

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5084
ANSWERED ON:24.04.2015
LONG TERM BOND
Subbareddy Shri Yerram Venkata

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to launch long term bond of 40 years maturity to grab the attention of insurers, pension funds etc.;
- (b) if so, the details thereof;
- (c) whether there is any precedent of issuing 40 years bonds by the Government; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

- (a) Yes sir, it is proposed to introduce a long tenor bond of 40 years maturity in H1 of 2015-16 in view of the elongation of maturity of the portfolio which is preferred to limit rollover risk and is internationally followed in the advanced economies.
- (b) Presently, Government of India securities yield curve spans 30 years and there is reasonable demand for bonds having maturities above 20 years from insurance companies and provident funds seeking to hedge long term liabilities. These investors have evinced interest in 40 year bond. In the backdrop of very flat yield curve as the cost may not be much higher than the 30 years security, it is proposed to launch a long term bond of 40 years in the current financial year with a small issuance size. It would also help to gauge the quantum of demand for these bonds and the size can be increased/decreased based on experience.
- (c) No sir.
- (d) Does not arise.