

STATE GOVERNMENT FINANCES - Weekly SGS

**SGS cut-off jumps by 6 bps to 7.54%;
spread between 10-year SGS and G-
sec yields rose to post-pandemic high
of 109 bps**

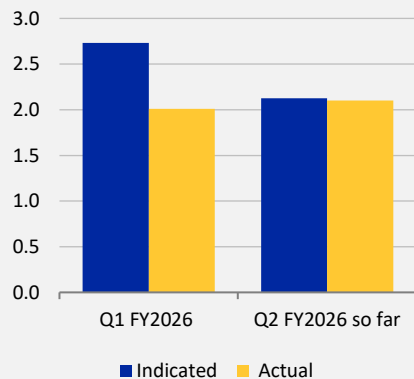
SEPTEMBER 2, 2025





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



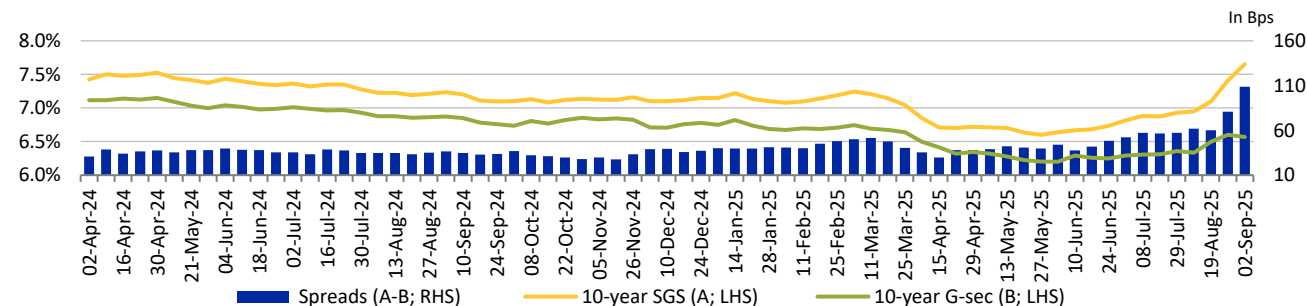
Source: Reserve Bank of India (RBI); ICRA Research

Twelve state governments raised Rs. 291 billion through state government securities (SGS) on September 2, 2025. This was the largest auction amount in FY2026 till date and a sharp ~36% above the amount indicated in the Q2 FY2026 auction calendar for the week, albeit lower than the notified amount with some bids being rejected. The weighted average SGS cut-off hardened to 7.54% (the highest since Feb 2024) on September 2, 2025, from 7.48% last Tuesday, along with a mild rise in the weighted average tenor to 18 years from 17 years. However, the spread between the cut-off yield of the 10-year SGS and the 10-year G-sec (6.33 GS 2035) climbed to a post-pandemic high of 109 bps on September 2, 2025, from 81 bps last week.

EXHIBIT: SGS issuances in FY2026 so far

| Amount in Rs. billion | Indicated | Notified | Raised | Cumulative till this week |
|---------------------------|-----------|----------|--------|---------------------------|
| Week of September 2, 2025 | 214 | 317 | 291 | 4,084 |
| Week of September 3, 2024 | 275 | 206 | 206 | 3,239 |
| Growth | -22.2% | 54.0% | 41.5% | 26.1% |

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





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