Government's Borrowing Plan for First Half of Financial Year 2018-19

The Government of India, in consultation with Reserve Bank of India, deliberated over its borrowing programme for 2018-19 and finalized its borrowing calendar for the first half of 2018-19. Government had budgeted for 2018-19 Gross G-Sec borrowing of Rs. 6,05,539 crore. The Government intends to use larger inflows from Small Savings Schemes to fund its Fiscal Deficit during the year. The Government will borrow Rs. 1,00,000 crore from National Small Savings Fund (NSSF) as against budgeted amount of Rs. 75,000 crore.

After making careful assessment of its financial needs for the first half, the Government's gross G-Sec borrowing will be only Rs. 2,88,000 crore in H1 of 2018-19. This makes up only 47.5 per centas against 60-65 percent share in this period in previous years. The Government also plans to issue more Floating Rate Bonds (FRBs) and introduce CPI linked bonds, both put together, to the extent of 10% of issuances during the year.It may be noted that the Government and RBI are in the final stage of discussions for increasing FPI limits from April 1, 2018.

The Government will introduce two benchmarks during this half year - 2-year and 5-year - to meet the market demand. More issuance will be planned in short and long-term maturity bucket, reducing the issuance in medium term segments of 10-14 years to around 29%, as against more than 50% issuances in previous years. Share of issuances under different maturities bucket will be 1-4 years: 8.3 %; 5-9 years: 25.0 %; 10-14 years: 29.2%; 15-19 years: 14.6 %; and more than 20 years: 22.9%.

Government's T Bill programme for the first quarter is to raise Rs. 1,95,000 crore. During this period, T Bills of Rs. 1,53,000 crore will expire. The gross borrowing per week under T-Bills will be Rs. 15,000 crores. The Government will also be coming out with a separate switching calendar to allow investors to sell back their illiquid securities to the Government, and also a calendar for Sovereign Gold Bonds issuance.

Please contact for any query related to this mail to Ms. Areesha, Research Associate at areesha@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in and Ms. Megha Kaul, Associate Economist, megha@phdcci.in, PHD Chamber of Commerce & Industry.

Warm regards,

Dr. S P Sharma
Chief Economist

PHD Chamber of Commerce and Industry
PHD House, 4/2 Siri Institutional Area
August Kranti Marg, New Delhi-110016
Ph.: + 91-11-26863801-04, 49545454
Fax: +91- 26855450, 49545451
Email: spsharma@phdcci.in
Website: www.phdcci.in