T.N. has raised ₹9,000 crore so far this fiscal

It plans to borrow ₹23,450 cr. in Q1

SANJAY VIJAYAKUMAR
CHENNAI

Tamil Nadu has so far raised ₹9,000 crore during the fiscal 2021-22 through market borrowings, according to data from the Reserve Bank of India.

The State has indicated that it plans to borrow ₹23,450 crore in the first quarter of this fiscal (April-June 2021). This is less than the ₹28,000 crore it had borrowed in the same period of 2020-21. However, amid intense lockdowns to fight the second wave of COVID-19, States, including Tamil Nadu, have to borrow more, rating agencies say.

Tamil Nadu has been raising money through the issue of bonds, known as State Development Loans (SDLs). Interestingly, the State has so far raised ₹6,000 crore or nearly 66.7% of its total borrowings this year through long-tenure bonds of 30 years or more. On May 18, it raised ₹1,500 crore each by issuing bonds of 30 years and 35 years, respectively, with the same cut-off interest of 6.96%.

On May 11, the State raised ₹3,000 crore through the re-issue of bonds with a tenure of 30 years and 35 years with the same cut-off interest of 6.93%. The remaining ₹3,000 crore was raised through 10-year bonds with the interest ranging from 6.75%-6.77%.

Tamil Nadu has announced an intense lockdown for a week, starting today.

CONTINUED ON PAGE 2
T.N. has raised ₹9,000 cr. so far this fiscal

According to the rating agency ICRA, the issuance of SDLs has shrunk by 45.8% to ₹48,200 crore in the first quarter of this fiscal (so far) from ₹89,000 crore in the same period last year.

This was due to an unexpected additional Central tax devolution of ₹45,000 crore to the States at March-end. However, if the restrictions are required to be continued, there may be a larger impact on the States’ revenue and borrowings from June, it said.

Lockdown factor
Given the resurgence in the COVID-19 pandemic, restrictions and lockdowns are likely to be imposed for an extended period across regions. This will hamper the revival of the region’s economy and can impact revenue collections. The States’ reliance on market borrowings is likely to continue this fiscal too, says CARE Ratings, another firm.