YIELD TROUBLE Accepts about 217,274 cr worth of bonds, or 54% of notified amount

RBI Settles for Half in Bond Switch Sale

Our Bureau

Mumbai: The Reserve Bank of India (RBI) on Monday accepted about '17,274 crore in the bond switch auction, or 54O/ of the notified amount of 232,000 crore, because the yields demanded by market participants may have been higher than the central bank's comfort level, traders said.

Ina bond switch, the government replaces bonds maturing in the near term with long- term bonds.

Monday's exercise is expected to reduce the redemption pressure in the next'three fiscal years while also helping the government to manage the fiscal, economists said.

Securities offered in the Monday's switch auction--fourth such auction in the current fiscal--are of papers maturing in FY27, FY28 and FY29, and are being replaced with bonds maturing after FY32, a year where the redemption pressure is relatively less than previous years, RBrdata shows.

Of the nine securities on offer, the RBI did not accept any bids for four securities.

"Participation in the switch auction depends on interest rate view and what opportunities banks see in terms of replenishing their bond portfolios. The participation has been lower compared to the previous auctions because the majority view is that a cut in interest rate is more or less a done deal," said Rajeev Pawar, head of treasury at Ujjivan Small Finance Bank.

The centre had budgeted switches worth Z2.5 lakh crore for FY26, 60% more than the previous year