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Gross Borrowing: Central Government

The government borrowing programme plays important role as a medium of funding public expenditure, though the medium of government securities and T-bills. The study takes a closer look at the borrowing programme through GSecs for the last 6-years, in terms of the borrowing pattern across tenors. Further, the borrowing pattern also plays a vital role in determining interest rates. With the recent announcement of borrowing calendar for H2FY26, 10Y bond yields have moderated given the higher allocation.

Background:

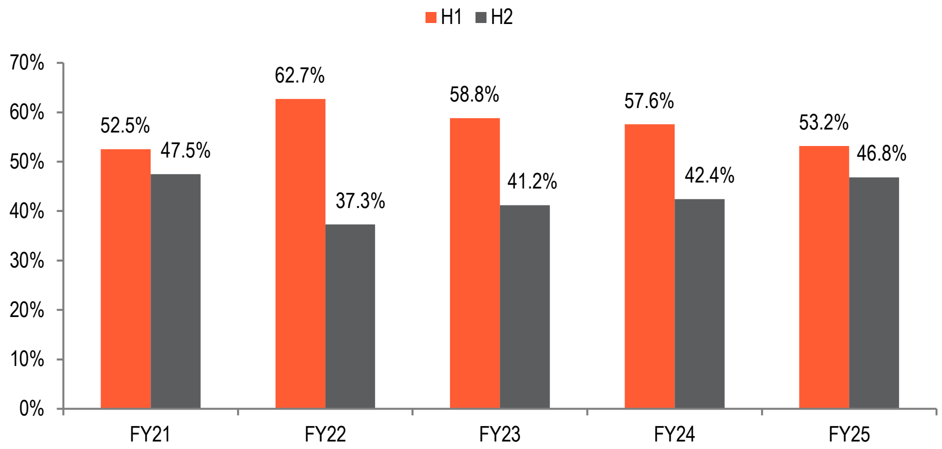
- The borrowing programme of the central government has shown different tendencies as the government has moved along the path of fiscal consolidation. In FY25, the gross borrowing was down by 8.5% against an increase of 8.5% in the previous year.
- As per the borrowing pattern (Fig 1) for the last 6-years, it can be noted that the majority borrowing takes place in H1 period. The long run average during this period has been above 55% mark across all the years as against the 46% long run average noted for H2.
- Table 2, details the maturity bucket over the years. Tenor wise, it can be noted that the share of securities across the tenors were equally distributed in FY21 and FY22. Interestingly in FY24, for both H1 and H2 it can be clearly seen the preference is largely towards longer dated securities, since there is advantage of pushing the repayments ahead.
- Fig 3, notes the movement of 10Y yield in the span of last 6-years, across both H1 and H2. The average 10Y yield in H1FY26 has moderated to 6.38% against 6.98% for the same period of previous year.
- Table 4, shows the switch auctions that has taken place in FY24 and FY25, which helps manage costs and repayments. The number of switches in FY25 has been lower than FY24. For FYTD26, higher number of switches have been conducted. This number is expected to increase further in H2 given higher repayment expected in the latter half as the calendar.

Table 1: Borrowing pattern in the last 5-years

Year	Gross Borrowing (Rs lakh cr)	Net borrowing (Rs lakh cr)
FY21	13.2	11.5
FY22	11.5	8.6
FY23	14.2	11.1
FY24	15.4	11.8
FY25	14.1	11.6

Source: Indian Budget, RBI, Bank of Baroda Research

Fig 1: Borrowing pattern : Share in total



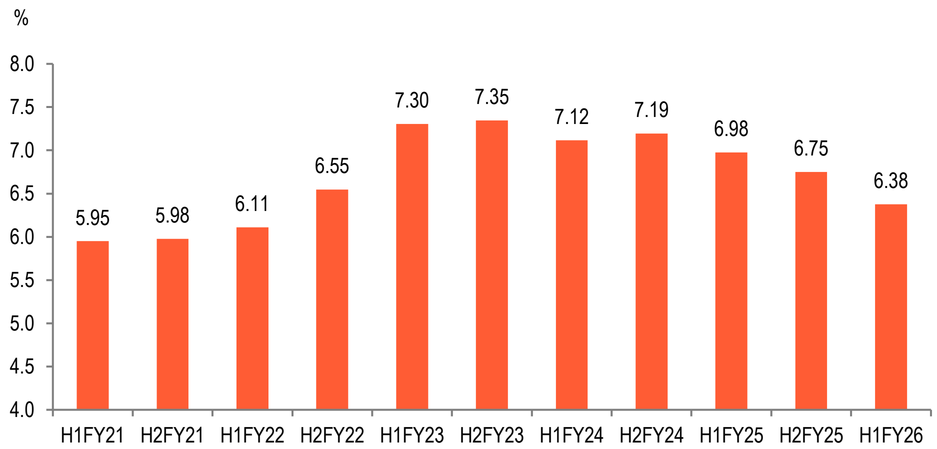
Source: RBI, Bank of Baroda Research

Table 2: Maturity bucket (years)

Period	less than 5	5 to 10	10 to 20	above 20	FRB
H1FY21	23.6%	27.9%	21.2%	20.9%	6.4%
H2FY21	33.5%	21.1%	18.4%	21.2%	5.8%
H1FY22	23.2%	22.8%	19.9%	27.5%	6.6%
H2FY22	15.3%	28.5%	18.8%	29.0%	8.4%
H1FY23	18.9%	31.8%	16.0%	27.1%	6.2%
H2FY23	18.6%	29.7%	21.3%	30.4%	0.0%
H1FY24	17.1%	30.1%	19.1%	33.7%	0.0%
H2FY24	15.7%	33.1%	16.0%	35.1%	0.0%
H1FY25	12.8%	31.7%	18.1%	37.3%	0.0%
H2FY25	13.8%	30.4%	17.2%	38.6%	0.0%

Source: RBI, Bank of Baroda Research

Fig 2: Movement of 10 year bond yields



Source: Bloomberg, Bank of Baroda Research

Table 3: Switching of securities

Rs cr	FY24	FY25	H1FY26
Gross switching	1,00,290	1,46,794	89,907

Source: RBI, Bank of Baroda Research

FY26: H1 and H2 borrowing calendar

H1FY26:

According to the budget, a total gross borrowing of Rs 14.82 lakh crore is expected in FY26 and net borrowing of Rs 11.5 lakh crore. Of this, as per the calendar, planned gross borrowing of Rs 8 lakh crore was pegged in H1 which is 54% of the total gross borrowing and was expected to be completed through 26 weekly auctions. The share of gross borrowing in H1FY26 continues to be higher than the share in H1F25. The actual borrowing in H1FY26 has now been pegged at Rs 7.95 lakh crore.

H2FY26:

The H2FY26 gross issuance calendar has been pegged at Rs 6.77 lakh crore, thereby making the total gross borrowing for FY26 at Rs 14.72 lakh crore. This also include Rs 10,000 crore as part of sovereign gold bonds. With this, share of gross borrowing for H2FY26 stands at 46%, tad higher than long run average for H2, though it has been marginally lower than H2FY25.

Table 3 notes the allocation wise share of different securities. The total allocation for 10Y securities has been higher in H2FY26 against H1FY26. Notably, there has been preference for the short term securities as has been evident from the higher share of allocation for securities with shorter tenor. The share of issuances has been higher for both 3Y and 5Y tenor in H2FY25 at 6.6% (5.3% in H1) and 13.3% (11.3% in H1) respectively. For Q3FY26, the T-bill issuances has been lower at Rs 2.47 lakh crore against Rs 2.69 lakh crore in Q2FY26. This includes, 91,000cr (91-D), 78,000cr (182-D) and 78,000 cr (364-D).

Table 3: Share of issuances across tenors

Year	H1FY26	H2FY26
3	5.3%	6.6%
5	11.3%	13.3%
7	8.2%	8.1%
10	26.2%	28.4%
15	14%	14.2%
30	10.5%	9.2%
40	14%	11.1%
50	10.5%	9.2%

Source: RBI, Bank of Baroda Research, includes SGRB

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