



STATE GOVERNMENT FINANCES- Weekly SGS

**SGS cut-off eased to a 57-week low
of 7.34% amid lower-than-indicated
SGS issuance**

JUNE 18, 2024





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Five states and one UT raised Rs. 95 billion on June 18, 2024, ~41% below the indicated amount for this week.

The weighted average cut-off of SGS declined by 5 bps to 7.34% on June 18, 2024, from last week.

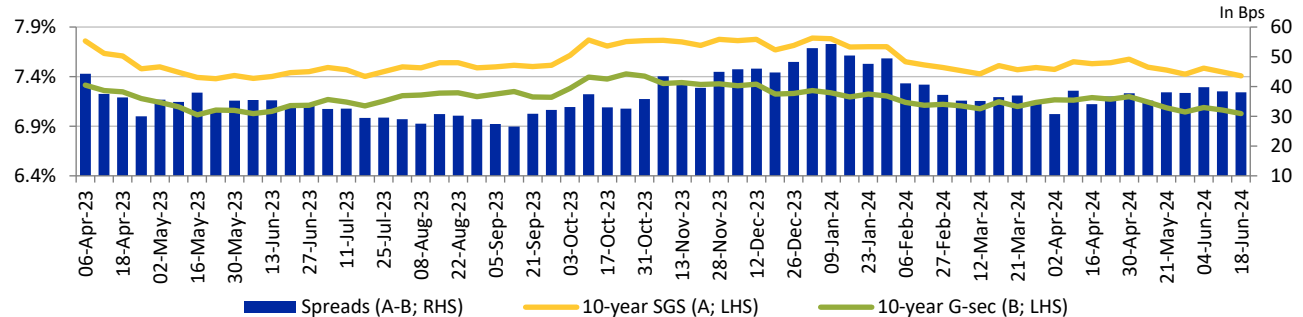
The spread between the cut-off of 10-year SGS and the 10-year G-sec yield was unchanged at 38 bps on June 18, 2024, from last week.

Five states and one Union Territory (UT) raised Rs. 95 billion through the state government securities (SGS) on June 18, 2024, nearly 41% below the indicated amount for this week. A likely cause could be the step-up in tax devolution in June 2024 from April-May 2024, which may have reduced their borrowing requirement. The weighted average cut-off of the SGS eased to a 57 week-low of 7.34% on June 18, 2024, from 7.39% last week, amidst the weighted average tenor remaining stable at 10 years. The spread between the cut-off of the 10-year SGS and the 10-year G-sec (7.10 GS 2034) yield was stable 38 bps on June 18, 2024, compared to last week.

Exhibit: SGS issuances during FY2025 (so far)

| Amount in Rs. Billion | Indicated | Notified | Raised | Cumulative till this week |
|------------------------------|-----------|----------|--------|---------------------------|
| Week of June 18, 2024 | 162 | 95 | 95 | 1,288 |
| Week of June 20, 2023 | 180 | 56 | 56 | 1,453 |
| Growth | -10.3% | 69.6% | 69.6% | -11.4% |

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





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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 |





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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 |





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