Centre plans to borrow Rs. 2-lakh cr in second half

OUR BUREAU

New Delhi, September 28: The Finance Ministry and the Reserve Bank of India have finalised the borrowing calendar for the fiscal year at its Budgeted level.

However, Subhash Chandra Garg, Secretary, Department of Economic Affairs, did not rule out reviewing the borrowing target towards the fourth quarter of the fiscal year.

"If additional expenditure in the Supplementary Demand for Grants is authorised in the Winter Session of Parliament, we will have to see (additional borrowing)," he said.

At present, the Centre plans to raise a gross Rs. 2.08 lakh crore and net Rs. 1.92 lakh crore through market borrowings conducted by the RBI in the second half of the fiscal.

"A major part of the borrowing will be completed by January 9," Garg said, adding that the government would continue raising Rs. 15,000 crore every week from the market.

Borrowing target

For 2017-18, the Centre has a borrowing target of Rs. 5.4 lakh crore, of which it will raise Rs. 3.72 lakh crore in the first half of the fiscal.

The decision will also give comfort to the Monetary Policy Committee, which meets on October 3 and 4 for the next policy review although analysts have ruled out a cut in the repo rate due to rising inflation.

The yield on the benchmark 6.7 per cent government security maturing in 2027 fell to 6.64 per cent on Thursday from 6.67 per cent a day before.

Garg said discussions are also on with the RBI on increasing its dividend payment. The central bank had halved its dividend payout to the government to Rs. 30,659 crore for the year ended June 2017.

In response to a query, the DEA Secretary said that various options are being discussed for recapitalisation of public sector banks. "Recapitalisation bonds are one of them," he said, while indicating that no decision has been taken as yet.