



CCIL SDL QUARTERLY

JANUARY – MARCH 2025

Special Feature: State Government Securities – A Mid-Decade Update

Market borrowings have emerged as a critical and significant source of funding for States and currently comprise around 34% of the total sovereign outstanding borrowings. However, in terms of trading, dated central government securities (G-Secs) continue to be the market preference, with state government securities (SGS) having an average market share of just around 5% of the total trading. An analysis of the evolving primary and secondary market trends shows that, while some aspects of the SGS market have undergone significant changes, others remain the same:

- SDLs are largely investment instruments with trading volumes at a fraction of total outstanding bonds (Fig 1);
- Domestic institutions remain primary holders of SDLs (Fig 2);
- States are moving away from issuance of 10Y bonds to longer maturities, matching investor preferences (Fig 3);
- Issuances are now dispersed over 2-40 years, with increased share of bonds with maturities beyond 10 years (Fig 4);
- Market participants have statewise preference in trading of SDLs irrespective of issuances (Fig 5);
- Unlike dated G-Secs, consolidation through re-issuances is yet to take off in state government securities (Fig 6).

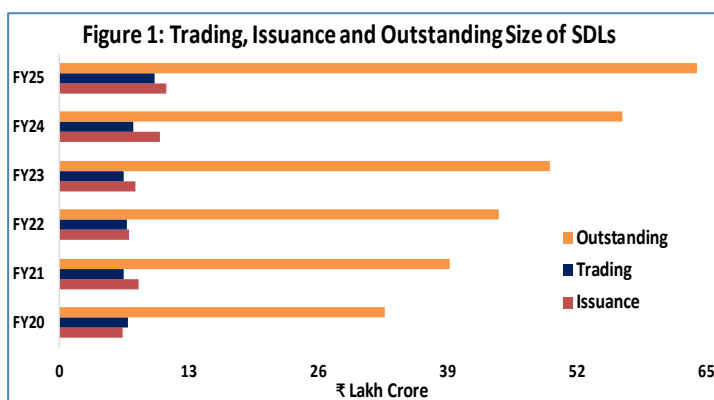


Figure 2: Ownership Pattern of Outstanding SDLs Share (%)

As at end of	Dec-24	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Commercial Banks	35.11	34.14	33.91	34.39	33.69	34.99
Insurance Companies	25.16	26.14	26.80	28.42	30.04	31.63
Provident Funds	22.90	22.35	21.29	20.79	22.00	22.22
Pension Funds	4.82	4.76	4.81	4.32	-	-
Co-operative Banks	3.22	3.39	3.64	4.04	4.05	4.12
Others	1.94	1.95	2.15	1.28	4.59*	4.53*
Corporates	1.97	2.02	2.00	1.82	0.49	0.30
Mutual Funds	1.89	2.09	1.94	1.82	1.82	1.14
Financial Institutions	1.58	1.59	1.84	1.72	1.86	0.11
Foreign Portfolio Investors	0.03	0.07	0.02	0.02	0.02	0.02
Non-Bank PDs	0.53	0.60	0.62	0.38	0.48	0.76
RBI	0.58	0.63	0.72	0.80	0.77	-
State Governments	0.26	0.25	0.27	0.20	0.18	0.18

Source: RBI DBIE *Including Pension Funds

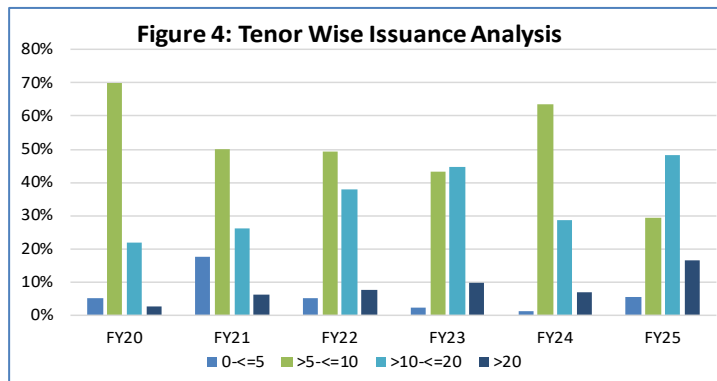
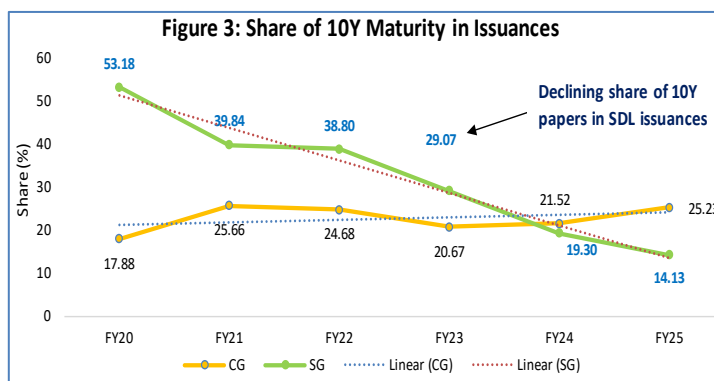
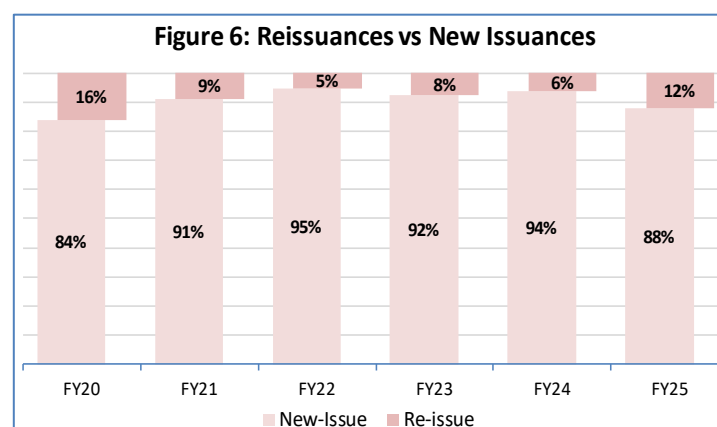


Figure 4: Top 5 States - Issuance vs Trading

Issuance	Top 1	Top 2	Top 3	Top 4	Top 5
FY20	Uttar Pradesh	Tamil Nadu	West Bengal	Karnataka	Maharashtra
FY21	Tamil Nadu	Uttar Pradesh	Karnataka	Maharashtra	West Bengal
FY22	Tamil Nadu	Maharashtra	West Bengal	Karnataka	Uttar Pradesh
FY23	Tamil Nadu	Maharashtra	West Bengal	Andhra Pradesh	Uttar Pradesh
FY24	Tamil Nadu	Maharashtra	Uttar Pradesh	Karnataka	Rajasthan
FY25	Maharashtra	Tamil Nadu	Karnataka	Andhra Pradesh	West Bengal
Trading	Top 1	Top 2	Top 3	Top 4	Top 5
FY20	Tamil Nadu	Gujarat	Maharashtra	Karnataka	Uttar Pradesh
FY21	Maharashtra	Tamil Nadu	Karnataka	Gujarat	Andhra Pradesh
FY22	Maharashtra	Tamil Nadu	Karnataka	Gujarat	Andhra Pradesh
FY23	Tamil Nadu	Maharashtra	Gujarat	Uttar Pradesh	Karnataka
FY24	Maharashtra	Tamil Nadu	Karnataka	Uttar Pradesh	Gujarat
FY25	Maharashtra	Karnataka	Tamil Nadu	Uttar Pradesh	Rajasthan



Issuances

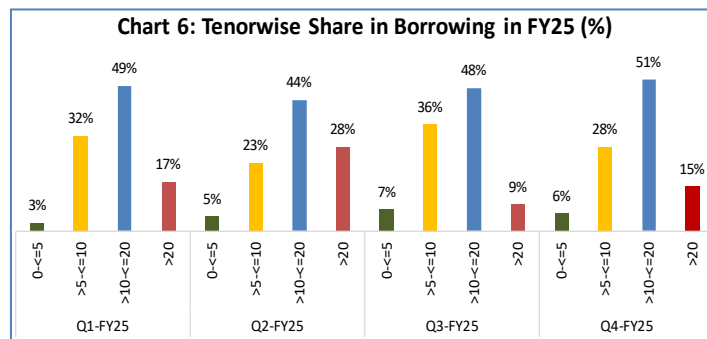
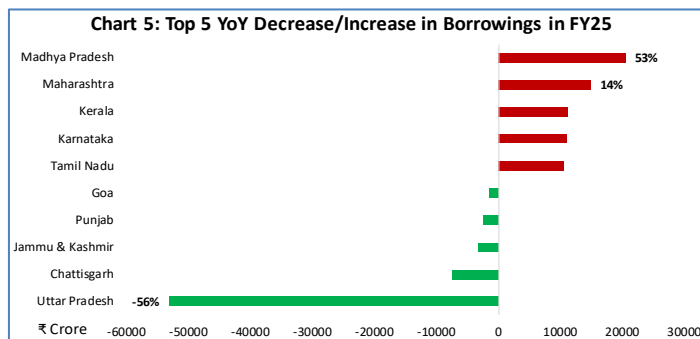
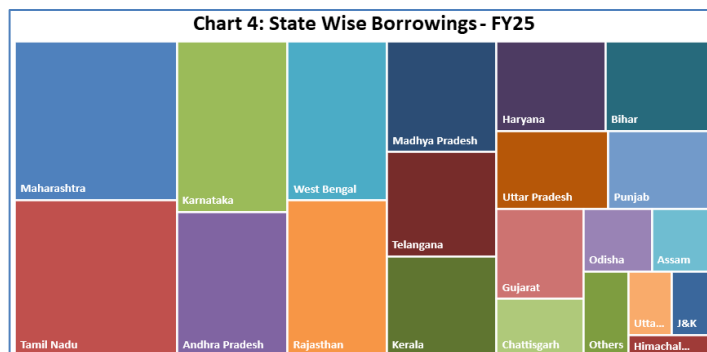
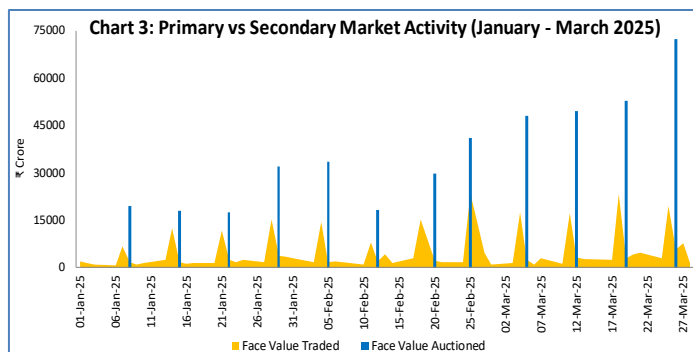
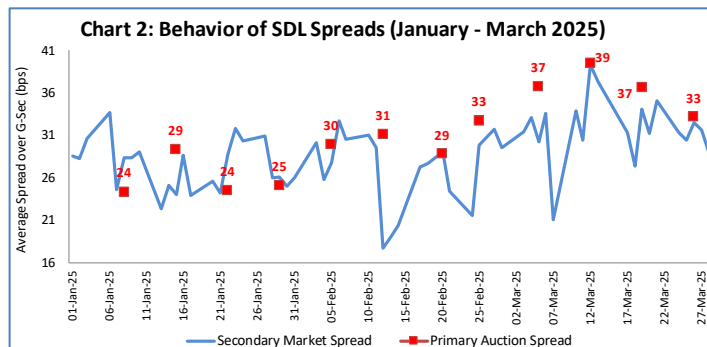
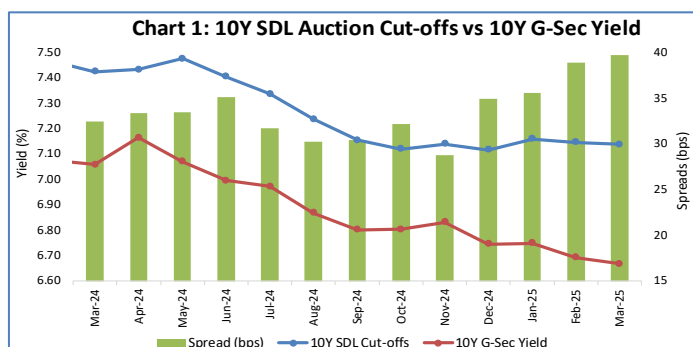
State borrowings during Q4-FY25 were at record levels, with the borrowings in March comprising almost 50% of the total borrowings during the quarter. With borrowings of ₹4.34 lakh crore during the last quarter, the total state borrowings for the year were at an all-time high of ₹10.73 lakh crore, an increase of 7% compared to ₹10.07 lakh crore during FY24. However, the total borrowings during the quarter were around 9% lower than that announced in the indicative calendar

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
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
Q4-FY25	317	434434	36203	10	319397	264	354334	53	80100

Spreads and Volumes

SGS yields have moved lower during the quarter, however, spreads have widened as the easing in yields has been steeper for G-Secs.



State wise - Comparison

The usual last quarter borrowing rush resulted in a dispersion of the States' borrowing, with the top 5 borrowers led by Maharashtra and Tamil Nadu accounting for only 48% of the total borrowings. Coincidentally, similar trends were visible in the secondary market trading, with the papers of the same States led by Maharashtra and Karnataka dominating market activity. The top 5 borrowers in FY25 were Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh and West Bengal. Rate cut expectations, improvement in liquidity conditions by March and absence of central government borrowings helped to support the year-end state borrowings.

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

State	Q4-FY25				Q4-FY24			
	Issuance	Net Borrowing	Outstanding	Trading	Issuance	Net Borrowing	Outstanding	Trading
Andhra Pradesh	14968	11968	433443	8717	13450	3549	379238	9085
Arunachal Pradesh	215	135	7357	0	232	102	6653	84
Assam	7950	5450	112489	6839	5750	3750	98639	2689
Bihar	15546	11468	249018	10386	19612	15488	218128	18129
Chhattisgarh	18000	13913	103552	5325	24000	21213	86639	4370
Goa	-	-	19824	161	450	160	19574	74
Gujarat	24700	13280	311285	15049	13500	6516	295005	12584
Haryana	19822	9162	296559	12034	15500	7294	264849	10283
Himachal Pradesh	2337	1653	59184	578	2772	1983	54459	1264
Jammu & Kashmir	1100	686	83426	119	4164	3370	72510	1728
Jharkhand	3500	-1255	55745	2048	1000	1705	57750	624
Karnataka	45025	38025	471818	37217	54000	48805	400293	38479
Kerala	21664	18164	264246	15455	15538	10438	226280	11122
Madhya Pradesh	28400	19306	275719	20698	15500	8264	228513	15895
Maharashtra	56000	49217	594709	39537	50000	43379	502792	38464
Manipur	500	297	11608	61	326	176	10571	163
Meghalaya	-	-	14156	49	-	-	12310	25
Mizoram	358	358	6770	132	241	191	5831	203
Nagaland	1000	750	14380	365	800	655	13430	5
Odisha	19780	18280	33180	7769	-	-	16400	232
Puducherry	700	380	10184	466	1100	870	8804	629
Punjab	7398	3790	273884	6563	6399	3513	241419	1858
Rajasthan	22120	12322	429709	15477	27075	19388	381254	15811
Sikkim	951	751	12300	11	966	931	10679	112
Tamil Nadu	45600	36719	706014	31904	36001	29790	616121	25805
Telangana	15300	9808	365383	11878	13718	12826	320266	7853
Tripura	-	-	9389	-	-	-	9539	-
Uttar Pradesh	20000	11472	591932	18196	42950	39422	568747	22851
Uttarakhand	8000	6600	56410	2811	3500	1000	48410	1049
West Bengal	33500	26700	531642	26463	34500	28500	477042	17940

State wise Share – Issuance and Trading

Amongst the major borrowers, issuance of market loans during FY25 has increased significantly for Madhya Pradesh (56%) and Kerala (26%), while it has declined considerably for Uttar Pradesh (56%). Odisha which had last borrowed in Q1-FY21 entered the primary market in the Q3-FY25 and conducted around 95% of its borrowings in the last quarter. In a break from earlier trends, reissuances had around a 20% share in the total issuances during the quarter, primarily led by Maharashtra, with around two third of its borrowings during the quarter being reissuances.

Table 3: State wise Share

State	Q4-FY25				Q4-FY24			
	Issuance		Trading		Issuance		Trading	
	Share (%)	Ranking	Share (%)	Ranking	Share (%)	Ranking	Share (%)	Ranking
Andhra Pradesh	3.45	15	2.94	13	3.34	14	3.50	12
Arunachal Pradesh	0.05	27	0.00	29	0.06	27	0.03	26
Assam	1.83	17	2.31	15	1.43	16	1.04	15
Bihar	3.58	13	3.50	12	4.87	8	6.99	5
Chhattisgarh	4.14	12	1.80	17	5.95	7	1.68	14
Goa	-	-	0.05	23	0.11	24	0.03	27
Gujarat	5.69	6	5.08	9	3.35	13	4.85	9
Haryana	4.56	10	4.06	10	3.85	10	3.96	11
Himachal Pradesh	0.54	20	0.20	20	0.69	19	0.49	18
Jammu & Kashmir	0.25	21	0.04	25	1.03	17	0.67	17
Jharkhand	0.81	19	0.69	19	0.25	21	0.24	21
Karnataka	10.36	3	12.56	2	13.40	1	14.83	1
Kerala	4.99	8	5.22	8	3.86	9	4.29	10
Madhya Pradesh	6.54	5	6.99	5	3.85	10	6.13	7
Maharashtra	12.89	1	13.34	1	12.41	2	14.83	2
Manipur	0.12	25	0.02	26	0.08	25	0.06	24
Meghalaya	-	-	0.02	27	-	-	0.01	28
Mizoram	0.08	26	0.04	24	0.06	26	0.08	23
Nagaland	0.23	22	0.12	22	0.20	23	0.00	29
Odisha	4.55	11	2.62	14	-	-	0.09	22
Puducherry	0.16	24	0.16	21	0.27	20	0.24	20
Punjab	1.70	18	2.21	16	1.59	15	0.72	16
Rajasthan	5.09	7	5.22	7	6.72	6	6.10	8
Sikkim	0.22	23	0.00	28	0.24	22	0.04	25
Tamil Nadu	10.50	2	10.77	3	8.93	4	9.95	3
Telangana	3.52	14	4.01	11	3.40	12	3.03	13
Tripura	-	-	-	-	-	-	-	-
Uttar Pradesh	4.60	9	6.14	6	10.66	3	8.81	4
Uttarakhand	1.84	16	0.95	18	0.87	18	0.40	19
West Bengal	7.71	4	8.93	4	8.56	5	6.92	6

State wise - Spread and Yield Comparison

Secondary and Primary market yields for State papers were largely stable in Q4-FY25 compared to the previous quarter. However, their spreads against the comparative tenor G-Secs widened quarter on quarter, indicating the sharper softening of G-Sec papers during the quarter.

Table 4: State wise Yields and Spreads

State	Q4-FY25				Q4-FY24			
	Weighted Average Yield (%)		Spreads (bps)		Weighted Average Yield (%)		Spreads (bps)	
	Issuance	Trading	Issuance	Trading	Issuance	Trading	Issuance	Trading
Andhra Pradesh	7.14	7.10	37	31	7.57	7.46	37	33
Arunachal Pradesh	7.24	7.30	32	34	7.41	7.38	34	31
Assam	7.18	7.12	34	29	7.53	7.43	41	34
Bihar	7.17	7.14	29	28	7.56	7.52	38	36
Chhattisgarh	7.16	7.10	43	38	7.49	7.42	38	34
Goa	-	7.03	-	36	7.58	7.62	42	44
Gujarat	7.05	6.90	33	26	7.54	7.37	39	29
Haryana	7.14	7.07	32	29	7.52	7.51	37	36
Himachal Pradesh	7.21	7.18	45	38	7.52	7.42	37	31
Jammu & Kashmir	7.17	7.17	25	30	7.47	7.50	31	32
Jharkhand	6.94	6.85	41	29	7.68	7.38	50	29
Karnataka	7.13	7.05	37	31	7.55	7.49	37	34
Kerala	7.15	7.13	25	24	7.47	7.44	32	30
Madhya Pradesh	7.18	7.10	32	25	7.49	7.44	34	30
Maharashtra	7.15	7.09	32	29	7.49	7.44	34	32
Manipur	7.16	7.08	34	35	7.50	7.47	35	33
Meghalaya	-	7.14	-	33	-	7.50	-	34
Mizoram	7.19	7.20	35	32	7.55	7.56	38	38
Nagaland	7.20	7.22	47	44	7.49	7.49	38	39
Odisha	7.12	7.12	35	31	-	7.14	-	23
Puducherry	7.20	7.17	41	39	7.49	7.53	37	37
Punjab	7.17	7.14	26	27	7.66	7.53	44	37
Rajasthan	7.14	7.02	34	27	7.50	7.41	36	31
Sikkim	7.15	7.04	43	34	7.60	7.51	45	38
Tamil Nadu	7.12	7.03	28	27	7.47	7.43	31	32
Telangana	7.16	7.13	18	23	7.46	7.42	29	28
Tripura	-	-	-	-	-	-	-	-
Uttar Pradesh	7.19	7.10	33	31	7.47	7.45	34	33
Uttarakhand	7.15	7.03	46	37	7.44	7.42	33	31
West Bengal	7.21	7.18	32	30	7.49	7.47	33	31

Dispersion of Trading

Reflecting the year end pattern, trading was largely concentrated in the newly-issued securities, indicating the appetite of investors to lock into the newly issued State papers.

Table 5: Age Analysis - Share (%)

Age of SDL/Quarter	Q4-FY25	Q3-FY25	Q2-FY25	Q1-FY25	Q4-FY24
<= 7 Days	52.82	22.00	23.10	29.06	54.52
7 Days - 1 Month	5.04	2.40	5.07	5.89	3.33
1 Month - 3 Months	6.40	4.99	2.81	16.92	5.31
3 Months - 6 Months	2.36	2.93	12.23	8.24	5.43
6 Months - 1 Year	3.06	19.16	15.59	6.70	3.34
>= 1 Year	30.32	48.52	41.19	33.19	28.08

Trading Behavior

The increase in SDL volumes during the quarter is largely due to bilateral transactions, involving participants investing in the large quantum of SDL papers issued during the quarter. Despite the 26% increase in secondary market trading in State papers, ETP transactions have gone down by 23% in comparison to the previous quarter.

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)
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
Q4-FY25	5904	62	234710.46	79	5749	57	61597.85	21	703	10	35959.40	12	11653	296308.66

* Part of the OTC Segment. #Daily Average

Participant Behavior

In a one-sided market, provident funds were most the active buyers of State papers, stocking up from Banks who were involved in profit booking from their positions in these papers.

Table 7: Net Activity in Outright Trading - Share (%)

Category/Period	Q4-FY25	Q3-FY25	Q2-FY25	Q1-FY25	Q4-FY24
Co-operative Banks	-0.18	-0.29	-0.30	0.90	0.45
Financial Institutions	0.04	0.07	0.14	-0.02	-0.02
Foreign Banks	-31.10	-8.12	-5.44	-10.38	-24.68
FPIs	0.04	-0.09	-0.04	0.63	0.09
Insurance Companies	2.59	-1.67	-3.28	4.43	10.68
Mutual Funds	3.65	0.51	0.54	-3.58	3.10
NBFCs	1.96	0.01	-0.34	0.26	-0.28
Others	2.20	-1.27	-1.76	0.68	2.19
Payment Banks	0.21	-0.02	0.61	0.63	0.16
Primary Dealers	-7.42	-9.08	-9.41	-17.93	-14.14
Private Sector Banks	-11.58	0.17	2.18	-0.57	-9.05
Provident Funds	40.44	14.69	10.03	20.75	30.82
Public Sector Banks	-0.91	4.89	7.10	3.70	0.31
Small Finance Banks	0.05	0.21	-0.04	0.50	0.35

Summary of Outstanding SDLs

Table 8: Outstanding SDLs Summary

Quarter	Number of SDLs	Face Value (₹ lakh crore)	Average Coupon	Average Maturity (years)
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
Q4-FY25	5221	64.05	7.41%	8.97

Tenor wise Analysis

Table 9: Tenor wise Outstanding SDLs - Share (%)

State/Years	0-<=5Y	>5Y-<=10Y	>10Y-<=20Y	>20Y
Andhra Pradesh	21.74	27.02	47.78	3.46
Arunachal Pradesh	48.33	37.94	13.73	0.00
Assam	37.56	53.63	8.80	0.00
Bihar	39.06	44.41	16.53	0.00
Chhattisgarh	52.11	45.95	1.93	0.00
Goa	48.80	45.15	6.05	0.00
Gujarat	59.52	39.51	0.96	0.00
Haryana	31.86	33.94	34.20	0.00
Himachal Pradesh	31.22	38.69	30.09	0.00
Jammu & Kashmir	33.52	17.89	21.17	27.42
Jharkhand	51.65	36.69	11.66	0.00
Karnataka	32.38	36.88	30.73	0.00
Kerala	31.93	16.23	29.59	22.25
Madhya Pradesh	27.03	23.89	40.38	8.70
Maharashtra	31.27	43.17	23.54	2.02
Manipur	38.61	36.18	25.21	0.00
Meghalaya	47.17	47.88	4.94	0.00
Mizoram	26.10	30.95	42.95	0.00
Nagaland	34.61	65.39	0.00	0.00
Odisha	31.65	32.19	30.14	6.03
Puducherry	41.18	36.97	16.94	4.91
Punjab	25.74	26.26	43.92	4.09
Rajasthan	36.09	35.59	20.04	8.27
Sikkim	32.65	67.35	0.00	0.00
Tamil Nadu	33.31	33.27	11.01	22.40
Telangana	18.08	12.02	41.39	28.51
Tripura	76.40	7.46	16.15	0.00
Uttar Pradesh	43.16	40.28	16.56	0.00
Uttarakhand	52.31	47.69	0.00	0.00
West Bengal	26.74	20.39	49.49	3.39
Total	33.59	32.66	26.53	7.22

Holding Pattern of Outstanding SDLs at end-December 2024

Table 10: Holding Pattern of Outstanding SDLs - Share (%)					
As at end of	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
Commercial Banks	35.11	34.39	33.85	34.14	33.90
Co-operative Banks	3.22	3.29	3.38	3.39	3.53
Corporates	1.97	1.95	2.03	2.02	2.03
Financial Institutions	1.58	1.57	1.58	1.59	1.63
Foreign Portfolio Investors	0.03	0.04	0.05	0.07	0.03
Insurance Companies	25.16	25.56	25.85	26.14	26.64
Mutual Funds	1.89	1.93	2.08	2.09	2.00
Non-Bank PDs	0.53	0.60	0.59	0.60	0.63
Others	1.94	1.92	1.91	1.95	2.10
Pension Funds	4.82	4.87	4.87	4.76	4.56
Provident Funds	22.90	23.02	22.94	22.35	22.00
RBI	0.58	0.60	0.62	0.63	0.66
State Governments	0.26	0.26	0.26	0.25	0.27
Source: RBI					

Outlook

The indicative borrowings of States for the first quarter of FY26 has been pegged at ₹2.73 lakh crore, which is 8% higher than the ₹2.54 lakh crore announced for the first quarter of the previous fiscal. With expectations of lower interest rates in the economy going ahead along with the stabilization of the market liquidity conditions, State borrowings are expected to proceed smoothly and cut-offs could trend lower in the first quarter reflecting the fall in yields in the overall G-Sec market.

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