



STATE GOVERNMENT FINANCES

Weighted average cost of SGS eased by 32 bps to 7.20% in FY2025

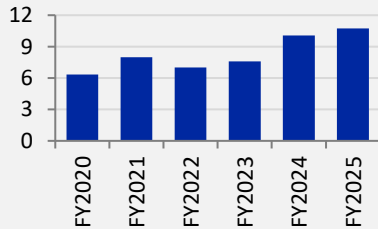
MARCH 2025





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Exhibit: Trends in gross SGS issuance all states/UTs (Rs. Trillion)



Source: Reserve Bank of India (RBI); ICRA Research
 *14 states, namely AP, Bihar, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh (MP), Maharashtra, Punjab, Rajasthan, Tamil Nadu (TN), Telangana, Uttar Pradesh (UP) and West Bengal (WB) with gross issuance exceeding Rs. 300 billion in FY2025

Twenty-seven state governments and 2 Union Territories (UTs; excluding Tripura) raised Rs. 10.7 trillion state government securities (SGS) in FY2025, 6.6% higher than the Rs. 10.1 trillion issued in FY2024. However, the actual SGS issuances in FY2025 were a massive Rs. 2.4 trillion below the indicated amount, amid shortfall in all the months, except August and March. Notably, the SGS issuances in both March 2024 and 2025 exceeded the planned amount by a considerable degree.

The weighted average cut-off (WAC) of the SGS dipped by 32 basis points (bps) in FY2025 to 7.20% from 7.52% in FY2024, exceeding the 25-bps repo cut in February 2025. Among the sample states*, the WAC of SGS issued by Karnataka declined by 50 bps to 7.10% while that of Andhra Pradesh (AP), Kerala, Punjab and Telangana eased by a lower 21-24 bps to 7.22-7.33% in FY2025. Nearly two-thirds of the SGS issuances in FY2025 were in the longer tenors, in line with the previous year (~63%) and a significant increase from FY2020 (~25%). The weighted average maturity (WAM) of SGS issued during FY2025 was nearly unchanged at 14 years in line with the previous two years.

Exhibit: Weighted average cost of SGS of all states/UTs

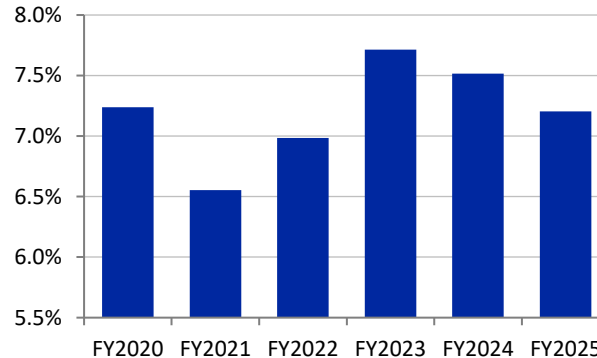
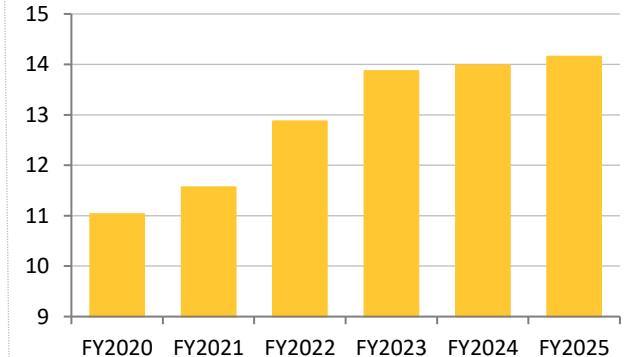


Exhibit: Weighted average maturity of SGS all states/UTs





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