ICRA

STATE GOVERNMENT FINANCES - Weekly SGS

SGS cut-off rises by 11 bps to 7.33% despite lower-than-indicated issuance

OCTOBER 28, 2025

Highlights

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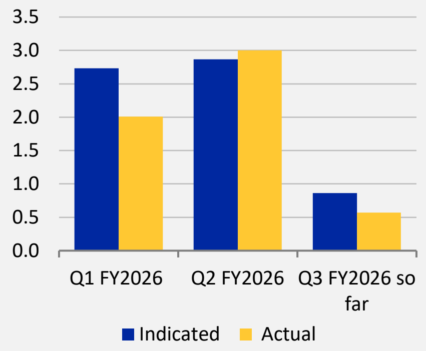
Eight state governments and one Union Territory (UT) raised Rs. 178 billion through state government securities (SGS) on October 28, 2025, nearly 42% below the amount indicated in the Q3 FY2026 auction calendar for this week. However, the weighted average SGS cut-off hardened by 11 bps to 7.33% on October 28, 2025, from 7.22% last week, amid a rise in the weighted average tenor of all SGS to 17 years from 15 years during the same period. Nevertheless, the spread between the cut-off yield of the 10-year SGS and the old 10-year G-sec (6.33 GS 2035) eased to 65 bps as on October 28, 2025, from 68 bps in the last weekly auction. The spread with the new 10-year G-sec (06.48 GS 2035) yield declined to 72 bps from 74 bps in the same period.

EXHIBIT: SGS issuances in FY2026 so far

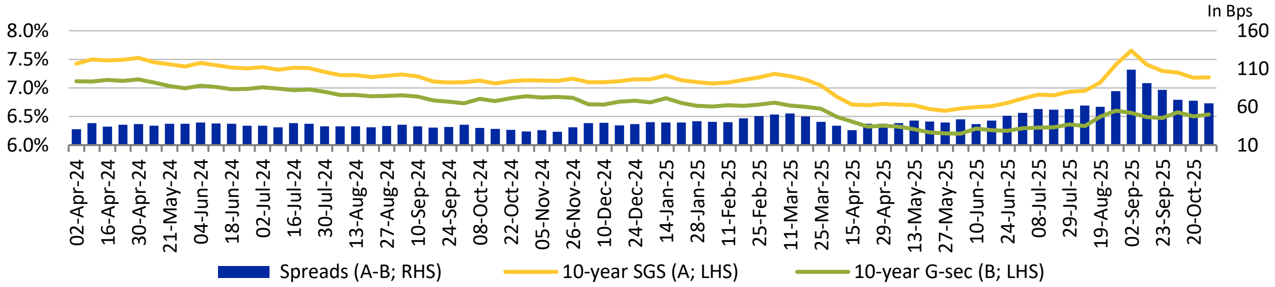
Amount in Rs. billion	Indicated	Notified	Raised	Cumulative till this week
Week of October 28, 2025	309	178	178	5,578
Week of October 29, 2024	333	251	251	4,705
Growth	-7.3%	-28.9%	-28.9%	18.6%

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



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

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



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Thank You!