

STATE GOVERNMENT FINANCES - Weekly SGS

**SGS cut-off rises to 55-week high of
7.29% amid concerns of higher
borrowings in FY2026**

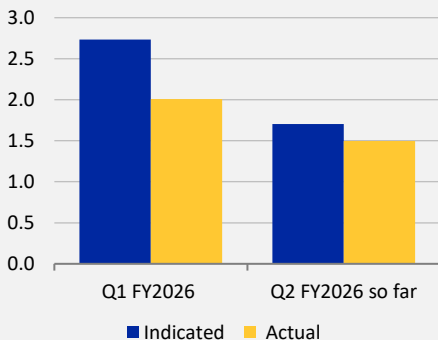
AUGUST 19, 2025





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



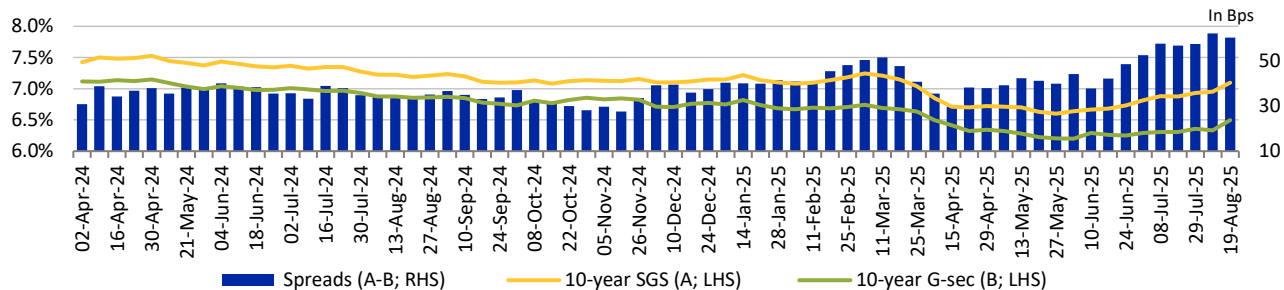
Source: Reserve Bank of India (RBI); ICRA Research

Nine state governments raised Rs. 176 billion through state government securities (SGS) on August 19, 2025, a sharp ~33% below the amount indicated in the Q2 FY2026 auction calendar for the week. With concerns of higher government borrowing pushing up G-sec yields, the weighted average cut-off of SGS rose to 7.29% (highest since August 2024) on August 19, 2025 from 7.26% last week. This was despite the weighted average tenor declining to 15 from 24 years during the same period. However, the spread between the cut-off yield of the 10-year SGS and the 10-year G-sec (6.33 GS 2035) eased to 60 bps on August 19, 2025 from 62 bps in the first weekly auction of the month.

EXHIBIT: SGS issuances in FY2026 so far

Amount in Rs. billion	Indicated	Notified	Raised	Cumulative till this week
Week of August 19, 2025	262	176	176	3,504
Week of August 20, 2024	234	138	138	2,671
Growth	11.8%	27.6%	27.6%	31.2%

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





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