

STATE GOVERNMENT FINANCES - Weekly SGS

**SGS cut-off jumped by 11 bps to
7.44% amid higher-than-indicated
issuance and large-sized auction**

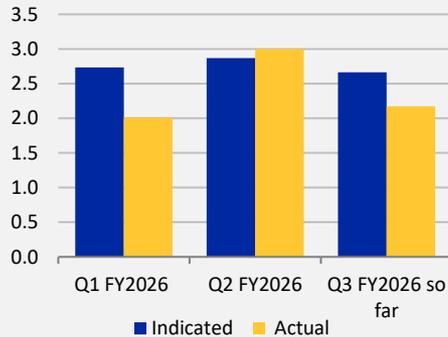
December 23, 2025





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



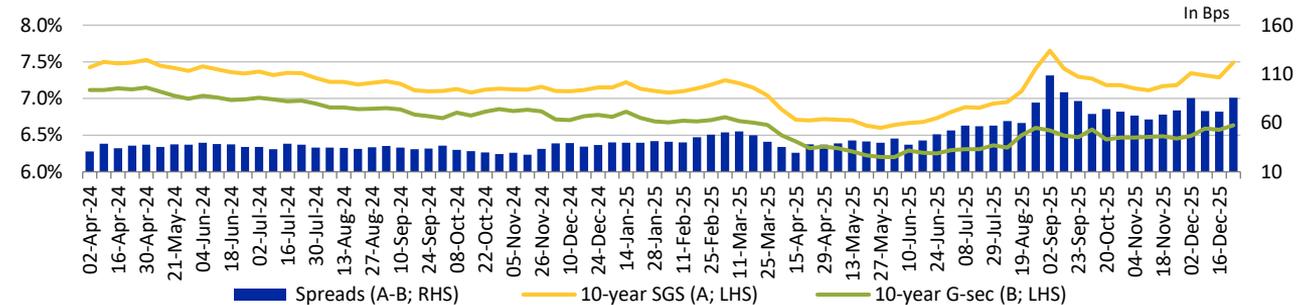
Source: Reserve Bank of India (RBI); ICRA Research

In the second largest auction so far in FY2026, 14 state governments and one Union Territory (UT) raised Rs. 337 billion through state government securities (SGS) on December 23, 2025, ~26% above the amount indicated for this week in the Q3 FY2026 auction calendar. The G-sec yields have increased in recent days, reflecting market concerns over the anticipated large supply of government bonds in Q4 FY2026. Coupled with today's large sized auction, the weighted average SGS cut-off climbed to 7.44% on December 23, 2025 from 7.33% last week. However, the weighted average tenor of all SGS remained unchanged at 12 years during the same period. Additionally, the spread between the cut-off yield of the 10-year SGS and the 10-year G-sec (06.48 GS 2035) yields widened to 86 bps as on December 23, 2025 from 71 bps in the last weekly auction, amid continued wide inter state variation.

EXHIBIT: SGS issuances in FY2026 so far

Amount in Rs. billion	Indicated	Notified	Raised	Cumulative till this week
Week of December 23, 2025	269	337	337	7,179
Week of December 24, 2024	330	306	306	6,141
Growth	-18.6%	10.2%	10.2%	16.9%

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





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