

# Banks holdings of corporate notes at record high after policy measures amid coronavirus

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Indian borrowers have been rushing bond deals to market in recent weeks, after government and central bank measures to support companies pushed the average yield on rupee notes to the lowest since 2004 earlier this month. Lower-rated companies have also benefited from those initiatives, with issuance from weaker names rising to a 15-month high in June, rebounding from a plunge in April and May.

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With India's central bank forecasting the economy will contract this fiscal year for the first time in more than four decades, the bond market also gives banks, wary of defaults, the ability to invest in the debt of top-rated companies.

“With the banking system awash with cash, there is far more potential for banks to boost bond purchases, especially in the better-rated category,” said Jindal Haria, a director of financial institutions at India Ratings & Research. “Banks are keen to invest in bonds of the big companies rather than lend money because of the heightened risk aversion.”



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