

[Economic affairs secretary Subhash Chandra Garg](#) on Friday said that the current yields on government bonds are not justified, since the economy is showing a healthy growth momentum and fiscal discipline.

“The yields today possibly do not reflect the fundamentals and therefore, as things stabilise, they will come back to normal,” Garg said while responding to media queries on the sidelines of the EBRD seminar. “Any increase in yields is a matter of concern but you would have seen there is some moderation in the yields,” he added.

According to Bloomberg data, yields on the 10-year central government bonds have moved up from 7.32 per cent at end of December 2017 to 7.82 per cent now. They had crossed the eight per cent mark in the middle of June and eased later.

Market analyst said [RBI](#) minutes offered a reprieve to the [markets](#). Concerns of aggressive rate hikes were subsided by emphasis on maintaining a neutral stance.

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Concerns of aggressive rate hikes were subsided by emphasis on maintaining a neutral stance. A fall in [oil prices](#) also came as a boost for bond investors.

The yield on 10-year G-sec ended at 7.77 per cent on Thursday, against the close of 7.82 per cent on Wednesday. The yield on the benchmark moved up again and closed at 7.81 per cent.

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“On every fundamental (growth and fiscal discipline, among others), the current yields are not justified. Spreads are too high to be justified. They were impacted by concerns on oil and American yields. But all of them are stabilising and settling down. Those expectations would be moderating,” he said.

Asked about the impact of yield trend on borrowings, Garg said the current government borrowing programme is evenly spread and there is no back-loading.