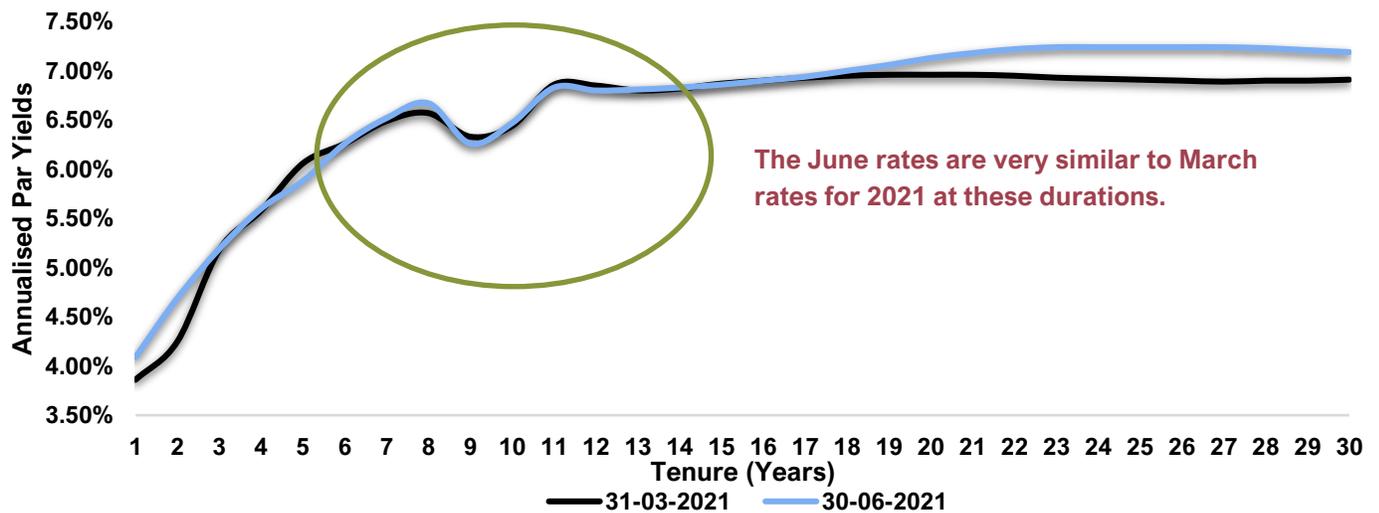


# KAP's Interest Rate Updates for Employee Benefits as on 30 June 2021

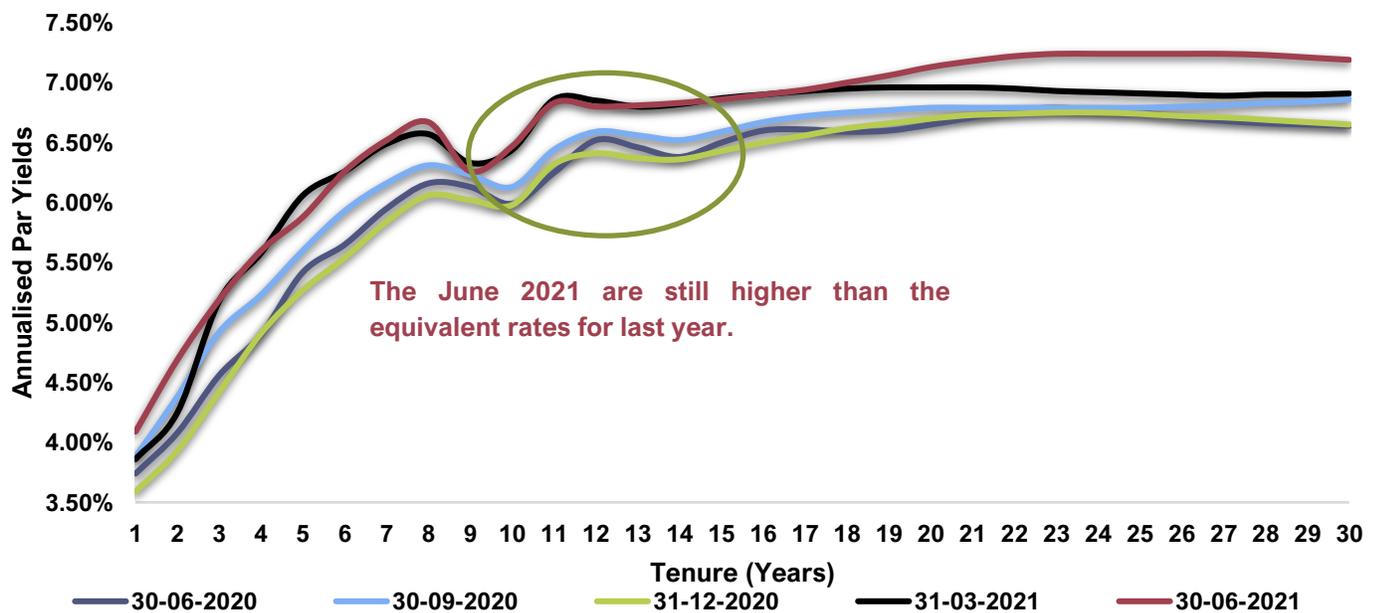
## Introduction:

The past 15 months have seen volatile Annualised Par Yields on Government Securities (G-Sec)/Discount Rates due to the pandemic lockdown. However, rates seem to have been more stable in the last few months at shorter- and medium-term durations, despite the second wave of the pandemic.

### G. Sec Rates as at 30-06-2021 vs. 31-03-2021



### Annualised Par Yields on G. Sec



Source: [www.fimmda.org](http://www.fimmda.org) with prices/yields published by FBIL

## G-Sec Rates movements between 30-06-2021 and 30-06-2020:

Tenure	Yield 30-06-2021	Yield 31-03-2021	Yield 31-12-2020	Yield 30-09-2020	Yield 30-06-2020
1	4.09%	3.86%	3.59%	3.88%	3.74%
2	4.69%	4.25%	3.93%	4.38%	4.08%
3	5.19%	5.18%	4.42%	4.92%	4.56%
4	5.60%	5.58%	4.91%	5.23%	4.90%
5	5.88%	6.06%	5.27%	5.60%	5.42%
6	6.26%	6.26%	5.54%	5.93%	5.65%
7	6.52%	6.49%	5.84%	6.16%	5.95%
8	6.67%	6.57%	6.06%	6.31%	6.16%
9	6.26%	6.33%	6.02%	6.23%	6.13%
10	6.47%	6.44%	5.98%	6.13%	5.99%
11	6.83%	6.86%	6.32%	6.44%	6.25%
12	6.80%	6.85%	6.41%	6.59%	6.52%
13	6.81%	6.80%	6.37%	6.56%	6.46%
14	6.83%	6.82%	6.36%	6.52%	6.38%
15	6.86%	6.87%	6.43%	6.59%	6.50%
16	6.90%	6.90%	6.50%	6.67%	6.60%
17	6.94%	6.93%	6.56%	6.72%	6.61%
18	7.00%	6.95%	6.62%	6.75%	6.59%
19	7.06%	6.96%	6.66%	6.77%	6.60%
20	7.13%	6.96%	6.70%	6.79%	6.65%
21	7.18%	6.96%	6.73%	6.79%	6.71%
22	7.22%	6.95%	6.74%	6.79%	6.77%
23	7.24%	6.93%	6.75%	6.79%	6.79%
24	7.24%	6.92%	6.75%	6.79%	6.77%
25	7.24%	6.91%	6.74%	6.79%	6.75%
26	7.24%	6.90%	6.72%	6.80%	6.71%
27	7.24%	6.89%	6.71%	6.81%	6.68%
28	7.23%	6.90%	6.69%	6.83%	6.66%
29	7.21%	6.90%	6.67%	6.84%	6.65%
30	7.19%	6.91%	6.65%	6.86%	6.64%

## Comments & Insights:



The G-sec rates have increased compared to last year as the economy and businesses have gained some momentum and are steadily converging to normalcy.



Rates as on 30-06-2021 for tenures ranging from 3 to 9 years have nominally decreased by an average of 0.01% when compared to 31-03-2021 Rates.



Rates for longer tenures seem to have increased more than the rates for short tenures and have shown steady increase since Unlock 3.0 on account of the kick-starting of various economic activities.



For longer tenures, increasing 30<sup>th</sup> June 2021 G-sec rates when compared to 31<sup>st</sup> March 2021, would lead to an Actuarial Gain due to change in Financial Assumptions, if all other Assumptions remain the same as last valuation.

## Some Important Links:

Indian Accounting Standard 19 - <https://indasaccess.icaai.org/download/2019/asb0719/272/272asb-cias-2019-20-vol2-24.pdf>

Accounting Standard 15 (R) - [https://www.mca.gov.in/Ministry/notification/pdf/AS\\_15.pdf](https://www.mca.gov.in/Ministry/notification/pdf/AS_15.pdf)

Accumulating Compensated Absences Actuarial Valuation considerations for 2021 - [http://www.ka-pandit.com/assets/newsletter/Accumulating\\_Compensated\\_Absences\\_Actuarial\\_Valuation\\_Considerations\\_for\\_2021.pdf](http://www.ka-pandit.com/assets/newsletter/Accumulating_Compensated_Absences_Actuarial_Valuation_Considerations_for_2021.pdf)

### Interest Rate Updates: -

March 2021 - <https://www.ka-pandit.com/assets/newsletter/Interest-Rates-Updates-March-2021.pdf>

December 2020 - <https://www.ka-pandit.com/assets/newsletter/Interest-Rates-Updates-December-2020.pdf>

September 2020 - [https://www.ka-pandit.com/assets/newsletter/Interest\\_Rates\\_Updates\\_September\\_2020.pdf](https://www.ka-pandit.com/assets/newsletter/Interest_Rates_Updates_September_2020.pdf)

June 2020 - <http://www.ka-pandit.com/assets/newsletter/Interest-Rates-Updates-June-2020.pdf>

If you have any queries about this article or would like to discuss about any employee benefits related matter, such as actuarial valuations and related advice for Pension Schemes, Employee Stock Options, Gratuity and Leave schemes, please get in touch with us at:

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