

STATE GOVERNMENT FINANCES - Weekly SGS

**Weighted average SGS cut-off eased
by 4 bps to 7.67%; spread between
10-year SGS and G-sec yield widened
by 8 bps to 79 bps**

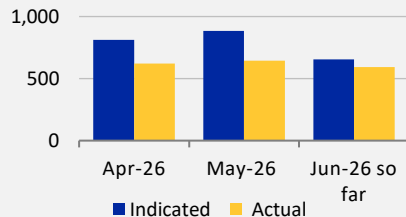
June 16, 2026





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EXHIBIT: Indicated and actual issuance (Rs. billion) in Q1 FY2027 till date



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

Eight state governments and one Union Territory (UT) raised Rs. 205 billion through state government securities (SGS) on June 16, 2026, which was 11% below the indicated amount in the Q1 FY2027 auction calendar. The actual issuance by states that had adopted the Benchmark Issuance Strategy (BIS) was in line with their indicated amounts for this auction. In contrast, four non-BIS states/UT – Goa, Puducherry, Tamil Nadu and West Bengal– had indicated a borrowing of Rs. 34 billion on June 16, 2026, but did not participate in the auction. Moreover, Uttarakhand under-borrowed by a modest Rs. 0.7 billion. In contrast, Punjab raised an additional Rs. 19.3 billion through SGS. Additionally, Gujarat and Jammu & Kashmir borrowed 10 billion and Rs. 5 billion, respectively, even though they had not indicated its participation in this auction.

In the auction held on June 16, 2026, ~61% of the total issuance was in longer tenors, ~34% in shorter tenors and the balance 5% in the 10-year bucket. The weighted average tenor of all SGS in the auction held on June 16, 2026 was unchanged at 15 years from last week. The weighted average SGS cut-off eased by 4 bps to 7.67% in the auction held on June 16, 2026, from 7.71% last week. The new benchmark 10-year G-sec (06.94 GS 2036) yield softened to 6.87% on June 16, 2026 from 6.92% last Tuesday reflecting a decline in crude oil prices, following the signing of a peace deal between the US and Iran. The weighted average cut-off of 10-year SGS increased to 7.66% on June 16, 2026 from 7.63% last Tuesday. Accordingly, the spread between them widened to 79 bps on June 16, 2026 from 71 bps last week.

On a cumulative basis, SGS issuance stands at Rs. 1.9 trillion in Q1 FY2027 till date, 7.1% higher than Rs. 1.7 trillion raised in the same period previous year. Notably, the actual borrowings were 20.8% below the Rs. 2.3 trillion planned for this period, on account of 23-27% shortfalls in April and May 2026.

Separately, the average monthly investments of state governments in 14-day intermediate treasury bills (ITBs) declined to Rs. 1.1 trillion in June 2026 from Rs. 1.8 trillion in May 2026. However, investments in auction treasury bills (ATBs) increased to Rs. 955 billion from Rs. 892 billion in the same period.

EXHIBIT: SGS issuances in FY2027 so far

Amount in Rs. billion	Indicated	Notified (including green shoe)	Raised	Cumulative till this week	SGS weighted average cut-off	10-year SGS and G-sec spread
June 16, 2026	230	216	205	1,860	7.67%	79 bps
June 17, 2025	242	85	85	1,736	6.98%	42 bps



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