



Government Borrowing H2FY2025-26

Government Borrowing H2FY2025-26: An Analysis

Highlights:

- ✓ *The center plans to borrow ₹ 6.8 lakh crore i.e. 46% of its total borrowings in H2FY2025-26.*
- ✓ *Sovereign Green Bonds (SrGB) worth ₹ 0.10 lakh crore, in the 30-year maturity segment are to be issued in H2FY2025-26.*
- ✓ *Net T-bills borrowing will be ₹-0.22 lakh crore for Q3FY2025-26.*
- ✓ *No FRBs are to be issued in H2FY2025-26.*

The RBI announced the borrowing calendar for H2FY2025-26 on 26th September, 2025. The total amount to be borrowed is ₹ 6.77 lakh crore indicating 46 per cent borrowing in the second half which is 1 per cent lower than the previous year. Noteworthy in the borrowing calendar is the reduction in the supply in the longer end of the curve with borrowings reduced in the securities above 15-year maturity reduced from 50 per cent to 42 per cent as the markets expected, compared to H2FY2024-25. The reduction in the long end of the curve has been compensated by borrowing more in the belly of the curve, especially the hefty auctions of ₹ 32,000 crore of the 10-year benchmark. The overall borrowing for FY2025-26 has been reduced by ₹ 10,000 crore, and the total borrowings for FY2025-26 now stand at ₹ 14.72 lakh crore.

The total borrowings of ₹ 14.72 lakh crore, has been revised slightly lower than the budgeted amount of ₹ 14.82 lakh crore as the center borrowed ₹ 7.95 lakh crore as compared to the scheduled borrowing of ₹ 8 lakh crore and also plans to borrow ₹ 6.77 lakh crore as compared to the original ₹ 6.82 lakh crore as announced in the budget. The 10-15-year segment or the belly of the curve remains the most preferred segment in the borrowing schedule. Moreover, as the market had expected, the government has reduced issuance in the long end of the curve, i.e. the curve segment from 15-50 year by a significant 6 per cent as compared to the first half of this year.

In H2FY2023-24, the issuance size in the 10-year segment was ₹ 0.16 lakh crore per auction, that was increased to ₹ 0.22 lakh crore in H2FY2024-25 and now it has been increased to an all-time high of ₹ 0.32 lakh crore per auction in H2FY2025-26. The number of securities per auction has been maintained at 2 or 3 securities per auction similar to previous year.

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Within the longer end maturities, the green bond is being issued in the 30-year segment, instead of the 10-year segment unlike in the previous year. The demand for longer tenor bonds has seen fluctuations, as the typical investors like PFs and insurance companies are chasing higher return assets like equities. Hence, investments in the risk-free curve have moderated, especially in the longer end of the curve.

I. Calendar Details – Dated Securities

For H2FY2025-26, market borrowing via dated securities is ascertained to be ₹ 6.77 lakh crore which is 46 per cent of the total borrowing programme of ₹ 14.72 lakh crore. With 48 per cent of the total budgeted redemptions for FY2025-26 falling in H2FY2025-26, net market borrowing stands at ₹ 4.88 lakh crore, slightly lower than ₹ 4.95 lakh crore in the preceding year. The following table details the market borrowing via dated securities for H1:

Table 1: Borrowing Programme for H2 (in Rs. Cr.)

		H2	H2 borrowings/ redemptions as a percentage of total budgeted borrowings/redemptions
FY24	Gross Borrowing	6.55	42%
	Redemptions	2.81	64%
	Net Borrowing	3.74	-
FY25	Gross Borrowing	6.61	47%
	Redemptions	1.66	46%
	Net Borrowing	4.95	-
FY26	Gross Borrowing	6.77	46%
	Redemptions	1.89	48%
	Net Borrowing	4.88	-

Source: RBI, STCI PD Research



A brief summary of the tenor wise borrowing for dated securities is outlined below:

Table 2: Market Borrowing Trends tenor wise (in Rs. Cr.)				
Maturity Segment	H2 FY25 (Actual)	% of Total H2 Borrowing	H2 FY26 (Budgeted)	% of Total H2 Borrowing
3 Years	0.35	5%	0.45	7%
5 Years	0.70	11%	0.90	13%
7 Years	0.50	8%	0.55	8%
10 Years	1.54	23%	1.92	28%
15 Years	0.87	13%	0.96	14%
30 Years	0.70	11%	0.52	8%
40 Years	1.05	16%	0.75	11%
50 Years	0.70	11%	0.62	9%
10 Years SGrB	0.10	2%	-	-
30 Years SGrB	0.10	2%	0.10	1%
Total	6.61	100%	6.77	100%

- The Government has increased the weightage in the 10-year maturity segment of H2FY2025-26 to 28 per cent from 23 per cent in H2FY2024-25. In 15-year maturity segment, the Government plans to borrow ₹ 0.96 lakh crore, which is 14 per cent of the total borrowing in H2FY2025-26. Thus, the belly of the curve i.e., 10–15-year segment comprises 42.5 per cent of the total budgeted borrowing for H2FY2025-26 as compared to 36 per cent in H2FY2024-25.
- In the overall borrowing, the 5-year and 7-year maturity segments have been assigned a weightage of 13 per cent and 8 per cent respectively in H2FY2025-26, as compared to a weightage of 11 per cent and 8 per cent a year ago.
- The Government has reduced the weightage in the longer maturities to 28 per cent aggregating 30-year, 40-year and 50-year securities as compared to 37 per cent a year ago.
- The Union budget FY2025-26 had accounted for conversion of securities/ switches for a total amount of ₹ 2.50 lakh crore. The switch enables the government to push the redemption pressure to later years by converting the near-term maturing securities to longer-term maturities.

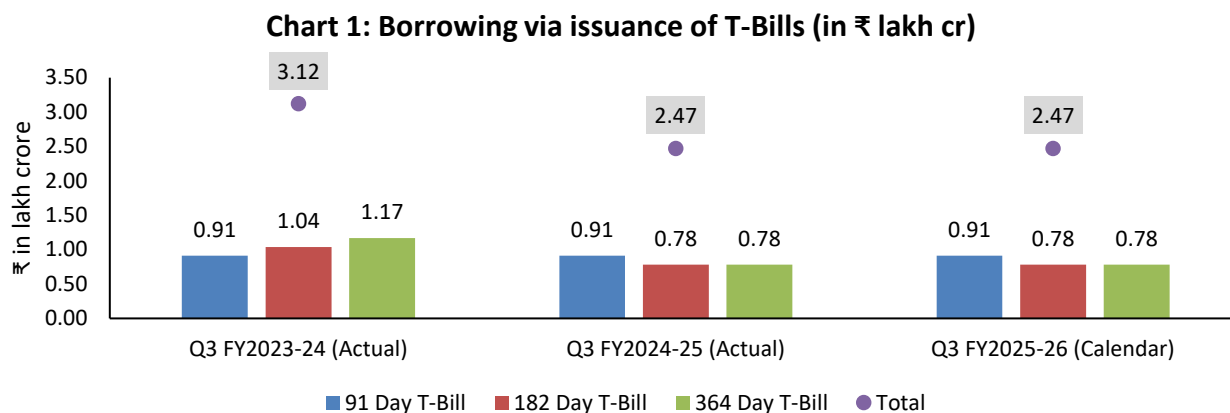
In terms of auction size, there is less variance as the notified amount for weekly auctions varies within ₹ 0.28-0.33 lakh crore. Table 3 provides the month-wise borrowing programme scheduled and number of auction weeks of H2FY2025-26 comparing to H2FY2024-25.


Table 3: Market Borrowing Trends Month-wise (in Rs. Cr.)

	H2 FY25 (Actual)			H2 FY26 (Calendar)		
	No. of weeks	Total	Redemptions	No. of weeks	Total	Redemptions
Oct	4	1,33,000	-	4	1,22,000	0
Nov	4	1,21,000	1,53,880	4	1,22,000	98,178
Dec	4	1,28,000	-	4	1,22,000	0
Jan	5	1,52,000	11,996	5	1,57,000	90,786
Feb	4	1,27,000	-	5	1,54,000	0
Total	21	6,61,000	1,65,876	22	6,77,000	1,88,964

II. Calendar details – T-Bills

A summary of the tenor wise issuance of T-Bills is detailed below:



Source: RBI, STCI PD Research

Gross borrowing via issuance of T-bills for Q3FY2025-26 stands at ₹ 2.47 lakh crore unchanged as compared to ₹ 2.47 lakh crore observed in Q3FY2024-25 and lower than ₹ 3.12 lakh crore in Q3FY2023-24. Maturity-wise comparison of the borrowing through T-Bills exhibits notably lower borrowing in the 365-day T-Bills, while 91-day T-bill exhibits higher borrowing as compared to Q3FY2024-25. 182-day T-bills borrowing is similar as compared to Q3FY2024-25.


Table 4: T-Bill Issuances and Redemptions (in ₹ Cr.)

	FY2024-25 (Actual)				FY2025-26 (actual)		FY2025-26 (Calendar)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
91 Day T-Bills							
Gross	1.08	0.88	0.91	1.54	1.17	1.26	0.91
Redemptions	1.16	1.08	0.88	0.91	1.54	1.17	1.26
Net	-0.08	-0.20	0.03	0.63	-0.37	0.09	-0.35
182 Day T-Bills							
Gross	0.73	0.66	0.78	1.16	0.65	0.78	0.78
Redemptions	1.04	1.60	0.73	0.66	0.78	1.16	0.65
Net	-0.31	-0.94	0.05	0.50	-0.13	-0.38	0.13
364 Day T-Bills							
Gross	0.80	0.66	0.78	0.98	0.65	0.65	0.78
Redemptions	1.04	0.78	1.17	1.17	0.80	0.66	0.78
Net	-0.24	-0.12	-0.39	-0.19	-0.15	-0.01	0.00
Source: RBI, STCI PD Research							

III. Concluding Remarks:

The calendar issued by RBI for H2FY2025-26 borrowings is aligned with market expectations, though at present interest rate cut expectations are mixed, and the RBI MPC decision remains a close call. Moreover, the heavier supply in the SDL auctions might adversely change the market dynamics in terms of supporting G-sec sentiment. Though the borrowing schedule remains on track and in essence marks the total borrowing marginally lower, it might not be sufficient to bolster market sentiment and yields are expected to remain within the 6.45-6.55 per cent range in the near term, even as a policy repo rate cut expectations remain weak among traders. Even though USDINR has remained on a steadily depreciating streak touching lows of ₹ 88.76, the ongoing CRR cut effective from September 06, 2025 has dampened the hopes of any OMO purchases by the RBI in the near term.



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