

STATE GOVERNMENT FINANCES - Weekly SGS

**SGS cut-off yield hardens by 7 bps to
a 30-week high of 7.26% amid
higher-than-indicated borrowings**

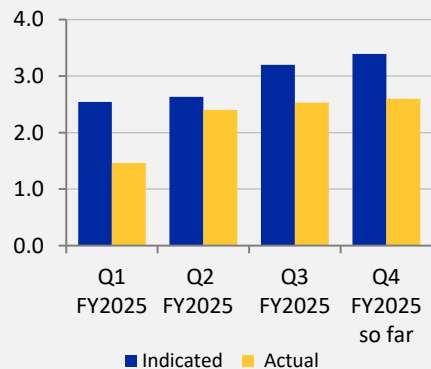
MARCH 4, 2025





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



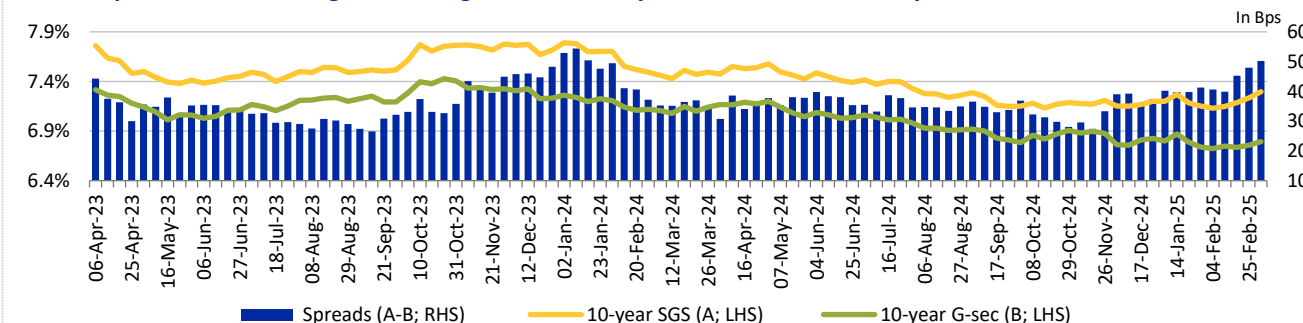
Source: Reserve Bank of India (RBI); ICRA Research

Fourteen states raised a substantial Rs. 505 billion through state government securities (SGS) on March 4, 2025. This was the largest auction till date in FY2025 and was 25% above the amount indicated for this week in the Q4 FY2025 auction calendar. Accordingly, the weighted average SGS cut-off hardened to a 30-week high of 7.26% on March 4, 2025 from 7.19% last week. Spread between the cut-off yield of the 10-year SGS and the 10-year G-sec (6.79 GS 2034) rose to a 56-week high of 50 bps on March 4, 2025 from 48 bps last week. The total gross issuance in FY2025 will aggregate Rs. 10.3 trillion if the issuance for the remainder of this month is in line with the indicative amount.

Exhibit: SGS issuances during FY2025 (so far)

| Amount in Rs. Billion | Indicated | Notified | Raised | Cumulative till this week |
|------------------------------|-----------|----------|--------|---------------------------|
| Week of March 4, 2025 | 404 | 505 | 505 | 8,989 |
| Week of March 5, 2024 | 382 | 280 | 280 | 8,423 |
| Growth | 5.7% | 80.5% | 80.5% | 6.7% |

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





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