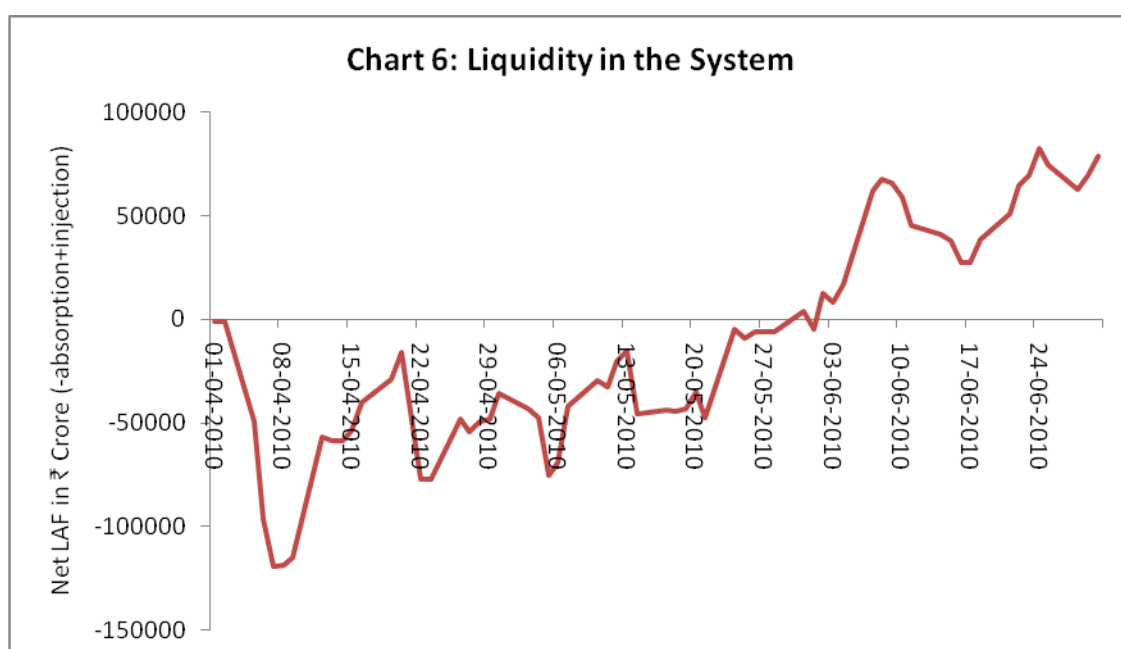
2.6 The weighted average maturity (WAM) of the dated securities issued during the quarter declined vis-a-vis the first quarter of previous fiscal (Table 4). It has been the endeavour of the Government to modulate the maturity structure suitable to the prevailing interest rate regime and market appetite. It is evident from Table 4 that upto fiscal year 2007-08, when the borrowing requirements of the Government were relatively moderate, weighted average maturity of government securities issuance was elongated through issuing of longer term securities. The spill over effect of the global financial crisis on the Indian economy led to increased borrowings requirements of Government. The weighted average maturity was reduced to ensure success of the market borrowings programme of the Government.

Table 4: Maturity and Yield of Central Government's Market Loans

Year	Issues during the year		Outstanding Stock	
	Weighted Average Yield (%)	Weighted Average Maturity (yrs)	Weighted Average Maturity (yrs)	Weighted Average Coupon (%)
1	2	3	4	5
2005-06	7.34	16.9	9.92	8.75
2006-07	7.89	14.72	9.97	8.55
2007-08	8.12	14.9	10.59	8.5
2008-09	7.69	13.81	10.45	8.23
2009-10	7.23	11.16	9.67	7.89
2009-10 Q1	6.93	11.86	10.15	8.09
2010-11 Q1	7.61	10.45	9.71	7.85

Section 3 – Cash Management

3.1 Since Government's cash account is maintained with the Reserve Bank, its cash position impacts liquidity in the economy. The cash-flow mismatches of the Government are largely managed through Treasury Bill issuance and access to WMA when in deficit and through investment in Government securities held by RBI (subject to a limit that varies depending on availability of securities with RBI) when in surplus. The Government has endeavoured to shift the focus of cash management operations to a more market-oriented approach during the quarter. The WMA limits for 2010-11 were fixed at ₹30,000 crore for first half of the year and ₹10,000 crore for the second half of the year. As evident in Chart 6, the liquidity in the system went into deficit after May.



3.2 To meet the cash requirements for temporary deficit in cash flows, cash management bills (CMBs) were introduced during the month of May 2010. These are bills with flexible (and typically, short) maturity compared to standard treasury bills. Unlike standard treasury bills which are used as per a regular schedule, these bills are issued only as and when necessary. Thus the CMBs are purely cash management instruments. During May 2010 a total of ₹12,000 crore CMBs were issued in two tranches. The details are given in Table 5.

Table 5: Issuance of Cash Management Bills				
Issue Date	Maturity Date	Tenor	Amount (₹ Crore)	Cut Off Yield (%)
12-May-10	16-Jun-10	4 weeks	6000	3.87
19-May-10	16-Jun-10	3 weeks	6000	3.92

3.3 After May, the Government cash position was, to a large extent, influenced by receipts on account of 3G and broadband wireless access (BWA) license auctions. The receipts on account of these two items amounted to around ₹1,06,000 crore as against ₹35,000 crore estimated in the budget. Accordingly, the Government cash position turned into surplus mode. Correspondingly, liquidity shortage in the banking system became acute. Regular auctions and quarterly corporation tax outflow in the third week of June exacerbated the liquidity shortage in the system. To primarily manage its surplus cash, and also to meet liquidity needs of the banking system, the Government undertook two specific measures viz.,

- (i) *Buyback of securities* – As a purely cash management tool, buyback was used for the first time by the Government. Securities chosen for the buyback were those scheduled to mature in the current fiscal year, so that overall market borrowings requirement for the year remains unaffected. Securities worth ₹9,114 crore were bought back in two auctions. The details are given in Table 6. Apart from this, securities worth ₹500 crore (₹250 crore each for 11.30% GS 2010 and 6.57% GS 2011) were also bought back through NDS platform. The response to the buyback auctions, especially the second one, was relatively subdued, presumably as it was a new instrument.

Table 6: Buyback Operations During Q1 FY11

(Amount in ₹ Crore)

Security	Issue Date	Maturity Date	Notified Amount	Amount bought back
12.25% GS 2010	21-Jun-10	2-Jul-10	10000	3622
11.30% GS 2010	21-Jun-10	28-Jul-10		3110
6.57% GS 2011	21-Jun-10	24-Feb-11		1575
12.25% GS 2010	22-Jun-10	2-Jul-10	10000	0
11.30% GS 2010	22-Jun-10	28-Jul-10		405
6.57% GS 2011	22-Jun-10	24-Feb-11		401.5
Total			20000	9113.5

- (ii) *Reduction in notified amount of treasury bills* – In order to reduce the unexpected cash surplus, a part of which remained un-invested and thus un-remunerated, Government reduced the standard treasury bill auction amounts as indicated in Table 7. Overall, the reduction in outstanding treasury bills (corresponding reduction in Government surplus and increase in system liquidity) in June was ₹12,343 crore, while the reduction for the first quarter as a whole was ₹2,318 crore.

Table 7: Reduction in Issuance Amount of Treasury Bills

(Amount in ₹ Crore)

Date of Issue	Repayments			Issued Amount			Variation in Notified amount over Repayments
	91 DTB	182 DTB	364 DTB	91 DTB	182 DTB	364 DTB	
09-Apr-10	7,000	0	1,000	7,000	0	2,025	1,025
16-Apr-10	7,000	2,000	0	7,000	2,000	0	0
23-Apr-10	7,002	0	1,000	7,000	0	2,000	1,000
30-Apr-10	7,001	2,000	0	7,000	2,000	0	0
07-May-10	7,000	0	1,000	7,000	0	2,000	1,000
14-May-10	5,000	2,000	0	7,000	2,000	0	2,000
21-May-10	5,000	0	1,000	7,000	0	2,000	3,000
28-May-10	5,001	2,000	0	7,000	2,000	0	2,000
04-Jun-10	4,500	0	1,000	2,000	0	1,000	-2,500
11-Jun-10	5,000	1,000	0	2,000	1,000	0	-3,000
18-Jun-10	5,000	0	1,000	2,500	0	1,157	-2,343
25-Jun-10	5,000	1,000	0	2,500	1,000	0	-2,500
30-Jun-10	2,000	0	0	0	0	0	-2,000
Total	71,503	10,000	6,000	65,000	10,000	10,182	-2,321

* Amount may differ from that given in Table 3 due to difference in issue and auction dates.

Section 4 – Trends in Outstanding Public Debt

4.1 The total public debt (excludes liabilities that are not classified under public debt) of the Government increased to ₹26,97,940 crore at end-June 2010 from ₹25,92,945 crore at end-March 2010, representing an increase of 4.1 per cent during the first quarter of the current fiscal year. Internal debt constituted 89.7 per cent of public debt, almost similar to its share at the end of March 2010. Marketable securities (consisting of Rupee denominated dated securities and treasury bills) accounted for 76.5 per cent of total public debt, compared with 75.6 per cent at end-March 2010. The outstanding internal debt of the Government at ₹24,21,370 crore constituted 34.9 per cent of GDP compared with 37.2 per cent at end-March 2010. The increase in debt was largely because of dated securities.

Table 8: Composition of Public Debt

Item	At end- March 2010	At end- June 2010	At end- March 2010	At end- June 2010
	(Rs. Crore)		(% of Total)	
1	2	3	4	5
Public Debt (1 + 2)	25,92,945	26,97,940	100.00	100.00
1. Internal Debt	23,16,376	24,21,370	89.33	89.75
Marketable	19,60,073	20,65,067	75.59	76.54
(a) Treasury Bills	1,34,542	1,32,179	5.19	4.90
(i) 91-days Treasury Bills	71,549	65,000	2.76	2.41
(ii) 182-days Treasury Bills	21,500	21,500	0.83	0.80
(iii) 364-days Treasury Bills	41,493	45,679	1.60	1.69
(b) Dated Securities	18,25,531	19,32,887	70.40	71.64
Non-marketable	3,56,303	3,56,303	13.74	13.21
(i) 14-days Treasury Bills	95,668	95,668*	3.69	3.55
(ii) Securities Issued to NSSF	1,95,194	1,95,194*	7.53	7.23
(iii) Compensation and other bonds	40,958	40,958*	1.58	1.52
(iv) Securities issued to International Financial Institutions	24,483	24,483*	0.94	0.91
(v) Ways and Means Advances	0	0	0.00	0.00
2. External Debt	2,76,570	2,76,570	10.67	10.25
(i) Multilateral	1,69,233	1,69,233	6.53	6.27
(ii) Bilateral	79,302	79,302	3.06	2.94
(iii) IMF	27,264	27,264	1.05	1.01
(iv) Rupee debt	770	770	0.03	0.03

*:- These data are not available for June 30. So they are carried over from previous quarter.

Maturity Pattern for Outstanding Government Debt Stock

4.2 The average maturity of outstanding stock of dated securities as at end-June 2010 stood at 9.71 years, slightly higher than the end-March figure of 9.67 years. Over the same period the weighted average coupon of outstanding stock went down from 7.89 per cent to 7.85 per cent (see Table 4 on page 7).

4.3 The relatively high average maturity of Government bonds is the result of conscious debt strategy, demand pattern, and market development initiatives. As Table 9 shows, about 28 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, only about 6 per cent of outstanding stock needs to be rolled over every year. The low rollover risk is a conscious debt strategy. About 34 per cent of the stock has a maturity in excess of 10 years, a consequence of the robust demand from insurance companies and retirement funds for long-tenor bonds. It has also been a conscious policy to maintain issuance up to 30 years to develop a long-term and liquid yield curve.

Table 9: Maturity Profile of Outstanding Dated Securities

Maturity Buckets	(Amount in ₹Crore)	
	End-March 2010	End-June 2010
Less than 1 Year	1,14,323 (6.23)	84,154 (4.33)
1-5 Years	4,16,229 (22.69)	4,69,000 (24.16)
5-10 Years	6,96,625 (37.98)	7,26,381 (37.41)
10-20 Years	3,28,066 (17.89)	3,65,066 (18.80)
20 Years and above	2,78,994 (15.21)	2,96,994 (15.30)
Total	18,34,238	19,41,595

Note: 1. Figures in parentheses represent per cent to total

2. Totals differ from those given in Table 8 due to different accounting treatment of recapitalisation bonds.

Holding Pattern

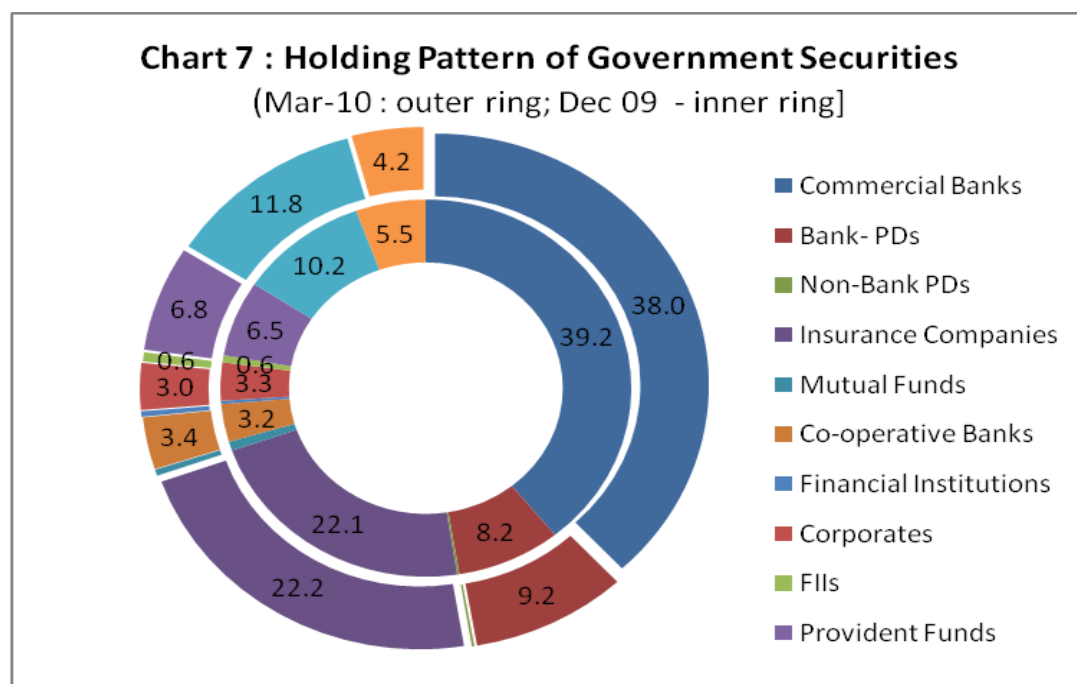
4.4 The holding pattern of Government securities is available with a lag of a quarter; the latest data available is for end-March 2010 (Table 10 and Chart 7). As on that date, banks continued to be the major investor category accounting for 51 per cent of stock holding

(including banks that are primary dealers and cooperative banks). Long-term investors like insurance and provident funds account for 29 per cent of total holding. Reserve Bank of India holds about 12% of stock for its monetary operations. FIIs constitute a small 0.6% of total holdings.

Table 10: Ownership Pattern of Government of India Dated Securities

Category	(Per cent)				
	2009				2010
	Mar.	Jun.	Sep.	Dec.	Mar.
1. Commercial Banks	38.85	39.29	38.76	39.18	38.03
2. Bank- PDs	8.05	7.78	8.04	8.2	9.22
3. Non-Bank PDs	0.29	0.11	0.26	0.18	0.14
4. Insurance Companies	23.2	23.07	22.14	22.07	22.16
5. Mutual Funds	0.82	0.83	0.75	0.78	0.4
6. Co-operative Banks	2.92	3.08	3.08	3.24	3.35
7. Financial Institutions	0.41	0.4	0.29	0.28	0.35
8. Corporates	4.72	3.54	3.65	3.27	2.99
9. FIIs	0.24	0.3	0.45	0.59	0.59
10. Provident Funds	6.59	6.41	6.31	6.51	6.76
11. RBI	9.71	11.06	10.57	10.2	11.76
12. Others	4.2	4.13	5.69	5.5	4.24
Total	100	100	100	100	100

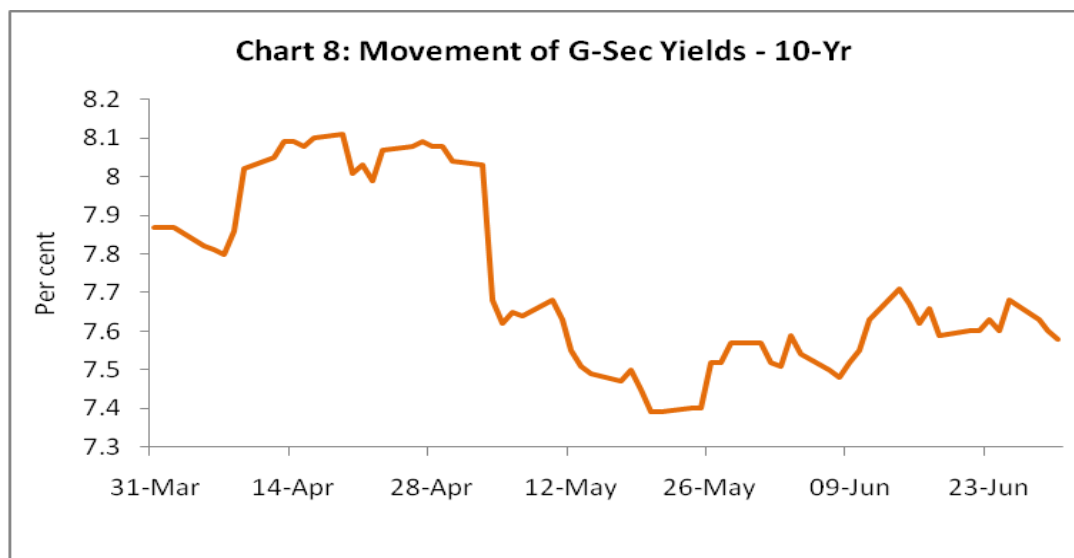
Source: RBI Bulletin



Section 5 – Secondary Market

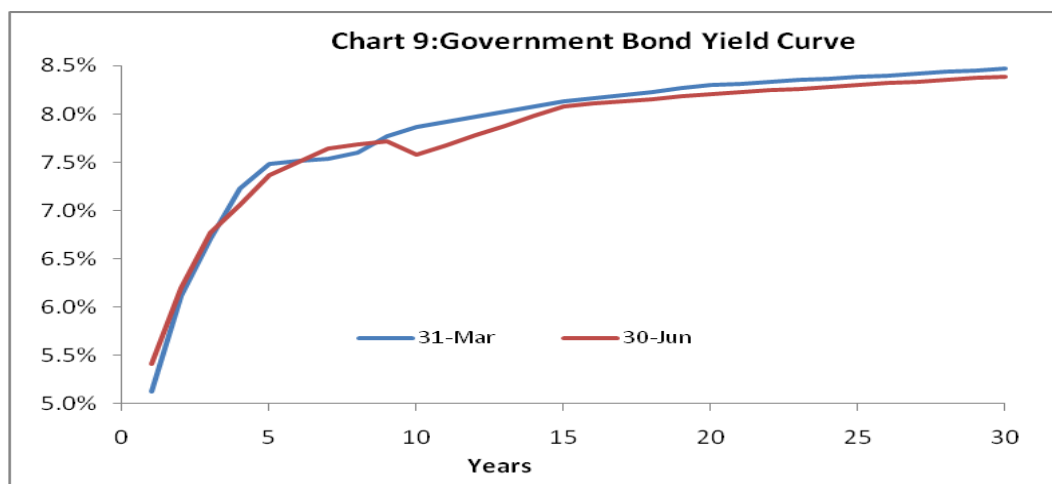
A. Government security yields

5.1 The movement in Government bond yields (10-year yield taken as benchmark) during the quarter is shown in Chart 8. 10-year bond yield declined during the quarter from 7.87% on 31 March 2010 to 7.58% on 30 June 2010. Bonds remained pressured through April, peaking at 8.09%, as the borrowing programme got underway and RBI raised policy rates on April 20. After the new benchmark 10-year bond was issued on 30 April, yields started to ease. Strong demand for the new benchmark bond pushed yields to a low of 7.39% but market stabilised around the 7.60% level once the initial demand eased off. Positive factors like expectation of a reduction in fiscal deficit following the overwhelming response to the 3G and BWA auctions, and international growth prospects have offset negative factors like liquidity tightness.

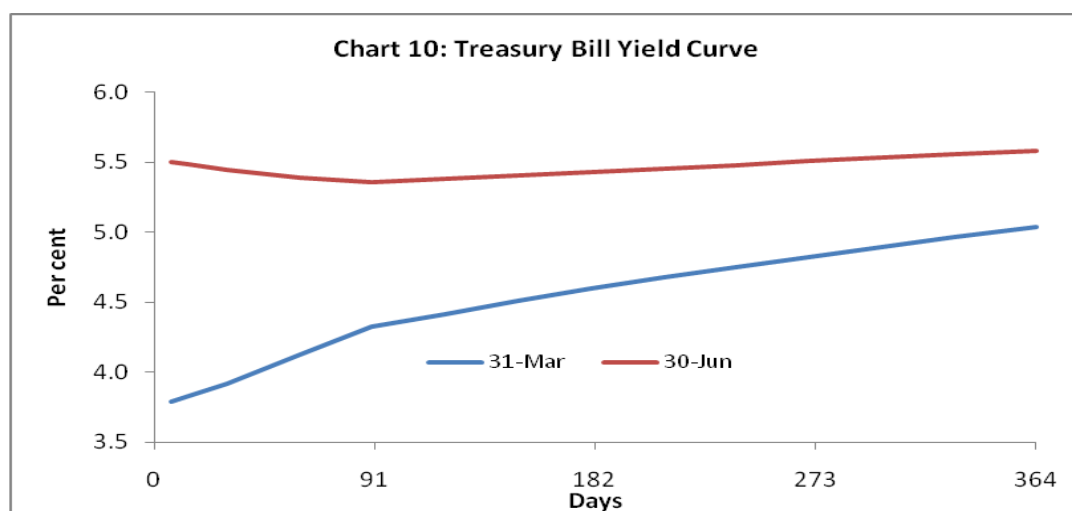


5.2 The yield curve for bonds is depicted in Chart 9. Over the quarter the curve has flattened with the short yields going up following RBI's rate hike in April. The 1yr-30yr spread has narrowed to 298 basis points (bps) at end June 2010 from 335 bps at end of March 2010. The steepness of yield curve at the short end, with the 1yr-10yr spreads at 275 bps at end March, flattened to 217 bps, as short rates went up due to RBI's rate hike. The long end of the curve has, however, steepened as can be seen

from the 10yr-30yr spread which went up from 60 bps to 81 bps during the quarter. Although the 30-yr yield eased marginally by 8 bps due to lower supply and insurance demand for long tenor bonds, 10-year yields significantly went down by 21 bps owing to issuance of a new 10 -year benchmark that typically has strong demand from trading books.



5.3 The Treasury Bill curve has flattened significantly from 125 bps to 8 bps during the quarter due partly to the Repo rate hike by RBI but mainly as liquidity tightness shifted the overnight rates from the lower end of the LAF corridor to the upper end – a move of 150 bps (Chart 10). While the latter factor affected shorter tenor bills proportionately, longer tenor bills were affected to a lesser extent as the liquidity tightness was expected to be temporary.



B. Trading Pattern for domestic securities

5.4 The total volume of Government securities transacted on an outright basis during the quarter stood at ₹10.4 lakh crores, significantly higher than ₹5.8 lakh crore during the preceding quarter and higher even than the ₹7.9 lakh crore during the same quarter of the previous fiscal year (Table 11). The increase in volume was largely on account of dated securities which increased by 90% over the previous quarter. T-Bill transaction volume increased by 33% q/q to ₹1.2 lakh crore during the quarter. The volume of State Government securities remained by and large static. The outright turnover ratio¹ for the central government securities for the first quarter stood at 1.9 compared to 1.0 during the previous quarter. Including repo transactions, the total turnover ratio² increased to 3.8 during the quarter, compared to 3.3 during the previous quarter.

Table 11: Transactions in Government Securities

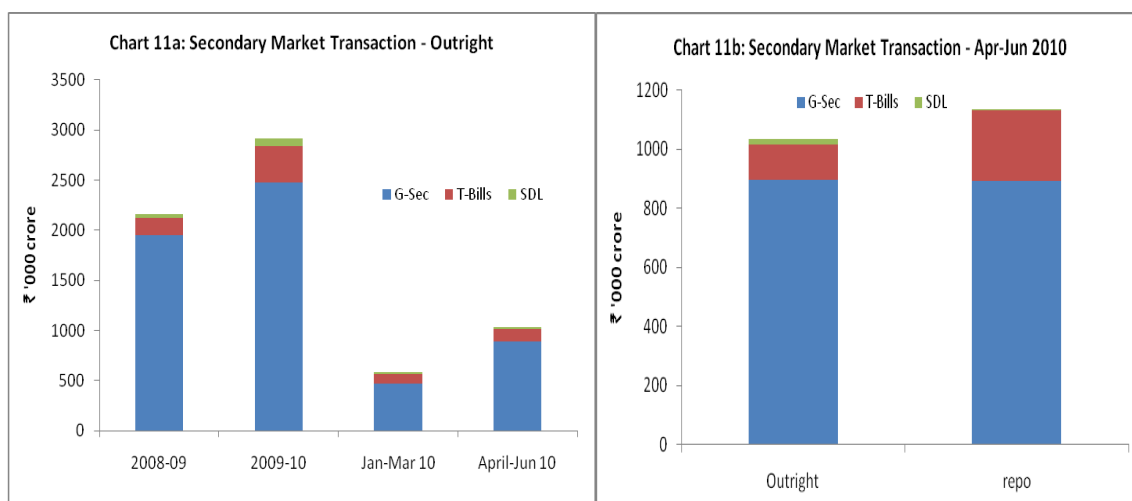
Period								
	Outright				Repo			
	G-Sec	T-Bills	SDL	Total	G-Sec	T-Bills	SDL	Total
2008-09	19,55,412	1,70,436	34,385	21,60,234	34,75,348	5,83,335	35,603	40,94,286
2009-10	24,80,850	3,63,283	69,757	29,13,890	52,33,295	8,12,537	26,996	60,72,828
Jan-Mar 10	4,70,475	91,554	19,389	5,81,418	10,26,215	2,27,352	6,241	12,59,809
April-Jun 09	6,76,749	98,347	18,338	7,93,433	12,11,529	2,97,835	4,371	15,13,735
April-Jun 10	8,95,231	1,22,207	18,118	10,35,556	8,94,419	2,38,127	3,921	11,36,466

(₹Crore)

5.5 It is evident from Chart 11a and 11b that the most part of trading take place in the Central Government dated securities, while share on trading volumes in Treasury bills and State government securities remains low.

¹ Outright Turnover Ratio = Outright Volume *2/(Average of outstanding stock)

² Total Turnover Ratio = (Outright Volume *2 + Repo Volume * 4) / (Average of outstanding stock)



5.6 The volume of transactions remains heavily skewed towards a few securities. The top 10 traded securities accounted for 92% of the transaction volume during the quarter, compared to 91% for the previous quarter. The top three traded securities accounted for 74% of total volume, compared to 77% during the previous quarter. The list of top 10 traded securities for the current quarter and the previous quarter are given in Table 12.

Table 12 : Top 10 Traded Securities

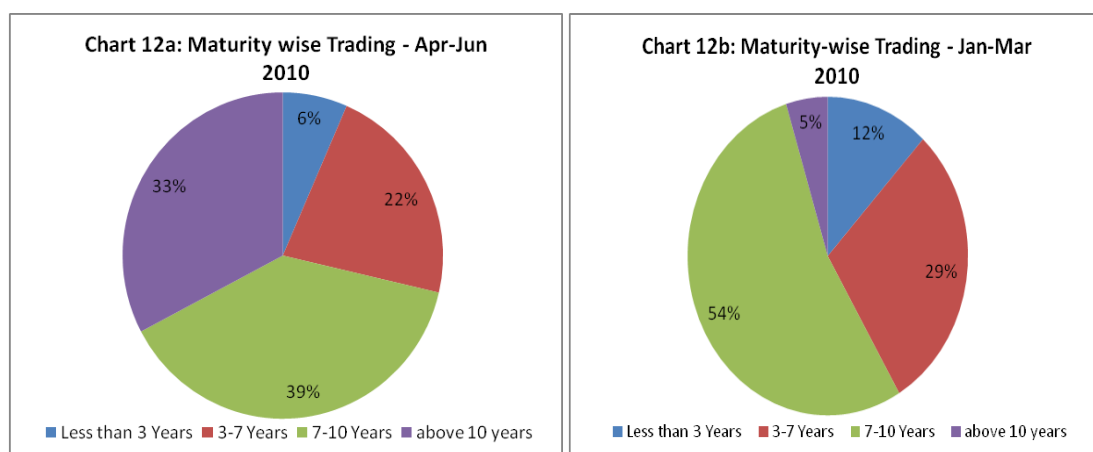
(₹Crore)			
Security	Apr-Jun 2010	Security	Jan-Mar 2010
7.80% G.S. 2020	2,81,899	6.35% G.S. 2020	2,05,241
8.20% G.S. 2022	2,57,430	7.02% G.S. 2016	1,12,579
7.02% G.S. 2016	1,18,689	6.90% G.S. 2019	44,105
6.35% G.S. 2020	59,985	7.40% G.S. 2012	20,381
7.38% G.S. 2015	33,362	7.32% G.S. 2014	11,635
7.40% G.S. 2012	19,845	8.24% G.S. 2027	9,976
7.27% G.S. 2013	15,865	6.57% G.S. 2011	6,234
8.26% G.S. 2027	14,643	6.49% G.S. 2015	5,942
8.28% G.S. 2032	10,552	9.39% G.S. 2011	5,853
7.17% G.S. 2015	10,360	7.27% G.S. 2013	5,293

5.7 The maturity distribution of dated securities transactions is detailed in table 13 and Chart 12a and 12b. There has been a significant change in trading pattern in terms of maturities during the quarter vis-a-vis the preceding quarter. Securities in the 7-10 year

bracket accounted for the highest share of trading at 39% during the Apr-Jun quarter. But this share was significantly lower than the 54% it accounted for in the preceding quarter. Correspondingly, Securities with maturity over 10 years, which accounted for the lowest share of volume at 5% in the Jan-Mar quarter, jumped to 33% in the current quarter. The share of securities in the 3-7 year bracket decreased from 29% to 22%. The change in trading pattern can largely be attributed to the primary issuance pattern.

Table 13: maturity Pattern of Outright Transactions

	(₹crore)				
Maturity/Quarter	Apr-Jun 2010	Jan-Mar 2010	Apr-Jun 2009	2009-10	2008-09
Less than 3 Years	58,588	55,797	42,130	2,02,683	1,64,722
3-7 Years	1,97,786	1,39,525	1,83,652	5,84,202	2,21,073
7-10 Years	3,46,254	2,52,602	2,88,448	10,81,244	10,58,554
above 10 years	2,92,604	22,552	1,62,519	6,12,721	5,11,064

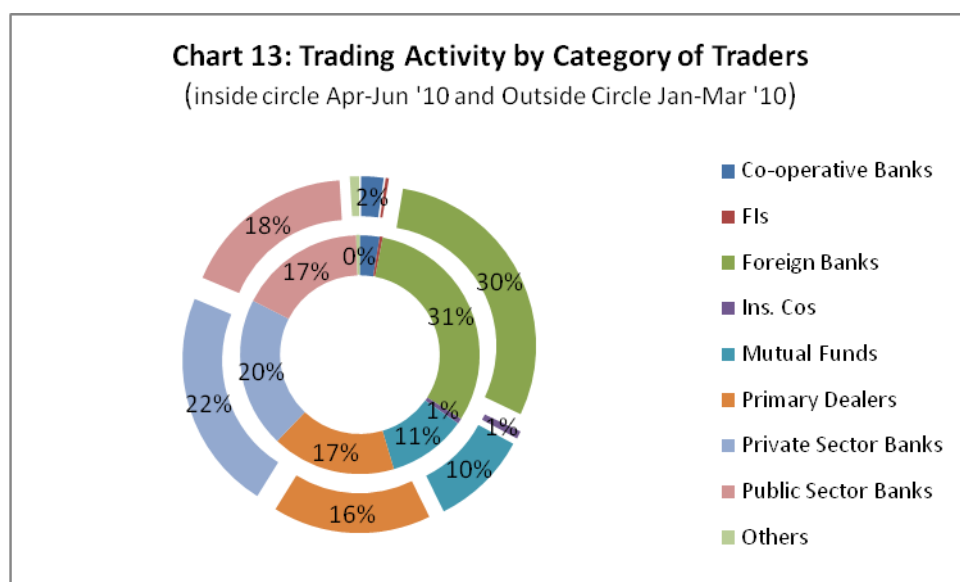


5.8 An examination of the trading activity of the major investor categories reveals that foreign banks are the dominant trading institution accounting for about one third of buying as well as selling activity (Table 14). Private sector banks with about 20% of the trading volume come next, followed by public sector banks and primary dealers between 15-20%. During the first quarter of the current fiscal, PDs were net sellers while mutual funds and public sector banks were net buyers.

Table 14: Category wise - Buying and Selling (% of Total)

Category	April-June 10		Jan-Mar 10		April-June 09		2009-10	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
Co-operative Banks	2.8	2.6	2.2	2.3	3.3	2.8	2.9	2.6
FIs	0.6	0.3	0.5	0.2	1.1	0.4	0.8	0.4
Foreign Banks	30.6	31.2	29.7	29.3	24.7	28.3	26.7	28.7
Ins. Cos	1.0	0.5	1.0	0.6	0.8	0.7	0.8	0.7
Mutual Funds	11.7	9.6	10.7	9.0	13.8	9.7	13.4	10.5
Primary Dealers	15.0	18.5	13.5	18.7	11.7	17.5	13.3	18.3
Private Sector Banks	20.1	20.4	22.1	22.9	16.3	17.4	17.8	18.3
Public Sector Banks	17.4	16.7	18.5	17.0	26.0	22.7	22.4	20.3
Others	0.8	0.2	1.9	0.0	2.4	0.6	1.9	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

5.9 Quarterly change in the share of various categories/participants in the secondary market trading activity (buy + sell) for government securities is shown in Chart 13.



Statement 1: Issuance of Dated securities During Q1 FY11 (April-June 2010)

(Amount in ₹ Crore)

Name of Stock	Date of Issue	Notified amount	Devolvement on PDs	Cut off price	Cut off yield (%)	Date of Maturity	Residual Maturity (Years)
6.85% GS 2012	12-Apr-10	5000	0	101.6	5.98	05-Apr-12	2
6.35% GS 2020	12-Apr-10	5000	448.45	89.2	7.96	02-Jan-20	9.7
8.26% GS 2027	12-Apr-10	2000	0	99.7	8.29	02-Aug-27	17.3
7.38% GS 2015	16-Apr-10	6000	0	98.6	7.70	03-Sep-15	5.4
8.20% GS 2022	16-Apr-10	4000	0	98.97	8.34	15-Feb-22	11.8
8.28% GS 2032	16-Apr-10	3000	0	96.57	8.63	15-Feb-32	21.8
7.02% GS 2016	26-Apr-10	6000	0	96.9	7.65	17-Aug-16	6.3
GOI FRB 2020	26-Apr-10	3000	0	92.3	4.72	21-Dec-20	10.7
8.26% GS 2027	26-Apr-10	3000	0	98.45	8.43	02-Aug-27	17.3
7.38% GS 2015	03-May-10	5000	0	99.86	7.41	03-Sep-15	5.3
7.80% GS 2020	03-May-10	5000	0	100	7.80	03-May-20	10
8.28% GS 2032	03-May-10	2000	0	98.5	8.43	15-Feb-32	21.8
7.02% GS 2016	10-May-10	5000	0	98.15	7.39	17-Aug-16	6.3
8.20% GS 2022	10-May-10	5000	0	103.2	7.78	15-Feb-22	11.8
8.26% GS 2027	10-May-10	3000	0	101.25	8.12	02-Aug-27	17.2
8.32% GS 2032	10-May-10	2000	0	100.9	8.23	02-Aug-32	22.2
7.38% GS 2015	17-May-10	4000	0	100.59	7.24	03-Sep-15	5.3
7.80% GS 2020	17-May-10	5000	0	101.8	7.54	03-May-20	10
8.28% GS 2032	17-May-10	3000	0	100.59	8.22	15-Feb-32	21.7
7.02% GS 2016	24-May-10	5000	0	98.16	7.39	17-Aug-16	6.2
8.20% GS 2022	24-May-10	5000	0	104.26	7.64	15-Feb-22	11.7
8.26% GS 2027	24-May-10	3000	0	102.6	7.98	02-Aug-27	17.2
7.38% GS 2015	31-May-10	4000	0	99.86	7.41	03-Sep-15	5.3
7.80% GS 2020	31-May-10	5000	0	101.35	7.60	03-May-20	9.9
8.32% GS 2032	31-May-10	3000	0	100.7	8.25	02-Aug-32	22.2
7.02% GS 2016	07-Jun-10	5000	0	96.7	7.70	17-Aug-16	6.2
8.20% GS 2022	07-Jun-10	5000	0	102.27	7.90	15-Feb-22	11.7
8.26% GS 2027	07-Jun-10	3000	0	100.75	8.18	02-Aug-27	17.2
7.17% GS 2015	14-Jun-10	4000	0	100	7.17	14-Jun-15	5
7.80% GS 2020	14-Jun-10	5000	0	101.54	7.57	03-May-20	9.9
8.32% GS 2032	14-Jun-10	2000	0	101	8.22	02-Aug-32	22.1
6.85% GS 2012	21-Jun-10	6000	1386	101.05	6.21	05-Apr-12	1.8
8.20% GS 2022	21-Jun-10	5000	0	101.61	7.98	15-Feb-22	11.7
7.17% GS 2015	28-Jun-10	5000	0	99.05	7.40	14-Jun-15	5
7.80% GS 2020	28-Jun-10	5000	0	101.2	7.62	03-May-20	9.8
8.26% GS 2027	28-Jun-10	2000	0	100.53	8.20	02-Aug-27	17.1
8.28% GS 2032	28-Jun-10	3000	0	100.01	8.28	15-Feb-32	21.6

Statement 2: Treasury Bills Issued During April-June 2010

(Amount in ₹ Crore)

Name of Security	Date of Issue	Notified Amount	Devolvement of PDs	Gross Nominal amount raised	Cut off Yield (%)
364DTB	09-Apr-10	2000	0	2025.2	5.06
364DTB	23-Apr-10	2000	0	2000	5.09
364DTB	07-May-10	2000	0	2000	4.91
364DTB	21-May-10	2000	0	2000	4.93
364DTB	04-Jun-10	1000	0	1000	5.22
364DTB	18-Jun-10	1000	0	1157	5.60
182 DTB	16-Apr-10	2000	0	2000	4.72
182 DTB	30-Apr-10	2000	0	2000	4.55
182 DTB	14-May-10	2000	0	2000	4.55
182 DTB	28-May-10	2000	0	2000	4.97
182 DTB	11-Jun-10	1000	0	1000	5.25
182 DTB	25-Jun-10	1000	0	1000	5.37
91 DTB	09-Apr-10	7000	0	7000	3.97
91 DTB	16-Apr-10	7000	0	7000	4.26
91 DTB	23-Apr-10	7000	0	7000	4.17
91 DTB	30-Apr-10	7000	0	7000	4.17
91 DTB	07-May-10	7000	0	7000	4.13
91 DTB	14-May-10	7000	0	7000	4.17
91 DTB	21-May-10	7000	0	7000	4.22
91 DTB	28-May-10	7000	0	7000	5.04
91 DTB	04-Jun-10	2000	0	2000	5.20
91 DTB	11-Jun-10	2000	0	2000	5.24
91 DTB	18-Jun-10	2000	0	2500	5.37
91 DTB	25-Jun-10	2000	0	2500	5.37
Total		84000		85182	

Statement 3: List of Dated Securities Outstanding at end-June, 2010

Nomenclature	Date of maturity	Outstanding Stock (₹ Crore)	Of which: MSS
12.25% GS 2010	02-Jul-10	11,893	-
11.30% GS 2010	28-Jul-10	30,235	317
8.75% GS 2010	13-Dec-10	500	
12.32 % GS 2011	29-Jan-11	9,462	
6.57% GS 2011	24-Feb-11	18,591	-
8.00% GS 2011	27-Apr-11	1,473	
10.95% GS 2011	30-May-11	12,000	
9.39% GS 2011	02-Jul-11	37,000	
11.50 % GS 2011	05-Aug-11	2,861	
FRB, 2011	08-Aug-11	6,000	
12.00% GS 2011	21-Oct-11	3,247	
11.50 % GS 2011(II)	24-Nov-11	11,000	
6.85% GS 2012	05-Apr-12	26,000	
7.40% GS 2012	03-May-12	33,000	
10.25% GS 2012	01-Jun-12	1,574	
6.72% GS 2007/12	18-Jul-12	547	
11.03% GS 2012	18-Jul-12	13,500	
9.40% GS 2012	11-Sep-12	11,000	
FRB, 2012	10-Nov-12	5,000	
9.00% GS 2013	24-May-13	1,751	
9.81% GS 2013	30-May-13	11,000	
12.40 % GS 2013	20-Aug-13	11,984	
7.27% GS 2013	03-Sep-13	46,000	
FRB, 2013	10-Sep-13	4,000	
5.32% GS 2014	16-Feb-14	5,000	
6.72% GS 2014	24-Feb-14	15,274	
7.37 % GS 2014	16-Apr-14	42,000	
6.07% GS 2014	15-May-14	40,000	
FRB, 2014	20-May-14	5,000	
10.00% GS 2014	30-May-14	2,333	
7.32% GS 2014	20-Oct-14	18,000	
10.50% 2014	29-Oct-14	1,755	
7.56% 2014	03-Nov-14	41,000	
11.83 % GS 2014	12-Nov-14	11,500	
10.47% GS 2015	12-Feb-15	6,430	
10.79% GS 2015	19-May-15	2,683	
11.50% GS 2015	21-May-15	3,561	
6.49% GS 2015	08-Jun-15	40,000	
7.17% GS 2015	14-Jun-15	9,000	
FRB, 2015	02-Jul-15	6,000	
11.43% GS 2015	07-Aug-15	12,000	
FRB, 2015(II)	10-Aug-15	6,000	
7.38% GS 2015	03-Sep-15	61,000	
9.85% GS 2015	16-Oct-15	10,000	
7.59% GS 2016	12-Apr-16	50,000	
10.71% GS 2016	19-Apr-16	9,000	
FRB, 2016	07-May-16	6,000	

5.59% GS 2016	04-Jun-16	6,000	
12.30% GS 2016	02-Jul-16	13,130	
7.02% GS 2016	17-Aug-16	60,000	
8.07% 2017	15-Jan-17	49,000	
7.49% 2017	16-Apr-17	48,000	
FRB-2017	02-Jul-17	3,000	
7.99% 2017	09-Jul-17	34,000	
7.46% 2017	28-Aug-17	36,887	
6.25% 2018	02-Jan-18	16,887	
8.24% GS 2018	22-Apr-18	50,000	
10.45% GS 2018	30-Apr-18	3,716	
5.69 % GS 2018	25-Sep-18	16,130	
12.60 % GS 2018	23-Nov-18	12,632	
5.64 % GS 2019	02-Jan-19	10,000	
6.05% GS 2019	02-Feb-19	53,000	
6.05% GS 2019	12-Jun-19	11,000	
6.90% GS 2019	13-Jul-19	45,000	
10.03 % GS 2019	09-Aug-19	6,000	
6.35% GS 2020	02-Jan-20	61,000	
10.70 % GS 2020	22-Apr-20	6,000	
7.80% GS 2020	03-May-20	25,000	
FRB - 2020	21-Dec-20	8,000	
11.60 % GS 2020	27-Dec-20	5,000	
7.94% GS 2021	24-May-21	49,000	
10.25% GS 2021	30-May-21	26,213	
8.20 % GS 2022	15-Feb-22	48,632	
8.35% GS 2022	14-May-22	44,000	
8.08% GS 2022	02-Aug-22	2,969	
5.87% GS 2022	28-Aug-22	11,000	
8.13% GS 2022	21-Sep-22	2,495	
6.30% GS 2023	09-Apr-23	13,000	
6.17% GS 2023	12-Jun-23	14,000	
7.35% GS 2024	22-Jun-24	10,000	
5.97 % GS 2025	25-Sep-25	16,688	
10.18% GS 2026	11-Sep-26	15,000	
8.24 % GS 2027	15-Feb-27	54,389	
8.26 % GS 2027	02-Aug-27	17,427	
8.28 % GS 2027	21-Sep-27	1,252	
6.01% GS GS 2028	25-Mar-28	15,000	
6.13% GS 2028	04-Jun-28	11,000	
8.28 % GS 2032	15-Feb-32	52,687	
8.32 % GS 2032	02-Aug-32	9,434	
7.95% GS 2032	28-Aug-32	59,000	
8.33% GS GS 2032	21-Sep-32	1,522	
7.50% GS 2034	10-Aug-34	60,000	
FRB, 2035	25-Jan-35	350	
7.40% GS 2035	09-Sep-35	42,000	
8.33% GS 2036	07-Jun-36	59,000	
6.83% GS 2039	19-Jan-39	13,000	
Total		19,41,595.4	317.0

Statement 4: Maturity Profile of Government Securities as on End-June 2010	
Year of maturity	Outstanding Stock (₹ Crore)
2011-12	73,581
2012-13	90,621
2013-14	95,009
2014-15	1,68,018
2015-16	1,50,244
2016-17	1,93,130
2017-18	1,38,774
2018-19	1,45,478
2019-20	1,23,000
2020-21	44,000
2021-22	1,23,846
2022-23	60,465
2023-24	27,000
2024-25	10,000
2025-26	16,688
2026-27	69,389
2027-28	33,680
2028-29	11,000
2029-30	-
2030-31	-
2031-32	52,687
2032-33	69,957
2033-34	-
2034-35	60,350
2035-36	42,000
2036-37	59,000
2037-38	-
2038-39	-
2039-40	13,000
Total	18,70,915