

PUBLIC DEBT MANAGEMENT

QUARTERLY REPORT

JUL-SEP 2010

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

OCTOBER 2010

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Introduction

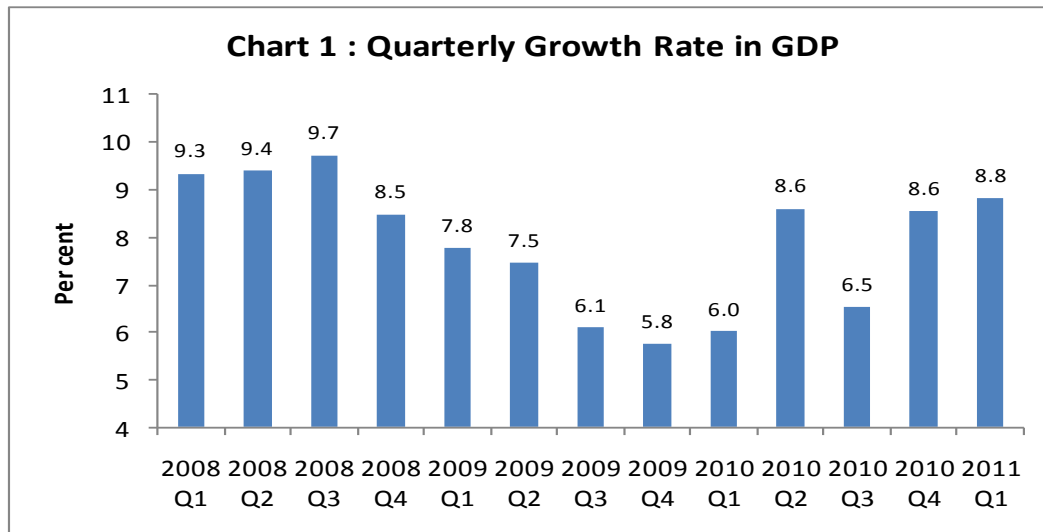
The Middle Office, set up in September 2008, is in the Budget Division of the Department of Economic Affairs, Ministry of Finance, Government of India. With the objective of enhancing transparency of debt management operations, Middle Office began a quarterly report called “Public Debt Management - Quarterly Report” and placed it on the website in September 2010 (reference quarter April-June 2010). This is the second quarterly report and pertains to the second quarter of the current fiscal year, viz., July-September, 2010.

The report gives an account of the debt management, cash management operations during the quarter, and attempts a rationale for major activities. The report also tries to provide detailed information on various aspects of debt management.

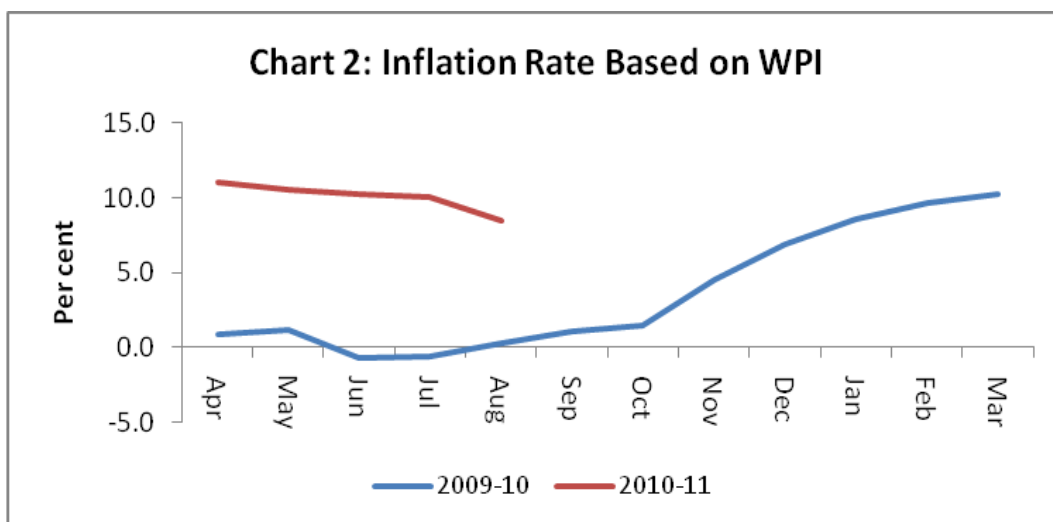
While all attempts have been made to provide authentic and accurate information, it is possible that some errors might have crept in inadvertently. Readers may inform us of such errors, as indeed their valuable suggestions, at jai.chander@nic.in or m.vasudevan@nic.in.

Section 1 – Macroeconomic Developments

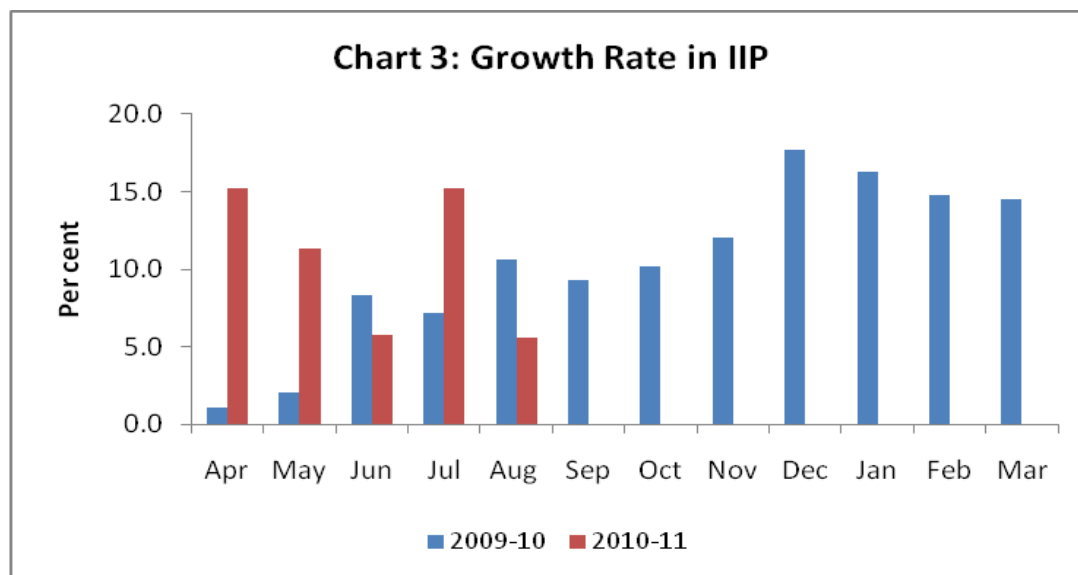
1.1 Quarterly GDP growth improved to 8.8 per cent for April-June 2010 quarter, compared with 8.6 per cent in the previous quarter (Chart 1).



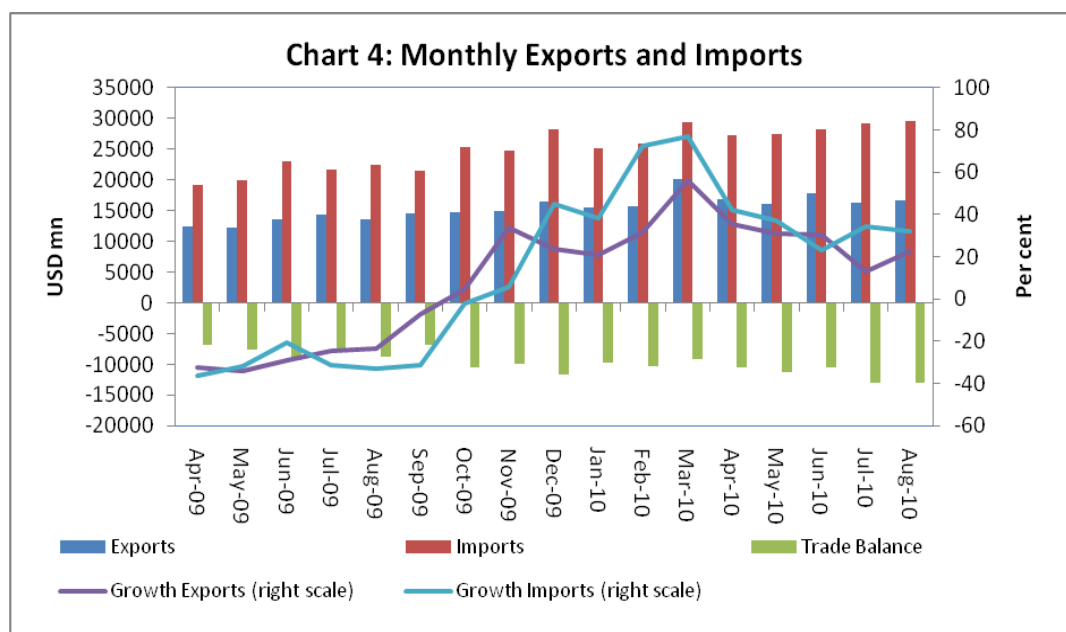
1.2 Inflation rate, as measured by the new series of wholesale price index (WPI) with 2004-05 as base year, declined to 8.51 per cent (y-o-y) during August 2010 compared to 10.28 per cent in June 2010 (Chart 2). The major contribution to inflation in the month of August was from food articles and fuel & power groups.



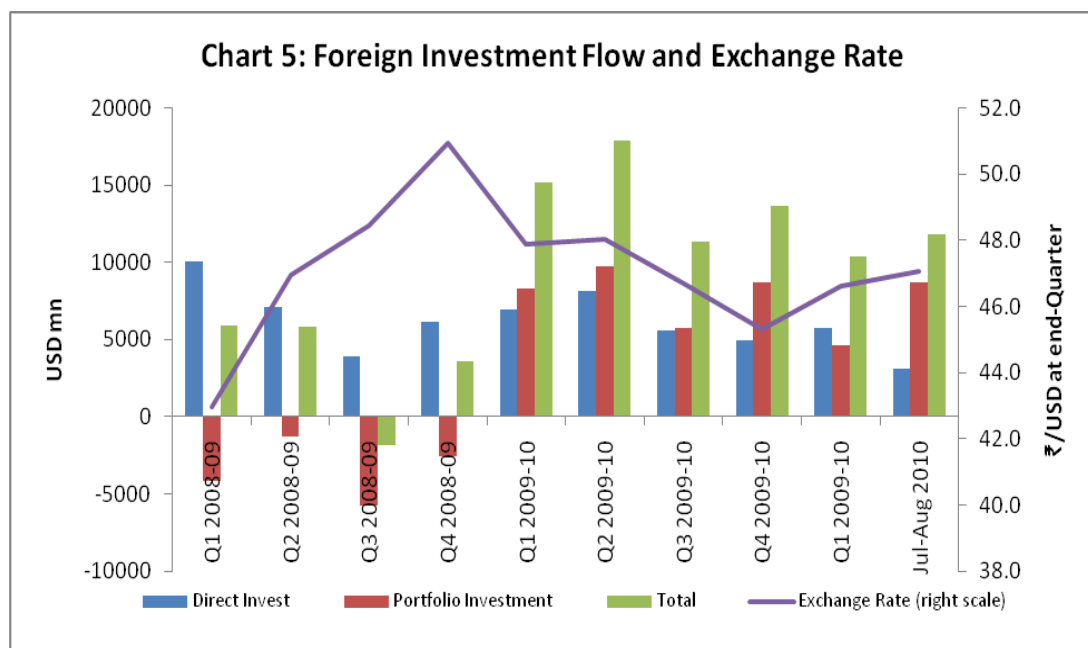
1.3 Index of Industrial Production (IIP) for August 2010 registered a growth of 5.6 per cent, over the same month a year ago, as compared with 15.2 per cent in July 2010 and 10.6 per cent in August 2009 (Chart 3).



1.4 India's exports (in terms of US\$) during August 2010 showed a growth of 22.5 per cent over the same month a year ago while imports increased by 32.2 per cent leading to widening of trade deficit (Chart 4).



1.5 Inflows on account of foreign investment have been positive in the recent quarters. Portfolio investment by FIIs increased substantially in July 2010 though some net outflows were seen in August 2010 (Chart 5). The Rupee appreciated during Q2 from Rs. 46.60 per USD at end-June 2010 to Rs.44.92 per dollar at end-Sep 2010.



Section 2– Debt Management - Primary Market Operations

A. Government Finances

2.1 The fiscal position of the Government during April-August 2010 showed improved performance in terms of the key deficit indicators due to buoyant revenue collections. While the increase in non-tax revenue was primarily on account of telecom receipts, tax revenue was aided by buoyancy in excise collections which showed a growth {over-year-ago (o-y-a)} of 43.3 per cent during April-August 2010. Aggregate expenditure at 40.4 per cent of BE was higher than 33.6 per cent last year on account of rise in both capital and revenue expenditure. Notwithstanding the increase in expenditure, revenue deficit and gross fiscal deficit during the first five months of the current fiscal year at 36.3 per cent and 39.7 per cent of BE were lower than those during the corresponding period of the previous fiscal year (Table 1).

Table 1: Fiscal Outcome during the April -August 2010

Item	2010-11 BE	April-Aug 2010	April-Aug 2010 (% of BE)	April-Aug 2009 (% of BE)
Revenue Receipts	6,82,212	2,90,799	42.6	25.6
Tax Receipts (net)	5,34,094	1,38,500	25.9	22.5
Non-Tax Receipts	1,48,118	1,52,299	102.8	35.9
Other Non-debt Receipts	45,129	5,479	12.1	71.7
Total Expenditure	11,08,749	4,47,703	40.4	33.6
Revenue Expenditure	9,58,724	3,91,151	40.8	34.8
Capital Expenditure	1,50,025	56,552	37.7	25.1
Revenue Deficit	2,76,512	1,00,352	36.3	54.9
Primary Deficit	1,32,744	65,804	49.6	62.8
Gross Fiscal Deficit	3,81,408	1,51,425	39.7	45.5
Financing				
Market Loans	3,45,010	1,57,995	45.8	61.9
External Assistance	22,464	10,928	48.6	7.3
Securities against Small Savings	13,256	-545	-4.1	-4.1
National Small Saving Fund	2,593	12,134	468.0	14332.6

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

B. Issuance Details

2.2 This section discusses the details regarding the issuance of market loans during the second quarter (Q2) of the current fiscal year and also progressive position for first half (H1) of the year.

2.3 During Q2 of the current fiscal year, the Central Government issued securities worth ₹1,33,000 crore compared with ₹1,51,000 crore in the Q1. The cumulative issuances of securities during H1 of FY11 amounted to ₹2,84,000 crore constituting 62.1 per cent of the budgeted level compared with 65.4 per cent during H1 of 2009-10. Taking into account repayments of ₹83,034 crore, the net amount raised through dated securities amounted to ₹2,00,966 crore during H1 of FY11, constituting 58.2 per cent of BE compared with 65.8 per cent in H1 of 2009-10 (Table 2).

2.4 Auctions were held in accordance with the pre-announced calendar (details given in Statement 1). During Q2, one new security of 30-years maturity was issued as against two new benchmark securities (a 10-year and a 5-year) in Q1. Accordingly, the re-issues constituted more than 97 per cent of total issuances during Q2 as compared with 94.0 per cent in the first quarter. 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	Q2 FY 11	H1 FY 11	H1 FY 11 % BE	H1 FY 10 % BE
Gross Amount	4,57,143	1,33,000	2,84,000	62.1	65.4
Repayment	1,12,133	41,811	83,034	74.0	62.3
Net Issuance	3,45,010	91,189	2,00,966	58.2	65.8

2.5 Treasury bills serve two main purposes viz., providing money market benchmark securities with risk free yields and as an instrument of cash management. Net financing through treasury bills was projected as nil in the budget estimates for 2010-11. Actual issuance of treasury bills during the year so far was modulated to cash management requirements. The net issuance during Q2 was negative at (-) ₹13,499 crore compared with (-) ₹2,321 crore in Q1 implying that treasury bills outstanding amount was reduced during

the quarter to that extent. In terms of progressive total, the gross amount raised through treasury bills (including 364, 182 and 91 day treasury bills) during first half (Apr-Sep) of the current financial year amounted to ₹1,58,518 crore while total repayments amounted to ₹1,74,338 crore which were lower than the respective amounts in the corresponding period of the previous year (Table 3). The details of issuance in Q2 FY11 are given in Statement 2.

Table 3: Issuance of Treasury Bills

(Amount in ₹ Crore)					
Item	2010-11 BE	Q2 FY 11	Q1 FY 11	H1 FY 11	H1 FY 10
364 DTB					
Gross Amount	41,492	7,257	10,182	17,439	16,335
Repayment	41,492	10,335	6,000	16,335	28,872
Net Issuance	-	-3,078	4,182	1,104	-12,537
182 DTB					
Gross Amount	45,500	9,800	10,000	19,800	20,375
Repayment	45,500	11,500	10,000	21,500	20,175
Net Issuance	-	-1,700	-	-1,700	200
91 DTB					
Gross Amount	3,08,458	56,279	65,000	1,21,279	1,56,500
Repayment	3,08,458	65,000	71,503	1,36,503	1,55,549
Net Issuance	-	-8,721	-6,503	-15,224	951
All T-Bills					
Gross Amount	3,95,450	73,336	85,182	1,58,518	1,93,210
Repayment	3,95,450	86,835	87,503	1,74,338	2,04,596
Net Issuance	-	-13,499	-2,321	-15,820	-11,386

*:- Including amount through non-competitive route.

2.6 The weighted average maturity (WAM) of dated securities issued during Q2 of FY11 at 12.17 years was higher than 10.45 years in the first quarter (Table 4). Accordingly, the average maturity of outstanding government securities as at end-September 2010 improved to 9.83 years from 9.71 years at end-June 2010. Following an upward sloping yield curve, as well as rise in G-sec yields during the quarter, the weighted average yield of issuance during Q2 moved up to 7.97 per cent from 7.61 per cent in Q1.

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 Coupon (%)	Weighted Average Maturity (yrs)
1	2	3	4	5
2003-04	5.71	14.94	9.30	9.78
2004-05	6.11	14.13	8.79	9.63
2005-06	7.34	16.90	8.75	9.92
2006-07	7.89	14.72	8.55	9.97
2007-08	8.12	14.90	8.50	10.59
2008-09	7.69	13.81	8.23	10.45
2009-10	7.23	11.16	7.89	9.67
2010-11 Q1	7.61	10.45	7.85	9.71
2010-11 Q2	7.97	12.17	7.79	9.83
2010-11 (Apr-Sep 10)	7.78	11.25	7.79	9.83

2.7 The indicative calendar for issuance of Central Government securities during the second half (October-March 2010) of the current fiscal year was announced on September 29, 2010. The calendar indicates a reduction of about ₹10,000 crore in gross/net borrowings *vis-à-vis* budgeted level as shown in Table 5.

Table 5: Gross Borrowings proposed as per Calendar

Period	(₹ crore)
	Actual/Projected
H1 FY11	2,84,000
H2 FY11	1,63,000
Total	4,47,000
FY11 BE	4,57,143
Reduction	10,143

2.8 The proposed maturity structure of the issuances during the second half of the current financial year, as per the indicative calendar, is given in Table 6.

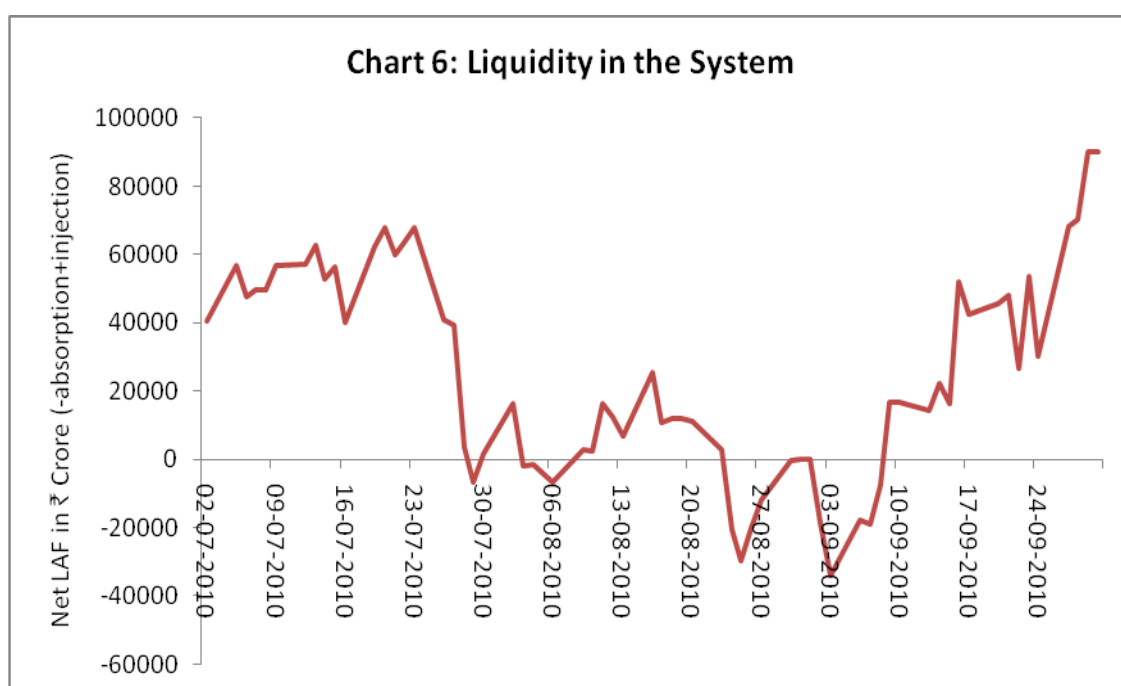
Table 6: Maturity Structure of Proposed Issuance during H2 FY11

Maturity Bracket	H2 (2009-2010)	% of Total	H2 (2010-11)	% of Total
5 to 9 year	₹33,000 crore to ₹44,000 crore	27 to 36 %	₹57,000 crore to ₹72,000 crore	35 to 44%
10 to 14 year	₹53,000 crore to ₹66,000 crore	43 to 54%	₹60,000 crore to ₹75,000 crore	37 to 46 %
15 to 19 year	₹10,000 crore to ₹15,000 crore	8 to 12%	₹16,000 crore to ₹24,000 crore	10 to 15%
>20 year	₹16,000 crore to ₹24,000 crore	13 to 20%	₹14,000 crore to ₹21,000 crore	9 to 13%

Section 3 – Cash Management

3.1 Since Government's cash account is maintained with the Reserve Bank, its cash position impacts liquidity conditions 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 buybacks or investment in Government securities held by RBI when in surplus. The WMA limits for 2010-11 were fixed at ₹30,000 crore for the first half of the year (Apr-Sep) and ₹10,000 crore for the second half of the year (Oct-Mar).

3.2 The liquidity in the system shifted to a comfortable position towards the end of July. The liquidity, however, tightened after mid-September (Chart 6).



3.3 The cash position the Government during Q2 was generally comfortable which has enabled reduction in issuance size of treasury bills during the quarter. Overall, the gross issuance of treasury bills during the quarter was less than repayments by ₹ 13,499 crore. The details of the treasury bills issued and matured in the second quarter of the current financial year are given in Table 7.

Table 7: Reduction in Issuance Amount of Treasury Bills

(₹ Crore)

Date of Issue	Repayments			Issued Amount			Variation in Issued amount over Repayments
	91 DTB	182 DTB	364 DTB	91 DTB	182 DTB	364 DTB	
02-Jul-10	0	0	1,000	2,500	0	1194	2,694
09-Jul-10	7,000	1,500	0	2,500	1,800	0	-4,200
16-Jul-10	7,000	0	1,259	2,500	0	1000	-4,759
23-Jul-10	7,000	1,500	0	2,500	1,500	0	-4,500
30-Jul-10	7,000	0	1,000	2,854	0	1000	-4,146
06-Aug-10	7,000	1,500	0	9,875	1,500	0	2,875
13-Aug-10	7,000	0	1,042	7,550	0	1017	524
20-Aug-10	7,000	1,500	0	8,000	2,000	0	1,500
27-Aug-10	7,000	0	1,000	8,000	0	1046	1,046
03-Sep-10	2,000	1,500	0	2,500	1,500	0	500
09-Sep-10	2,000	0	4,000	2,500	0	1000	-2,500
17-Sep-10	2,500	3,000	0	2,500	1,500	0	-1,500
24-Sep-10	2,500	0	1,033	2,500	0	1000	-33
29-Sep-10	0	1,000	0	0	0	0	-1,000
Total	65,000	11500	10335.09	56279	9800	7257	-13499

3.4 The calendar for issuance of treasury bills during Oct-Dec 2010 is given in Table 8.

Table 8: Calendar for Issuance of Treasury Bills in Oct-Dec 2010

(₹ crore)

Auctions Date	91-Days	182-Days	364-Days	Total
06-10-2010	4000		2000	6000
13-10-2010	4000	2000		6000
20-10-2010	4000		2000	6000
27-10-2010	4000	2000		6000
03-11-2010	4000		2000	6000
10-11-2010	4000	2000		6000
16-11-2010	4000		2000	6000
24-11-2010	4000	2000		6000
01-12-2010	4000		1000	5000
08-12-2010	4000	1000		5000
15-12-2010	2000		1000	3000
22-12-2010	2000	1000		3000
29-12-2010	2000		1000	3000
Total	46000	10000	11000	67000

Section 4 – Trends in Outstanding Public Debt

4.1 The total public debt (excluding liabilities that are not classified under public debt) of the Government increased to ₹27,77,910 crore at end-September 2010 from ₹27,01,303 crore at end-June 2010 (Table 9). This represented an increase of 2.8 per cent during the second quarter of the current financial year as compared with an increase of 4.2 per cent in the first quarter. Internal debt constituted 89.4 per cent of public debt, compared to 89.2 per cent at end of Q1. Marketable securities (consisting of Rupee denominated dated securities and treasury bills) accounted for 77.1 per cent of total public debt, compared with 76.5 per cent at end-June 2010. The outstanding internal debt of the Government at ₹24,84,690 crore constituted 35.8 per cent of GDP compared with 34.7 per cent at end-June 2010. The increase in debt was primarily on account of dated securities.

Table 9: Composition of Public Debt

Item	At end- June 2010	At end- Sep 2010	At end- June 2010	At end- Sep 2010
	(₹ Crore)		(% of Total)	
1	2	3	4	5
Public Debt (1 + 2)	27,01,303	27,77,910	100.00	100.00
1. Internal Debt	24,08,083	24,84,690	89.15	89.44
Marketable	20,65,833	21,42,441	76.48	77.12
(a) Treasury Bills	1,32,221	1,18,680	4.89	4.27
(i) 91-days Treasury Bills	65,046	56,279	2.41	2.03
(ii) 182-days Treasury Bills	21,500	19,800	0.80	0.71
(iii) 364-days Treasury Bills	45,675	42,601	1.69	1.53
(b) Dated Securities	19,33,612	20,23,760	71.58	72.85
Non-marketable	3,42,250	3,42,250*	12.67	12.32
(i) 14-days Treasury Bills	82,880	82,880*	3.07	2.98
(ii) Securities Issued to NSSF	1,94,882	1,94,882*	7.21	7.02
(iii) Compensation and other bonds	39,889	39,889*	1.48	1.44
(iv) Securities issued to International Financial Institutions	24,598	24,598*	0.91	0.89
(v) Ways and Means Advances	0	0	0.00	0.00
2. External Debt	2,93,219	2,93,219*	10.85	10.56
(i) Multilateral	1,84,362	1,84,362*	6.82	6.64
(ii) Bilateral	80,696	80,696*	2.99	2.90
(iii) IMF	27,417	27,417*	1.01	0.99
(iv) Rupee debt	745	745*	0.03	0.03

*:-These data are not available for Sep 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-September 2010 improved to 9.83 years from 9.71 years at end-June 2010. Over the same period the weighted average coupon of outstanding stock went down from 7.85 per cent to 7.79 per cent (see Table 4 on page 8).

4.3 The maturity of issuance is a strategy variable to ensure that Government's market borrowings through dated securities are raised in a smooth and cost effective manner. During Q2 of 2010-11, the proportion of debt maturing within 1-5 years increased to 26.1 per cent from 24.2 per cent at end-June 2010 while proportion of debt maturing in 10-20 years increased to 20.1 per cent from 18.8 per cent. The share of debt maturing in 5-10 years, on the other hand, declined from 37.4 per cent to 34.0 per cent. The proportion of debt maturing in other maturity buckets remained broadly similar over the second quarter of FY11. The change in composition of debt in terms of various maturity buckets reflects the maturity structure of securities issued during Q2 FY11. About 30 per cent of outstanding stock has a residual maturity of upto 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 (Table 10).

Table 10: Maturity Profile of Outstanding GoI Dated Securities

(Amount in ₹ Crore)		
Maturity Buckets	End-June 2010	End-Sep 2010
Less than 1 Year	84,154 (4.33)	87,887 (4.32)
1-5 Years	4,69,000 (24.16)	5,30,139 (26.08)
5-10 Years	7,26,381 (37.41)	6,90,381 (33.97)
10-20 Years	3,65,066 (18.80)	4,08,066 (20.08)
20 Years and above	2,96,994 (15.30)	3,15,994 (15.55)
Total	19,41,595	20,32,467

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

2. Totals differ from those given in Table 9 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 are available for end-June 2010 (Table 11 and Chart 7). Banks (including banks that are primary dealers and cooperative banks) continued to dominate as the major investor category with further increase in their share in holding of government securities to 51.7 per cent as at end-June 2010 from 50.6 per cent at end-March 2010. Long-term investors like insurance companies and provident funds accounted for 28.6 per cent of total holding, marginally lower than that at end-March 2010. Holding of securities by Reserve Bank of India at end-June 2010 declined to 9.7 per cent from 11.8 per cent a quarter ago.

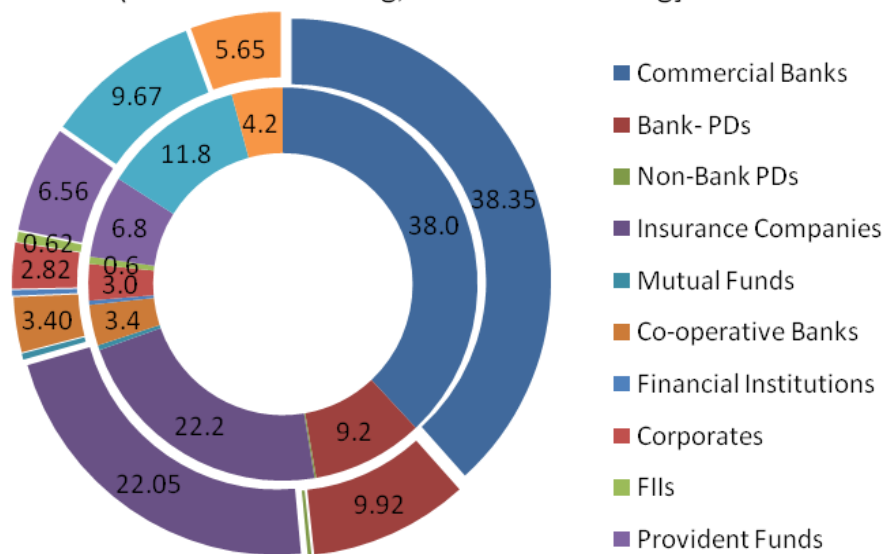
Table 11: Ownership Pattern of Government of India Dated Securities
(Per cent of Outstanding Securities)

Category	2009				2010	
	Mar.	Jun.	Sep.	Dec.	Mar.	June
1. Commercial Banks	38.85	39.29	38.76	39.18	38.03	38.35
2. Bank- PDs	8.05	7.78	8.04	8.2	9.22	9.92
3. Non-Bank PDs	0.29	0.11	0.26	0.18	0.14	0.23
4. Insurance Companies	23.2	23.07	22.14	22.07	22.16	22.05
5. Mutual Funds	0.82	0.83	0.75	0.78	0.4	0.38
6. Co-operative Banks	2.92	3.08	3.08	3.24	3.35	3.40
7. Financial Institutions	0.41	0.4	0.29	0.28	0.35	0.34
8. Corporates	4.72	3.54	3.65	3.27	2.99	2.82
9. FIIs	0.24	0.3	0.45	0.59	0.59	0.62
10. Provident Funds	6.59	6.41	6.31	6.51	6.76	6.56
11. RBI	9.71	11.06	10.57	10.2	11.76	9.67
12. Others	4.2	4.13	5.69	5.5	4.24	5.65
Total	100	100	100	100	100	100

Source: RBI Bulletin

Chart 7 : Holding Pattern of Government Securities

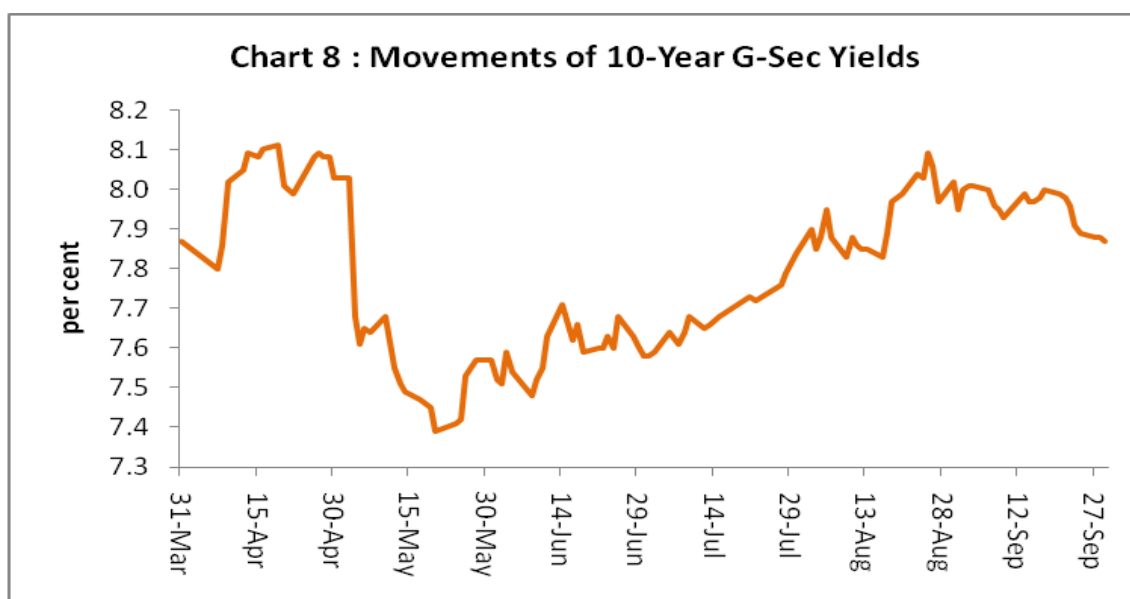
(June-10 : outer ring; Mar 10 - inner ring]



Section 5 – Secondary Market

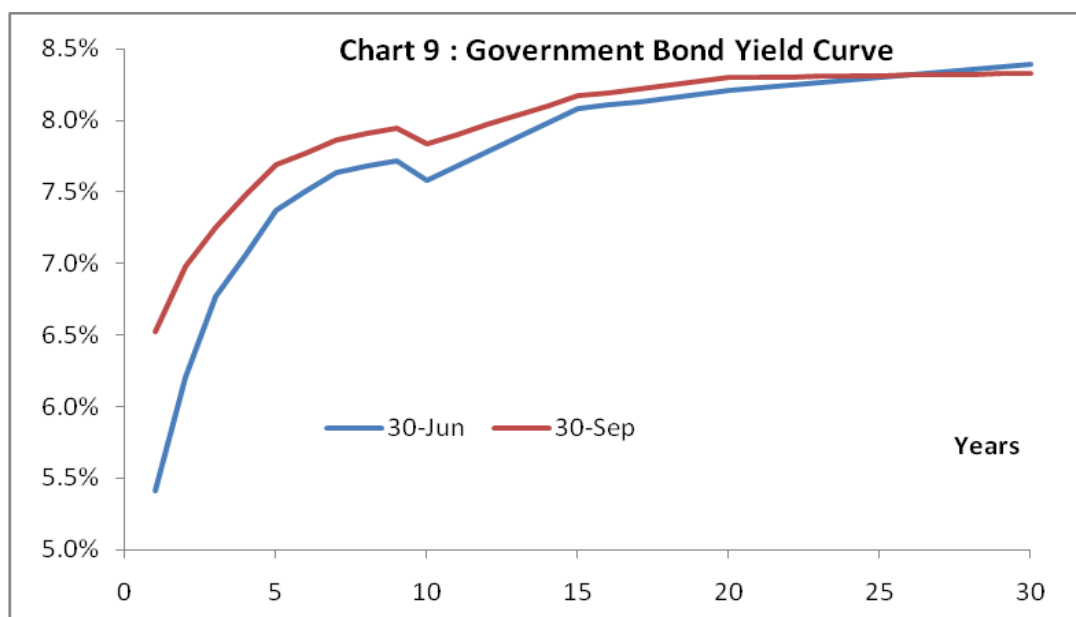
A. Government security yields

5.1 Chart 8 depicts the movement in Government bond yields (10-year yield taken as benchmark) during Q2 of current financial year. 10-year bond yield increased during the quarter from 7.58 per cent at end-June 2010 to 7.87 per cent at end-September 2010. Reserve Bank's monetary policy tightening during the quarter (Reserve Bank raised the reverse repo rate by 125 bps to 5.00 per cent and the repo rate by 75 bps to 6 per cent) was the dominant driver of the yield move. However, yields were capped from rising too high by the sharp decline in US treasury yields, following concerns of economic slowdown there. The dip in yields in the last week of September was on account of the auction calendar announced on 23 September 2010 – which was greeted positively by the market – and the increase in FII investment limits in Government securities from US\$ 5 bn to US\$ 10 bn.

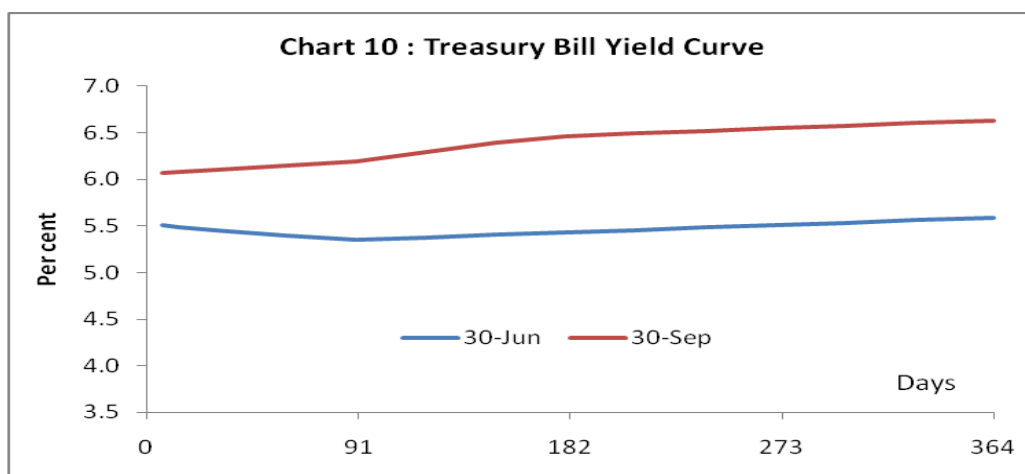


5.2 The yield curve for bonds is shown in Chart 9. Over the quarter, the curve has flattened substantially with the short term yields going up following RBI's rate hikes in July (twice) and in September, 2010. The 1yr-30yr spread has narrowed to 180 basis points (bps) at end-September 2010 from 298 bps at end-June 2010. As RBI's

rate hikes have pushed up short end yields sharply, the 1yr-10yr spreads have narrowed perceptibly from 217 bps to 131 bps, over the same period. The long end of the curve has also narrowed as can be seen from the 10yr-30yr spread which went down from 81 bps to 49 bps during the quarter. Despite rate hikes, the 30-yr yield has eased marginally, as in the previous quarter, by 6 bps perhaps due to relatively lower supply and insurance sector demand for long tenor bonds.



5.3 The Treasury Bill curve has on the other hand steepened significantly as the 3-12 month spread has increased from 23 to 44 bps during the quarter. 3-month yield went up by 84 bps from 5.35 per cent to 6.19 per cent while the 12-month yields went up by 105 bps from 5.58 per cent to 6.63 per cent over Q2 of FY11 (Chart 10). The increase in rates, particularly at the long end, was higher than RBI's repo rate hike (75 bps). In contrast with the previous quarter, the impact of rate hikes was more pronounced on the yields of longer tenor bills.



B. Trading Pattern for dated securities

5.4 The total volume of Government securities transacted on an outright basis during Q2 of FY11 stood at ₹7.6 lakh crores, significantly lower than ₹10.4 lakh crore during the preceding quarter (Table 12). Transaction volume in dated securities, treasury bills and SDLs fell by 22 per cent, 52 per cent and 60 per cent, respectively, over the previous quarter. The annualised outright turnover ratio¹ for the central government securities for the Jul-Sep 2010 quarter fell to 2.7 compared to 3.8 during the previous quarter. Including repo transactions, the annualised total turnover ratio² fell to 9.8 during Q2, compared to 11.4 during the previous quarter.

Table 12: Transactions in Government Securities

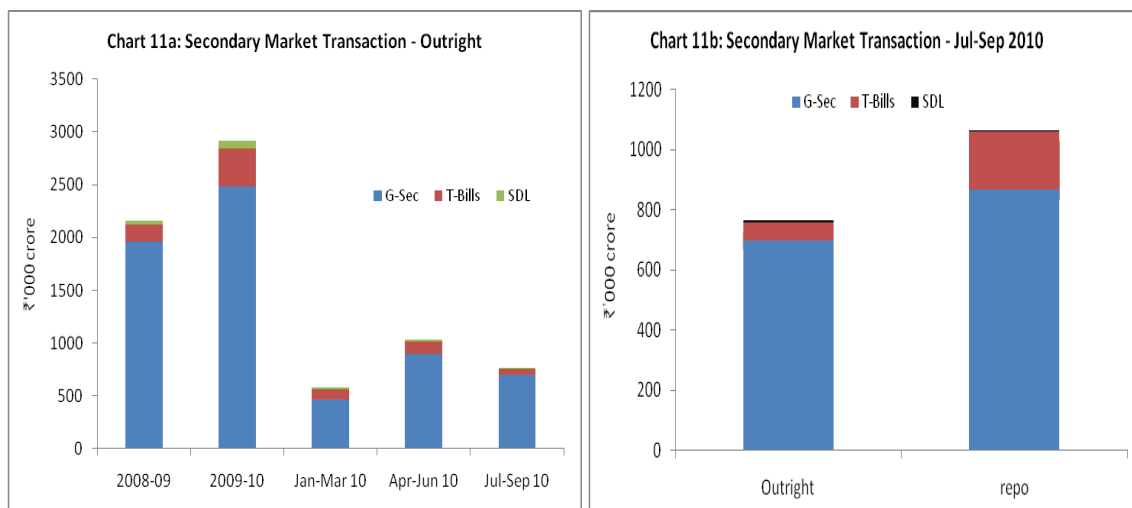
(₹ Crore)

Period	Outright				Repo			
	G-Sec	T-Bills	SDL	Total	G-Sec	T-Bills	SDL	Total
2008-09	1955412	170436	34385	2160234	3475348	583335	35603	4094286
2009-10	2480850	363283	69757	2913890	5233295	812537	26996	6072828
Jan-Mar 10	470475	91554	19389	581418	1026215	227352	6241	1259809
April-Jun 10	895231	122207	18118	1035556	894419	238127	3921	1136466
Jul-Sep 10	698608	58768	7334	764710	865106	197084	3752	1065942

¹ Annualised Outright Turnover Ratio = $4 * [\text{Quarterly Outright Volume} * 2 / (\text{Average of outstanding stock})]$

² Annualised Total Turnover Ratio = $4 * [(\text{Quarterly Outright Volume} * 2 + \text{Quarterly Repo Volume} * 4) / (\text{Average of outstanding stock})]$

5.5 Central Government dated securities continue to account for a dominant portion of total trading (Chart 11a and 11b). During Jul-Sep 2010 it accounted for 91 per cent of total outright volume, compared to 86 per cent in the previous quarter.



5.6 The volume of transactions remains heavily skewed towards a few securities. The top 10 traded securities accounted for 93 per cent of the transaction volume during Q2, compared to 92 per cent for the previous quarter. The top three traded securities accounted for 76 per cent of total volume, compared to 74 per cent during the previous quarter. The list of top 10 traded securities for the current quarter and the previous quarter are given in Table 13.

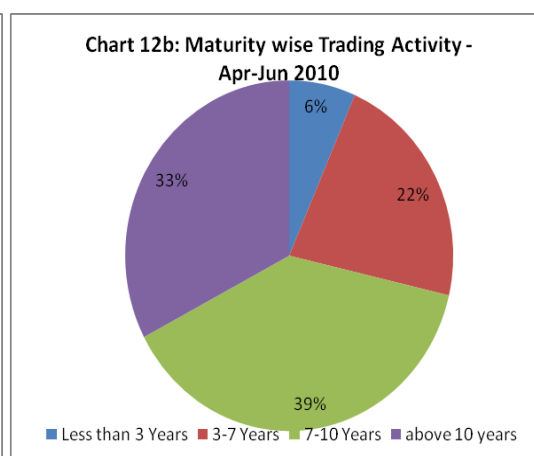
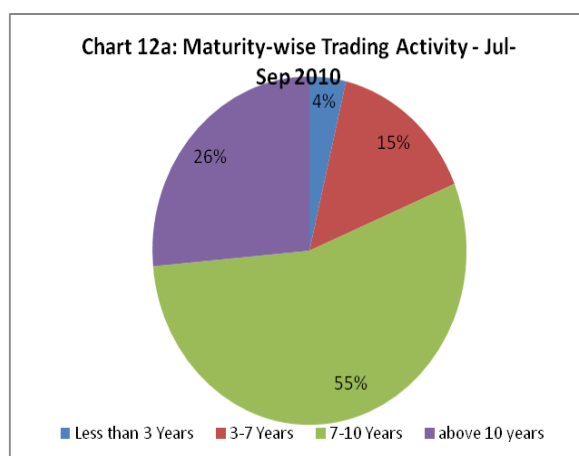
Table 13 : Top 10 Traded Securities

(₹Crore)			
Security	Jul-Sep 10	Security	Apr-Jun 10
7.80% G.S. 2020	3,50,833	7.80% G.S. 2020	2,81,899
8.13% G.S. 2022	1,08,573	8.20% G.S. 2022	2,57,430
7.17% G.S. 2015	74,856	7.02% G.S. 2016	1,18,689
7.46% G.S. 2017	25,819	6.35% G.S. 2020	59,985
8.20% G.S. 2022	22,999	7.38% G.S. 2015	33,362
8.08% G.S. 2022	20,624	7.40% G.S. 2012	19,845
8.26% G.S. 2027	14,158	7.27% G.S. 2013	15,865
7.40% G.S. 2012	12,271	8.26% G.S. 2027	14,643
7.27% G.S. 2013	9,866	8.28% G.S. 2032	10,552
7.02% G.S. 2016	8,864	7.17% G.S. 2015	10,360

5.7 The maturity-wise trading pattern of dated central Government securities is detailed in Table 14 and Chart 12a and 12b. Trading volumes in the 7-10 year maturity bracket accounted for the highest share of total volume at 55 per cent during Jul-Sep 2010, compared to 39 per cent in the previous quarter. Trading volumes in the maturity over 10 years, accounted 26 per cent of total volume, lower than 33 per cent in the previous quarter. The share of volumes in 3-7 year maturity bracket decreased from 22 per cent to 15 per cent. The change in trading pattern can largely be attributed to the primary issuance pattern.

Table 14: Maturity Pattern of Outright Transactions

(₹ crore)					
Maturity/Quarter	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	2009-10	2008-09
Less than 3 Years	26113	58588	55797	202683	164722
3-7 Years	104750	197786	139525	584202	221073
7-10 Years	383119	346254	252602	1081244	1058554
above 10 years	184626	292604	22552	612721	511064
Total	698608	895232	470476	676749	2480850



5.8 Foreign banks continued to be the dominant trading institution, accounting for 40 per cent of total outright trading activity of central Government dated securities, higher

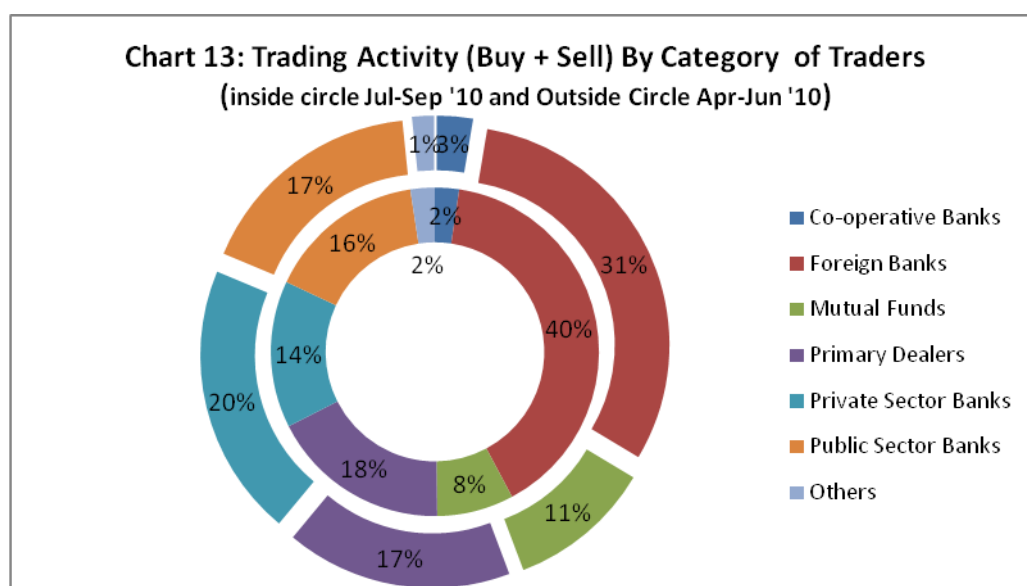
than the 31 per cent share they had in the previous quarter (Table 15 and Chart 13). Correspondingly, share of private sector banks fell from 20 per cent to 14 per cent over Q2 of FY11. Primary dealers at 18 per cent and public sector banks at 16 per cent were the other major trading categories. During the quarter, public sector banks were net buyers to the extent of Rs.34,487 crore, while primary dealers (-Rs.39,689 crore) and foreign banks (-Rs.18,422) were net sellers.

Table 15: Category wise – Secondary Market Activity

(Per cent of Total)

Category	Jul-Sep 10		Apr-Jun 10		Jan-Mar 10		2009-10	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
Co-operative Banks	2.5	2.3	2.8	2.6	2.2	2.3	2.9	2.6
FIs	0.3	0.2	0.6	0.3	0.5	0.2	0.8	0.4
Foreign Banks	38.6	41.0	30.6	31.2	29.7	29.3	26.7	28.7
Ins. Cos	1.5	1.3	1.0	0.5	1.0	0.6	0.8	0.7
Mutual Funds	7.8	7.4	11.7	9.6	10.7	9.0	13.4	10.5
Primary Dealers	15.1	20.3	15.0	18.5	13.5	18.7	13.3	18.3
Private Sector	15.0	14.0	20.1	20.4	22.1	22.9	17.8	18.3
Public Sector Banks	17.9	13.4	17.4	16.7	18.5	17.0	22.4	20.3
Others	1.3	0.2	0.8	0.2	1.9	0.0	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 H1 FY11 (April-Sep 2010) – Contd.

(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 \$ U	12-Apr-10	5000	0	101.60	6.0	05-Apr-12	2.0
6.35% GS 2020 \$ U	12-Apr-10	5000	448.45	89.20	8.0	02-Jan-20	9.7
8.26% GS 2027 \$ U	12-Apr-10	2000	0	99.70	8.3	02-Aug-27	17.3
7.38% GS 2015 \$ U	16-Apr-10	6000	0	98.60	7.7	03-Sep-15	5.4
8.20% GS 2022 \$ U	16-Apr-10	4000	0	98.97	8.3	15-Feb-22	11.8
8.28% GS 2032 \$ U	16-Apr-10	3000	0	96.57	8.6	15-Feb-32	21.8
7.02% GS 2016 \$ U	26-Apr-10	6000	0	96.90	7.6	17-Aug-16	6.3
GOI FRB 2020 \$ U	26-Apr-10	3000	0	92.30	4.7	21-Dec-20	10.7
8.26% GS 2027 \$ U	26-Apr-10	3000	0	98.45	8.4	02-Aug-27	17.3
7.38% GS 2015 \$ U	03-May-10	5000	0	99.86	7.4	03-Sep-15	5.3
7.80% GS 2020 # U	03-May-10	5000	0	100.00	7.8	03-May-20	10.0
8.28% GS 2032 \$ U	03-May-10	2000	0	98.50	8.4	15-Feb-32	21.8
7.02% GS 2016 \$ U	10-May-10	5000	0	98.15	7.4	17-Aug-16	6.3
8.20% GS 2022 \$ U	10-May-10	5000	0	103.20	7.8	15-Feb-22	11.8
8.26% GS 2027 \$ U	10-May-10	3000	0	101.25	8.1	02-Aug-27	17.2
8.32% GS 2032 \$ U	10-May-10	2000	0	100.90	8.2	02-Aug-32	22.2
7.38% GS 2015 \$ U	17-May-10	4000	0	100.59	7.2	03-Sep-15	5.3
7.80% GS 2020 \$ U	17-May-10	5000	0	101.80	7.5	03-May-20	10.0
8.28% GS 2032 \$ U	17-May-10	3000	0	100.59	8.2	15-Feb-32	21.7
7.02% GS 2016 \$ U	24-May-10	5000	0	98.16	7.4	17-Aug-16	6.2
8.20% GS 2022 \$ U	24-May-10	5000	0	104.26	7.6	15-Feb-22	11.7
8.26% GS 2027 \$ U	24-May-10	3000	0	102.60	8.0	02-Aug-27	17.2
7.38% GS 2015 \$ U	31-May-10	4000	0	99.86	7.4	03-Sep-15	5.3
7.80% GS 2020 \$ U	31-May-10	5000	0	101.35	7.6	03-May-20	9.9
8.32% GS 2032 \$ U	31-May-10	3000	0	100.70	8.2	02-Aug-32	22.2
7.02% GS 2016 \$ U	07-Jun-10	5000	0	96.70	7.7	17-Aug-16	6.2
8.20% GS 2022 \$ U	07-Jun-10	5000	0	102.27	7.9	15-Feb-22	11.7
8.26% GS 2027 \$ U	07-Jun-10	3000	0	100.75	8.2	02-Aug-27	17.2
7.17% GS 2015 # U	14-Jun-10	4000	0	100.00	7.2	14-Jun-15	5.0
7.80% GS 2020 \$ U	14-Jun-10	5000	0	101.54	7.6	03-May-20	9.9
8.32% GS 2032 \$ U	14-Jun-10	2000	0	101.00	8.2	02-Aug-32	22.1
6.85% GS 2012 \$ U	21-Jun-10	6000	1386	101.05	6.2	05-Apr-12	1.8
8.20% GS 2022 \$ U	21-Jun-10	5000	0	101.61	8.0	15-Feb-22	11.7
7.17% GS 2015 \$ U	28-Jun-10	5000	0	99.05	7.4	14-Jun-15	5.0
7.80% GS 2020 \$ U	28-Jun-10	5000	0	101.20	7.6	03-May-20	9.8
8.26% GS 2027 \$ U	28-Jun-10	2000	0	100.53	8.2	02-Aug-27	17.1
8.28% GS 2032 \$ U	28-Jun-10	3000	0	100.01	8.3	15-Feb-32	21.6
7.46% GS 2017 \$ U	05-Jul-10	3000	0	99.71	7.5	28-Aug-17	7.1

Statement 1: Issuance of Dated securities During H1 FY11 (April-Sep 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)
8.20% GS 2022 \$ U	05-Jul-10	4000	0	102.09	7.9	15-Feb-22	11.6
8.30% GS 2040 # U	05-Jul-10	3000	0	-	8.3	02-Jul-40	30.0
7.17% GS 2015 \$ U	12-Jul-10	4000	0	99.05	7.4	14-Jun-15	4.9
7.80% GS 2020 \$ U	12-Jul-10	5000	0	100.87	7.7	03-May-20	9.8
8.32% GS 2032 \$ U	12-Jul-10	3000	0	99.92	8.3	02-Aug-32	22.1
7.46% GS 2017 \$ U	19-Jul-10	5000	0	99.13	7.6	28-Aug-17	7.1
8.20% GS 2022 \$ U	19-Jul-10	5000	0	101.46	8.0	15-Feb-22	11.6
8.26% GS 2027 \$ U	19-Jul-10	3000	0	100.19	8.2	02-Aug-27	17.0
7.17% GS 2015 \$ U	02-Aug-10	5000	0	98.22	7.6	14-Jun-15	4.9
7.80% GS 2020 \$ U	02-Aug-10	5000	0	100.11	7.8	03-May-20	9.8
8.24% GS 2027 \$ U	02-Aug-10	3000	0	99.05	8.3	15-Feb-27	16.5
8.30% GS 2040 \$ U	02-Aug-10	2000	0	99.67	8.3	02-Jul-40	29.9
7.46% GS 2017 \$ U	09-Aug-10	5000	0	97.49	7.9	28-Aug-17	7.1
8.13% GS 2022 \$ U	09-Aug-10	5000	0	100.01	8.1	21-Sep-22	12.1
8.32% GS 2032 \$ U	09-Aug-10	3000	341.3	99.10	8.4	02-Aug-32	22.0
7.17% GS 2015 \$ U	16-Aug-10	4000	0	97.86	7.7	14-Jun-15	4.8
7.80% GS 2020 \$ U	16-Aug-10	5000	0	99.32	7.9	03-May-20	9.7
8.26% GS 2027 \$ U	16-Aug-10	3000	0	98.81	8.4	02-Aug-27	17.0
7.46% GS 2017 \$ U	23-Aug-10	4000	0	97.16	8.0	28-Aug-17	7.0
8.13% GS 2022 \$ U	23-Aug-10	5000	0	101.07	8.0	21-Sep-22	12.1
8.30% GS 2040 \$ U	23-Aug-10	3000	0	98.90	8.4	02-Jul-40	29.9
7.17% GS 2015 \$ U	30-Aug-10	5000	0	97.72	7.7	14-Jun-15	4.8
7.80% GS 2020 \$ U	30-Aug-10	4000	1387.4	98.45	8.0	03-May-20	9.7
8.26% GS 2027 \$ U	30-Aug-10	3000	0	98.91	8.4	02-Aug-27	16.9
7.46% GS 2017 \$ U	06-Sep-10	4000	0	97.11	8.0	28-Aug-17	7.0
8.08% GS 2022 \$ U	06-Sep-10	5000	0	100.37	8.0	02-Aug-22	11.9
8.30% GS 2040 \$ U	06-Sep-10	3000	0	98.90	8.4	02-Jul-40	29.8
7.17% GS 2015 \$ U	13-Sep-10	4000	0	97.95	7.7	14-Jun-15	4.8
8.13% GS 2022 \$ U	13-Sep-10	4000	0	100.85	8.0	21-Sep-22	12.0
8.26% GS 2027 \$ U	13-Sep-10	3000	0	99.20	8.3	02-Aug-27	16.9
7.99% GS 2017 \$ U	27-Sep-10	5000	0	100.57	7.9	09-Jul-17	6.8
7.80% GS 2020 \$ U	27-Sep-10	4000	0	99.57	7.9	03-May-20	9.6
8.30% GS 2040 \$ U	27-Sep-10	2000	0	99.25	8.4	02-Jul-40	29.8
Gross Nominal Amount Raised		284000					
Weighted Average Yield (%) (April-Sep)		7.78					
Weighted Average Maturity (yrs) (April-Sep)		11.25					

Statement 2:Treasury Bills Issued During April-September 2010 – Contd.

(Amount in ₹Crore)

Name of Security	Date of Issue	Notified Amount	Gross Nominal amount raised	Cut off Yield (%)
364DTB	09-Apr-10	2000	2025.2	5.06
364DTB	23-Apr-10	2000	2000	5.09
364DTB	07-May-10	2000	2000	4.91
364DTB	21-May-10	2000	2000	4.93
364DTB	04-Jun-10	1000	1000	5.22
364DTB	18-Jun-10	1000	1157	5.60
364 DTB	02-Jul-10	1000	1194	5.65
364 DTB	16-Jul-10	1000	1000	5.69
364 DTB	30-Jul-10	1000	1000	6.30
364 DTB	13-Aug-10	1000	1016.8	6.42
364 DTB	27-Aug-10	1000	1046.3	6.54
364 DTB	09-Sep-10	1000	1000	6.48
364 DTB	24-Sep-10	1000	1000	6.70
182 DTB	16-Apr-10	2000	2000	4.72
182 DTB	30-Apr-10	2000	2000	4.55
182 DTB	14-May-10	2000	2000	4.55
182 DTB	28-May-10	2000	2000	4.97
182 DTB	11-Jun-10	1000	1000	5.25
182 DTB	25-Jun-10	1000	1000	5.37
182 DTB	09-Jul-10	1500	1800	5.78
182 DTB	23-Jul-10	1500	1500	5.95
182 DTB	06-Aug-10	1500	1500	6.35
182 DTB	20-Aug-10	1500	2000	6.46
182 DTB	03-Sep-10	1500	1500	6.37
182 DTB	17-Sep-10	1500	1500	6.44
91 DTB	09-Apr-10	7000	7000	3.97
91 DTB	16-Apr-10	7000	7000	4.26
91 DTB	23-Apr-10	7000	7000	4.17
91 DTB	30-Apr-10	7000	7000	4.17
91 DTB	07-May-10	7000	7000	4.13
91 DTB	14-May-10	7000	7000	4.17
91 DTB	21-May-10	7000	7000	4.22
91 DTB	28-May-10	7000	7000	5.04
91 DTB	04-Jun-10	2000	2000	5.20
91 DTB	11-Jun-10	2000	2000	5.24
91 DTB	18-Jun-10	2000	2500	5.37
91 DTB	25-Jun-10	2000	2500	5.37

Statement 2: Treasury Bills Issued During April-September 2010

(Amount in ₹Crore)

Name of Security	Date of Issue	Notified Amount	Gross Nominal amount raised	Cut off Yield (%)
91 DTB	02-Jul-10	2000	2500	5.28
91 DTB	09-Jul-10	2000	2500	5.37
91 DTB	16-Jul-10	2000	2500	5.41
91 DTB	23-Jul-10	2000	2500	5.74
91 DTB	30-Jul-10	2000	2854	5.74
91 DTB	06-Aug-10	7000	9875	5.98
91 DTB	13-Aug-10	7000	7550	6.15
91 DTB	20-Aug-10	7000	8000	6.27
91 DTB	27-Aug-10	7000	8000	6.19
91 DTB	03-Sep-10	2000	2500	6.07
91 DTB	09-Sep-10	2000	2500	6.03
91 DTB	17-Sep-10	2000	2500	6.15
91 DTB	24-Sep-10	2000	2500	6.19
Total		146000	158518	

Statement 3: List of Dated Securities Outstanding at end-Sep 2010 – Contd.

Nomenclature	Date of maturity	Outstanding Stock (₹ Crore)	of which: MSS
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 (conv)	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	31,000	-
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 (conv)	03-Sep-15	61,000	-
9.85% GS 2015	16-Oct-15	10,000	-
7.59% GS 2016	12-Apr-16	50,000	-

Statement 3: List of Dated Securities Outstanding at end-Sep 2010 – Contd.

Nomenclature	Date of maturity	Outstanding Stock (₹ Crore)	of which: MSS
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 (con)	16-Apr-17	48,000	-
FRB-2017	02-Jul-17	3,000	-
7.99% 2017	09-Jul-17	39,000	-
7.46% 2017	28-Aug-17	57,887	-
6.25% 2018 (conv)	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(Conv)]	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 (con)	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 (con)	02-Jan-20	61,000	-
10.70 % GS 2020	22-Apr-20	6,000	-
7.80% GS 2020	03-May-20	48,000	-
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	57,632	-
8.35% GS 2022	14-May-22	44,000	-
8.08% GS 2022	02-Aug-22	7,969	-
5.87% GS 2022 (conv)	28-Aug-22	11,000	-
8.13% GS 2022	21-Sep-22	16,495	-
6.30% GS 2023	09-Apr-23	13,000	-
6.17% GS 2023 (conv)	12-Jun-23	14,000	-
7.35% GS 2024	22-Jun-24	10,000	-
5.97 % GS 2025 (Conv)	25-Sep-25	16,688	-
10.18% GS 2026	11-Sep-26	15,000	-
8.24 % GS 2027	15-Feb-27	57,389	-
8.26 % GS 2027	02-Aug-27	29,427	-
8.28 % GS 2027	21-Sep-27	1,252	-
6.01% GS GS 2028 (C Align)	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	15,434	-

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

Nomenclature	Date of maturity	Outstanding Stock (₹ Crore)	of which: MSS
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	-
8.30% GS 2040	02-Jul-40	13,000	-
Total		20,32,467.4	-

Statement 4: Maturity Profile of Government Securities as on End-Sep 2010

Year of maturity	Outstanding Stock (₹ Crore)
2011-12	73581
2012-13	90621
2013-14	95009
2014-15	168018
2015-16	172244
2016-17	193130
2017-18	164774
2018-19	145478
2019-20	123000
2020-21	67000
2021-22	132846
2022-23	79465
2023-24	27000
2024-25	10000
2025-26	16688
2026-27	72389
2027-28	45680
2028-29	11000
2029-30	-
2030-31	-
2031-32	52687
2032-33	75957
2033-34	-
2034-35	60350
2035-36	42000
2036-37	59000
2037-38	-
2038-39	13000
2039-40	-
2040-41	13000
Total	20,03,915
