

PUBLIC DEBT MANAGEMENT

QUARTERLY REPORT

APRIL-JUNE 2012

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

JULY 2012

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Introduction

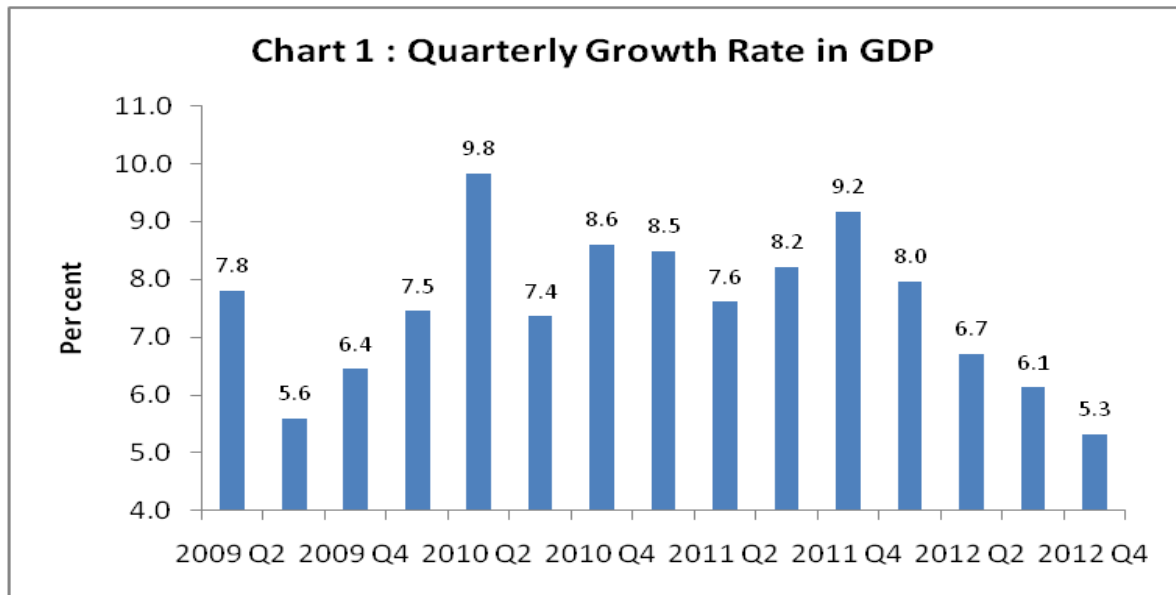
The Middle Office was set up in September 2008, in Department of Economic Affairs, Ministry of Finance, Government of India. With the objective of enhancing transparency of debt management operations, Middle Office began publishing on its website a quarterly report titled “Public Debt Management - Quarterly Report” from the first quarter of 2010-11. The previous reports are available on the website of Ministry of Finance (http://finmin.nic.in/reports/Public_Debt_Management.asp). This report pertains to the first quarter of the fiscal year 2012-13, viz., April-June 2012.

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 aspects of debt management.

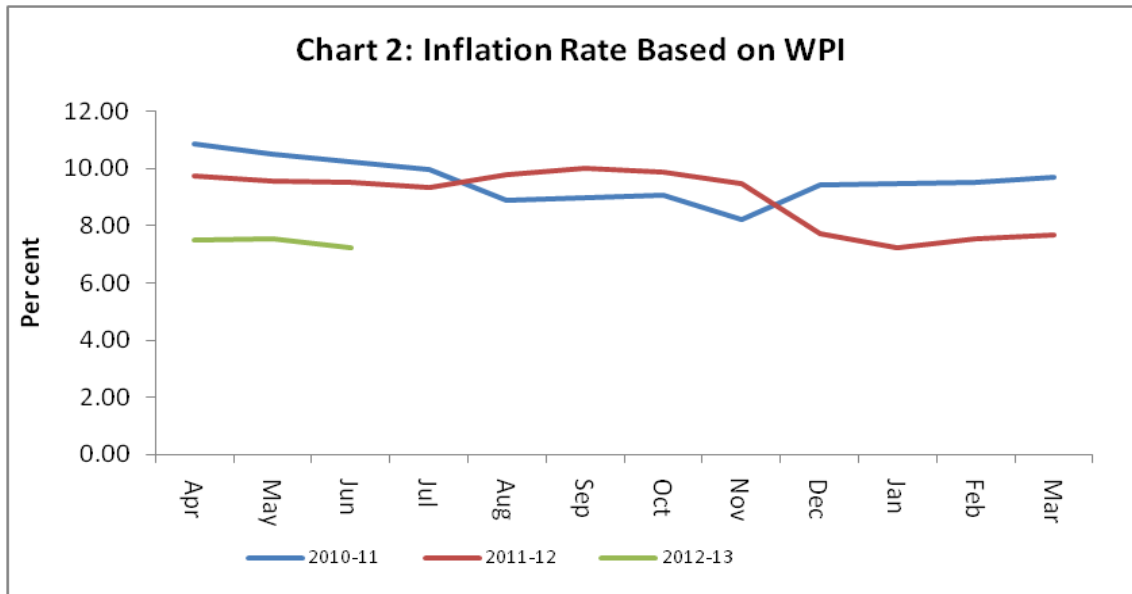
While all attempts have been made to provide authentic and accurate information, it is possible that some errors might have crept in inadvertently. Readers may inform us of such errors, as indeed their valuable suggestions, at mo-dea@nic.in or m.vasudevan@nic.in.

Section 1 – Macroeconomic Developments

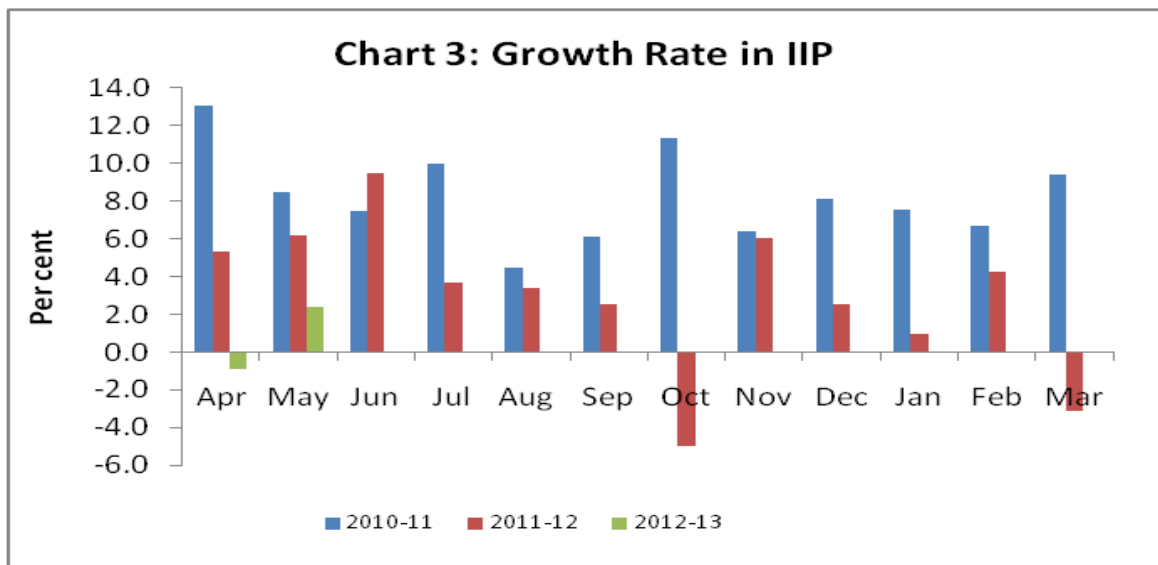
1.1 The GDP growth rate for the fourth quarter (Jan-Mar) of financial year 2011-12 came at 5.3 per cent per annum as compared with 6.1 per cent in the previous quarter, showing deceleration for the fourth consecutive quarter beginning April-June 2011 (Chart 1). Growth rate for fiscal year 2011-12 decelerated to 6.5 per cent from 8.4 per cent in the previous fiscal year. While deceleration was seen across most segments, major decline was noticed in growth rates of mining and quarrying, manufacturing, and construction. Electricity, gas & water supply and community, social & personal services showed improved growth during the year.



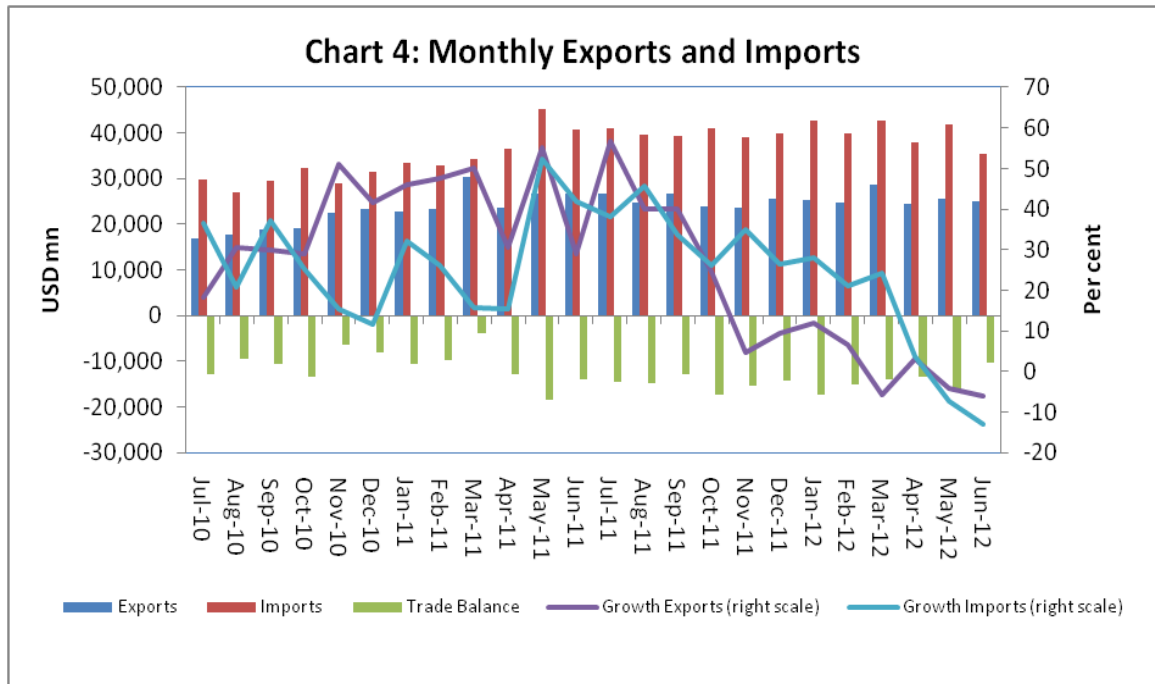
1.2 Inflation rate during June 2012 declined to 7.25 per cent per annum (y-o-y) continuing a generally declining trend set in after September 2011 (Chart 2). Apart from food articles and vegetables, the major contribution to inflation during the year was from fuel and power group, and iron and edible oils in manufacturing group. Inflation build-up during Q1 of FY13 at 1.99 per cent was lower than 2.41 per cent in the previous year.



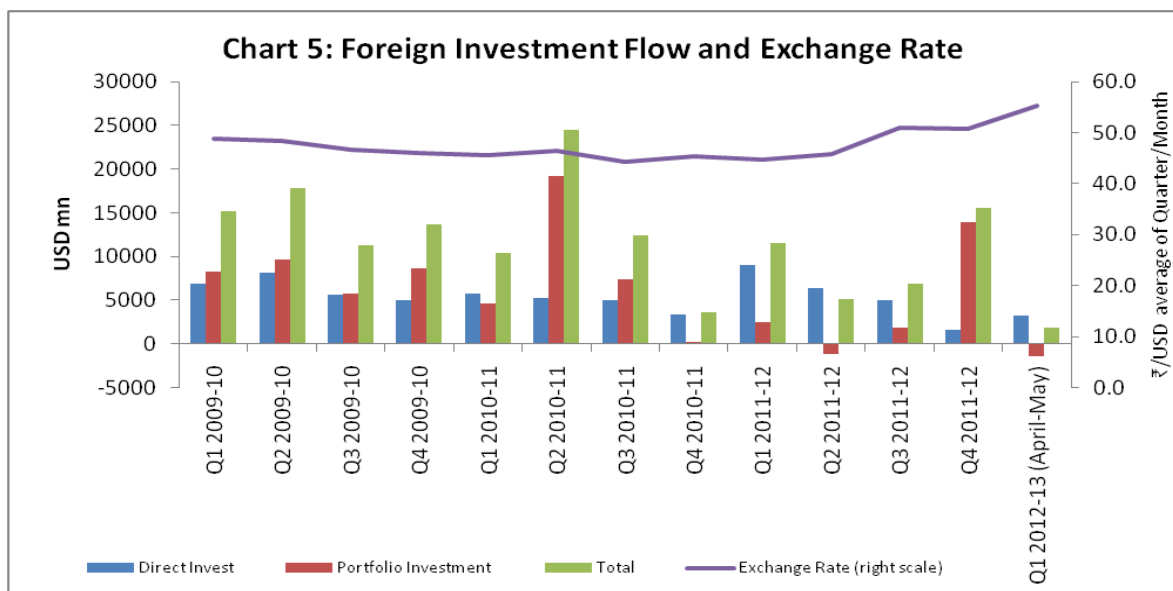
1.3 The rate of growth in the Index of Industrial Production (IIP) for May 2012 came at 2.4 per cent after showing negative growth rates in March and April 2012. The cumulative growth in IIP during the financial year 2012-13 (Apr-May) was lower at 0.8 per cent than 5.8 per cent during the same period of the previous year (Chart 3).



1.4 India's exports during the first quarter (Q1) of FY13, in US Dollars, showed a decline of 2.5 per cent over the same period a year ago as compared with a growth of 3.3 per cent in previous quarter (Q4 of FY12). For the comparable period, imports declined by 5.9 per cent vis-à-vis 24.5 per cent growth in Q4 of FY12 leading to a trade deficit of USD 40.0 billion during Q1 of FY13 against a deficit of USD 46.4 billion in the previous quarter (Chart 4).



1.5 Net inflows on account of foreign investment during April-May 2012 declined significantly due to net outflow under portfolio investment by Foreign Institutional Investors (FIIs). Foreign direct investment (FDI) showed improvement during the two first months of Q1 of FY13 (Chart 5). Subdued capital inflows and continued trade deficit led to depreciation of Rupee from ₹51.2 (per USD) at end-March 2012 to ₹56.4 at end-May 2012. Pressure on Rupee continued in June and it closed at ₹56.3 at end-June 2012.



Note:- Data on FDI have been revised since April 2011 to expand the coverage.

Section 2– Debt Management - Primary Market Operations

A. Government Finances

2.1 The gross fiscal deficit of the Central Government for fiscal year 2012-13 (FY13) was budgeted at ₹5,13,590 crore (5.1 per cent of GDP) compared with ₹5,21,980 crore (5.9 per cent of GDP) in the revised estimates (RE) for 2011-12. The gross and net market borrowing requirements of the Government for FY13 were placed at ₹5,69,616 crore and ₹4,79,000 crore against ₹5,10,000 crore and ₹4,36,414 crore, respectively, in FY12.

2.2 The fiscal outcome during April-May of FY13 indicates that all the key deficit indicators as percentage of budget estimates (BE) for 2012-13 were lower than their levels during the corresponding period of the previous year. Gross tax collections during the period at 7.8 per cent of BE were higher than 6.6 per cent a year ago. In the direct taxes, corporation tax collections at ₹10,137 crore showed a healthy growth against negative collections of (-) ₹3,086 crore last year. Personal income tax collections at ₹25,999 crore also showed a buoyant growth of 44.2 per cent against budgeted growth rate of 13.9 per cent for FY13. Among the major indirect taxes, while collections from customs and excise duties showed negative growth rates of (-)2.0 per cent and (-)4.6 per cent, respectively, against budgeted growth rates of 22.0 per cent and 29.1 per cent, service tax collections increased by 37.7 per cent during April-May 2012-13 as against BE growth rate of 30.5 per cent. Non-tax revenue at 4.2 per cent of BE was lower than 4.5 per cent in the same period of the previous year. Total expenditure as per cent of BE at 12.8 per cent during April-May 2012-13 was lower than 13.2 per cent during the corresponding period of the previous year mainly on account of reduction in capital expenditure. Thus, revenue deficit and gross fiscal deficit during April-May of FY13 at 33.8 per cent and 27.6 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 -May 2012-13 (amount in ₹ crore)

Item	2012-13 BE	April-May 2012-13	April-May 2012-13 (% of BE)	April-May 2011-12 (% of BE)
Revenue Receipts	9,35,685	47,897	5.1	3.6
Tax Receipts	7,71,071	40,925	5.3	3.5
Non-Tax Receipts	1,64,614	6,972	4.2	4.5
Other Non-debt Receipts	41,650	1,411	3.4	12.4
Total Expenditure	14,90,925	1,90,895	12.8	13.2
Revenue Expenditure	12,86,109	1,66,412	12.9	12.6
Capital Expenditure	2,04,816	24,483	12.0	17.1
Revenue Deficit	3,50,424	1,18,515	33.8	35.8
Primary Deficit	1,93,831	96,869	50.0	65.1
Gross Fiscal Deficit	5,13,590	1,41,587	27.6	31.7
Financing				
Market Loans*	4,88,000	1,10,135	22.6	29.4
External Assistance	10,148	399	3.9	12.0
Securities against Small Savings	1,198	-198	-16.5	-0.8
Others	14,244	31,251	219.4	148.9

*:- Includes borrowings through treasury bills.

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

B. Issuance Details

2.3 This section discusses the issuance details of market loans during the first quarter (Q1) of FY13 and corresponding position in the same quarter of FY12.

2.4 As mentioned above, the gross and net market borrowings of the Central Government for FY13 were projected at ₹5,69,616 crore and ₹4,79,000 crore, respectively, in FY13 BE. During the first quarter of FY13, the Government issued dated securities worth ₹1,73,000 crore constituting 30.4 per cent of BE FY13 against 28.8 per cent in the Q1 of previous fiscal year (Table 2). Taking into account repayments of ₹60,574 crore, the net amount raised through dated securities during FY13 amounted to ₹1,12,426 crore, constituting 23.5 per cent of BE as compared with 31.1 per cent a year ago.

Table 2: Issuance of Dated Securities

Item	(Amount in ₹ Crore)				
	2012-13 BE	Q1 FY 13	Q1 FY 12	Q1 FY 13 % of BE	Q1 FY12 % of BE
Gross Amount	5,69,616	1,73,000	1,20,000	30.4	28.8
Repayments	90,616	60,574	13,473	66.8	18.2
Net Issuance	4,79,000	1,12,426	1,06,527	23.5	31.1

2.5 Auctions during Q1 of FY13 were held in accordance with the pre-announced calendar (Table 3). During the quarter, greater emphasis on re-issues was continued with a view to build up adequate volumes under existing securities imparting greater liquidity in the secondary market. One new security with a maturity of 10 years was issued during the quarter, constituting 4.0 per cent of total issuance amount during Q1 of FY13.

Table 3 – Actual Borrowings versus Calendar for Q1 FY 13

Maturity range	(amount in ₹ crore)				Total
	5-9 years	10-14 years	15-19 Years	20-30 Years	
HY1 FY13 (calendar)	96,000- 1,20,000	1,46,000- 1,70,000	50,000- 74,000	50,000- 74,000	3,70,000
% of Total	25.9-32.4	39.5-45.9	13.5-20	13.5-20	100.0
Q1 FY 13 actual	43,000	78,000	25,000	27,000	1,73,000
% of Total	24.9	45.1	14.5	15.6	100.0

2.6 The gross amount raised through treasury bills (91, 182 and 364 day treasury bills) during Q1 of FY13 amounted to ₹2,30,762 crore while total repayments amounted to ₹1,68,814 crore resulting in net issuance of ₹61,948 crore compared with net issuance of ₹67,842 in Q1 of FY12 (Table 4). The details of issuance of bills during FY13 are given in Statement 2.

Table 4: Issuance of Treasury Bills*

(Amount in ₹ Crore)

Item	2012-13 BE	Q1 FY 13	Q1 FY 12	Q1 FY 13 % of BE	Q1 FY 12 % of BE
364 DTB					
Gross Amount	1,04,371	35,376	20,203	33.9	38.4
Repayment	90,371	20,203	11,376	22.4	26.8
Net Issuance	14,000	15,173	8,827	108.4	87.1
182 DTB					
Gross Amount	99,352	30,000	20,250	30.2	36.8
Repayment	99,352	24,001	9,500	24.2	18.8
Net Issuance	-	5,999	10,750	-	244.4
91 DTB					
Gross Amount	5,32,546	1,65,386	1,18,610	31.1	38.2
Repayment	5,37,546	1,24,610	70,345	23.2	22.7
Net Issuance	-5,000	40,776	48,265	-	10,200.5
All T-Bills					
Gross Amount	7,36,270	2,30,762	1,59,062	31.3	38.1
Repayment	7,27,270	1,68,814	91,221	23.2	22.6
Net Issuance	9,000	61,948	67,842	688.3	452.3

*:- Including amount through non-competitive route.

2.7 The weighted average maturity (WAM) of dated securities issued during Q1 of FY13 at 13.53 years was higher than 13.00 years in the previous quarter (Table 5). The average maturity of outstanding government securities at end-June 2012 increased to 9.80 years from 9.60 years at end-March 2012. Reflecting the impact of higher weighted average maturity as well as rise in yields in the early part of the quarter, the weighted average yield (cut-off) of issuance during Q1 of FY13 increased to 8.60 per cent from 8.35 per cent in the previous quarter.

Table 5: Maturity and Yield of Central Government's Market Loans

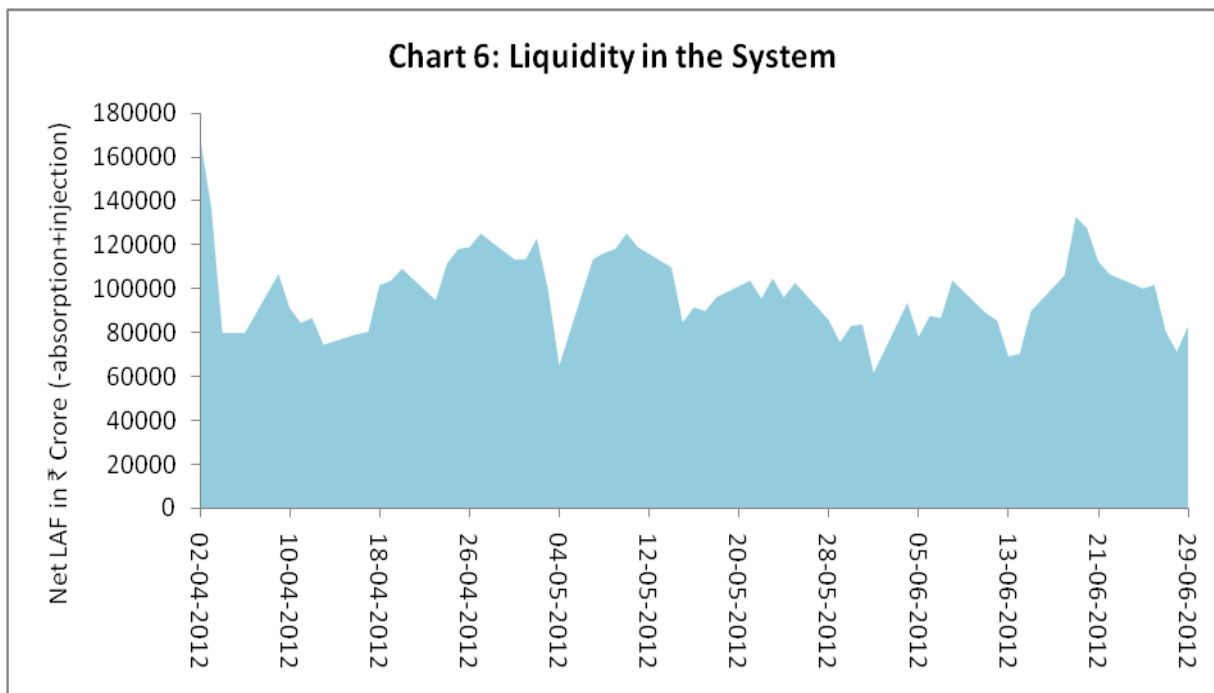
Year	Issues during the year		Outstanding Stock*	
	Weighted Average Yield (%)	Weighted Average Maturity (yrs)	Weighted Average Coupon (%)	Weighted Average Maturity (yrs)
1	2	3	4	5
2003-04	5.71	14.94	9.30	9.78
2004-05	6.11	14.13	8.79	9.63
2005-06	7.34	16.90	8.75	9.92
2006-07	7.89	14.72	8.55	9.97
2007-08	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	7.92	11.62	7.81	9.64
2011-12	8.52	12.66	7.88	9.60
2011-12 Q4	8.35	13.00	7.88	9.60
2012-13 Q1	8.60	13.53	7.94	9.80

* As at end of period.

Section 3 – Cash Management

3.1 Government's cash account is maintained with the Reserve Bank. The cash-flow mismatches of the Government are largely managed through issuance of Cash Management Bills, Treasury Bills and access to the Ways and Means Advances (WMA) facility from the Reserve Bank when in deficit and through buybacks or investment in Government securities held by the Reserve Bank when in surplus. The WMA limits for 2012-13 were fixed at ₹50,000 crore for Q1 of FY13 and; ₹45,000 crore for Q2 of FY13.

3.2 Liquidity conditions in the economy remained generally tight during the quarter with liquidity deficit remaining above the Reserve Bank's stated comfort zone of about one per cent of Net Demand and Time Liabilities (NDTL) of scheduled commercial banks. The net amount provided under Liquidity Adjustment Facility (LAF) operations remained generally high during the quarter (Chart 6). The Reserve Bank also conducted open market operations to support liquidity and purchased securities worth ₹54,573 crore during the quarter.



3.3 The cash position of the Government during Q1, was generally comfortable and remained in positive territory for most part of quarter. The issuances of treasury bills were

modulated with a view to meet higher redemption expenditure scheduled in the beginning of FY13. The net amount mobilised through treasury bills (under competitive route) during Q1 of FY13 amounted to ₹41,159 crore. Under the non-competitive route, net amount received amounted to ₹20,789 crore. Details of treasury bills issued and matured in Q1 of FY13 are given in Table 6.

Table 6: Repayments and Issuance of Treasury Bills in Apr-Jun 2012

(Amount in ₹ 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	
9-Apr-12	6,000	0	2,000	6,000	0	5,000	3,000
13-Apr-12	6,000	4,000	0	9,000	5,000	0	4,000
20-Apr-12	6,000	0	3,000	9,000	0	5,000	5,000
27-Apr-12	6,000	4,000	0	9,000	5,000	0	4,000
4-May-12	9,000	0	3,000	10,000	0	5,000	3,000
11-May-12	9,000	4,000	0	9,000	5,000	0	1,000
18-May-12	9,000	0	3,000	10,000	0	5,000	3,000
25-May-12	9,000	4,000	0	9,000	5,000	0	1,000
1-Jun-12	6,841	0	3,000	10,000	0	5,000	5,159
8-Jun-12	8,000	4,000	0	9,000	5,000	0	2,000
15-Jun-12	8,000	0	3,000	10,000	0	5,000	4,000
22-Jun-12	8,000	4,000	0	9,000	5,000	0	2,000
29-Jun-12	8,000	0	3,000	10,000	0	5,000	4,000
Total Under Competitive Route							
Q1	98,841	24,000	20,000	119,000	30,000	35,000	41,159
Total Under Non-Competitive Route							
Q1	25,769	1	203	46,386	0	376	20,789

3.4 The calendar for issuance of treasury bills during July-September 2012 is given in Table 7.

Table 7: Calendar for Issuance of Treasury Bills in July-September 2012

(₹ crore)				
Auctions Date	91-Days	182-Days	364-Days	Total
04-07-2012	7,000	5,000		12,000
11-07-2012	7,000		5,000	12,000
18-07-2012	7,000	5,000		12,000
25-07-2012	7,000		5,000	12,000
01-08-2012	7,000	5,000		12,000
08-08-2012	7,000		5,000	12,000
14-08-2012	7,000	5,000		12,000
22-08-2012	7,000		5,000	12,000
29-08-2012	7,000	5,000		12,000
05-09-2012	7,000		5,000	12,000
12-09-2012	7,000	5,000		12,000
20-09-2012	7,000		5,000	12,000
26-09-2012	7,000	5,000		12,000
Total	91,000	35,000	30,000	1,56,000

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 ₹37,52,576 crore at end-June 2012 from ₹35,78,244 crore at end-March 2012 (Table 8). This represented a Quarter-on-Quarter (QoQ) increase of 4.9 per cent (provisional) compared with an increase of 4.8 per cent in the previous quarter (Q4 of FY12). Internal debt constituted 90.6 per cent of public debt, compared with 90.1 per cent at the end of the previous quarter. Marketable securities (consisting of Rupee denominated dated securities and treasury bills) accounted for 80.9 per cent of total public debt, compared with 79.9 per cent at end-March 2012. The outstanding internal debt of the Government at ₹33,98,154 crore constituted 33.4 per cent of GDP compared with 36.4 per cent at end-March 2012.

Table 8: Composition of Public Debt

Item	At end-June	At end-Mar	At end-	At end-
	2012	2012	June 2012	Mar 2012
	(₹Crore)		(% of Total)	
1	2	3	4	5
Public Debt (1 + 2)	37,52,576	35,78,244	100.00	100.00
1. Internal Debt	33,98,154	32,23,822	90.56	90.10
Marketable	30,34,696	28,60,364	80.87	79.94
(a) Treasury Bills	3,28,940	2,67,035	8.77	7.46
(i) 91-days Treasury Bills	1,65,386	1,24,656	4.41	3.48
(ii) 182-days Treasury Bills	58,000	52,001	1.55	1.45
(iii) 364-days Treasury Bills	1,05,555	90,378	2.81	2.53
(b) Dated Securities	27,05,755	25,93,329	72.10	72.47
Non-marketable	3,63,458*	3,63,458	9.69	10.16
(i) 14-days Treasury Bills	97,800*	97,800	2.61	2.73
(ii) Securities Issued to NSSF	2,08,183*	2,08,183	5.55	5.82
(iii) Compensation and other bonds	27,849*	27,849	0.74	0.78
(iv) Securities issued to International Financial Institutions	29,626*	29,626	0.79	0.83
(v) Ways and Means Advances	0*	-	-	-
2. External Debt	3,54,422*	3,54,422	9.44	9.90
(i) Multilateral	2,22,581*	2,22,581	5.93	6.22
(ii) Bilateral	99,610*	99,610	2.65	2.78
(iii) IMF	31,528*	31,528	0.84	0.88
(iv) Rupee debt	702*	702	0.02	0.02

*:-These data are not available for June 30, 2012. So they are carried over from previous quarter.

Note:- Foreign Institutional Investors (FII) investment in government securities and treasury bills (₹57,828 crore at end-March 2012) is included in the internal marketable debt.

Maturity Pattern for Outstanding Government Debt Stock

4.2 The average maturity of outstanding stock of dated securities as at end-June 2012 increased to 9.80 years from 9.60 years at end-March 2012. Over the same period, the weighted average coupon of outstanding stock increased to 7.94 per cent from 7.88 per cent a quarter ago (see Table 5).

4.3 At end-June 2012, the proportion of debt maturing in less than one year declined to 1.6 per cent from 3.5 per cent a quarter ago, while debt maturing within 1-5 years increased to 27.2 per cent from 26.7 per cent at end-March 2012. Thus, the proportion of debt maturing in less than 5 years at end-June 2012 was lower at 28.8 per cent than 30.2 per cent a quarter ago. The proportion of outstanding debt maturing in less than 10 years came down to 64.4 per cent from 64.9 per cent a quarter ago. The change in composition of debt in terms of various maturity buckets reflects the maturity structure of securities issued during Q1 of FY13 as well as the maturity dynamics of outstanding securities. Overall, 28.8 per cent of outstanding stock has a residual maturity of upto 5 years, which implies that over the next five years, on an average, less than 6.0 per cent of outstanding stock needs to be rolled over every year (Table 9). Thus, the rollover risk in the debt portfolio remained low.

Table 9: Maturity Profile of GoI Outstanding Dated Securities
(Amount in ₹Crore)

Maturity Buckets	End-June 2012	End-Mar 2012
Less than 1 Year	42,793 (1.58)	90,616 (3.49)
1-5 Years	7,36,650 (27.23)	6,91,401 (26.66)
5-10 Years	9,63,097 (35.59)	9,00,097 (34.71)
10-20 Years	5,95,908 (22.02)	5,70,908 (22.01)
20 Years and above	3,67,307 (13.58)	3,40,307 (13.12)
Total	27,05,754	25,93,328

Note: Figures in parentheses represent per cent to total.

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-March 2012 (Table 10 and Chart 7). Banks (including banks that are primary dealers and co-operative banks) continue to dominate as the major investor category. Their share in holding of Government securities declined to 49.1 per cent at end-March 2012 from 50.5 per cent as at end-December 2011. Among the long-term investors, while the share of holding by insurance companies declined to 21.1 per cent at end-March 2012 from 22.4 per cent a quarter ago, the share of provident funds increased to 7.5 per cent from 7.3 per cent over the same period. Holding of securities by the Reserve Bank at end-March 2012 at 14.4 per cent was higher than 13.6 per cent a quarter ago, mainly reflecting the impact of OMO purchase of securities to support liquidity.

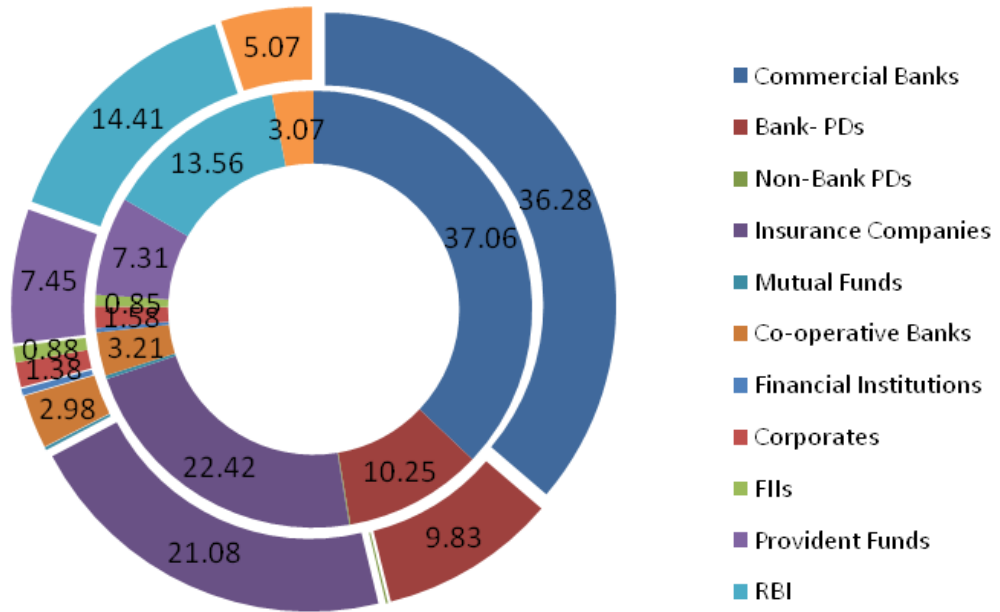
Table 10: Ownership Pattern of Government of India Dated Securities

(Per cent of Outstanding Securities)

Category	2010		2011		2012	
	Dec.	Mar.	June	Sep.	Dec.	Mar
1. Commercial Banks	38.63	38.42	37.59	37.22	37.06	36.28
2. Bank- PDs	8.77	8.61	9.96	10.67	10.25	9.83
3. Non-Bank PDs	0.26	0.11	0.1	0.12	0.09	0.1
4. Insurance Companies	22.11	22.22	22.47	22.57	22.42	21.08
5. Mutual Funds	0.88	0.18	0.41	0.32	0.27	0.17
6. Co-operative Banks	3.38	3.41	3.31	3.28	3.21	2.98
7. Financial Institutions	0.33	0.35	0.34	0.35	0.34	0.37
8. Corporates	2.33	1.94	1.86	1.64	1.58	1.38
9. FIs	0.61	0.97	0.89	0.97	0.85	0.88
10. Provident Funds	6.89	7.06	7.01	7.23	7.31	7.45
11. RBI	10.67	12.84	12.9	12.52	13.56	14.41
12. Others	5.14	3.89	3.15	3.13	3.07	5.07
Total	100	100	100	100	100	100

Source: RBI Bulletin, June 2012; Vol. LXVI No. 6

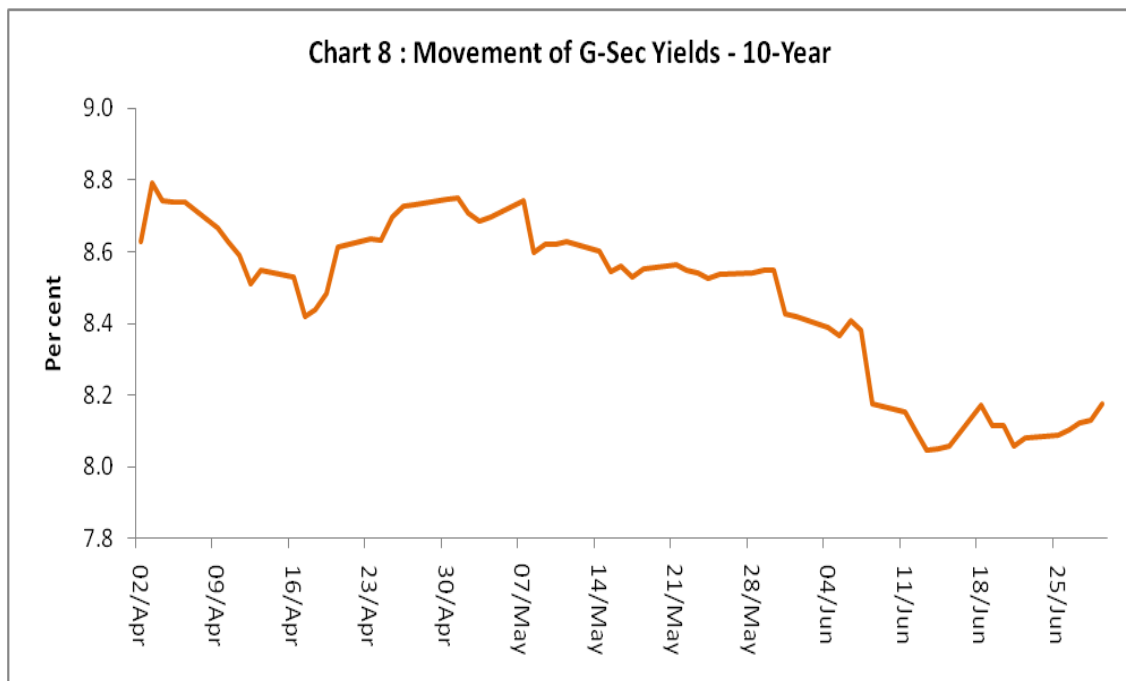
Chart 7 : Holding Pattern of Government Securities
 (Mar-12 : outer ring; Dec-11 : inner ring]



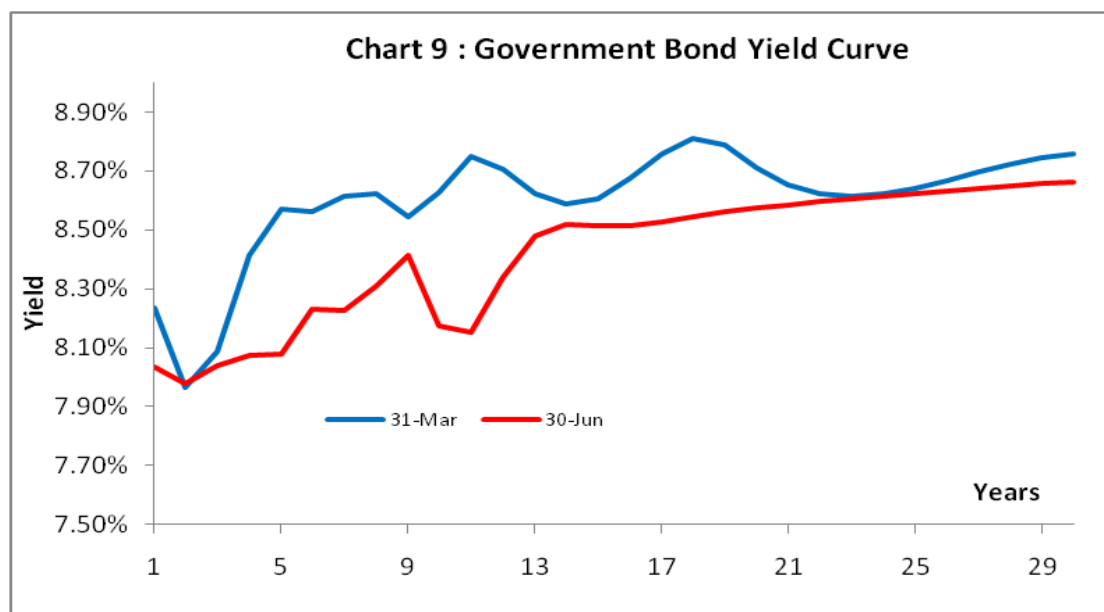
Section 5 – Secondary Market

A. Government security yields

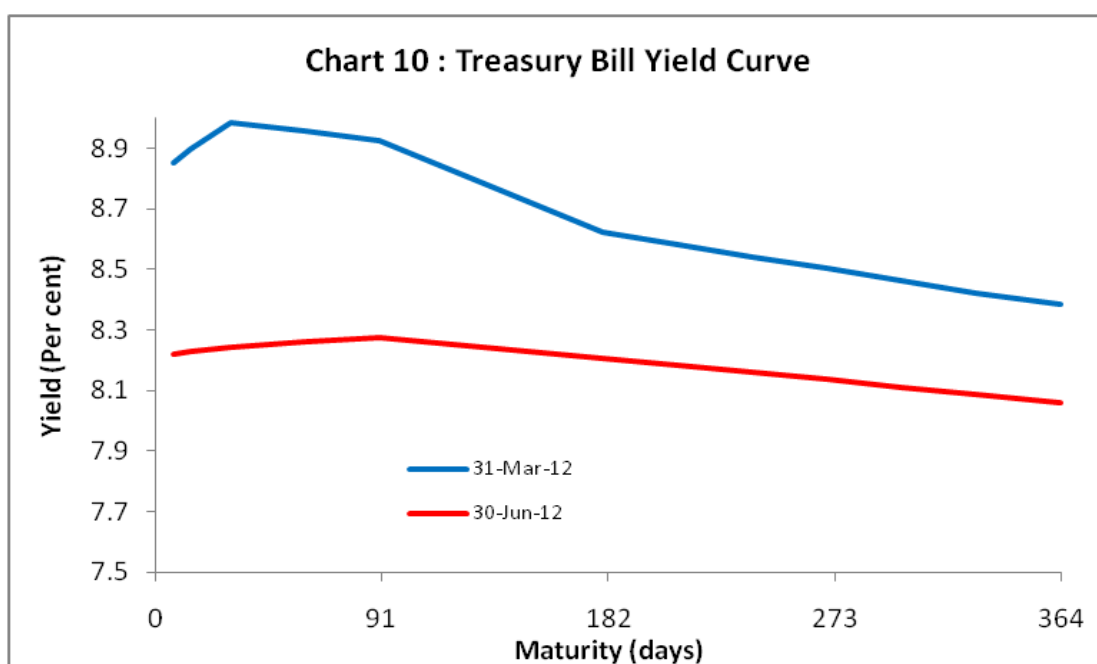
5.1 Chart 8 depicts the movement in Government bond yields (10-year yield taken as benchmark) during the quarter, up to end-June 2012. The 10-year bond yield began the year on a bearish note due to supply concerns. Yields remained elevated during April to mid-May 2012 but eased thereafter due to Reserve Bank's OMO purchases, lower GDP and IIP growth rates, Euro zone crisis and fall in international crude oil prices. Yields dropped on April 17, 2012 to 8.42 per cent after the Reserve Bank reduced policy rates by 50 bps, but rose thereafter due to tight liquidity conditions and absence of OMO announcement. Yields began declining since mid-May 2012 as the Reserve Bank began conducting OMO purchases. A sharp deceleration in GDP growth rate, on 31 May 2012, drove yields further down. 10-year yields dropped to 8.05 per cent on 13 June 2012 amidst deepening of Euro crisis and fall in international crude oil prices which declined to below USD 90 a bbl (Brent crude) on 21 June 2012. The 10-year yield, which ranged between 8.05-8.79 per cent during Q1 of FY13, closed the quarter at 8.18 per cent at end-June 2012 against 8.63 per cent at end-March 2012.



5.2 The decline in bond yields was noticeable in 5-12 years and 16-20 years maturity ranges. Thus, the yield curve turned flat in below 10-year maturity range while steepened in longer maturity range during the quarter. While the 1yr-10yr spread declined to 14 bps at end-June 2012 from 39 bps at end-March 2012, 10yr-30yr spread increased to 49 bps from 13 bps over the same period. The yield curve got sharply inverted in 9yr-10yr maturity with spread declining to (-)24 bps at end-June 2012 from 8 bps at end of previous quarter. Inversion was mainly due to introduction of new 10-year benchmark security which elicited high demand from investors and traders. Overall, the 1yr-30yr spread at end of Q1 of FY13 widened to 63 bps from 52 bps at end of previous quarter (Chart 9).



5.3 Treasury Bills yield curve remained inverted at end of Q1 of FY13 though the degree of inversion declined in comparison with the end of the previous quarter (Q4 of FY12). This was due to a sharper decline in short-term yields following policy rate reduction by the Reserve Bank during the quarter and expectations regarding further rate reductions in the wake of growth constraints. While the 1m-3m spread increased to 3 bps from (-) 6 bps at end of previous quarter, 3m-6m spread increased to (-) 7 bps from (-)30 bps over the same period. Overall, 1m-12m inversion in treasury yield curve declined by 42 bps, from (-)60 bps at end-March 2012 to (-)18 bps at end-June 2012 (Chart 10).



B. Trading Pattern for domestic securities

5.4 The total volume of Government securities transacted on an outright basis during Q1 of FY13 stood at ₹12.92 lakh crores, representing an increase of 17.4 per cent over ₹11.00 lakh crore during the preceding quarter (Table 11). While the transactions in treasury bills increased by 40.9 per cent during the quarter, transaction volumes in state government securities registered a growth of 34.7 per cent. The transaction volumes in the Central Government securities showed a lower growth of 15.1 per cent during Q1 of FY13 over Q4 of FY12. The annualised outright turnover ratio¹ for the Central Government dated securities (G-Secs) for Q1 of FY13 improved to 3.5 from 3.2 during the previous quarter. Including repo transactions, the annualised total turnover ratio² for Q1 of FY13 was higher at 6.3 than 6.2 during the previous quarter.

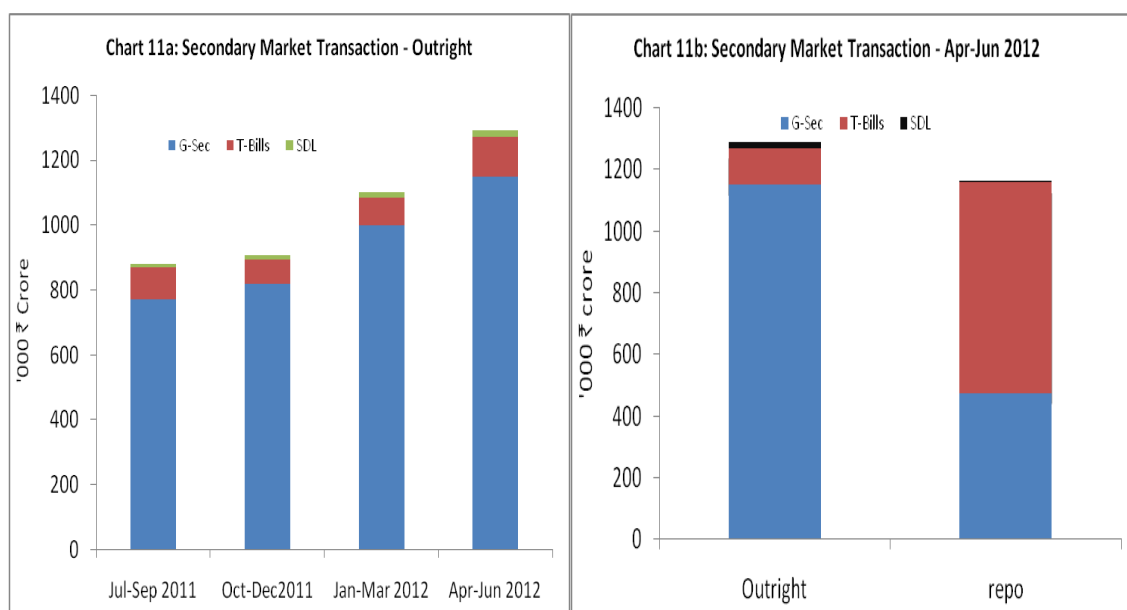
¹ Annualised Outright Turnover Ratio = $4 \times [\text{Quarterly Outright Volume} \times 2 / (\text{Average of outstanding stock})]$

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

Table 11 : Transactions in Government Securities (volumes in ₹Crore)

Period	Outright				Repo			Total
	G-Sec	T-Bills	SDL	Total	G-Sec	T-Bills	SDL	
2009-10	24,80,850	3,63,283	69,757	29,13,890	52,33,295	8,12,537	26,996	60,72,828
2010-11	25,52,181	2,75,095	43,677	28,70,952	32,53,965	8,32,632	12,688	40,99,284
2011-12	30,99,107	3,45,237	43,859	34,88,203	21,86,877	15,54,121	22,878	37,63,877
Jan-Mar 12	9,99,384	85,209	15,941	11,00,534	4,77,937	2,98,313	5,830	7,82,081
Apr-Jun 12	11,50,531	1,20,055	21,470	12,92,057	4,74,943	6,83,722	4,409	11,63,074

5.5 Central Government dated securities continued to account for a dominant portion of total trading volumes (Chart 11a and 11b). During Q1 of FY13, it accounted for 89.0 per cent of total outright volume, compared to 90.8 per cent in the previous quarter and 40.8 per cent of the total repo volume, compared to 61.1 per cent in the previous quarter.



5.6 The volume of transactions continued to be skewed towards a few securities. The top 10 traded securities accounted for 86.7 per cent of the total outright transaction volume during the quarter as compared with 86.9 per cent during the previous quarter. The share of top three traded securities, however, declined to 76.2

per cent during Q1 of FY13 from 80.2 per cent in the previous quarter. 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 (in ₹Crore)

Security	Jan-Mar 2012	Security	Jan-Mar 2012
9.15% G.S. 2024	4,93,579	8.79% G.S. 2021	4,76,478
8.79% G.S. 2021	4,01,728	9.15% G.S. 2024	3,52,797
8.19% G.S. 2020	88,623	7.83% G.S. 2018	53,606
8.15% G.S. 2022	43,353	8.19% G.S. 2020	22,913
8.24% G.S. 2018	23,841	8.97% G.S. 2030	17,726
8.28% G.S. 2027	22,334	7.80% G.S. 2021	8,510
8.97% G.S. 2030	20,399	8.28% G.S. 2027	7,450
8.83% G.S. 2041	14,043	8.83% G.S. 2041	6,377
8.33% G.S. 2036	6,596	7.40% G.S. 2012	5,666
7.83% G.S.2018	5,758	7.99% G.S. 2017	5,321

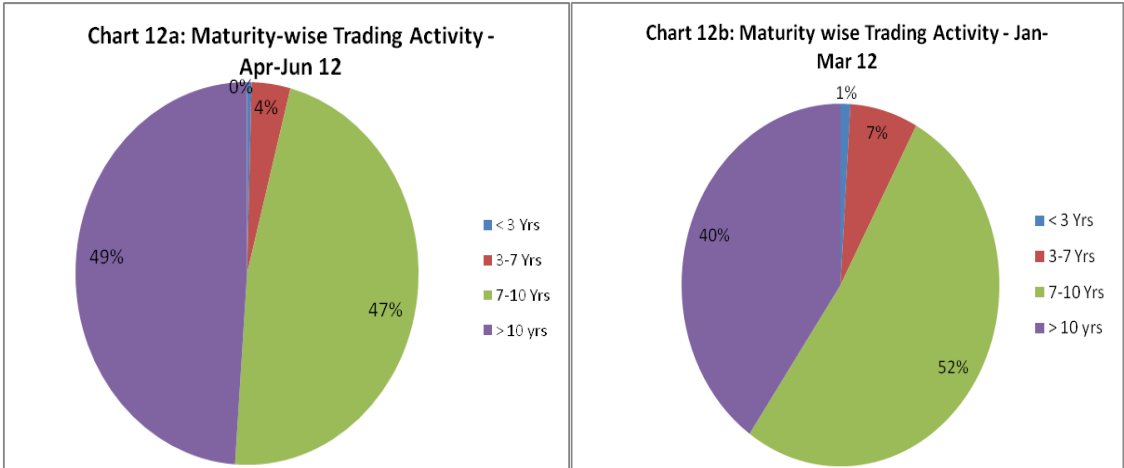
5.7 Trend in outright trading volumes in Government securities under different maturity buckets is given in Table 13.

Table 13 : Maturity Pattern of Outright Transactions

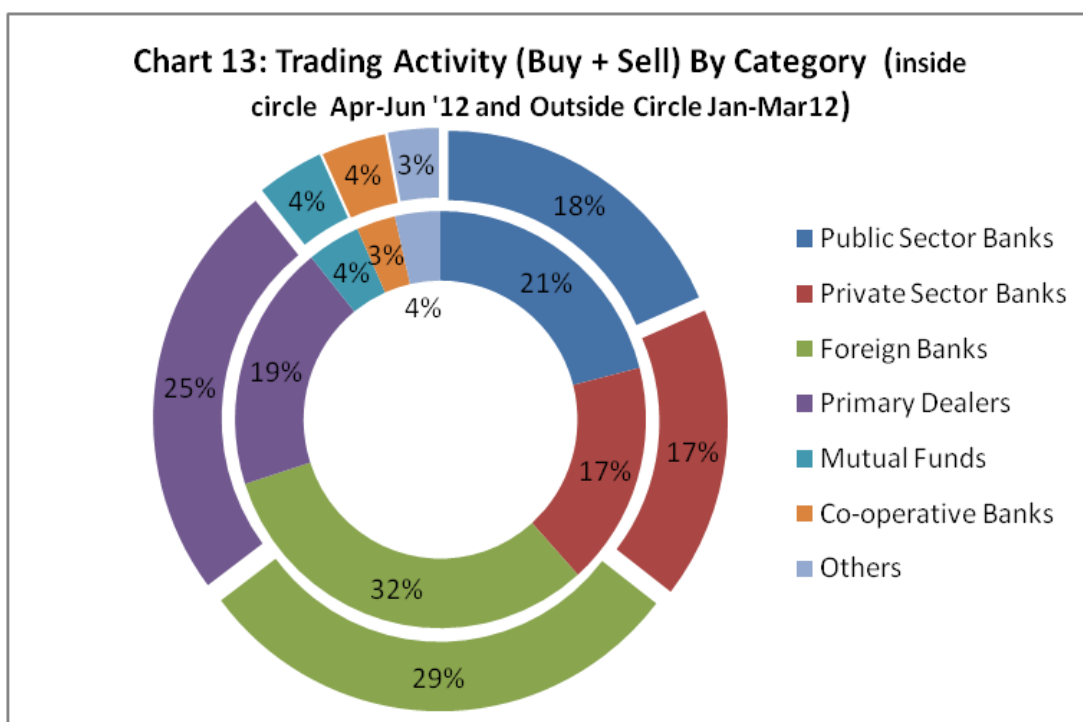
Maturity/Quarter	(in ₹Crore)				
	Apr-Jun 2012	Jan-Mar 2012	2011-12	2010-11	2009-10
Less than 3 Years	4,836	10,023	35,545	1,07,943	2,02,683
3-7 Years	41,965	68,933	2,34,437	4,32,297	5,84,202
7-10 Years	5,41,399	5,17,665	17,43,886	9,71,464	10,81,244
above 10 years	5,62,332	4,02,763	10,85,239	10,40,477	6,12,721
Total	1,15,0532	9,99,384	30,99,107	25,52,181	24,80,850

5.8 The maturity distribution of G-Secs transactions in the secondary market is detailed in Chart 12a and 12b. Reflecting the increased trading activity in longer term securities, '10 years and above' maturity range accounted for the highest share of trading volumes during Q1 of FY13 followed by '7-10 years' maturity range which reflected high liquidity of 10-year benchmark security. The share of trading volumes in the 'above 10-year' segment during Q1 of FY13 increased to 48.9 per cent from 40.3 per

cent in the previous quarter. The 7-10 years maturity bucket accounted for 47.1 per cent of outright trading volumes during Q1 of FY13, lower than 51.8 per cent in the previous quarter. The transaction volumes of securities in the maturity range of 3-7 years declined to 3.6 per cent of total volume compared with 6.9 per cent in the previous quarter. The share of trading volume in the below 3 years maturity bracket remained negligible during the quarter.



5.9 Foreign banks continued to be the dominant trading category accounting for 31.7 per cent of total outright trading activity as compared with 29.3 per cent in the previous quarter (Chart 13). While the share of primary dealers declined to 19.2 per cent during Q1 of FY13 from 24.5 per cent during Q4 of FY12, share of public sector banks improved to 21.0 per cent from 18.4 per cent in the previous quarter. The share of private sector banks was marginally higher at 17.3 per cent from 17.0 per cent during Q4 of FY12. During the quarter, 'others category' (which includes the Reserve Bank purchases other than through OMO auctions) investors were the major net buyers (₹29,288 crore) followed by public sector banks (₹20,631 crore), insurance companies (₹6,250 crore), and mutual funds (₹5,549 crore). Foreign Institutional Investors (FIIs) and Co-operative banks were the other net buyer categories during the quarter. Apart from the primary dealers, private sector banks (₹3,094 crore) and foreign banks (₹2,606 crore) were the major net seller categories during Q1 of FY13.



5.9 Quarterly share of various categories/participants in the secondary market trading activity (buy + sell) for government securities is shown in Table 14.

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

Category	Apr-Jun 2012		Jan-Mar 2012		Oct-Dec 2011		Jul-Sep 2011	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
Co-operative Banks	3.2	3.0	3.8	3.8	3.1	2.9	2.8	2.7
FIs	0.5	0.1	0.2	0.2	0.5	0.1	0.4	0.2
Foreign Banks	31.6	31.8	28.6	29.9	27.3	27.1	30.6	29.9
Ins. Cos	2.3	1.8	1.6	1.9	1.7	1.5	1.6	1.3
Mutual Funds	4.4	4.0	4.0	3.8	5.0	4.9	5.1	4.6
Primary Dealers	16.8	21.6	21.9	27.1	25.9	31.0	24.2	30.4
Private Sector Banks	17.2	17.5	17.7	16.4	15.7	15.2	14.2	14.5
Public Sector Banks	21.8	20.2	20.1	16.7	19.5	17.2	19.7	16.2
Others	2.3	0.1	1.9	0.1	1.2	0.1	1.4	0.1
Total	100	100	100	100	100	100	100	100

Statement 1: Issuance of Dated securities During FY13 (April-June 2012)-contd.

(Amount in ₹Crore)

Name of Stock	Date of Auction	Notified amount	Devolve ment on PDs	Cut off price	Cut off yield (%)	Date of Maturity	Residual Maturity (Years)
8.19% GS 2020 \$ U	3-Apr-12	4000	319.2	96.80	8.76	16-Jan-20	7.8
9.15% GS 2024 \$ U	3-Apr-12	8000	0	102.31	8.84	14-Nov-24	12.6
8.97% GS 2030 \$ U	3-Apr-12	3000	875.96	99.70	9.00	5-Dec-30	18.7
8.83% GS 2041 \$ U	3-Apr-12	3000	0	97.65	9.06	12-Dec-41	29.7
8.24% GS 2018 \$ U	13-Apr-12	4000	0	98.51	8.56	22-Apr-18	6.0
8.79% GS 2021 \$ U	13-Apr-12	7000	0	102.09	8.47	8-Nov-21	9.6
8.28% GS 2027 \$ U	13-Apr-12	2000	0	96.16	8.74	21-Sep-27	15.4
8.33% GS 2036 \$ U	13-Apr-12	2000	0	95.30	8.80	7-Jun-36	24.1
8.19% GS 2020 \$ U	20-Apr-12	4000	0	98.60	8.44	16-Jan-20	7.7
9.15% GS 2024 \$ U	20-Apr-12	7000	0	104.97	8.50	14-Nov-24	12.6
8.97% GS 2030 \$ U	20-Apr-12	2000	0	101.85	8.76	5-Dec-30	18.6
8.83% GS 2041 \$ U	20-Apr-12	3000	0	100.20	8.81	12-Dec-41	29.6
8.24% GS 2018 \$ U	27-Apr-12	4000	0	98.16	8.64	22-Apr-18	6.0
8.79% GS 2021 \$ U	27-Apr-12	7000	0	101.00	8.63	8-Nov-21	9.5
8.28% GS 2027 \$ U	27-Apr-12	2000	0	95.45	8.82	21-Sep-27	15.4
8.33% GS 2036 \$ U	27-Apr-12	3000	0	93.82	8.96	7-Jun-36	24.1
8.19% GS 2020 \$ U	4-May-12	4000	0	98.05	8.54	16-Jan-20	7.7
9.15% GS 2024 \$ U	4-May-12	8000	0	103.25	8.72	14-Nov-24	12.5
8.97% GS 2030 \$ U	4-May-12	3000	0	100.45	8.92	5-Dec-30	18.6
8.83% GS 2041 \$ U	4-May-12	3000	0	98.31	8.99	12-Dec-41	29.6
8.24% GS 2018 \$ U	11-May-12	4000	0	98.52	8.56	22-Apr-18	5.9
8.79% GS 2021 \$ U	11-May-12	7000	0	101.43	8.57	8-Nov-21	9.5
8.28% GS 2027 \$ U	11-May-12	2000	0	95.09	8.87	21-Sep-27	15.4
8.33% GS 2036 \$ U	11-May-12	2000	0	93.94	8.95	7-Jun-36	24.1
8.19% GS 2020 \$ U	18-May-12	4000	0	98.60	8.44	16-Jan-20	7.7
9.15% GS 2024 \$ U	18-May-12	7000	0	104.67	8.53	14-Nov-24	12.5
8.97% GS 2030 \$ U	18-May-12	2000	0	101.35	8.82	5-Dec-30	18.5
8.83% GS 2041 \$ U	18-May-12	2000	0	99.01	8.92	12-Dec-41	29.6
8.24% GS 2018 \$ U	26-May-12	4000	0	98.94	8.47	22-Apr-18	5.9
8.79% GS 2021 \$ U	26-May-12	6000	0	101.70	8.52	8-Nov-21	9.4
8.28% GS 2027 \$ U	26-May-12	2000	0	95.83	8.78	21-Sep-27	15.3
8.33% GS 2036 \$ U	26-May-12	3000	0	94.35	8.90	7-Jun-36	24.0
8.19% GS 2020 \$ U	1-Jun-12	4000	0	99.27	8.32	16-Jan-20	7.6
9.15% GS 2024 \$ U	1-Jun-12	7000	0	105.45	8.43	14-Nov-24	12.4
8.28% GS 2032 \$ U	1-Jun-12	2000	0	96.52	8.65	15-Feb-32	19.7
8.83% GS 2041 \$ U	1-Jun-12	2000	0	101.10	8.73	12-Dec-41	29.5
8.24% GS 2018 \$ U	8-Jun-12	3000	0	100.10	8.21	22-Apr-18	5.9

Statement 1: Issuance of Dated securities During FY13 (April-June 2012)-concl.

(Amount in ₹Crore)

Name of Stock	Date of Auction	Notified amount	Devolve ment on PDs	Cut off price	Cut off yield (%)	Date of Maturity	Residual Maturity (Years)
8.15% GS 2022 # U	8-Jun-12	7000	0	100.00	8.15	11-Jun-22	10.0
8.97% GS 2030 \$ U	8-Jun-12	3000	0	104.48	8.49	5-Dec-30	18.5
8.33% GS 2036 \$ U	8-Jun-12	2000	0	97.85	8.54	7-Jun-36	24.0
8.19% GS 2020 \$ U	22-Jun-12	4000	0	100.10	8.17	16-Jan-20	7.6
9.15% GS 2024 \$ U	22-Jun-12	7000	0	105.95	8.37	14-Nov-24	12.4
8.28% GS 2027 \$ U	22-Jun-12	2000	0	98.48	8.46	21-Sep-27	15.2
8.83% GS 2041 \$ U	22-Jun-12	2000	0	102.13	8.63	12-Dec-41	29.5
Gross Nominal Amount Raised		173000	1195.16				
Weighted Average Yield		8.60					
Weighted Average Maturity		13.53					

#:- New security, yield based auction; \$:- Re-issues, price based auctions

U:- Uniform Price

Statement 2: Treasury Bills Issued During FY13 (April-June 2012)

(Amount in ₹Crore)

Name of Security	Date of Issue	Competive amount raised	Non-Competive amount raised	Gross Nominal amount raised	Cut off Yield (%)
364 DTB	9-Apr-12	5000	0	5000	8.34
364 DTB	20-Apr-12	5000	0	5000	8.17
364 DTB	4-May-12	5000	0	5000	8.31
364 DTB	18-May-12	5000	0	5000	8.29
364 DTB	1-Jun-12	5000	0	5000	8.28
364 DTB	15-Jun-12	5000	376	5376	8.28
364 DTB	29-Jun-12	5000	0	5000	8.12
182 DTB	13-Apr-12	5000	0	5000	8.57
182 DTB	27-Apr-12	5000	0	5000	8.38
182 DTB	11-May-12	5000	0	5000	8.42
182 DTB	25-May-12	5000	0	5000	8.42
182 DTB	8-Jun-12	5000	0	5000	8.16
182 DTB	22-Jun-12	5000	0	5000	8.31
91 DTB	9-Apr-12	6000	2520	8520	8.81
91 DTB	13-Apr-12	9000	2013	11013	8.77
91 DTB	20-Apr-12	9000	500	9500	8.31
91 DTB	27-Apr-12	9000	5500	14500	8.39
91 DTB	4-May-12	10000	7500	17500	8.44
91 DTB	11-May-12	9000	4500	13500	8.44
91 DTB	18-May-12	10000	6900	16900	8.39
91 DTB	25-May-12	9000	8580	17580	8.39
91 DTB	1-Jun-12	10000	900	10900	8.39
91 DTB	8-Jun-12	9000	885	9885	8.27
91 DTB	15-Jun-12	10000	3720	13720	8.14
91 DTB	22-Jun-12	9000	1525	10525	8.31
91 DTB	29-Jun-12	10000	1343	11343	8.31
Total		184000	46762	230762	

Statement 3: List of Dated Securities Outstanding at end-June 2012-contd.

Nomenclature	Date of maturity	Outstanding Stock (₹ Crore)	of which: MSS
6.72% GS 2007/12	18-Jul-12	541.8	-
11.03% GS 2012	18-Jul-12	13500.0	-
9.40% GS 2012	11-Sep-12	11000.0	-
FRB, 2012	10-Nov-12	5000.0	-
9.00% GS 2013	24-May-13	1751.3	-
9.81% GS 2013	30-May-13	11000.0	-
12.40 % GS 2013	20-Aug-13	11983.9	-
7.27% GS 2013 (conv)	3-Sep-13	46000.0	-
FRB, 2013	10-Sep-13	4000.0	-
5.32% GS 2014	16-Feb-14	5000.0	-
6.72% GS 2014	24-Feb-14	15273.6	-
7.37 % GS 2014	16-Apr-14	42000.0	-
6.07% GS 2014	15-May-14	40000.0	-
FRB, 2014	20-May-14	5000.0	-
10.00% GS 2014	30-May-14	2333.3	-
7.32% GS 2014	20-Oct-14	18000.0	-
10.50% 2014	29-Oct-14	1755.1	-
7.56% 2014	3-Nov-14	41000.0	-
11.83 % GS 2014	12-Nov-14	11500.0	-
10.47% GS 2015	12-Feb-15	6430.0	-
10.79% GS 2015	19-May-15	2683.5	-
11.50% GS 2015	21-May-15	3560.5	-
6.49% GS 2015	8-Jun-15	40000.0	-
7.17% GS 2015	14-Jun-15	56000.0	-
FRB, 2015	2-Jul-15	6000.0	-
11.43% GS 2015	7-Aug-15	12000.0	-
FRB, 2015(II)	10-Aug-15	6000.0	-
7.38% GS 2015 (conv)	3-Sep-15	61000.0	-
9.85% GS 2015	16-Oct-15	10000.0	-
7.59% GS 2016	12-Apr-16	68000.0	-
10.71% GS 2016	19-Apr-16	9000.0	-
FRB, 2016	7-May-16	6000.0	-
5.59% GS 2016	4-Jun-16	6000.0	-
12.30% GS 2016	2-Jul-16	13129.9	-
7.02% GS 2016	17-Aug-16	60000.0	-
8.07% 2017	15-Jan-17	69000.0	-
7.49% 2017 (con)	16-Apr-17	58000.0	-
FRB-2017	2-Jul-17	3000.0	-
7.99% 2017	9-Jul-17	71000.0	-
7.46% 2017	28-Aug-17	57886.8	-

Statement 3: List of Dated Securities Outstanding at end-June 2012-contd.

Nomenclature	Date of maturity	Outstanding Stock (₹ Crore)	of which: MSS
6.25% 2018 (conv)	2-Jan-18	16886.8	-
7.83% GS 2018	11-Apr-18	64000.0	-
8.24% GS 2018	22-Apr-18	75000.0	-
10.45% GS 2018	30-Apr-18	3716.0	-
5.69 % GS 2018(Conv)]	25-Sep-18	16130.0	-
12.60 % GS 2018	23-Nov-18	12631.9	-
5.64 % GS 2019	2-Jan-19	10000.0	-
6.05% GS 2019	2-Feb-19	53000.0	-
6.05% GS 2019 (con)	12-Jun-19	11000.0	-
6.90% GS 2019	13-Jul-19	45000.0	-
10.03 % GS 2019	9-Aug-19	6000.0	-
6.35% GS 2020 (con)	2-Jan-20	61000.0	-
8.19% GS 2020	16-Jan-20	38000.0	-
10.70 % GS 2020	22-Apr-20	6000.0	-
7.80% GS 2020	3-May-20	60000.0	-
FRB - 2020	21-Dec-20	13000.0	-
11.60 % GS 2020	27-Dec-20	5000.0	-
7.80% GS 2021	11-Apr-21	68000.0	-
7.94% GS 2021	24-May-21	49000.0	-
10.25% GS 2021	30-May-21	26213.3	-
8.79% GS 2021	8-Nov-21	83000.0	-
8.20 % GS 2022	15-Feb-22	57632.3	-
8.35% GS 2022	14-May-22	44000.0	-
8.15% GS 2022	11-Jun-22	7000.0	-
8.08% GS 2022	2-Aug-22	61969.4	-
5.87% GS 2022 (conv)	28-Aug-22	11000.0	-
8.13% GS 2022	21-Sep-22	70495.3	-
6.30% GS 2023	9-Apr-23	13000.0	-
6.17% GS 2023 (conv)	12-Jun-23	14000.0	-
7.35% GS 2024	22-Jun-24	10000.0	-
9.15% GS 2024	14-Nov-24	92000.0	-
5.97 % GS 2025 (Conv)	25-Sep-25	16687.9	-
10.18% GS 2026	11-Sep-26	15000.0	-
8.24 % GS 2027	15-Feb-27	57388.6	-
8.26 % GS 2027	2-Aug-27	73427.3	-
8.28 % GS 2027	21-Sep-27	36252.2	-
6.01% GS GS 2028 (C Align)	25-Mar-28	15000.0	-
6.13% GS 2028	4-Jun-28	11000.0	-
8.97% GS 2030	5-Dec-30	32000.0	-
8.28 % GS 2032	15-Feb-32	66687.1	-

Statement 3: List of Dated Securities Outstanding at end-June 2012-concl'd.

Nomenclature	Date of maturity	Outstanding Stock (₹ Crore)	of which: MSS
8.32 % GS 2032	2-Aug-32	15434.1	-
7.95% GS 2032	28-Aug-32	59000.0	-
8.33% GS GS 2032	21-Sep-32	1522.5	-
7.50% GS 2034	10-Aug-34	60000.0	-
FRB, 2035	25-Jan-35	350.0	-
7.40% GS 2035	9-Sep-35	42000.0	-
8.33% GS 2036	7-Jun-36	71000.0	-
6.83% GS 2039	19-Jan-39	13000.0	-
8.30% GS 2040	2-Jul-40	72000.0	-
8.83% GS 2041	12-Dec-41	33000.0	-
Total		2705754.3	

Statement 4: Maturity Profile of Government Securities as on End-June 2012

Year of maturity	Outstanding Stock (₹ Crore)
2012-13	30042
2013-14	95009
2014-15	168018
2015-16	197244
2016-17	231130
2017-18	206774
2018-19	234478
2019-20	161000
2020-21	84000
2021-22	283846
2022-23	194465
2023-24	27000
2024-25	102000
2025-26	16688
2026-27	72389
2027-28	124680
2028-29	11000
2029-30	
2030-31	32000
2031-32	66687
2032-33	75957
2033-34	
2034-35	60350
2035-36	42000
2036-37	71000
2037-38	
2038-39	13000
2039-40	
2040-41	72000
2041-42	33000
Total	2,705,754
