GOVERNMENT OF INDIA FINANCES

Low spending amidst buoyant revenues shrunk GoI's fiscal deficit in Q1 FY2022

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HIGHLIGHTS

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GoI's fiscal deficit shrank to Rs. 2.7 trillion in Q1 FY2022 from Rs. 6.6 trillion in Q1 FY2021, with a sharp YoY rise in tax and non-tax receipts amid a flattish total expenditure

Partly on account of the low base effect of nation-wide lockdown, gross tax revenues nearly doubled to Rs. 5.3 trillion in Q1 FY2022 from Rs. 2.7 trillion in Q1 FY2021

We expect the GoI's fiscal deficit to print at Rs 16.1-16.3 trillion in FY2022, overshooting the budgeted amount of Rs. 15.1 trillion, if disinvestment receipts fall short of the budgeted target

The sharp jump in tax and non-tax receipts along with a mild rise in expenditure, curtailed the Government of India's (GoI's) fiscal deficit to Rs. 2.7 trillion in Q1 FY2022, less than half of the Rs. 6.6 trillion in Q1 FY2021 amid the nationwide lockdown, and the lowest in Q1 in the last seven fiscals. The gross tax revenues nearly doubled to Rs. 5.3 trillion in Q1 FY2022 from Rs. 2.7 trillion in Q1 FY2021. However, the revenue expenditure of the GoI declined by 2.4% during the same period, which absorbed most of the 27.6% expansion in capital outlay and net lending. Given the moderate growth of 9.5% embedded in the GoI's FY2022 Budget Estimates (BE) for gross tax revenues (relative to FY2021 Prov.), we do not foresee a material undershooting of the budgeted tax collections, even with some eventual reduction in excise duty on fuels. Overall, the magnitude by which the GoI's fiscal deficit in FY2022 will overshoot the FY2022 BE of Rs. 15.1 trillion, will depend on how much of the disinvestment target of Rs. 1.75 trillion is unachieved, and any other major fiscal stimulus measures that may be announced. At present, we expect the GoI's fiscal deficit to print at Rs. 16.1-16.3 trillion in FY2022. The yield for the new benchmark 6.10 GS 2031 may continue to inch up to as much as 6.3% in the ongoing quarter.

Reflecting the low base of the nationwide lockdown, gross tax revenues nearly doubled to Rs. 5.3 trillion in Q1 FY2022 from Rs. 2.7 trillion in Q1 FY2021 and reached 24.0% of the FY2022 BE, despite the impact of the second wave of Covid-19 on economic activity. Direct tax collections expanded by 111.8% on a year-on-year (YoY) basis to Rs. 2.5 trillion in Q1 FY2022, reflecting the trend for corporate tax collections (+128.2%), as well as income tax (+97.5%). Similarly, indirect taxes rose by a sharp 86.8% to Rs. 2.5 trillion in Q1 FY2022, primarily led by the trend in customs duty (+168.3%; robust recovery in global trade), CGST (+113.4%), and excise duty (+92.1%; cesses on fuels) in Q1 FY2022.

During Q1 FY2022, the revenue expenditure of the GoI declined by 2.4%, which absorbed most of the 27.6% expansion in capital outlay and net lending. The resultant total expenditure of Rs. 8.2 trillion in Q1 FY2022, was a mild 0.7% higher than the Q1 FY2021 level, which is expected to dampen the pace of expansion of Gross Value Added (GVA) at basic prices in the just-concluded quarter.

Moreover, the transfer of surplus by the Reserve Bank of India (RBI) in FY2022 has been higher than budgeted (~Rs. 1.0 trillion vs. budgeted Rs. 0.5 trillion). This provides a cushion to absorb the modest increase in net cash outgo of ~Rs. 0.3 trillion under the First Supplementary Demand for grants, as well as some step-up in the outlay for vaccine procurement above the budgeted Rs. 350.0 billion, which may be necessary to achieve early availability of vaccine imports.

Notwithstanding the subdued fiscal deficit of the GoI in Q1 FY2022, the yield for the new benchmark 6.10 GS 2031 may continue to inch up to as much as 6.3% in the ongoing quarter, in the absence of liquidity operations by the Central Bank, as its level may be inconsistent with the broader fiscal-inflation dynamics.

Overview

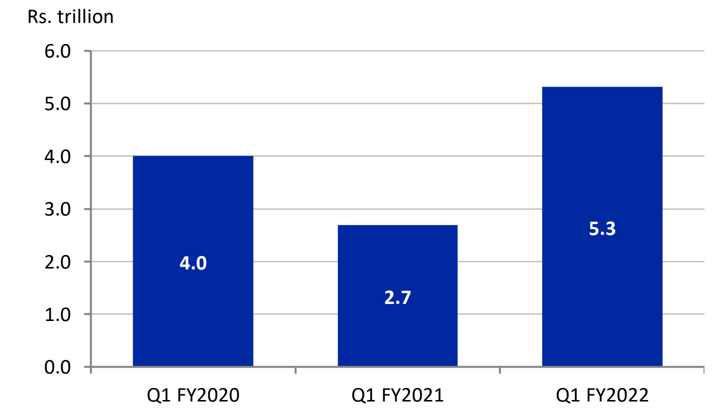
Revenue Trends in Q1 FY2022: The provisional data released by the Controller General of Accounts (CGA) indicates that the GoI's revenue receipts expanded by a sharp 260.0% to Rs. 5.4 trillion (30.2% of FY2022 BE) in Q1 FY2022 from Rs. 1.5 trillion (9.2% of FY2021 Prov.) in Q1 FY2021. This was led by a considerable YoY expansion in both net tax revenues (+206.1%; to Rs. 4.1 trillion from Rs. 1.3 trillion; 26.7% of FY2022 BE) as well as non-tax revenues (+738.4%; Rs. 1.3 trillion from Rs. 0.2 trillion; 52.4% of FY2022 BE).

Tax Revenue: Reflecting the low base of the nationwide lockdown, the GoI's gross tax revenues increased by a substantial 97.1% in Q1 FY2022 (-32.6% in Q1 FY2021) to Rs. 5.3 trillion from Rs. 2.7 trillion in Q1 FY2021 (refer Exhibit 1 and 2). Compared to the pre-Covid levels, the GoI's gross tax revenue increased by 32.8% in Q1 FY2022 relative to Q1 FY2020 (Rs. 4.0 trillion). Notably, the gross tax revenues in Q1 FY2022 have already reached ~24% of the FY2022 BE (13.3% of FY2021 Prov. in Q1 FY2021), despite the impact of the second wave of Covid-19 on economic activity. This is meaningful, as the size of the tax base typically tends to be proportionately muted in the first quarter of each fiscal.

The gross tax revenues in Q1 FY2022 have already reached ~24% of the FY2022 BE (13.3% of FY2021 Prov. in Q1 FY2021), despite the impact of the second wave of Covid-19 on economic activity

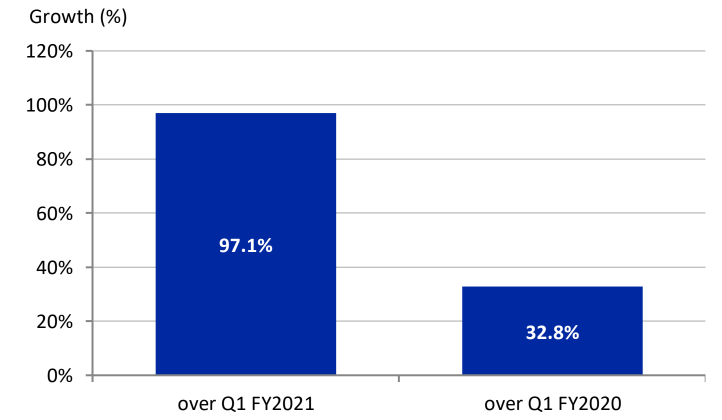
The net tax revenues (net of devolution to States) expanded by a relatively sharper 206.1% to Rs. 4.1 trillion in Q1 FY2022 (-46.4% in Q1 FY2021) from Rs. 1.3 trillion in Q1 FY2021, since the taxes devolved to the states recorded a de-growth of 12.3% to Rs. 1.2 trillion from Rs. 1.3 trillion, respectively.

EXHIBIT 1: GoI's Gross Tax Revenues in Q1 of FY2020, FY2021 and FY2022



***Source**: CGA, Ministry of Finance, GoI; ICRA research*

EXHIBIT 2: Growth in Gross Tax Revenues of the GoI in Q1 FY2022 over Q1 FY2021 and pre-Covid level of Q1 FY2020



***Source**: CGA, Ministry of Finance, GoI; ICRA research*

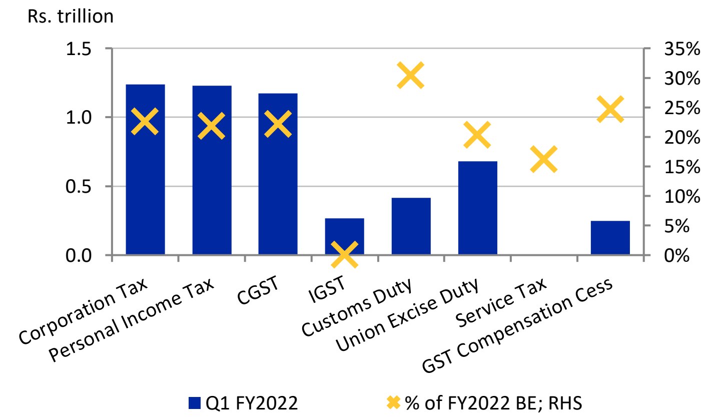
Direct tax collections recorded a significant YoY growth of 111.8% in Q1 FY2022, reflecting the trend for corporate tax collections, as well as income tax

The tax devolution to the states declined to Rs. 391.7 billion, each in April 2021 and May 2021, and to Rs. 391.8 billion in June 2021 from Rs. 460.4 billion, each in April 2020, May 2020, and Rs. 419.7 billion in June 2020.

Direct taxes: Direct tax collections recorded a significant YoY growth of 111.8% in Q1 FY2022 (-30.6% in Q1 FY2021), reflecting the trend for corporate tax collections (to +128.2% in Q1 FY2022 from -23.3% in Q1 FY2021), as well as income tax (to +97.5% from -35.9%). Compared to the pre-Covid levels, direct tax collections expanded by 47.0% in in Q1 FY2022 relative to Q1 FY2020, led by corporate tax collections (+75.1%) and income tax collections (+26.6%). Additionally, income tax and corporate tax collections during Q1 FY2022 stood at 21.9% and 22.6%, respectively, of the BE for the full year (13.2% and 11.9%, respectively, of FY2021 Prov. in Q1 FY2021).

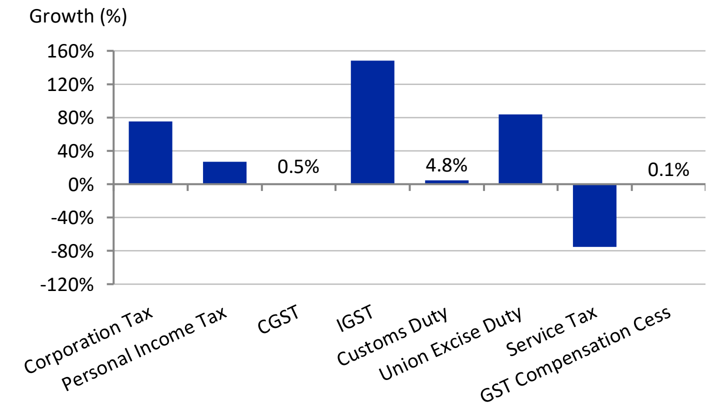
Indirect taxes: Indirect taxes (customs duty, excise duty, service tax, Central GST or CGST, Integrated GST or IGST and Union Territory Goods and Services Tax or UTGST) increased by a considerable 86.8% (-33.7% in Q1 FY2021) to Rs. 2.5 trillion in Q1 FY2022 (25.2% of the FY2022 BE) from Rs. 1.4 trillion in Q1 FY2021 (13.7% of FY2021 Prov.). Compared to the pre-Covid levels, indirect taxes increased 23.8% in Q1 FY2022 relative to Q1 FY2020 (refer Exhibits 3 and 4).

EXHIBIT 3: Collections of Major Direct and Indirect Taxes in Q1 FY2022 and % of FY2022 BE raised up to Q1 FY2022



***Source**: CGA, Ministry of Finance, GoI; ICRA research*

EXHIBIT 4: Growth in Direct and Indirect Taxes in Q1 FY2022 over Q1 FY2020



***Source**: CGA, Ministry of Finance, GoI; ICRA research*

The YoY expansion in indirect taxes in Q1 FY2022 was primarily led by the considerable 92.1% YoY growth in excise duty in Q1 FY2022 (-4.3% in Q1 FY2021), benefitting from the cesses imposed on fuels. In addition, customs duty collections recorded a substantial 168.3% growth in Q1 FY2022 (-61.0% in Q1 FY2021), with relatively faster recovery in international trade.

Compared to the pre-Covid levels, excise duty increased by 83.8% in Q1 FY2022, relative to Q1 FY2020, while customs duty collections recorded a mild 4.8% increase during the same period.

Moreover, the combined CGST and IGST collections expanded by a considerable 71.1% (-34.0% in Q1 FY2021) to Rs. 1.4 trillion in Q1 FY2022 (27.2% of the FY2022 BE) from Rs. 0.8 trillion in Q1 FY2021 (18.1% of FY2021 Prov.), partly benefitting from the record-high GST collections in April 2021 (that had reflected the activity in March 2021). Moreover, compared to the pre-Covid levels, the combined CGST and IGST collections expanded by 12.9% in Q1 FY2022, relative to Q1 FY2020. Additionally, GST compensation cess inflows aggregated to Rs. 246.4 billion in Q1 FY2022, nearly 24.6% of the FY2022 BE. **This suggests that the full year collections may exceed the FY2022 BE of Rs. 1 trillion, which will ease concerns regarding the flows of GST compensation to the state governments through the grants route.**

While corporation tax, personal income tax, excise duty and CGST receipts in Q1 FY2022 stood at 20-23% of their FY2022 BE, customs duty collections had already crossed a considerable 30% of the budgeted target. **According to ICRA's calculations, the FY2022 BE for gross tax revenues of Rs. 22.2 trillion can be achieved, even with a 4% contraction in the remainder of FY2022, which appears unlikely despite the lingering uncertainty on the growth front. In absolute terms, even if the gross tax inflows in the last three quarters of FY2022 fall short of the level collected in July-March FY2021 by a considerable ~Rs. 700 billion, the budgetary target for FY2022 will not be missed. The healthy tax inflows in Q1 FY2022 suggest that there is some space to reduce the cesses on petrol and diesel, which will both boost consumption sentiment and ease inflationary pressures. This would allow monetary policy normalisation to be postponed, in a bid to continue to support economic activity in an uncertain growth environment.**

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EXHIBIT 5: Trends in Tax Revenue Receipts in FY2021 Prov. and Q1 FY2022

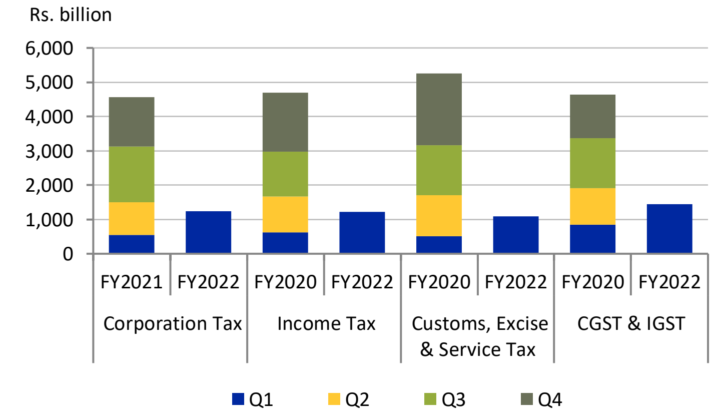
	FY2021 Prov.	FY2022 BE		Q1 FY2022		
	Rs. billion	Rs. Billion	Growth~	Rs. billion	% of BE	Growth#
Gross Tax Revenues^	**20,248.5**	**22,170.6**	**9.5%**	**5,316.1**	**24.0%**	**97.1%**
Direct Taxes	**9,264.1**	**11,080.0**	**19.6%**	**2,463.8**	**22.2%**	**111.8%**
Corporation Tax	*4,571.8*	*5,470.0*	*19.6%*	*1,236.9*	*22.6%*	*128.2%*
Income Tax	*4,692.3*	*5,610.0*	*19.6%*	*1,226.9*	*21.9%*	*97.5%*
Indirect Taxes	**9,920.6**	**10,090.6**	**1.7%**	**2,538.7**	**25.2%**	**86.8%**
Central GST (CGST)	*4,563.5*	*5,300.0*	*16.1%*	*1,174.5*	*22.2%*	*113.4%*
Union Territory GST (UTGST)	*24.2*	*70.6*	*191.6%*	*5.0*	*7.0%*	*67.8%*
IGST	*72.6*	*0.0*	*-100.0%*	*265.1*	*--*	*-8.8%*
Customs Duty	*1,347.6*	*1,360.0*	*0.9%*	*413.6*	*30.4%*	*168.3%*
Excise Duty	*3,896.6*	*3,350.0*	*-14.0%*	*679.1*	*20.3%*	*92.1%*
Service Tax	*16.2*	*10.0*	*-38.1%*	*1.6*	*16.2%*	*-78.5%*
GST Compensation Cess	851.9	1,000.0	17.4%	246.4	24.6%	70.1%

^ Net of Refunds, Gross of States' share in Central Taxes; ~ Relative to FY2021 Prov. # As compared to the corresponding period of FY2021 Prov. ***Source****: GoI Budget Documents; CGA, Ministry of Finance, GoI; ICRA research*

GoI's non-tax revenues expanded by a sharp 738.4%, on the back of a low base; this was primarily due to the multifold rise in dividend and profits to Rs 1.0 trillion on account of the transfer of surplus funds by the RBI during May 2021

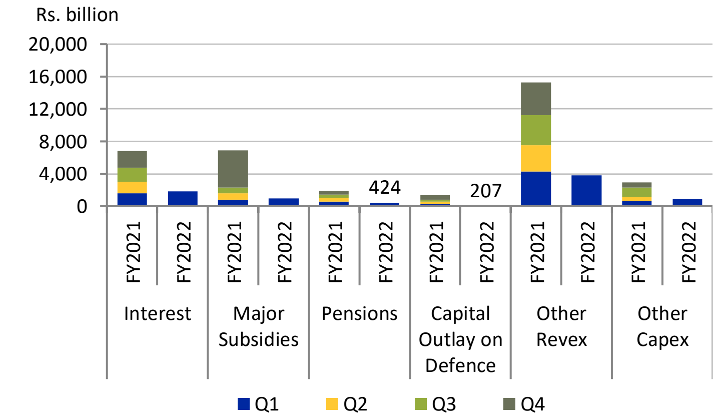
NON-TAX REVENUE AND DISINVESTMENT PROCEEDS: The GoI's non-tax revenues expanded by a sharp 738.4%, on the back of a low base (-54.6% in Q1 FY2021), to Rs. 1.3 trillion in Q1 FY2022. Moreover, the inflows during Q1 FY2022 were equivalent to 52.4% of the BE for FY2022, considerably higher than the level in Q1 FY2021 (7.3% of FY2021 Prov.). Within non-tax revenues, interest receipts of the GoI rose to Rs. 46.7 billion in Q1 FY2022 from Rs. 16.3 billion in Q1 FY2021 (refer Exhibit 7), and were equivalent to 40.5% of the FY2022 BE. Dividends and profits rose multifold to Rs. 1.0 trillion in Q1 FY2022 from Rs. 0.02 trillion in Q1 FY2021, and accounted for a significant 98.2% of FY2022 BE. This is primarily on account of the likely transfer of surplus funds (~Rs 1.0 trillion) by the RBI to the GoI during May 2021, as opposed to last year's transfer during August 2020, following a change in the Central Bank's accounting year.

EXHIBIT 6: Trends in Quarterly Tax Collections (Net of Refunds, Gross of States)



***Source**: CGA, Ministry of Finance, GoI; ICRA research*

EXHIBIT 7: Trends in Quarterly Expenditure



***Source**: CGA, Ministry of Finance, GoI; ICRA research*

The GoI had set a significant target of Rs. 1.75 trillion for disinvestment proceeds in its FY2022 BE, against which the inflows were negligible in Q1 FY2022 (Rs. 0.04 trillion). **While the pipeline is undoubtedly healthy, the second wave of Covid-19 infections may cause a delay in the fructification of disinvestment in some marquee names, such as LIC and BPCL. In our view, this poses the biggest risk to the budgeted level of receipts in FY2022.**

EXPENDITURE TRENDS FOR Q1 FY2022: In Q1 FY2022, the GoI's revenue spending fell by 2.4% to Rs. 7.1 trillion (24.2% of FY2022 BE), as compared to the 5.1% contraction included in the FY2022 BE (relative to FY2021 Prov.). However, the revenue expenditure rose by a modest 7.8% in Q1 FY2022 relative to Q1 FY2020 (pre-Covid level). In monthly terms, the GoI's total spending recorded a volatile trend in Q1 FY2022. After recording a 35.6% contraction on a YoY basis in April 2021, the GoI's revenue expenditure expanded by 32.4% in May 2021, and a lower 8.9% in June 2021, despite the gradual unlocking across various states.

In addition, the non-subsidy revenue expenditure contracted by a moderate 6.0% to Rs. 6.1 trillion in Q1 FY2022 from Rs. 6.5 trillion in Q1 FY2021. However, it recorded a YoY growth of 20.4% relative to the pre-Covid level of Q1 FY2020.

Interest payments rose by 14.8% in Q1 FY2022, lower than the 18.7% included in FY2022 BE (relative to FY2021 Prov.). Additionally, the total outgo for major subsidies rose to Rs. 1.0 trillion in Q1 FY2022 (+26.8% on a YoY basis; 29.7% of FY2022 BE) from Rs. 0.8 trillion in Q1 FY2021 (11.5% of FY2021 Prov.), primarily led by food (+100.2%), while fertilizers (-34.5%) and fuel (-90.5%) recorded a YoY decline. The subsidy outgo for the Department of Food and Public Distribution, Department of Fertilisers, and Ministry of Petroleum and Natural Gas stood at Rs. 821.9 billion, Rs. 167.2 billion, and Rs. 11.8 billion, respectively, in Q1 FY2021, equivalent to 33.8%, 21.0%, and 8.4% of the respective FY2022 BE.

The YoY decline in revenue expenditure has offset the expansion in capital outlay and net lending, resulting in a total expenditure that was virtually flat; the subdued rise in the GoI's spending is expected to dampen the pace of expansion in GVA in Q1 FY2022

The GoI's capital expenditure and net lending expanded by a favourable 27.6% to Rs. 1.1 trillion in Q1 FY2022 (20.0% of FY2022 BE) from Rs. 0.8 trillion in Q1 FY2021. However, the pace of growth trailed the 33.6% expansion that had been included in the BE for FY2022 (relative to FY2021 Prov.). In addition, capital expenditure and net lending expanded by a sharp 78.4% in Q1 FY2022 relative to Q1 FY2020. After recording a significant expansion of 66.5% in April 2021, on the back of a low base (-7.5% in April 2020), the GoI's capital expenditure and gross lending contracted by a sharp 41.1% in May 2021, before reverting to a healthy growth of 46.8% in June 2021.

The capital expenditure incurred by Ministry of Road Transport and Highways increased sharply by 172.6% to Rs. 468.9 billion from Rs. 172.0 billion, and that of Ministry of Railways rose by 26.1% to Rs. 256.0 billion in Q1 FY2022 from Rs. 202.9 billion in Q1 FY2021, respectively. However, gross lending fell by 52.5% to Rs. 66.3 billion in Q1 FY2022 (16.4% of the BE for FY2021) from Rs. 139.5 billion in Q1 FY2021 (12.6% of FY2021 Prov.).

Moreover, during Q1 FY2022, the YoY decline recorded by the revenue expenditure has offset the bulk of the 27.6% expansion in capital outlay and net lending, resulting in a total expenditure that was virtually flat. The subdued rise in the GoI's spending is expected to dampen the pace of expansion in GVA in Q1 FY2022.

Notwithstanding the substantial value of Rs. 6.3 trillion of the economic relief package announced on June 28, 2021 (which was dominated by the extension of guarantees), the net cash outgo component of the First Supplementary demand for grants for FY2022 is quite modest at Rs. 236.7 billion, which is dominated by the health sector. It appears that the outgo of more than Rs. 900.0 billion for the free foodgrain provision in May-November 2021, is being absorbed by the cushion created in this year's budget, on account of the prepayment of the FCI's loans to the NSSF in FY2021.

The sharp jump in tax and non-tax receipts, along with a mild rise in expenditure, curtailed the GoI's fiscal deficit to Rs. 2.7 trillion in Q1 FY2022, less than half of the Rs. 6.6 trillion recorded in Q1 FY2021 amid the nationwide lockdown; at present, we expect the GoI's fiscal deficit to print at Rs. 16.1-16.3 trillion in FY2022, overshooting the BE

FISCAL BALANCES IN Q1 FY2022: The sharp jump in tax and non-tax receipts along with the mild rise in total expenditure, curtailed the GoI's fiscal deficit to Rs. 2.7 trillion in Q1 FY2022, less than half of the Rs. 6.6 trillion recorded in Q1 FY2021 amid the nationwide lockdown (refer Exhibit 8), and the lowest in Q1 in the last seven years. In addition, in Q1 FY2022, the fiscal deficit was 36.5% lower than the level recorded in Q1 FY2020. The GoI's revenue and fiscal deficits stood at 14.9% and 18.2% of the BE for FY2022, respectively, in Q1 FY2022, lower than the prints of 39.7% and 36.4% of FY2021 Prov., respectively, in Q1 FY2021 (refer Exhibits 9 and 10).

EXHIBIT 8: Fiscal trends in FY2021 Prov. and Q1 FY2022

	FY2021 Prov.	FY2022 BE		Q1 FY2022		
	Rs. billion	Rs. billion	Growth~	Rs. billion	% of BE	Growth#
Revenue Receipts	16,320.9	17,884.2	9.6%	5,400.0	30.2%	260.0%
Tax Revenues$	14,240.4	15,454.0	8.5%	4,126.8	26.7%	206.1%
Non-Tax Revenues	2,080.6	2,430.3	16.8%	1,273.2	52.4%	738.4%
Revenue Expenditure	30,863.6	29,290.0	-5.1%	7,101.5	24.2%	-2.4%
Revenue Balance	**-14,542.7**	**-11,405.8**		**-1,701.5**	**14.9%**	
Capital Receipts	379.0	1,750.0	361.8%	40.0	2.3%	--
Capital Expenditure, Net Lending	4,050.9	5,412.4	33.6%	1,080.9	20.0%	27.6%
Fiscal Balance	**-18,214.6**	**-15,068.1**		**-2,742.5**	**18.2%**	

$ Net of Refunds, Net of States' share in Central Taxes; ~ Relative to FY2021 Prov. # As compared to the corresponding period of FY2021 Prov.
***Source**: GoI Budget Documents; CGA, Ministry of Finance, GoI; CEIC; ICRA Research*

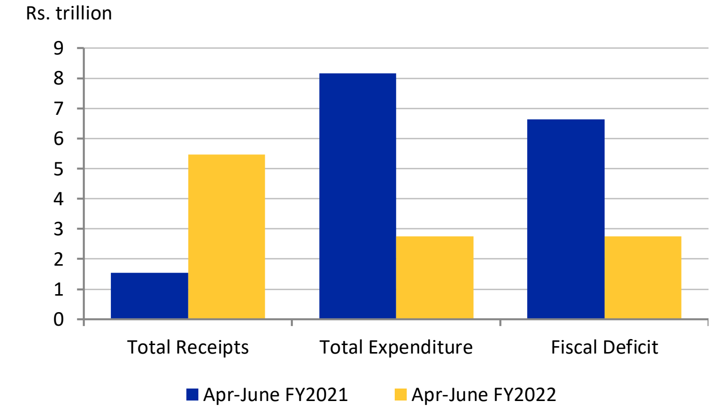
During Q1 FY2022, the gross market borrowings of the GoI were Rs. 3.2 trillion (till July 2, 2021), higher than the fiscal deficit of Rs. 2.7 trillion. The comfortable cash balance position of the GoI allowed the release of Rs. 750 billion (47% of the total Rs. 1.59 trillion estimated for FY2022) of the back-to-back GST compensation loan to the States/UTs in a single instalment during July 2021. We expect the balance amount of Rs. 840 billion to be raised in H2 FY2022, as part of the GoI's borrowing calendar for the second half of this fiscal.

Given the moderate growth of 9.5% embedded in the GoI's FY2022 BE for gross tax revenues (relative to FY2021 Prov.), we do not foresee a material undershooting of the targeted tax collections, even with some eventual reduction in excise duty on fuels. Moreover, the transfer of surplus by the RBI in FY2022 has been higher than budgeted by ~Rs. 0.5 trillion. This provides a cushion to absorb the modest net cash outgo of Rs. 236.7 billion under the First Supplementary Demand for grants, as well as some step-up in the outlay for vaccine procurement above the budgeted Rs. 350.0 billion, which may be necessary to achieve early availability of vaccine imports.

In our view, the magnitude by which the GoI's fiscal deficit in FY2022 will overshoot the FY2022 BE of Rs. 15.1 trillion, will depend on how much of the disinvestment target of Rs. 1.75 trillion is unachieved, and any other major fiscal stimulus measures that may be announced. At present, we expect the GoI's fiscal deficit to print at Rs. 16.1-16.3 trillion in FY2022.

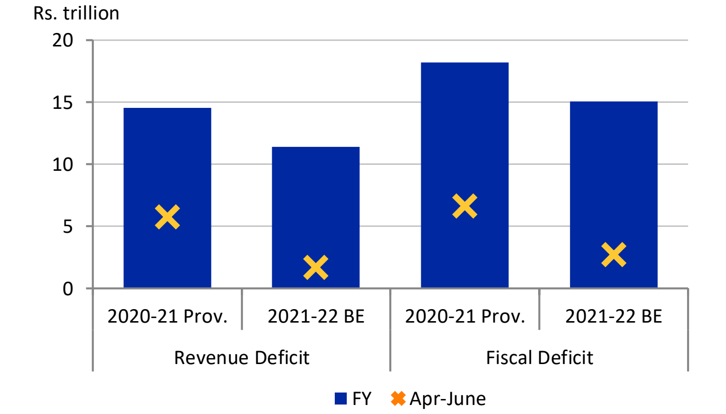
Notwithstanding the subdued fiscal deficit of the GoI in Q1 FY2022, the yield for the new benchmark 6.10 GS 2031 may continue to rise to as much as 6.3% in the ongoing quarter, in the absence of liquidity operations by the RBI, as its level may be inconsistent with the broader fiscal-inflation dynamics

EXHIBIT 9: Trends in Revenues and Expenditure of the GoI



***Source**: CGA, Ministry of Finance, GoI; ICRA research*

EXHIBIT 10: Revenue and Fiscal Deficits

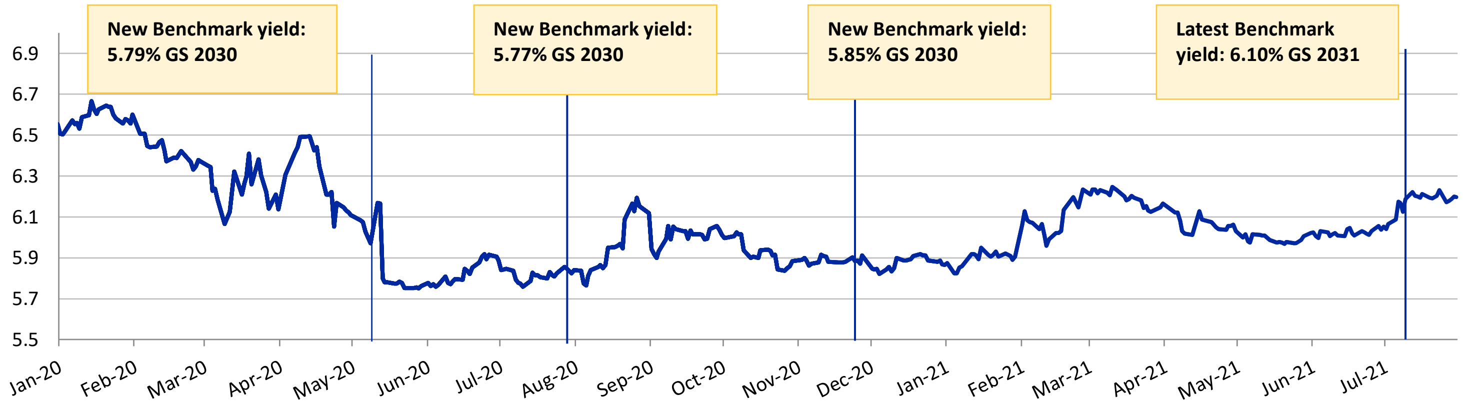


***Source**: CGA, Ministry of Finance, GoI; ICRA research*

MOVEMENT IN 10-YEAR G-SEC: The new 10-year G-Sec (06.10 GS 2031) yield has witnessed a 10-basis points rise since its introduction[1] just three weeks ago, to 6.20% on July 30, 2021, given the looming large supply of bonds and inflation concerns. Moreover, the RBI devolved a substantial portion of the new 10-year benchmark on July 23, 2021, indicating discomfort with the high yields demanded by investors. Additionally, the Central Bank has refrained from announcing any open market operations since last week, belying market expectations of the same. **Notwithstanding the subdued fiscal deficit of the GoI in Q1 FY2022, the yield for the new benchmark 6.10 GS 2031 may continue to inch up to as much as 6.3% in the ongoing quarter, in the absence of liquidity operations by the Central Bank, as its level may be inconsistent with the broader fiscal-inflation dynamics.**

[1] Refer to ICRA's publication, "New benchmark 10-year G-sec yield to trade in a range of 6.0-6.3% in Q2 FY2022", published in July 2021.

EXHIBIT 11: Trend in 10-year India G-sec yields



Source: *Bloomberg; ICRA research*

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- Provide information and guidance to institutional and individual investors/creditors;
- Enhance the ability of borrowers/issuers to access the money market and the capital market for tapping a larger volume of resources from a wider range of the investing public;
- Assist the regulators in promoting transparency in the financial markets;
- Provide intermediaries with a tool to improve efficiency in the funds raising process.

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