

## STATE GOVERNMENT FINANCES - Weekly SGS

Weighted average SGS cut-off rose  
by 2 bps to 7.83%; spread between  
10-year SGS and G-sec yield  
narrowed to 72 bps from 81 bps

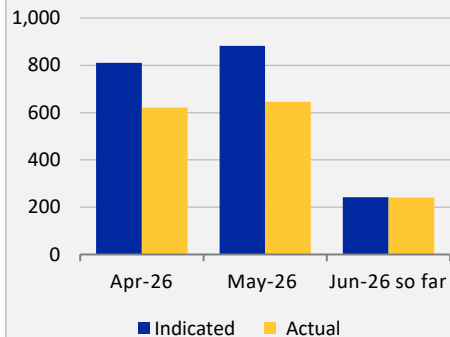
June 2, 2026





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



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

Seven state governments and one Union Territory (UT) raised Rs. 241 billion through state government securities (SGS) on June 2, 2026, largely in line with the indicated amount in the Q1 FY2027 auction calendar. 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, four non-BIS states – Goa, Haryana, Himachal Pradesh and West Bengal– had indicated a borrowing of Rs. 51 billion on June 2, 2026, but did not participate in the auction. Additionally, Tamil Nadu under-borrowed by Rs. 5 billion. In contrast, Punjab raised an additional Rs. 25 billion through SGS. Moreover, Gujarat and Jammu and Kashmir borrowed Rs. 30 billion, even though they had not indicated their participation in this auction.

In the auction held on June 2, 2026, ~82% of the total issuance was in longer tenors, ~10% in the shorter tenors and the balance 8% in the 10-year bucket. The weighted average tenor of all SGS increased to 17 years in this auction from 15 years last week. The weighted average SGS cut-off rose by 2 bps to 7.83% in the auction held on June 2, 2026, from 7.81% last week. The new benchmark 10-year G-sec (06.94 GS 2036) yield inched up to 7.00% on June 2, 2026 from 6.98% last Tuesday. However, during the same period, the weighted average cut-off of 10-year SGS eased to 7.72% from 7.78%. Accordingly, the spread between them narrowed to 72 bps on June 2, 2026 from 81 bps last week.

On a cumulative basis, SGS issuance stands at Rs. 1.50 trillion in Q1 FY2027 till date, a mild ~3% higher than Rs. 1.47 trillion raised in the same period last year. Notably, the actual borrowings were 22% below the Rs. 1.9 trillion planned for this period, on account of 23-27% shortfalls in April and May 2026.

Separately, the average monthly investments of state governments in 14-day intermediate treasury bills (ITBs) declined to Rs. 1.8 trillion in May 2026 from Rs. 2.0 trillion in April 2026. However, the investment in auction treasury bills (ATBs) increased to Rs. 878 billion from Rs. 685 billion in the same period.

**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
June 2, 2026	242	241	241	1,507	7.83%	72 bps
June 3, 2025	209	294	282	1,468	6.82%	44 bps



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