

STATE GOVERNMENT FINANCES - Weekly SGS

**SGS cut-off drops by 26 bps to 7.18%
amid dip in yields and increase in
shorter tenor issuances**

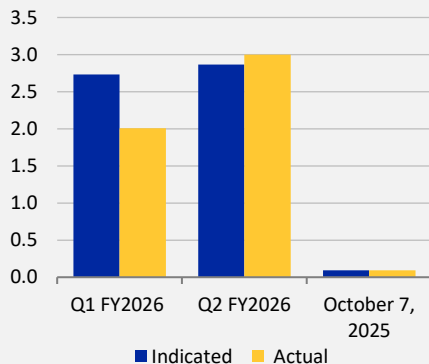
OCTOBER 7, 2025





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



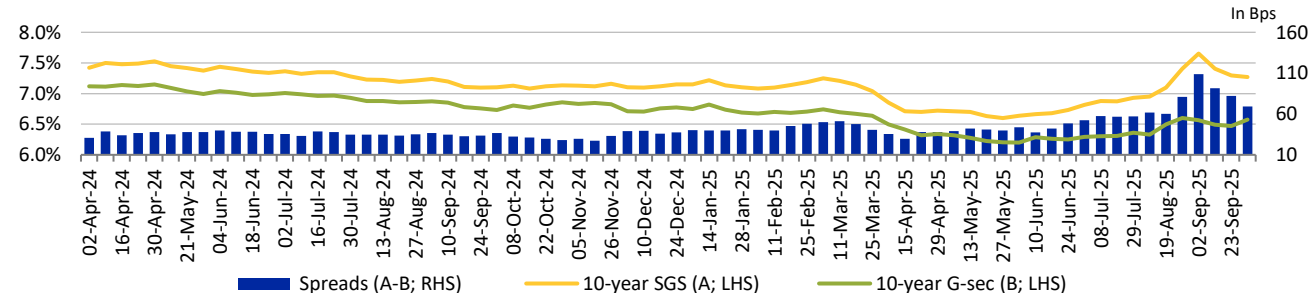
Source: Reserve Bank of India (RBI); ICRA Research

In the first weekly auction of Q3 FY2026, four state governments and one Union Territory (UT) raised Rs. 94 billion through state government securities (SGS) on October 7, 2025, in line with the amount indicated in the auction calendar for this week. The weighted average SGS cut-off dropped to 7.18% on October 7, 2025 from 7.44% last Tuesday, around the levels seen during the first week of August 2025. The dip in the weighted average cut-off of the SGS reflects softening of yields following the dovish commentary of the monetary policy document last week as well as lower-than-expected indicative auction calendar of SGS for Q3 FY2026. Additionally, the weighted average tenor of all SGS declined to 11 years from 19 years during the same period, in this small sized auction, which also compressed yields.

EXHIBIT: SGS issuances in FY2026 so far

Amount in Rs. billion	Indicated	Notified	Raised	Cumulative till this week
Week of October 7, 2025	94	94	94	5,102
Week of October 8, 2024	161	187	187	4,243
Growth	-41.4%	-49.7%	-49.7%	20.3%

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





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