

STATE GOVERNMENT FINANCES - Weekly SGS

Extent of lower-than-indicated borrowings could narrow amid modest disbursement of capex loans, YoY dip in tax devolution in Feb-Mar FY2025

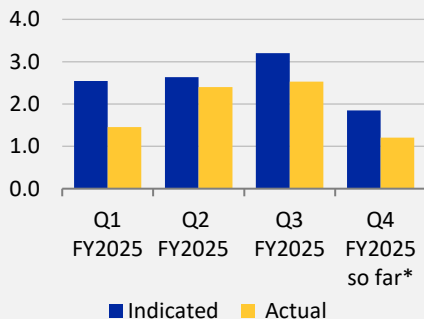
FEBRUARY 4, 2025





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Exhibit: Actual and indicated SGS issuances (Rs. trillion)



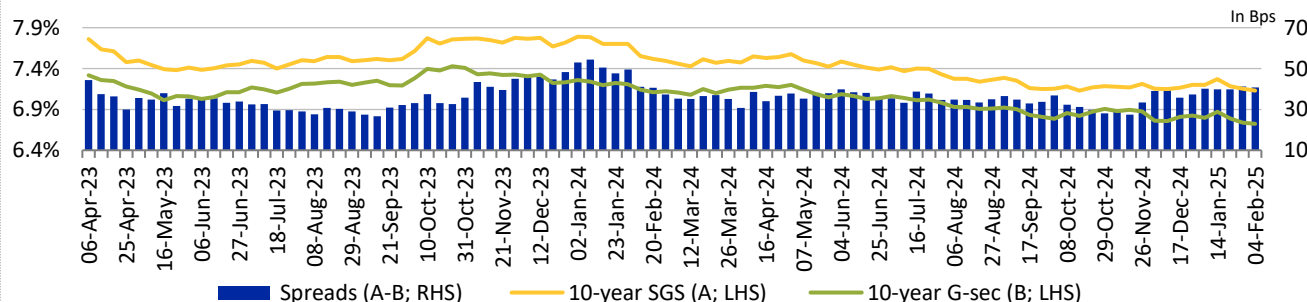
Source: Reserve Bank of India (RBI); ICRA Research

Thirteen states raised Rs. 334 billion through state government securities (SGS) on February 4, 2025, ~12% below the amount indicated for this week in the Q4 FY2025 auction calendar. The weighted average SGS cut-off inched up to 7.12% on February 4, 2025, from 7.11% last week, despite the weighted average tenor declining to 15 years from 17 years. However, the spread between the cut-off yield of the 10-year SGS and the 10-year G-sec (6.79 GS 2034) was unchanged at 41 bps on February 4, 2025, from last week.

Exhibit: SGS issuances during FY2025 (so far)

Amount in Rs. Billion	Indicated	Notified	Raised	Cumulative till this week
Week of February 4, 2025	379	336	334	7,592
Week of February 6, 2024	344	267	267	7,347
Growth	10.2%	25.8%	25.1%	3.3%

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





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