

Government Borrowing

39. The relatively comfortable liquidity with the banking system, which facilitated absorption of Government Paper in 1996-97, continued in 1997-98 also. Indeed, the pace of the borrowing programme of the Central Government in 1997-98 was even quicker due to greater liquidity in money market in the first half of 1997-98. This enabled the Government to dispense with WMAs for the major part of 1997-98. The details of borrowing are given in the Table 4.6.

Dated Securities

40. Dated securities comprising market loans and other medium and long term borrowings, aggregating Rs.43,390 crore were issued during 1997-98. The Central Government raised this amount by floating dated securities on 13 different occasions as against 12 different occasions in the year 1996-97. However, the devolvement on Reserve Bank increased to 30.00 per cent in 1997-98 from 13.25 per cent in 1996-97. The devolvement on Primary Dealers also increased to 4.39 per cent in 1997-98 from 1.28 per cent in 1996-97.

Secondary Market Transactions in Government Securities

41. During the financial year 1996-97, the aggregate transactions in Government dated Securities and Treasury Bills in Mumbai through Subsidiary Ledger Account (SLA) amounted to Rs.1,22,942 crore comprising outright transactions as well as repo transactions. The bulk of the

transactions was outright in nature as it amounted to Rs. 93,921 crore or 76.4 per cent of the total transactions in 1996-97. The transactions in Government dated securities during 1996-97 amounted to Rs. 85,916 crore or 69.9 per cent of the total transactions and the transactions in Treasury Bills amounted to Rs. 37,026 crore or 30.1 per cent. During 1997-98 (upto February 1998) the aggregate transactions amounted to Rs. 1,65,664 crore of which, outright transactions amounted to Rs. 1,45,207 crore or 87.7 per cent.

TABLE 4.6
Net Market Borrowings of Central Government* (Rs. crore)

Instrument	1996-97	1997-98
a) Conventional Market Borrowing	4025	1002
b) Other Medium and long Term borrowing	15965	31486
c) 364 day treasury bills	6366	8006
Total	26356	40494

*Actuals as per RBI records.

The transactions in Government dated securities aggregated to Rs. 1,24,996 crore or 75.5 per cent whereas the transactions in Treasury Bills amounted to Rs. 40,668 crore or 24.5 per cent. The average monthly outright transactions in Government dated securities in 1996-97 was Rs. 5,042 crore. This rose to Rs. 9792 crore in 1997-98 (upto February 1998).