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STATE GOVERNMENT FINANCES - Weekly SGS

Weighted average SGS cut-off eased by 5 bps to 7.63%; spread between 10-year SGS and G-sec yield narrowed by 6 bps to 73 bps

June 23, 2026

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Highlights

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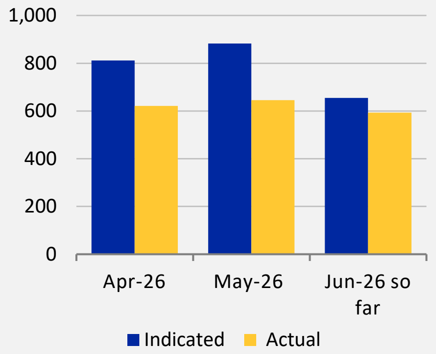
EXHIBIT: Indicated and actual issuance (Rs. billion) in Q1 FY2027 till date



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

Eight state governments and the National Capital Territory (NCT) of Delhi raised Rs. 179 billion (including Rs. 10 billion green shoe option) through state government securities (SGS) on June 23, 2026, which was 8.9% 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, eight non-BIS states/UT – Goa, Haryana, Karnataka, Meghalaya, Odisha, Punjab, Sikkim and West Bengal– had indicated a borrowing of Rs. 45 billion on June 23, 2026, but did not participate in the auction. However, the NCT of Delhi, Gujarat (including Rs. 10 billion green shoe option) and Himachal Pradesh borrowed 52 billion even though they had not indicated their participation in this auction.

In the auction held on June 23, 2026, ~56% of the total issuance was in longer tenors, ~25% in shorter tenors and the balance 19% in the 10-year bucket. The weighted average tenor of all SGS in the auction held on June 23, 2026 declined to 14 years from 15 years in the last week. The weighted average SGS cut-off eased by 5 bps to 7.63% in the auction held on June 23, 2026, from 7.67% last week. The new benchmark 10-year G-sec (06.94 GS 2036) yield softened to 6.84% on June 23, 2026 from 6.87% last Tuesday reflecting decline in crude oil prices. The weighted average cut-off of 10-year SGS declined to 7.57% on June 23, 2026 from 7.66% last Tuesday. Accordingly, the spread between them narrowed to 73 bps on June 23, 2026 from 79 bps last week.

On a cumulative basis, SGS issuance stands at Rs. 2.04 trillion in Q1 FY2027 till date, a mild 1.5% higher than Rs. 2.0 trillion raised in the same period previous year. Notably, the actual borrowings were 20% below the Rs. 2.5 trillion planned for this period, mainly 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. 1.3 trillion in June 2026 from Rs. 1.8 trillion in May 2026. However, investments in auction treasury bills (ATBs) increased to Rs. 1.01 trillion 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 23, 2026	197	179	179	2,039	7.63%	73 bps
June 24, 2025	301	272	272	2,008	6.95%	48 bps

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