

Issuance of Govt bonds surges to ₹64,192 crore in FY19: ICRA

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The issuances of GoI-FSBs (Government of India - fully-serviced bond) significantly shot up during FY2019 to ₹64,192 crore, compared to ₹15,095 crore during FY2018, according to credit rating agency ICRA.

Govt schemes

The purpose of these borrowings has been to meet the expenditure towards various schemes of the Government of India (GoI) by raising extra-budgetary resources (EBR) via various public sector entities (PSEs).

Such expenditure may have otherwise required a budgetary provision from GoI in the year of these borrowings itself and increased the reported fiscal deficit, the agency said.

Such borrowings are estimated to have accounted for 0.34 per cent of GDP for FY2019, compared to 0.09 per cent of GDP for FY2018.

The agency underscored

that GoI's net market borrowings have largely remained stable at ₹4.1-4.3-lakh crore from markets during FY2017-19 and with GDP growth, the fiscal deficit as a per cent of GDP, declined marginally to 3.4 per cent in FY2019 from 3.5 per cent during FY2018 and FY2017.

Karthik Srinivasan, Group Head - Financial Sector Ratings, ICRA, said: "The total outstanding value of these GoI-FSBs stood at ₹88,454 crore at the end of FY2019.

"The continuity of similar issuances in future will depend on GoI's stance with respect to accounting for such spending as part of the budgeted expenditure or not. Given the pressure to reduce its fiscal deficit while continuing with social sector spending, similar issuances in future cannot be ruled out."

The agency said GoI-FSBs accounted for significant share of the overall corporate bond issuances during FY2019.