

STATE GOVERNMENT FINANCES- Weekly SGS

**SGS cut-off jumps by 7 bps to 7.43%,
amid mildly higher-than-indicated
borrowing**

JUNE 4, 2024





[Click to see full report](#)

Ten states and one UT raised Rs. 195 billion on June 4, 2024, ~5% above the indicated amount for this week.

Weighted average cut-off of SGS rose by 7 bps to 7.43% on June 4, 2024, from last week.

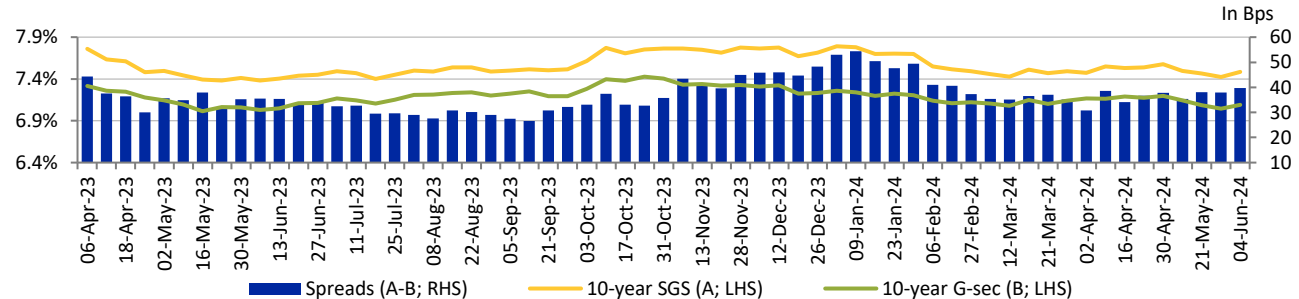
Spread between cut-off of 10-year SGS and the 10-year G-sec yield increased to 40 bps on June 4, 2024, from 38 bps last week.

Ten states and one Union Territory (UT) raised Rs. 195 billion through state government securities (SGS) on June 4, 2024. Following eight consecutive weeks of lower-than-indicated issuance, the actual SGS issued on June 4, 2024, exceeded the indicated amount by 4.8%. Cumulatively, the SGS issuance so far in FY2025 trailed the indicated amount by 44%. The excess devolution of Rs. 250 billion by the Government of India (GoI) to the states in March 2024 over and above the amount based on tax devolution indicated in FY2024 revised estimates (RE) seemed to have reduced the borrowing requirements of the states in the initial weeks of FY2025. The weighted average cut-off of the SGS hardened to 7.43% on June 4, 2024, from 7.36% last week, amidst weighted average tenor being unchanged at 16 years during the same period. The spread between the cut-off of the 10-year SGS and the 10-year G-sec (7.10 GS 2034) yield increased to 40 bps on June 4, 2024, from 38 bps last week.

Exhibit: SGS issuances during FY2025 (so far)

Amount in Rs. Billion	Indicated	Notified	Raised	Cumulative till this week
Week of June 4, 2024	186	195	195	1,135
Week of June 6, 2023	118	178	173	1,171
Growth	58.3%	9.6%	12.7%	-3.1%

Exhibit: Spread between weighted average cut-off of 10-year State and GoI G-sec yield





ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, Head – Research & Outreach	aditin@icraindia.com	0124- 4545 385
Neetika Shridhar	Assistant Vice-President	neetika.shridhar@icraindia.com	0124 – 4545 305
Jaspreet Kaur	Senior Analyst	jaspreet.kaur@icraindia.com	0124 – 4545 853





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!