Banks, state firms plan $3.5 bn bond sales before GDP, RBI policy

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Indian lenders and state-run firms are racing to raise up to $3.5 billion through bonds ahead of India's GDP data and monetary policy decision amid concerns that interest rates might not be slashed, bankers said on Monday.

State-owned Power Finance Corp, Indian Railway Finance Corp, Small Industries Development Bank of India, and NABARD aim to raise a combined ₹24,000 crore ($2.7 billion). Axis and Bank of India plan to raise ₹7,500 crore, said bankers, seeling anonymity.

India's GDP data for the July-September quarter is scheduled for Friday and the monetary policy decision will follow on December 5.

While economists expect the central bank to cut rates, overnight index swaps — a key indicator of short-term rate expectations — suggest a status quo. A stronger growth print will also reduce the likelihood of rate cuts.

"Issuers are front-loading bond plans because hopes of a December rate cut are diminished. It is firms' way of locking current borrowing costs, since any status-quo decision by the six-member panel could push yields higher," Saurav Ghosh, co-founder of online bond trading platform Jiraaf, said.

Large corporate issues are being absorbed by institutional investors and the supply should be digested by the market, he said. Indian firms have raised 6.87 trillion rupees via bonds so far this fiscal year that ends March 2026, show data aggregator Prime Database.

Even if the RBI cuts rates, it is unlikely to have a significant impact on yields, said Suresh Darak, founder of Bondbazaar, a bond platform."Only steps like open market purchases or cut in CRR can create a strong downward impact on yields."