

Govt releases Public Debt Management report for Jan-Mar 2022

By TIOL News Service

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For April-June (Q4) 2021-22, Public Debt Management Cell (PDMC), Budget Division, Department of Economic Affairs, Ministry of Finance, has been bringing out a quarterly report on debt management on a regular basis. The current report pertains to the quarter January-March (Q4 FY22).

During Q4 of FY22, the Central Government raised an amount through dated securities worth Rs.1,37,025 crore as against Rs.3,20,349 crore in Q4 of FY21, while repayments were at Rs.49,721.87 crore. The weighted average yield of primary issuances hardened to 6.66 per cent in Q4 FY22 from 6.33 per cent in Q3 of FY22. The weighted average maturity of new issuances of dated securities was higher at 17.56 years in Q4 of FY22 as compared to 16.88 years in Q3 of FY22. During January- March 2022, the Central Government did not raise any amount through the Cash Management Bills. The Reserve Bank did not conduct Open Market operations for government securities during the quarter. The net daily average liquidity absorption by RBI under Liquidity Adjustment Facility (LAF) including Marginal Standing Facility and Special Liquidity Facility was at Rs.6,44,100.99 crore during the quarter.

Total liabilities (including liabilities under the 'Public Account') of the Government, as per provisional data, increased to Rs.1,33,22,727.03 crore at end-March 2022 from Rs.1,28,41,996 crore at end-December 2021. This represented a quarter-on-quarter increase of 3.74 per cent in Q4 FY22. Public debt accounted for 92.28 per cent of total outstanding liabilities at end-March 2022 up from 91.60 per cent at end-December 2021. Nearly 29.31 per cent of the outstanding dated securities had a residual maturity of less than 5 years.

The yields on Government securities hardened in the secondary market due to increase in supply of G-secs during the quarter like in first, second and third quarter of FY22. However, the yields were supported by decision of MPC to keep the Policy repo rate unchanged at 4 percent, to continue with accommodative stance during the Q4 FY22.

In secondary market, trading activities were concentrated in 7-10 year maturity bucket during the quarter mainly because of more trading observed in 10 year benchmark security. Foreign banks emerged as dominant trading segment in secondary market during the quarter. On a net basis, foreign banks, public sector banks and primary dealers were net sellers while co-operative banks, FIs, insurance companies, mutual funds, private sector banks and 'Others' were net buyers. The ownership pattern of Central Government securities indicates that share of commercial banks stood at 37.75 per cent at end-March 2022 as against 35.40 per cent at end-December 2021.