CCIL SDL QUARTERLY

APRIL – JUNE 2024

Issuances

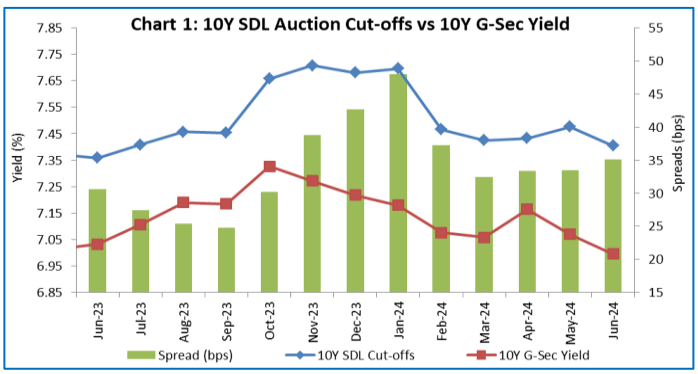
State borrowings during the first quarter of FY25 maintained the beginning-of-year tepid pace albeit at much lower levels in comparison to the corresponding period of FY24. Total borrowing during the quarter were substantially (74%) lower than the indicative calendar. Aggressive release of funds by the central government during the quarter by way of pre-emptive devolution and assistance toward capital expenditure was among the various factors behind the lower borrowings by States. States preferred fresh issuances as against reissuances.

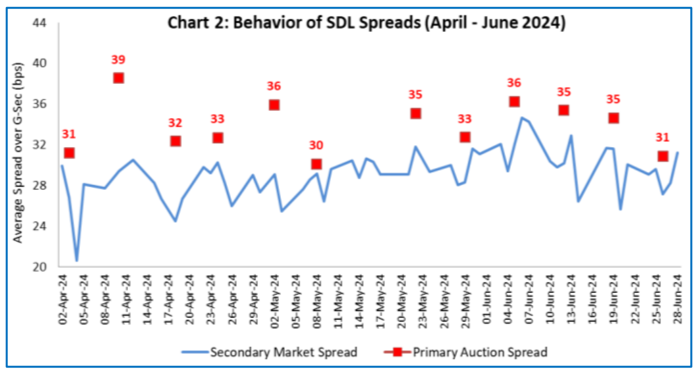
Table 1: Issuance Summary (Amount in ₹ Crore)

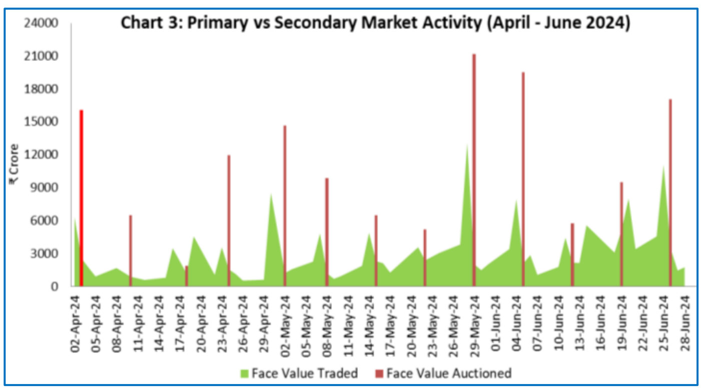
Period	SDLs Auctioned	Gross Issuance	Average Weekly Issuance	Average Participating States	Net Borrowing	New Issue		Reissue	
						Number	Amount	Number	Amount
Q1-FY24	141	167700	12900	14	121171	131	158000	10	9700
Q2-FY24	166	190322	14640	9	76303	146	168322	20	22000
Q3-FY24	200	245992	18922	12	176945	191	230842	9	15150
Q4-FY24	275	403044	28789	11	309869	265	393594	10	9450
Q1-FY25	133	145821	11217	6	81263	132	144821	1	1000

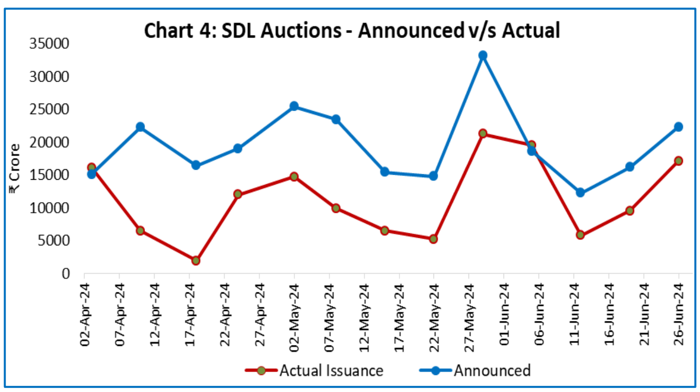
Spreads and Volumes

Spreads were largely steady during the quarter and the SDL cut-off yields tracked the movement of the G-Secs. Lower secondary market activity tracked the lower borrowing requirements of States during the quarter.









State wise - Comparison

The lukewarm activity by States in the primary market can be gauged from the fact that the top 5 borrowing states accounted for around 65% of the total borrowings during the quarter. The top 5 borrowers during the quarter were Andhra Pradesh, Punjab, Rajasthan, Tamil Nadu and Telangana. On the other hand, Karnataka, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh dominated the secondary market activity in these papers.

Table 2: State wise Issuance and Trading - Value (₹ Crore)

State	Q1-FY25				Q1-FY24			
	Issuance	Net Borrowing	Outstanding	Trading	Issuance	Net Borrowing	Outstanding	Trading
Andhra Pradesh	27000	17000	396238	13986	22500	17750	357730	17418
Arunachal Pradesh	-	-146	6507	-	-	-	5981	-
Assam	3000	2550	101189	3252	5000	5000	90639	2289
Bihar	-	-	218128	613	-	-	186218	1739
Chhattisgarh	-	-750	85889	1214	3000	-	62626	1259
Goa	-	-300	19274	34	200	200	18714	260
Gujarat	2000	-1000	294005	7452	5500	1000	285557	19661
Haryana	8500	5925	270774	6922	10000	4975	244748	12188
Himachal Pradesh	2900	1950	56409	2155	800	370	48554	2044
Jammu & Kashmir	4800	4200	76210	733	2300	2300	60206	1514
Jharkhand	-	-	57750	422	-	-	60755	1432
Karnataka	-	-2500	397793	14974	-	4000	337390	9684
Kerala	10000	5300	231580	7033	7000	5000	202642	4890
Madhya Pradesh	-	-1350	227163	7595	6000	6000	207749	11906
Maharashtra	10000	4500	507292	25706	25000	16000	441154	27516
Manipur	200	140	10711	38	350	275	9845	-
Meghalaya	500	420	12730	282	500	500	11798	574
Mizoram	271	211	6042	215	350	285	5410	48
Nagaland	300	100	13530	15	900	900	12114	134
Odisha	-	-500	15900	2	-	-2500	20558	870
Puducherry	250	150	9454	91	-	-	8329	37
Punjab	16700	12358	253777	11048	13500	9958	220259	10629
Rajasthan	18500	11688	392942	16216	16000	12688	339807	15783
Sikkim	-	-	10679	307	300	300	9278	92
Tamil Nadu	21000	11250	627371	20934	25000	22528	553000	18186
Telangana	13000	12000	332266	8356	12000	12000	283541	4147
Tripura	-	-	9539	10	-	-125	10089	-
Uttar Pradesh	-	-4233	564513	15605	6500	2267	482178	14246
Uttarakhand	1400	1400	49810	1136	-	-	45110	805
West Bengal	5500	900	477942	8735	5000	-500	429132	11863

State wise Share – Issuance and Trading

Lower quantum of borrowings by States during the quarter led to higher dispersion in their share in the total borrowings. 11 States have not participated in any of the primary auctions conducted during the quarter.

Table 3: State wise Share

State	Q1-FY25				Q1-FY24			
	Issuance		Trading		Issuance		Trading	
	Share (%)	Ranking	Share (%)	Ranking	Share (%)	Ranking	Share (%)	Ranking
Andhra Pradesh	18.52	1	7.99	6	13.42	3	9.11	4
Arunachal Pradesh	-	-	-	-	-	-	-	-
Assam	2.06	11	1.86	14	2.98	12	1.20	14
Bihar	-	-	0.35	19	-	-	0.91	16
Chhattisgarh	-	-	0.69	16	1.79	14	0.66	19
Goa	-	-	0.02	26	0.12	22	0.14	23
Gujarat	1.37	13	4.26	11	3.28	11	10.28	2
Haryana	5.83	8	3.95	13	5.96	7	6.37	7
Himachal Pradesh	1.99	12	1.23	15	0.48	17	1.07	15
Jammu & Kashmir	3.29	10	0.42	18	1.37	15	0.79	17
Jharkhand	-	-	0.24	20	-	-	0.75	18
Karnataka	-	-	8.55	5	-	-	5.06	11
Kerala	6.86	6	4.02	12	4.17	8	2.56	12
Madhya Pradesh	-	-	4.34	10	3.58	10	6.23	8
Maharashtra	6.86	6	14.68	1	14.91	1	14.39	1
Manipur	0.14	19	0.02	25	0.21	19	-	-
Meghalaya	0.34	15	0.16	22	0.30	18	0.30	22
Mizoram	0.19	17	0.12	23	0.21	19	0.02	26
Nagaland	0.21	16	0.01	27	0.54	16	0.07	24
Odisha	-	-	-	29	-	-	0.45	20
Puducherry	0.17	18	0.05	24	-	-	0.02	27
Punjab	11.45	4	6.31	7	8.05	5	5.56	10
Rajasthan	12.69	3	9.26	3	9.54	4	8.25	5
Sikkim	-	-	0.18	21	0.18	21	0.05	25
Tamil Nadu	14.40	2	11.96	2	14.91	1	9.51	3
Telangana	8.92	5	4.77	9	7.16	6	2.17	13
Tripura	-	-	0.01	28	-	-	-	-
Uttar Pradesh	-	-	8.91	4	3.88	9	7.45	6
Uttarakhand	0.96	14	0.65	17	-	-	0.42	21
West Bengal	3.77	9	4.99	8	2.98	12	6.20	9

State wise - Spread and Yield Comparison

Spreads and yields in the primary and secondary market for State papers were largely in line. However, they have moved lower in comparison to the previous quarter i.e. Q4 FY24, while they reflected largely similar trends as the first quarter of FY24. Benign interest rate environment following increased activity in the government securities market led to stable rates for State papers.

Table 4: State wise Yields and Spreads

State	Q1-FY25				Q1-FY24			
	Weighted Average Yield (%)		Spreads (bps)		Weighted Average Yield (%)		Spreads (bps)	
	Issuance	Trading	Issuance	Trading	Issuance	Trading	Issuance	Trading
Andhra Pradesh	7.43	7.40	28	28	7.41	7.40	30	29
Arunachal Pradesh	-	-	-	-	-	-	-	-
Assam	7.47	7.44	36	32	7.41	7.35	34	28
Bihar	-	7.33	-	28	-	7.38	-	31
Chhattisgarh	-	7.45	-	29	7.37	7.35	33	30
Goa	-	7.38	-	35	7.42	7.35	29	26
Gujarat	7.23	7.30	25	25	7.28	7.28	27	26
Haryana	7.41	7.39	34	30	7.36	7.38	31	30
Himachal Pradesh	7.46	7.40	33	32	7.28	7.39	30	29
Jammu & Kashmir	7.37	7.39	25	25	7.37	7.47	28	31
Jharkhand	-	7.25	-	22	-	7.34	-	30
Karnataka	-	7.37	-	29	-	7.26	-	26
Kerala	7.39	7.36	23	27	7.35	7.41	17	28
Madhya Pradesh	-	7.29	-	25	7.39	7.32	33	28
Maharashtra	7.44	7.38	28	28	7.33	7.36	30	29
Manipur	7.43	7.42	33	34	7.45	-	33	-
Meghalaya	7.46	7.45	36	34	7.40	7.33	33	19
Mizoram	7.37	7.37	30	30	7.41	7.40	32	29
Nagaland	7.45	7.42	38	35	7.43	7.56	33	38
Odisha	-	7.54	-	34	-	7.11		17
Puducherry	7.39	7.38	34	33	-	7.28	-	30
Punjab	7.48	7.45	34	32	7.45	7.45	31	31
Rajasthan	7.40	7.38	31	29	7.45	7.36	29	28
Sikkim	-	7.37	-	35	7.37	7.62	34	41
Tamil Nadu	7.41	7.36	30	28	7.36	7.33	23	27
Telangana	7.42	7.39	28	29	7.39	7.40	22	27
Tripura	-	7.47	-	37	-	-		-
Uttar Pradesh	-	7.40	-	31	7.40	7.40	34	30
Uttarakhand	7.46	7.39	33	32	-	7.35	-	30
West Bengal	7.35	7.37	30	31	7.42	7.44	28	28

Dispersion of Trading

With new issuances declining to a third of the previous quarter, liquidity shifted to older bonds.

Table 5: Age Analysis - Share (%)					
Age of SDL/Quarter	**Q1-FY25**	**Q4-FY24**	**Q3-FY24**	**Q2-FY24**	**Q1-FY24**
<= 7 Days	29.06	54.52	46.89	26.25	16.36
7 Days - 1 Month	5.89	3.33	7.33	0.99	7.64
1 Month - 3 Months	16.92	5.31	9.40	3.44	16.48
3 Months - 6 Months	8.24	5.43	1.47	14.71	6.52
6 Months - 1 Year	6.70	3.34	5.79	13.61	17.11
>= 1 Year	33.19	28.08	29.12	41.01	35.89

Trading Behavior

Share of OTC trading as well as number of state bonds traded decreased in line with the reduced issuances.

Table 6: SDL Trading - Platform Summary														
Period	**OTC**				**NDS-OM**				**Brokered Deals ***				**Total SDL Trading**	
	Trades	**No. of SDLs #**	**Face Value (₹ crore)**	**Share in Total Trading (%)**	**Trades**	**No. of SDLs #**	**Face Value (₹ crore)**	**Share in Total Trading (%)**	**Trades**	**No. of SDLs #**	**Face Value (₹ crore)**	**Share in Total Trading (%)**	**Trades**	**Face Value (₹ crore)**
Q1-FY24	4070	40	123373.00	65	5939	52	67840.89	35	777	11	33487.46	18	10009	191213.89
Q2-FY24	3682	38	80367.07	76	3272	34	25015.27	24	446	6	18358.81	17	6954	105382.33
Q3-FY24	4750	41	107346.41	70	4971	39	45689.05	30	492	7	19337.31	13	9721	153035.46
Q4-FY24	5989	51	198085.75	76	6160	53	61325.60	24	653	9	26601.86	10	12149	259411.35
Q1-FY25	3614	34	123160.63	70	4205	42	51920.10	30	810	10	35594.68	20	7819	175080.73

** Part of the OTC Segment. #Daily Average*

Participant Behavior

While Mutual Funds were net sellers during the quarter, selling by Foreign Banks reduced and FPIs remained net buyers along with domestic institutions such as Provident Funds and Insurance Companies.

Table 7: Net Activity in Outright Trading - Share (%)					
Category/Period	**Q1-FY25**	**Q4-FY24**	**Q3-FY24**	**Q2-FY24**	**Q1-FY24**
Co-operative Banks	0.90	0.45	0.96	0.53	0.03
Financial Institutions	-0.02	-0.02	0.04	0.07	-0.16
Foreign Banks	-10.38	-24.68	-9.81	-6.14	-5.02
FPIs	0.63	0.09	0.00	0.00	0.00
Insurance Companies	4.43	10.68	8.00	-3.61	1.22
Mutual Funds	-3.58	3.10	-0.20	-2.40	2.73
NBFCs	0.26	-0.28	1.12	0.54	0.21
Others	0.68	2.19	5.09	-0.85	-1.62
Payment Banks	0.63	0.16	0.01	0.02	0.00
Primary Dealers	-17.93	-14.14	-22.24	-19.66	-5.44
Private Sector Banks	-0.57	-9.05	-3.63	2.00	-1.63
Provident Funds	20.75	30.82	19.40	22.48	9.37
Public Sector Banks	3.70	0.31	1.00	6.66	0.16
Small Finance Banks	0.50	0.35	0.28	0.36	0.17

Source: CCIL

Summary of Outstanding SDLs

Table 8: Outstanding SDLs Summary				
Quarter	Number of SDLs	Face Value (₹ lakh crore)	Average Coupon	Average Maturity (years)
Q1-FY24	4569	50.51	7.55%	7.95
Q2-FY24	4628	51.66	7.54%	8.06
Q3-FY24	4735	53.43	7.53%	8.15
Q4-FY24	4864	56.52	7.51%	8.50
Q1-FY25	4918	57.33	7.50%	8.51

Table 9: Tenor wise Outstanding SDLs - Share (%)				
State/Years	0-<=5Y	>5Y-<=10Y	>10Y-<=20Y	>20Y
Andhra Pradesh	23.93	27.09	47.21	1.77
Arunachal Pradesh	43.36	56.64	-	-
Assam	34.34	65.66	-	-
Bihar	41.76	45.59	12.66	-
Chhattisgarh	53.60	45.24	1.16	-
Goa	41.37	54.74	3.89	-
Gujarat	56.00	42.47	1.53	-
Haryana	34.25	38.64	27.12	-
Himachal Pradesh	30.94	37.56	31.51	-
Jammu & Kashmir	28.66	24.63	25.96	20.74
Jharkhand	46.30	38.29	15.41	-
Karnataka	32.50	34.82	32.68	-
Kerala	36.07	20.06	25.20	18.67
Madhya Pradesh	34.40	27.33	33.87	4.40
Maharashtra	38.35	46.57	15.08	-
Manipur	34.83	43.71	21.45	-
Meghalaya	48.13	46.37	5.50	-
Mizoram	19.78	36.61	43.61	-
Nagaland	33.09	66.91	-	-
Odisha	50.31	30.82	18.87	-
Puducherry	41.61	34.59	18.51	5.29
Punjab	24.56	27.26	44.42	3.76
Rajasthan	39.93	36.20	16.61	7.27
Sikkim	35.12	64.88	-	-
Tamil Nadu	33.77	34.44	11.99	19.79
Telangana	21.31	11.74	41.38	25.57
Tripura	41.70	42.41	15.89	-
Uttar Pradesh	35.43	47.70	16.86	-
Uttarakhand	53.82	46.18	-	-
West Bengal	27.08	23.73	48.66	0.52
Total	**34.53**	**35.13**	**24.65**	**5.69**

Holding Pattern of Outstanding SDLs at end-March 2024

Table 10: Holding Pattern of Outstanding SDLs - Share (%)					
As at end of	**Mar-24**	**Dec-23**	**Sep-23**	**Jun-23**	**Mar-23**
Commercial Banks	34.14	33.90	33.87	34.13	33.91
Co-operative Banks	3.39	3.53	3.60	3.68	3.64
Corporates	2.02	2.03	1.87	1.92	2.00
Financial Institutions	1.59	1.63	1.65	1.82	1.84
Foreign Portfolio Investors	0.07	0.03	0.02	0.02	0.02
Insurance Companies	26.14	26.64	26.97	26.73	26.80
Mutual Funds	2.09	2.00	1.86	2.08	1.94
Non-Bank PDs	0.60	0.63	0.61	0.50	0.62
Others	1.95	2.10	2.07	2.12	2.15
Provident Funds	22.35	22.00	21.70	21.19	21.29
RBI	0.63	0.66	0.69	0.70	0.72
State Governments	0.25	0.27	0.27	0.27	0.27
Pension Funds	4.76	4.56	4.82	4.84	4.81
Source: RBI					

Outlook

In the period upto June 10th 2024, the Central Government released ₹279500 crore as its devolution to States to facilitate accelerated spending towards development and capital investments. Further the 50-year interest free loan to be provided to States for capital expenditure, which is budgeted at ₹1.30 lakh crore for FY25 also possibly had an impact on the borrowing activity of States. As per the second quarter indicative calendar, States are expected to borrow ₹2.64 lakh crore. The Union Budget as well as the impact of the inclusion of Indian sovereign bonds in the global bond indices are a few factors which could determine the course of State borrowings in the forthcoming quarter.

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