

CCIL SDL QUARTERLY

OCTOBER - DECEMBER 2024

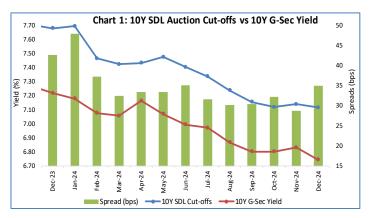
Issuances

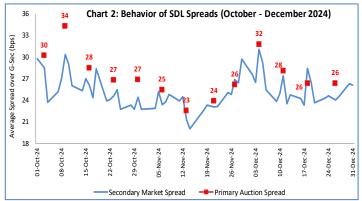
State borrowings during Q3-FY25 were generally stable and in line with patterns witnessed in Q3-FY24. However, there were instances of a few states substantially exceeding their indicative amounts during the quarter. A significant trend during the quarter was the increased share of reissuances (13% of the total issuance) as States preferred locking in their borrowings at lower rates. State borrowings are expected to pick-up pace in the last quarter of FY25 as the indicative target has been set at ₹4.73 lakh crore, which is around 15% higher than the previous year's quantum.

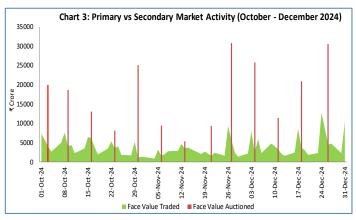
Table 1: Issu	Table 1: Issuance Summary (Amount in ₹ Crore)										
Period	SDLs	Gross Issuance	Average Weekly	Average	Net	New Issue		Reissue			
	Auctioned		Issuance	Participating States	Borrowing	Number	Amount	Number	Amount		
Q3-FY24	200	245992	18922	12	176945	191	230842	9	15150		
Q4-FY24	275	403044	28789	11	309869	265	393594	10	9450		
Q1-FY25	133	145821	11217	6	81263	132	144821	1	1000		
Q2-FY25	192	239816	18447	9	57808	177	221616	15	18200		
Q3-FY25	193	253239	18089	10	82289	162	220712	31	32527		

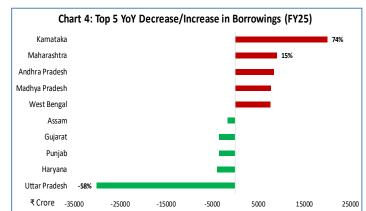
Spreads and Volumes

Primary and secondary market yields moved down from mid-November. While a sharper easing was observed in secondary market yields in comparison to the primary market auction cut-offs, their spreads over G-Secs have largely moved in tandem.









State wise - Comparison

State borrowings during Q3-FY25 were largely as per trend, and the top 5 States led by Karnataka and Tamil Nadu accounted for around 53% of the total borrowings during the period. Market demand for State papers was also relatively dispersed as the top 5 issuers had a share of around 55% of the total trading. A comparison of the y-o-y borrowings shows that the top 5 borrowers during the current and previous fiscal remain largely unchanged (Tamil Nadu, Maharashtra, Andhra Pradesh and Rajasthan).

State		Q3-F	Y25			03-	-FY24	
	Issuance	Net	Outstanding	Trading	Issuance	Net	Outstanding	Trading
		Borrowing	• u.u.ug			Borrowing	• u u u u u u u u	
Andhra Pradesh	19237	14237	416475	13461	13450	9401	375689	7674
Arunachal Pradesh	795	715	7222	-	670	570	6551	89
Assam	3300	1600	107039	1316	4500	4000	94889	3113
Bihar	20000	9500	237550	5778	14000	10500	202640	5052
Chhattisgarh	3000	2300	89639	3442	3000	2200	65426	569
Goa	400	200	19824	289	950	800	19414	389
Gujarat	9000	2500	298005	15984	9000	3531	288489	8286
Haryana	8500	6400	284719	9601	10000	7768	257555	6471
Himachal Pradesh	2100	1400	59209	2571	3000	2700	52476	1406
Jammu & Kashmir	2720	2280	82420	708	7200	6760	69139	504
Jharkhand	-	-750	57000	763	-	-	59455	1253
Karnataka	44000	37000	429793	24886	27000	17800	351488	16973
Kerala	7749	4949	246082	4458	7100	3600	215842	2612
Madhya Pradesh	15700	13200	251413	14820	8000	6000	220249	6404
Maharashtra	5000	-3200	544492	33642	21000	11278	459413	24491
Manipur	2700	2500	11311	489	200	100	10395	32
Meghalaya	832	732	14454	8	664	564	12402	114
Mizoram	270	150	6412	101	150	90	5640	142
Nagaland	250	100	13630	150	851	721	12775	154
Odisha	1000	500	15900	472	-	-1500	18058	652
Puducherry	1600	1500	9804	21	-	-270	7934	-
Punjab	5587	5287	270095	4821	7498	5798	237906	6303
Rajasthan	16565	12545	417387	18193	15549	11079	361866	11278
Sikkim	1000	1000	11549	662	400	265	9748	167
Tamil Nadu	28025	18550	669296	22320	24000	14500	586330	13189
Telangana	9409	6809	355166	8528	8900	8900	307441	7566
Tripura	-	-	9539	2	-	-	10089	-
Uttar Pradesh	22000	12946	576459	28889	36700	33146	525824	21389
Uttarakhand	4000	3000	50810	1003	4300	4300	48910	582
West Bengal	18500	13000	499942	17190	17910	12344	448542	6182

State wise Share - Issuance and Trading

Market preferences for trading remained largely unchanged from Q3-FY24. A distinct trend during Q3-FY25 was the significant decline in the market borrowings of Maharashtra in comparison to previous quarters, especially Q2-FY25, when it had captured around a quarter of the total borrowings.

State		Q3-F	Y25		Q3-FY24				
	Issua	nce	Trad	ing	Issuan	се	Trading		
	Share (%)	Ranking							
Andhra Pradesh	7.60	5	5.74	9	5.47	8	5.01	7	
Arunachal Pradesh	0.31	25	0.00	-	0.27	22	0.06	27	
Assam	1.30	16	0.56	17	1.83	16	2.03	14	
Bihar	7.90	4	2.46	12	5.69	7	3.30	13	
Chhattisgarh	1.18	17	1.47	15	1.22	18	0.37	20	
Goa	0.16	26	0.12	24	0.39	20	0.25	22	
Gujarat	3.55	10	6.81	7	3.66	10	5.41	6	
Haryana	3.36	11	4.09	10	4.07	9	4.23	9	
Himachal Pradesh	0.83	20	1.10	16	1.22	18	0.92	16	
Jammu & Kashmir	1.07	18	0.30	20	2.93	14	0.33	21	
Jharkhand	-	-	0.33	19	-	-	0.82	17	
Karnataka	17.37	1	10.61	3	10.98	2	11.09	3	
Kerala	3.06	12	1.90	14	2.89	15	1.71	15	
Madhya Pradesh	6.20	8	6.32	8	3.25	12	4.18	10	
Maharashtra	1.97	14	14.34	1	8.54	4	16.00	1	
Manipur	1.07	19	0.21	22	0.08	25	0.02	28	
Meghalaya	0.33	24	0.00	28	0.27	23	0.07	26	
Mizoram	0.11	27	0.04	26	0.06	26	0.09	25	
Nagaland	0.10	28	0.06	25	0.35	21	0.10	24	
Odisha	0.39	22	0.20	23	-	-	0.43	18	
Puducherry	0.63	21	0.01	27	-	-	-	29	
Punjab	2.21	13	2.06	13	3.05	13	4.12	11	
Rajasthan	6.54	7	7.76	5	6.32	6	7.37	5	
Sikkim	0.39	22	0.28	21	0.16	24	0.11	23	
Tamil Nadu	11.07	2	9.52	4	9.76	3	8.62	4	
Telangana	3.72	9	3.64	11	3.62	11	4.94	8	
Tripura	-	-	-	29	-	-	-	-	
Uttar Pradesh	8.69	3	12.32	2	14.92	1	13.98	2	
Uttarakhand	1.58	15	0.43	18	1.75	17	0.38	19	
West Bengal	7.31	6	7.33	6	7.28	5	4.04	12	

State wise - Spread and Yield Comparison

Secondary and primary market yields were largely aligned and have moved lower in comparison to Q2-FY25 and Q3-FY24. There has been a narrowing of state spreads, indicating that their yields have fallen in comparison to corresponding G-Secs. Inter-state spreads over G-Secs have narrowed in the primary auctions, while increasing in the secondary market in comparison to Q3-FY24.

State		Q3-FY2	25		Q3-FY24				
	Weighted A	verage Yield	Spread	s (bps)	Weighted /	Average Yield	Spreads (bps)		
		%)				[%)			
	Issuance	Trading	Issuance	Trading	Issuance	Trading	Issuance	Trading	
Andhra Pradesh	7.15	7.10	28	27	7.68	7.66	30	34	
Arunachal Pradesh	7.14	-	21	-	7.67	7.65	39	39	
Assam	7.14	7.07	36	30	7.68	7.63	37	34	
Bihar	7.14	7.07	33	29	7.70	7.65	34	34	
Chhattisgarh	7.12	7.01	31	27	7.67	7.64	33	38	
Goa	7.14	7.11	29	28	7.69	7.67	39	38	
Gujarat	7.02	6.92	25	21	7.58	7.51	34	29	
Haryana	7.14	7.07	26	27	7.68	7.64	34	34	
Himachal Pradesh	7.11	7.12	30	28	7.65	7.66	31	34	
Jammu & Kashmir	7.11	7.09	19	21	7.65	7.72	22	33	
Jharkhand	-	7.05	-	30	-	7.58	-	34	
Karnataka	7.08	7.06	28	25	7.69	7.64	36	34	
Kerala	7.12	7.04	27	24	7.63	7.59	27	32	
Madhya Pradesh	7.15	7.09	24	24	7.67	7.66	28	31	
Maharashtra	7.15	7.05	36	25	7.70	7.61	35	32	
Manipur	7.17	7.07	27	28	7.75	7.68	34	31	
Meghalaya	7.11	7.12	32	40	7.68	7.68	35	29	
Mizoram	7.14	7.07	28	23	7.77	7.69	38	32	
Nagaland	7.15	7.06	33	29	7.73	7.73	44	43	
Odisha	7.15	6.95	23	18	-	7.06	-	18	
Puducherry	7.10	7.13	33	31	-	7.69	-	30	
Punjab	7.13	7.13	30	27	7.75	7.72	38	35	
Rajasthan	7.13	7.02	28	25	7.69	7.65	30	30	
Sikkim	7.14	7.14	38	33	7.75	7.70	39	32	
Tamil Nadu	7.10	7.03	25	25	7.65	7.61	30	34	
Telangana	7.12	7.08	23	25	7.65	7.64	26	30	
Tripura	-	7.20	-	51	-	-	-	-	
Uttar Pradesh	7.12	7.09	27	27	7.69	7.66	37	34	
Uttarakhand	7.13	6.98	36	26	7.60	7.56	27	34	
West Bengal	7.16	7.13	26	26	7.68	7.62	29	29	

Dispersion of Trading

Despite increased issuances, secondary market activity remained concentrated in older bonds amid a decline in overall SGS trading.

Table 5: Age Analysis - Share (%)								
Age of SDL/Quarter	Q3-FY25	Q2-FY25	Q1-FY25	Q4-FY24	Q3-FY24			
<= 7 Days	22.00	23.10	29.06	54.52	46.89			
7 Days - 1 Month	2.40	5.07	5.89	3.33	7.33			
1 Month - 3 Months	4.99	2.81	16.92	5.31	9.40			
3 Months - 6 Months	2.93	12.23	8.24	5.43	1.47			
6 Months - 1 Year	19.16	15.59	6.70	3.34	5.79			
>= 1 Year	48.52	41.19	33.19	28.08	29.12			

Trading Behavior

The share of bilateral and brokered deals declined during Q3-FY25 despite increased issuances. Overall trading activity in SGS contracted amid rising uncertainty in the Indian government bond market due to the US Fed's hawkish commentary.

Period	ОТС				N	IDS-OM			Brokered Deals *			Total S	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)
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
Q2-FY25	5442	50	167934.47	67	7455	67	83506.31	33	1028	13	52333.95	21	12897	251441.14
Q3-FY25	4472	45	153554.27	65	5542	54	81016.21	35	756	10	37944.70	16	10014	234571.05

Participant Behavior

Provident Funds increased their purchases, while banks slowed their SGS buying in Q3-FY25. Insurance Companies, who are among the largest holders of SGS continued to be net sellers of State papers. The buying pattern observed for Q2-FY25 is also reflected in the latest holding pattern data released by RBI.

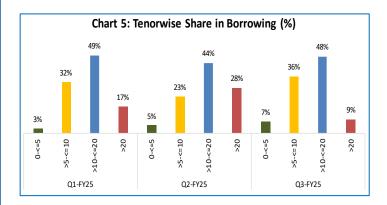
Table 7: Net Activity in Ou	tright Trac	ling - Share	(%)		
Category/Period	Q3-FY25	Q2-FY25	Q1-FY25	Q4-FY24	Q3-FY24
Co-operative Banks	-0.29	-0.30	0.90	0.45	0.96
Financial Institutions	0.07	0.14	-0.02	-0.02	0.04
Foreign Banks	-8.12	-5.44	-10.38	-24.68	-9.81
FPIs	-0.09	-0.04	0.63	0.09	0.00
Insurance Companies	-1.67	-3.28	4.43	10.68	8.00
Mutual Funds	0.51	0.54	-3.58	3.10	-0.20
NBFCs	0.01	-0.34	0.26	-0.28	1.12
Others	-1.27	-1.76	0.68	2.19	5.09
Payment Banks	-0.02	0.61	0.63	0.16	0.01
Primary Dealers	-9.08	-9.41	-17.93	-14.14	-22.24
Private Sector Banks	0.17	2.18	-0.57	-9.05	-3.63
Provident Funds	14.69	10.03	20.75	30.82	19.40
Public Sector Banks	4.89	7.10	3.70	0.31	1.00
Small Finance Banks	0.21	-0.04	0.50	0.35	0.28

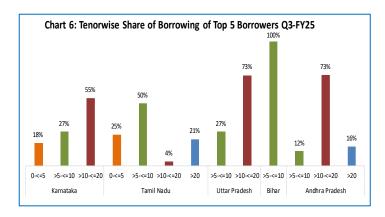
Summary of Outstanding SDLs

Table 8: Ou	Table 8: Outstanding SDLs Summary									
Quarter	Number of SDLs	Face Value (₹ lakh crore)	Average Coupon	Average Maturity (years)						
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						
Q2-FY25	5027	59.15	7.49%	8.61						
Q3-FY25	5085	60.63	7.46%	8.68						

Tenor wise Analysis

			(a)	
Table 9: Tenor wise				. 201
State/Years	0-<=5Y	>5Y-<=10Y	>10Y-<=20Y	>20Y
Andhra Pradesh	22.20	26.77	47.42	3.60
Arunachal Pradesh	37.96	51.03	11.01	0.00
Assam	36.86	58.71	4.44	0.00
Bihar	39.24	49.13	11.62	0.00
Chhattisgarh	50.52	48.37	1.12	0.00
Goa	44.26	49.69	6.05	0.00
Gujarat	59.56	38.93	1.51	0.00
Haryana	35.19	33.41	31.41	0.00
Himachal Pradesh	29.81	38.99	31.20	0.00
Jammu & Kashmir	30.68	18.79	23.89	26.64
Jharkhand	45.60	40.54	13.86	0.00
Karnataka	34.41	34.18	31.41	0.00
Kerala	34.33	18.08	26.40	21.19
Madhya Pradesh	30.78	23.50	39.55	6.17
Maharashtra	34.85	45.50	17.45	2.20
Manipur	32.99	40.70	26.31	0.00
Meghalaya	44.03	51.13	4.84	0.00
Mizoram	20.54	37.84	41.63	0.00
Nagaland	35.78	64.22	0.00	0.00
Odisha	50.31	24.53	25.16	0.00
Puducherry	44.05	31.72	19.12	5.10
Punjab	26.00	27.14	42.72	4.15
Rajasthan	37.40	36.29	18.03	8.28
Sikkim	33.41	66.59	0.00	0.00
Tamil Nadu	33.51	34.23	11.17	21.09
Telangana	18.92	12.11	43.50	25.47
Tripura	63.69	20.42	15.89	0.00
Uttar Pradesh	39.11	45.71	15.18	0.00
Uttarakhand	55.42	44.58	0.00	0.00
West Bengal	26.99	22.49	48.52	2.00
Total	34.19	33.88	25.25	6.67





Holding Pattern of Outstanding SDLs at end-September 2024

Table 10: Holding Pattern of	Outstanding SD	Ls - Share (%)			
As at end of	Sep-24	Jun-24	Mar-24	Dec-23	Sep-23
Commercial Banks	34.39	33.85	34.14	33.90	33.87
Co-operative Banks	3.29	3.38	3.39	3.53	3.60
Corporates	1.95	2.03	2.02	2.03	1.87
Financial Institutions	1.57	1.58	1.59	1.63	1.65
Foreign Portfolio Investors	0.04	0.05	0.07	0.03	0.02
Insurance Companies	25.56	25.85	26.14	26.64	26.97
Mutual Funds	1.93	2.08	2.09	2.00	1.86
Non-Bank PDs	0.60	0.59	0.60	0.63	0.61
Others	1.92	1.91	1.95	2.10	2.07
Provident Funds	4.87	22.94	22.35	22.00	21.70
RBI	23.02	0.62	0.63	0.66	0.69
State Governments	0.60	0.26	0.25	0.27	0.27
Pension Funds	0.26	4.87	4.76	4.56	4.82
Source: RBI					

Highlights of RBI's State Finances: A Study of Budgets of 2024-25

- The share of market borrowings in the financing of GFD increased to 79% during FY25 from a modest 17% in FY06. This had peaked at 95% of States' deficit funding in FY20 but has since moderated due to an increase in the share of loans from the Centre in lieu of GST compensation and special assistance for capital expenditure.
- The capital expenditure of states has increased to 2.80% of GDP in FY24 facilitated by advance payment of the tax devolution and the enhanced allocation under the Centre's scheme for Special Assistance to States for capital expenditure. They account for 14.40% of the consolidated state's outlay in FY24. The share of these loans in total capital outlay of States over the period FY23 to FY24 varied from 3.90% for Odisha to 50.60% for Andhra Pradesh.
- States' have budgeted to increase their capital expenditure to 3.10% of GDP in FY25.
- As per the provisional data for April-October FY25, States' GFD increased to 54.60% of BE from 48.70% in the corresponding period of the previous year.
- The total outstanding liabilities of States declined to 28.20% of GDP by end-March 2023 from the pandemic peak of 31% at end-March 2021, driven by sustained fiscal consolidation. This is expected to rise to 28.80% by end-March 2025.
- The share of market borrowings in total outstanding liabilities is budgeted to rise to 68.80% by end-March 2025.
- The share of loans from the Centre is budgeted to increase to 8.90% by end-March 2025 from 3% at end-March 2020, primarily due to back-to-back loans in lieu of GST compensation and 50-year interest-free loans under the scheme.

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