

## STATE GOVERNMENT FINANCES - Weekly SGS

**Weighted average SGS cut-off rose  
by 6 bps to 7.80% despite continued  
lower-than-indicated issuance**

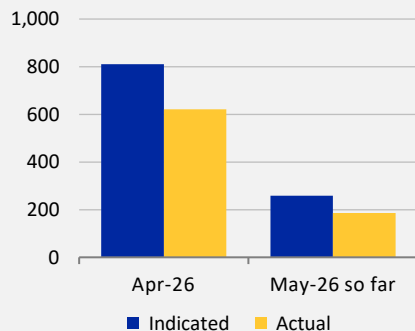
**May 5, 2026**





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**EXHIBIT: Indicated and actual issuance (Rs. Billion) in Q1 FY2027 till date**



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

Five state governments raised Rs. 186 billion through state government securities (SGS) on May 5, 2026, ~28% below the indicated amount as per the Q1 FY2027 auction calendar. The actual issuance by states that had adopted the Benchmark Issuance Strategy (BIS) continued to be in line with their indicated amounts for this auction. In contrast, the non-BIS states – Goa, Gujarat, Haryana, Himachal Pradesh, Mizoram, Punjab and West Bengal – had indicated a borrowing of Rs. 72 billion on May 5, 2026, but did not participate.

In the auction held on May 5, 2026, ~82% of the total issuance was in longer tenors, ~13% in shorter tenors and the balance 5% in the 10-year bucket. The weighted average tenor of all SGS jumped to 18 years in the first weekly auction of May 2026 from 14 years last week. The weighted average SGS cut-off increased by 6 bps 7.80% in the auction held on May 5, 2026, from 7.74% last week. The 10-year G-sec (06.48 GS 2035) rose to 7.02% on May 5, 2026 from 6.98% last Tuesday, reflecting rising crude oil prices and global uncertainties. During the same period, the weighted average cut-off of 10-year SGS increased relatively mildly to 7.73% from 7.71%. Accordingly, the spread between them eased to 71 bps on May 5, 2026 from 73 bps last week.

Also, the monthly average investments of state governments in 14-day Treasury Bills (ITBs) declined to Rs. 2.0 trillion in April 2026 from Rs. 2.3-2.9 trillion in February-March 2026. Additionally, their investments in auction treasury bills (ATBs) shrank further to Rs. 685 billion in April 2026 from Rs. 794 billion in March 2026 and Rs. 1.2 trillion in February 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 |
|-----------------------|-----------|---------------------------------|--------|---------------------------|------------------------------|------------------------------|
| <b>May 5, 2026</b>    | 258       | 186                             | 186    | 807                       | 7.80%                        | 71 bps                       |
| <b>May 6, 2025</b>    | 205       | 230                             | 228    | 767                       | 6.74%                        | 39 bps                       |



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# Analytical Contact Details

| Name             | Designation                                 | Email  | Contact Number  |
|------------------|---|--|-----------------|
| Aditi Nayar      | Chief Economist, Head - Research & Outreach | <a href="mailto:aditin@icraindia.com">aditin@icraindia.com</a>                     | 0124 – 4545 385 |
| Neetika Shridhar | Vice President                              | <a href="mailto:neetika.shridhar@icraindia.com">neetika.shridhar@icraindia.com</a> | 0124 – 4545 305 |
| Jaspreet Kaur    | Senior Analyst                              | <a href="mailto:jaspreet.kaur@icraindia.com">jaspreet.kaur@icraindia.com</a>       | 0124 – 4545 853 |





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# Business Development/Media Contact Details

| Name            | Designation  | Email  | Contact Number |
|-----------------|--|--|----------------|
| L Shivakumar    | Chief Business Officer                                       | <a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>           | 022-61693304   |
| Sai Krishna     | Head - Research Sales and Investor Connect                   | <a href="mailto:sai.krishna1@icraindia.com">sai.krishna1@icraindia.com</a>       | 9840774883     |
| Rohit Gupta     | Head Business Development – Infrastructure Sector            | <a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>                   | 0124-4545340   |
| Vivek Bhalla    | Head Business Development – Financial Sector                 | <a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>       | 022-61693372   |
| Vinita Baid     | Head Business Development – East                             | <a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>         | 033-65216801   |
| Shivam Bhatia   | Head Business Development – Corporate Sector – North & South | <a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>     | 0124-4545803   |
| Sanket Kulkarni | Head Business Development – Corporate Sector – West          | <a href="mailto:sanket.kulkarni@icraindia.com">sanket.kulkarni@icraindia.com</a> | 022-6169 3365  |
| Naznin Prodhani | Head - Group Corporate Communications & Media Relations      | <a href="mailto:communications@icraindia.com">communications@icraindia.com</a>   | 0124-4545860   |





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