

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4794

ANSWERED ON:07.08.2009

RAISING OF FUND

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes to borrow/raise fund from the market in the financial year 2009-10;
- (b) if so, the details of the sources from where the said amount is to be borrowed;
- (c) the amount likely to be borrowed from each of the source; and
- (d) whether any strategy has been/is being worked out to ensure absence of negative reaction in the market?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): Yes, Sir. As per Budget Estimates 2009-10, the net market borrowings of the Government of India through issuance of dated securities is Rs. 3,97,957 crore for the financial year 2009-10. However, after taking into account the scheduled repayment of dated securities amounting to Rs.53,136 crore, the gross budgeted market borrowings of the Government has been worked out to Rs.4,51,093 crore for the financial year 2009-10.

(b) & (c): The budgeted market borrowing is proposed to be done primarily through issuance of Dated Securities. The dated securities in the auctions are subscribed by the institutional investors such as commercial banks, insurance companies, provident funds, mutual funds, etc., and non-institutional investors such as individuals, HUFs etc. The exact amount from each of these sources would be known only after completion of the auctions.

(d): In order to minimize the negative impact of the market borrowings on the financial markets, it has been decided to raise higher proportion of budgeted borrowings in the first half of the current financial year. As the demand for credit by the commercial sector is expected to gather momentum in the second half of the current financial year with expected revival of the economy, the market borrowings of the Government have been frontloaded to ensure that the borrowing programme is undertaken in a non-disruptive manner. Accordingly, for the first half of the current financial year (April-September, 2009), market borrowing programme for Rs.2,99,000 crore, constituting about 66 per cent of the gross borrowings for the financial year 2009-10, have been announced through indicative calendars for marketable dated securities.

Further, the Reserve Bank of India also facilitates non-disruptive borrowings by the Government through its Open Market Operations.