

STATE GOVERNMENT FINANCES - Weekly SGS

**Weighted average SGS cut-off eased
by 13 bps to 7.81% amid lower-than-
indicated borrowing in second SGS
auction of FY2027**

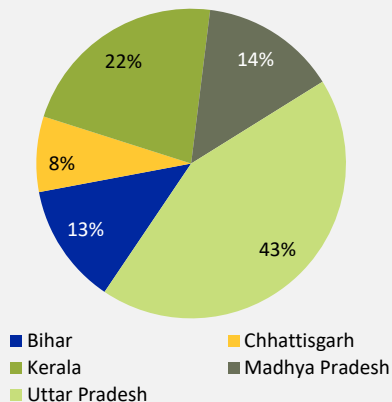
April 13, 2026





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EXHIBIT: State-wise composition of issuance on April 13, 2026



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

Five state governments raised Rs. 127 billion through state government securities (SGS) on April 13, 2026, ~9% below the indicated amount as per the Q1 FY2027 auction calendar. However, on a YoY basis, this was 3.2x the amount raised in the same period last year. The actual issuance by states that had adopted the Benchmark Issuance Strategy (BIS) was in line with their indicated amounts for this auction. In contrast, Karnataka and Meghalaya (both non-BIS states) had indicated borrowing of Rs. 13 billion on April 13, 2026, but did not participate.

In the auction held on April 13, 2026, ~81% of the total issuance was in longer tenors and the balance ~19% in shorter tenors. The weighted average SGS cut-off in the auction held on April 13, 2026, was 7.81%, down 13 bps from 7.94% last week. G-sec yields softened last week on the back of the Reserve Bank of India's (RBI's) decision to keep policy rates unchanged and some easing in crude oil prices following expectations of easing geopolitical tensions. The weighted average tenor of all SGS declined to 16 years in the second weekly auction from 18 years last week. Notably, the cut-offs of the 20-25-year papers of Bihar and Uttar Pradesh (UP) stood at 7.92%, mildly higher than the cut-off of 7.90% for the 30-year Madhya Pradesh (MP) SGS.

Additionally, as per the data published by the RBI, the total stock of T-Bills of the state governments stood at Rs. 633 billion as on April 3, 2026, the lowest level in the last two years, despite the substantial borrowing in March 2026.

EXHIBIT: SGS issuances in FY2027 so far

Amount in Rs. billion	Indicated	Notified (including green shoe)	Raised	Cumulative till this week	SGS weighted average cut-off	10-year SGS and G-sec spread
April 13, 2026	140	127	127	309	7.81%	NA
April 15, 2025	158	30	30	183	6.66%	NA



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