



SOVEREIGN
global

SDL Analysis & State Finances

FY24-25



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Scope of the Report

- To share a summary of state performance on SDL Issuances in FY25
- To provide a glimpse of SDL issuances by Indian states in FY25 and last 3 years
- To understand the maturity profile of outstanding borrowings of states
- To briefly touch upon the fiscal health of states with regards to its outstanding liabilities, revenue receipts and fiscal deficits
- To share insights on individual states and how they could impact future borrowings
- To provide independent views on future borrowings and SDL issuance patterns

Summary

- Indian States and UTs have cumulatively raised 10.73 lac cr in FY25 through market borrowings; 7% more than that raised in FY24
- Total borrowings in FY25 was less by 2,37,890 cr [18.1%] as planned in the calendar
- Most of the states have seen limited rise in borrowings with central and state elections related capital expenditure
- Measures taken by RBI for improving liquidity conditions such as Open Market Operations have already created a buyer's market bringing yields down significantly both for G-sec and SDLs
- State SDL 10 year spreads have seen massive volatility in FY25 ranging between as low as 26 bps (Himachal Pradesh, Karnataka and Tamil Nadu) and as high as 60 bps (West Bengal and Assam)
- Calendar Borrowings for FY26 have shown an increasing trend from Q1 FY25 (2.54 lac cr) to Q1 FY26 calendar (2.73 lac cr). However, actual borrowings in first few weeks is much lower than market expectations, thereby keeping the spreads very low

Summary

Top 5 borrowing States – FY25

Tamil Nadu	1,23,625 cr
Maharashtra	1,23,000 cr
Karnataka	92,025 cr
Andhra Pradesh	81,206 cr
West Bengal	76,500 cr

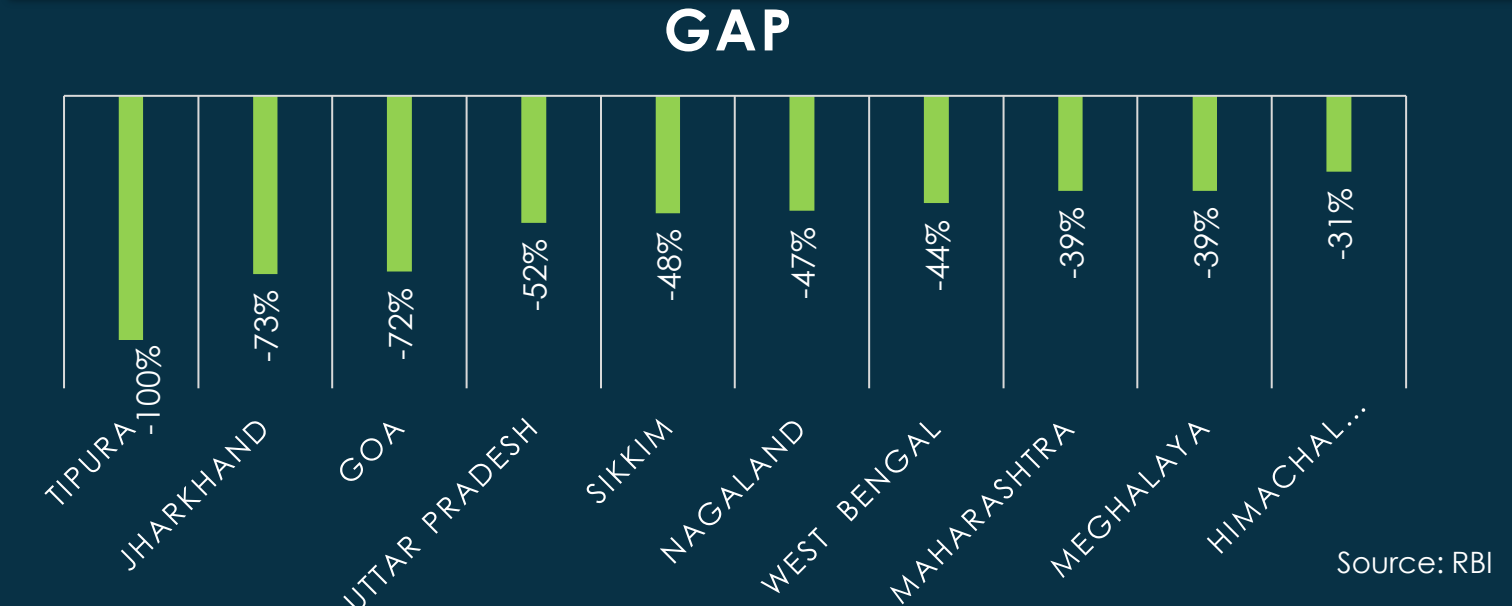
Borrowing more than Calendar – FY25

	Share
Odisha	48%
Kerala	37%
Andhra Pradesh	30%
Chhattisgarh	26%
Jammu & Kashmir	19%
Rajasthan	11%
Punjab	9%

States issuing SDLs with tenure > 20 yrs...

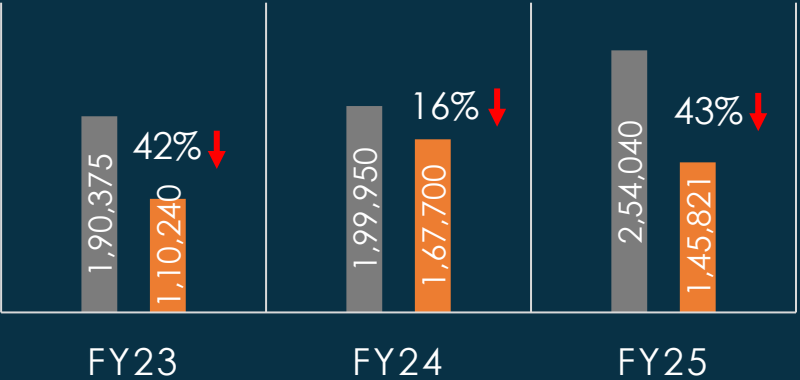
	Share	Amount (cr.)	Highest Tenure		Share	Amount (cr.)	Highest Tenure
Jammu & Kashmir	90%	11,870	30 yrs.	West Bengal	20%	15,500	25 yrs.
Telangana	48%	27,209	30 yrs.	Andhra Pradesh	18%	15,000	25 yrs.
Kerala	46%	25,149	30 yrs.	Rajasthan	17%	12,500	26 yrs.
Madhya Pradesh	32%	20,000	24 yrs.	Maharashtra	10%	12,000	26 yrs.
Tamil Nadu	30%	37,000	30 yrs.	Odisha	10%	2,000	22 yrs.

Top 10 States with lowest borrowing with respect to Calendar - FY25



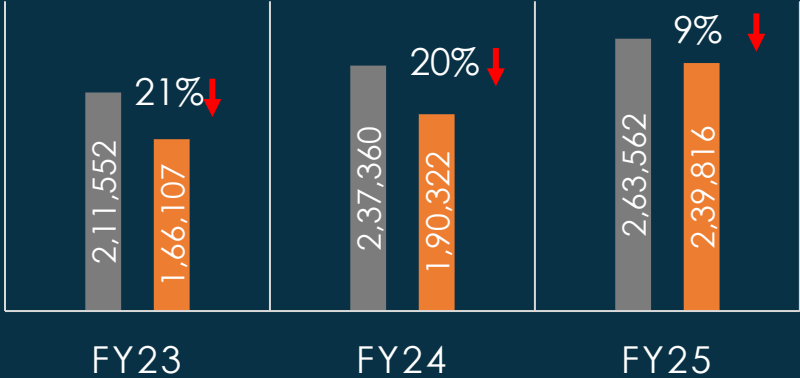
Quarter – wise SDL Issuance

Quarter 1



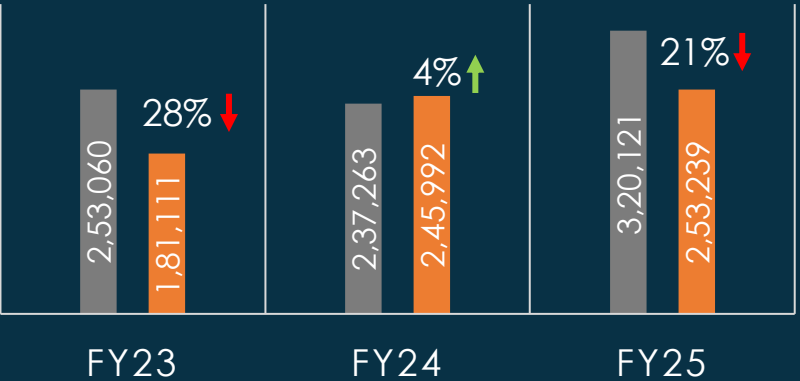
Significant under-borrowing in FY25

Quarter 2



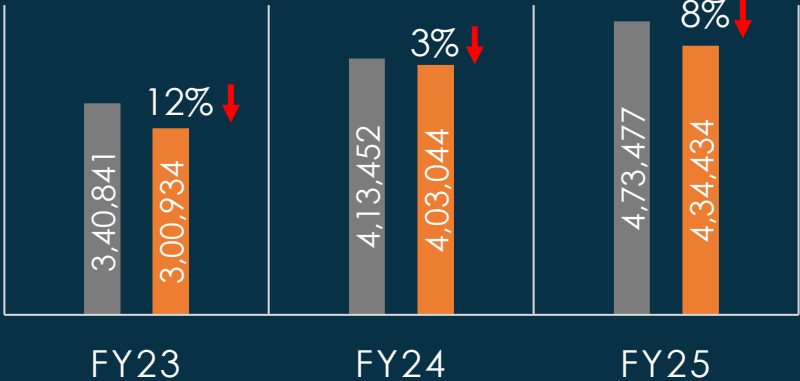
Relatively higher borrowings in FY25

Quarter 3



Low borrowing trends continue

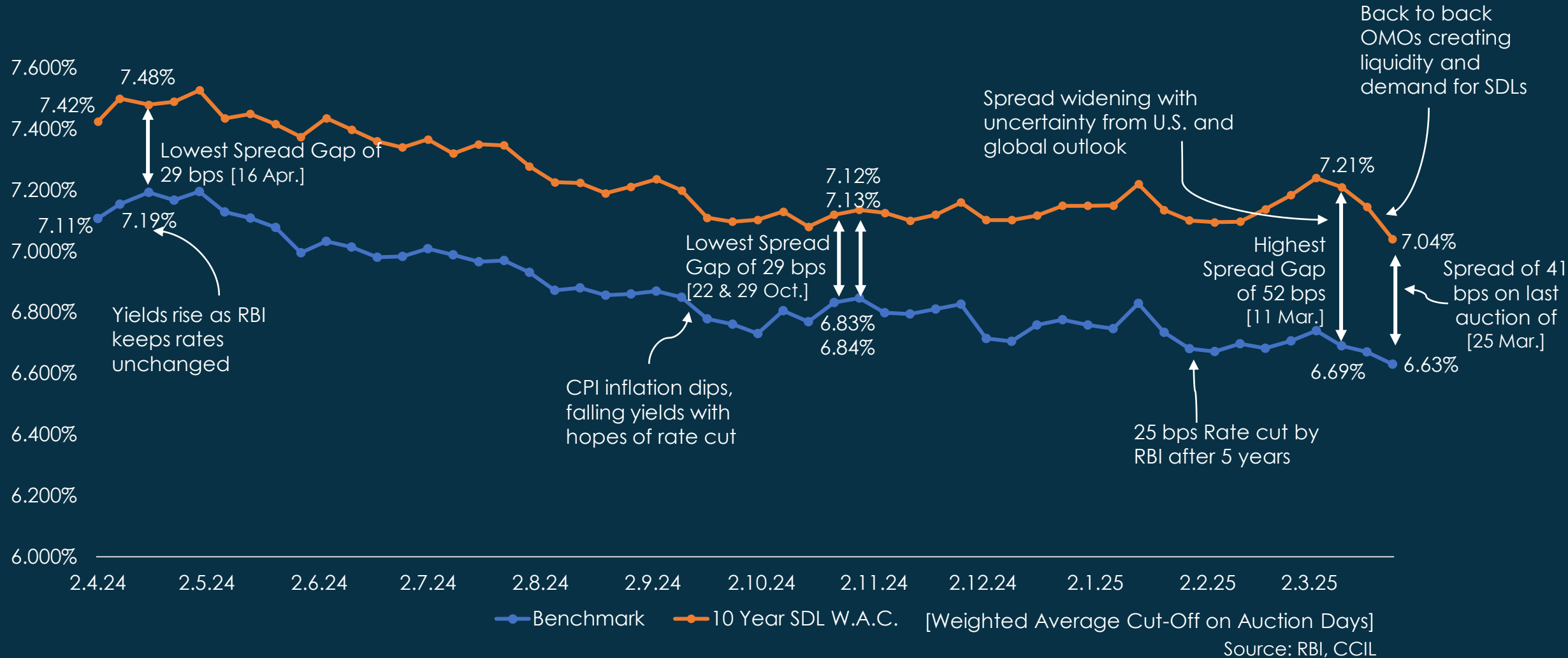
Quarter 4



Borrowings almost as per calendar in FY25

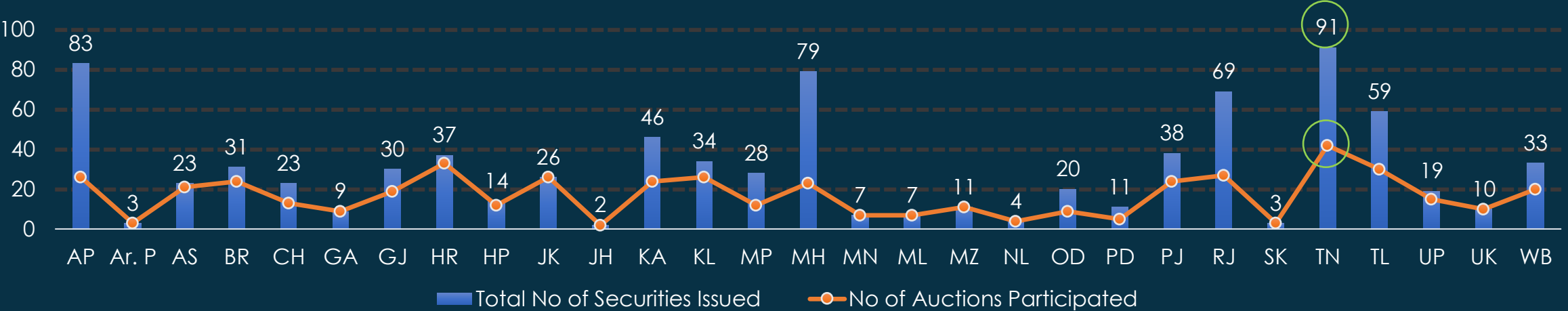
Source: RBI

10 Year Spread Trend: Q4 & FY25 SDL Auction

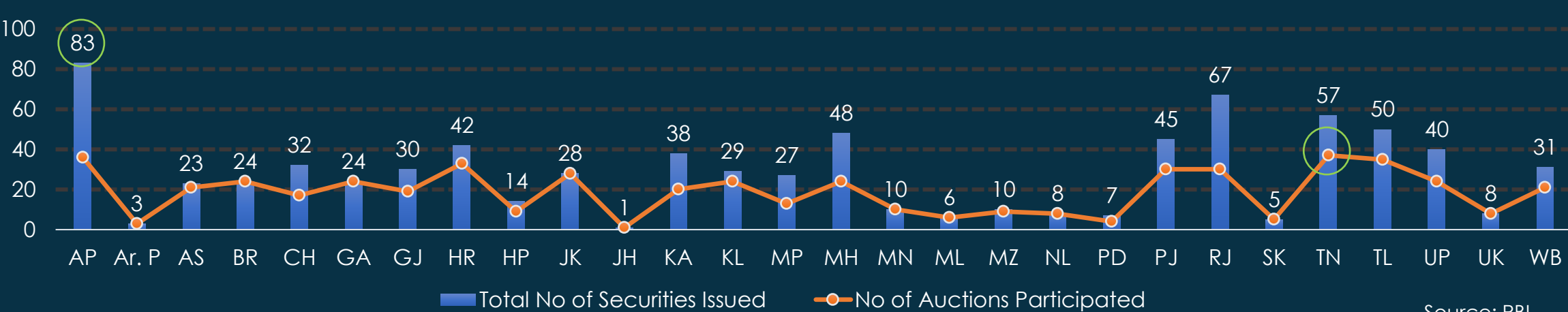


State Wise SDL Auction Frequency

FY 2024-25



FY 2023-24

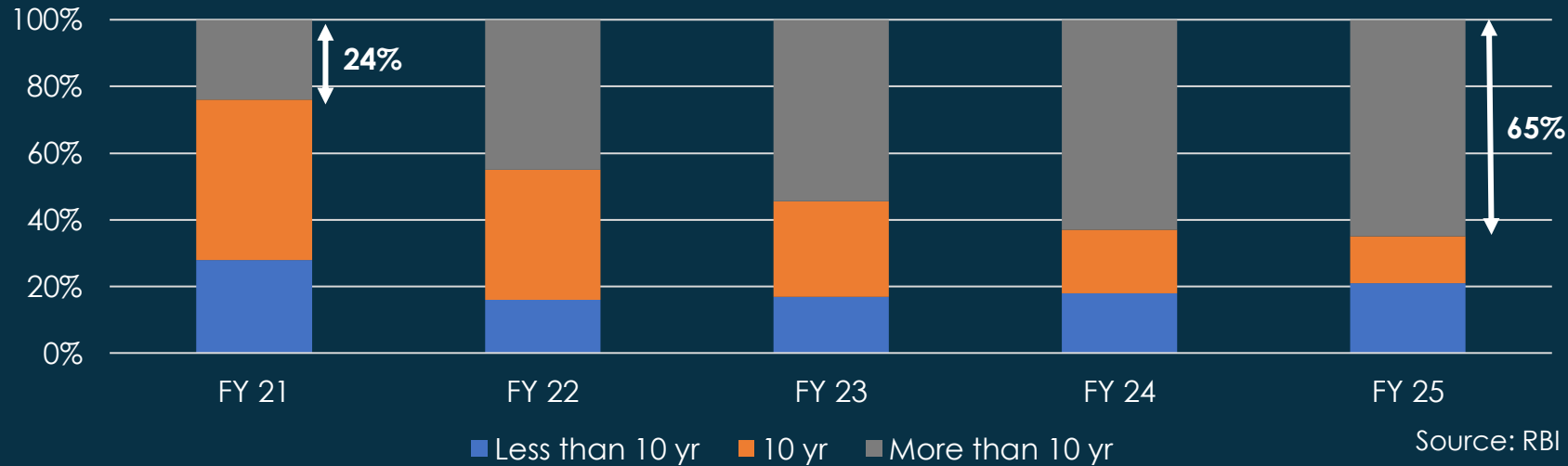


Source: RBI

Tamil Nadu issued maximum securities and had maximum participation in auctions in FY25 followed by Andhra Pradesh

Increasing trend: Long-Term SDL issuance

Tenor-wise SDL issuance during FY21 - FY25



- States have constantly moved towards issuance of longer tenor SDLs with nearly 65% of the total issuance in FY25 in more than 10-year category with a delta of 25% - 55% in previous 4 years.
- This trend might indicate:
 - Attractive interest rates were available in the long-term segment due to high demand with respect to short-term papers
 - Significant deferment of repayment obligations by issuing long-term papers by the states
- Borrowing in shorter term papers have also continuously increased to 21% in FY25. However, SDLs in the 10-year bucket have declined consistently since FY21 from 48% share in FY21 to a low 14% in FY25



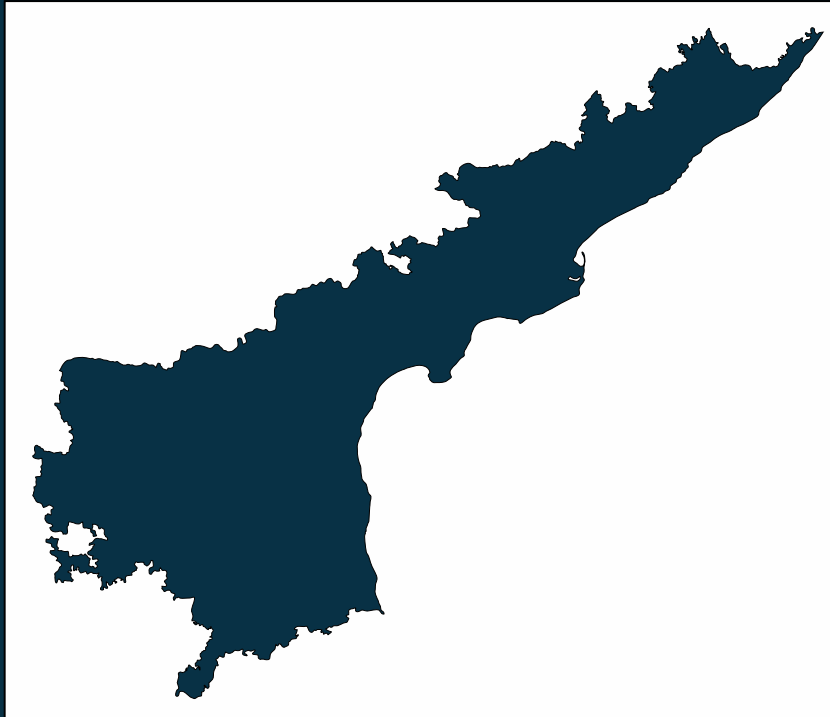
State Wise Analysis

Borrowing Insights & Fiscal Health

Terms of Relevance

SDL	State Development Loan	G.F.D.	Gross Fiscal Deficit
SGS	State Government Securities	F.D.	Fiscal Deficit
R.B.I.	Reserve Bank of India	R.D.	Revenue Deficit
C.C.I.L.	Clearing Corporation of India Ltd	S.O.T.R.	State's Own Tax Revenue
C.A.G.R.	Compounded Annual Growth Rate	S.O.N.T.R.	State's Own Non-Tax Revenue
W.A.C.	Weighted Average Cut-Off	CAG	Comptroller & Auditor General of India
G.D.P.	Gross Domestic Product	R.I.D.F.	Rural Infra Development Fund
G.S.D.P.	Gross State Domestic Product	E.A.P.	Externally Aided Projects
F.R.B.M.	Fiscal Responsibility & Budget Management		

Andhra Pradesh

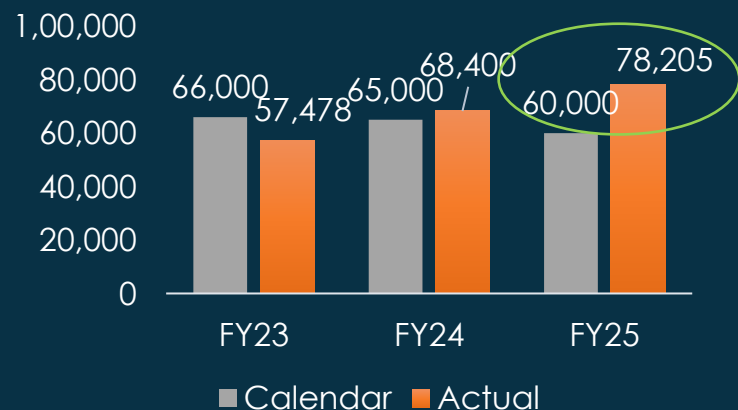


- ▶ Amongst Top 5 Borrowers in last 3 Fiscals - FY25 [Ranked 4th] & FY24 [Ranked 3rd]
- ▶ Top 10 Trading State SDLs in last 4 years
 - Top Issuer in Q1 FY25* - 27,000 cr
- ▶ May has been then Highest borrowing month [11,000 cr in FY25] for last 4 years with tenors spread between 9- 25 years
- ▶ State G.F.D. has seen an increasing trend(4.4% in FY24) while rising Revenue Deficits may further impact state's fiscal health

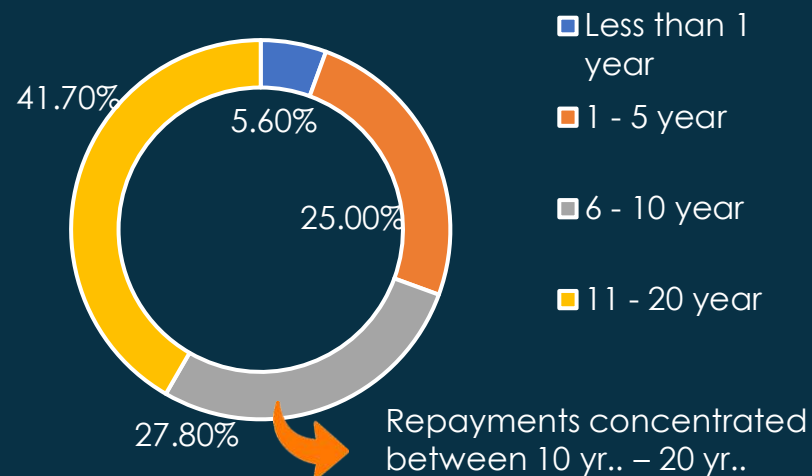
Weighted Average Cut off [10 year] : 7.14%
Min Spread of 10 year SDL with Benchmark : 34 bps
Max Spread of 10 year SDL with Benchmark : 48 bps

Andhra Pradesh

Borrowing Pattern of last 3 years



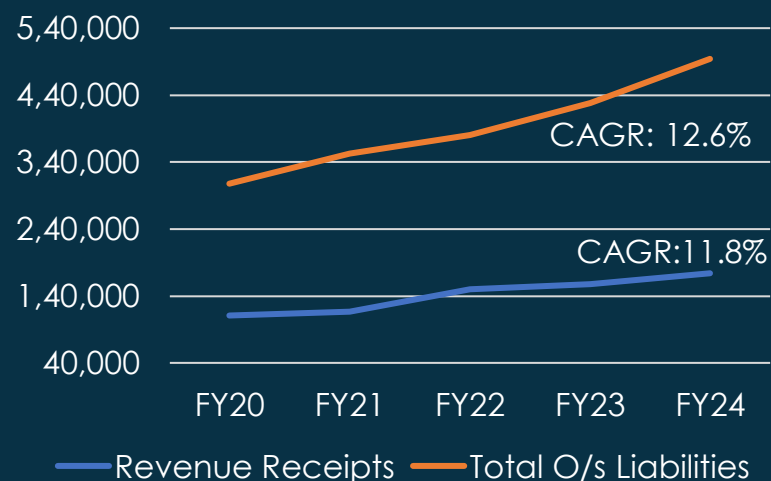
Maturity Profile of Outstanding SDLs [FY24]



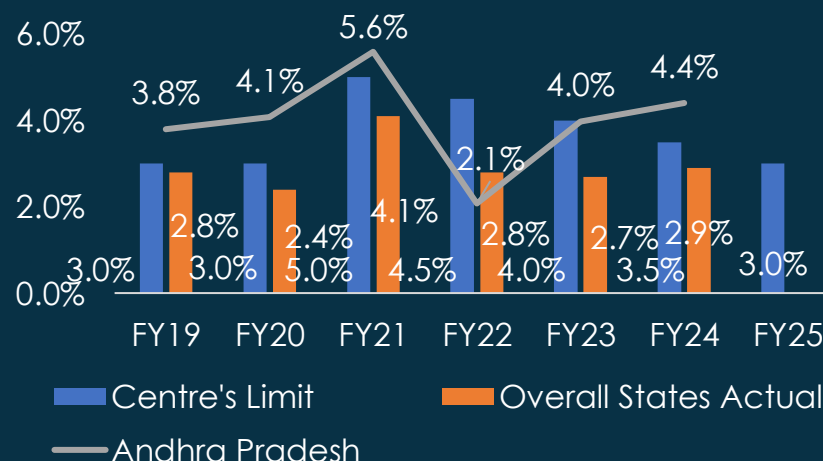
Insights

- State borrowings continue to outpace its calendar for 2nd consecutive year
- State has significantly deferred its repayment profile [well-spread between 11-20 years] which needs to be managed with revenue receipts

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- Maturity Profile for next fiscal may be spread between 5-25 years equally
- Short-term repayments will keep the borrowings high for next fiscal as well around 80,000 cr
- Will continue to be a preferred SDL for investors & traders

Arunachal Pradesh

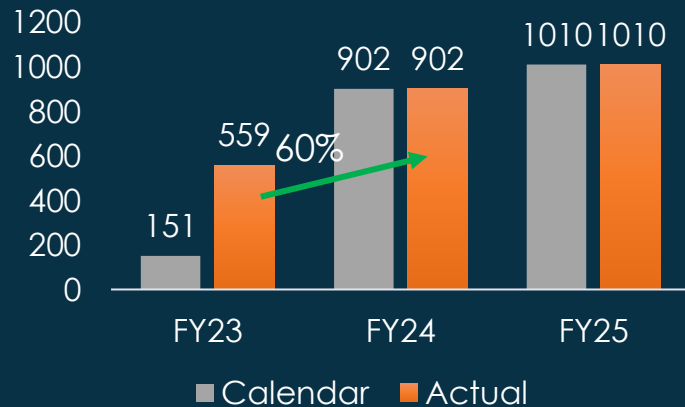


- ▶ One of the lowest issued and traded SDLs in the debt market however in FY25, investors have expressed interest in North-East state SDLs including Arunachal Pradesh
- ▶ State has issued 20 year SDLs for the first time in last 5 FYs
- ▶ Market Borrowings increased moderately by 12% in FY25 after significant increase in borrowings in FY24 [60%]
- ▶ Significant increase in state fiscal deficits in last FY expected to get moderated in FY25

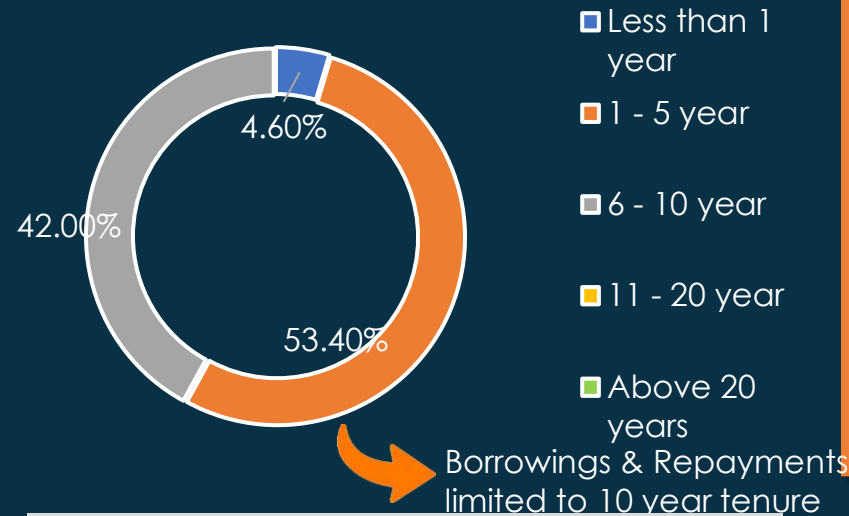
Weighted Average Cut off [20 year] : 7.16%
Min Spread of 20 year SDL with Benchmark : 31 bps
Max Spread of 20 year SDL with Benchmark : 55 bps

Arunachal Pradesh

Borrowing Pattern of last 3 years



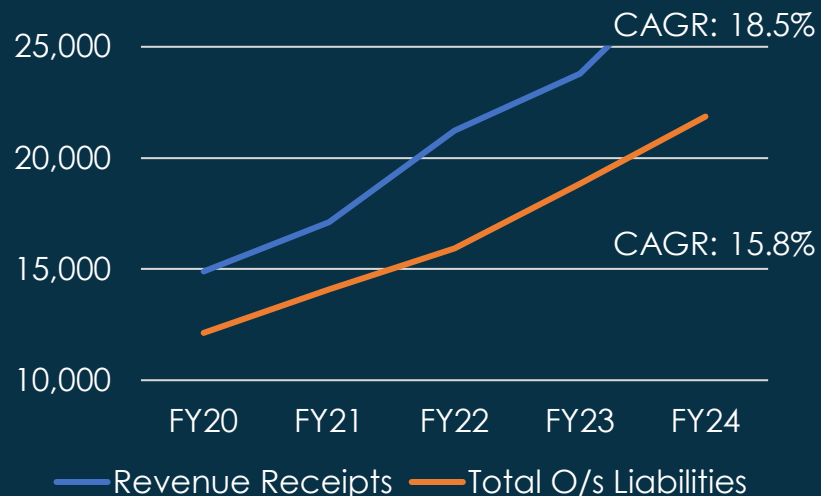
Maturity Profile of Outstanding SDLs [FY24]



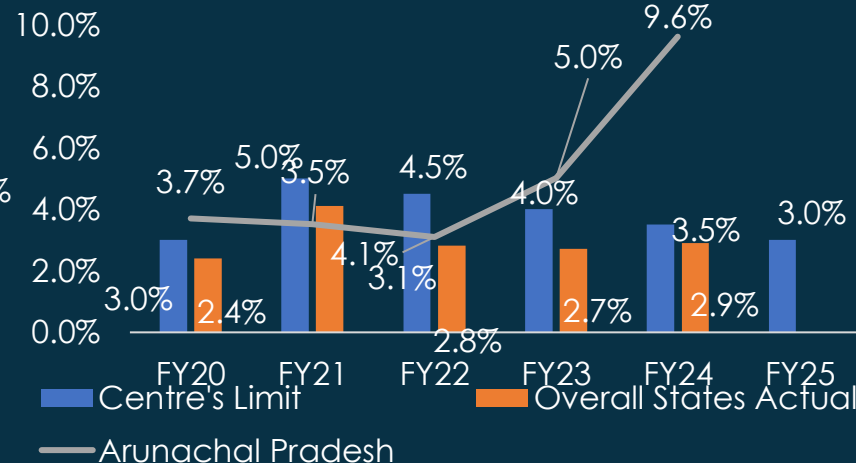
Insights

- Arunachal Pradesh has highest GFD to GSDP in the country [FY24 – Est.]
- Despite revenue surplus for last 5 years, state has considerable G.F.D. due to huge capital outlay (>100% use of capital budget in last 3 FYs)
- Massive increase in Central loans increasing Public Debt

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

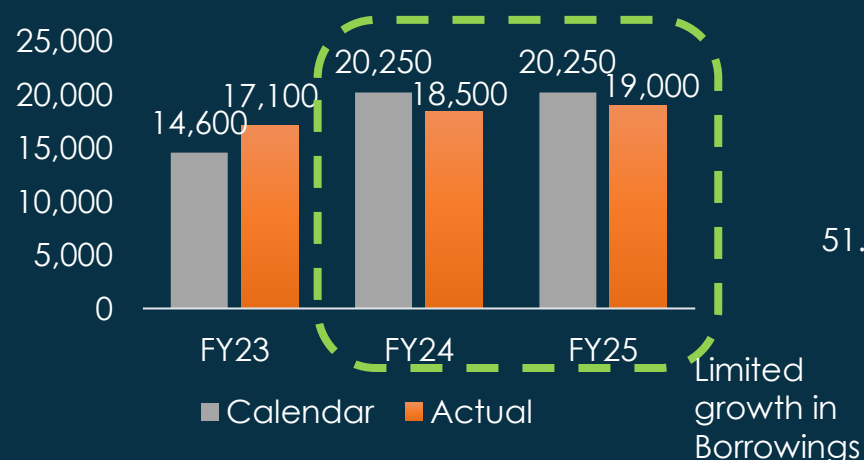
- SDL issuance expected < 1,200 cr as state plans to limit capital outlay
- State may spread issuance tenors between 15 – 20 years looking at present issuance trends of other states
- Capital expenditure may get limited to control growing Fiscal Deficit



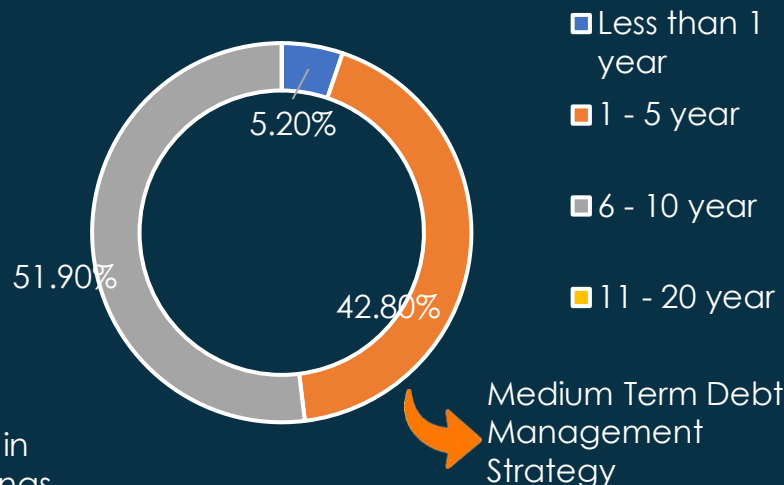
- ▶ Assam has issued 50% securities for tenors more than 10 years contrary to the 3 year trend of issuing 10 year SDLs in majority
- ▶ Outstanding Debt / G.S.D.P. @ 24% continues to be one of the lowest among Indian states thereby creating room for healthy borrowings in the future
- ▶ Capital Expenditure for Assam grew 4x between 2016-24 vis-à-vis 2001-16 period
- ▶ State has reduced its fiscal deficit with increasing revenue receipts

Weighted Average Cut off [10 year] : 7.28%
Min Spread of 10 year SDL with Benchmark : 32 bps
Max Spread of 10 year SDL with Benchmark : 60 bps

Borrowing Pattern of last 3 years



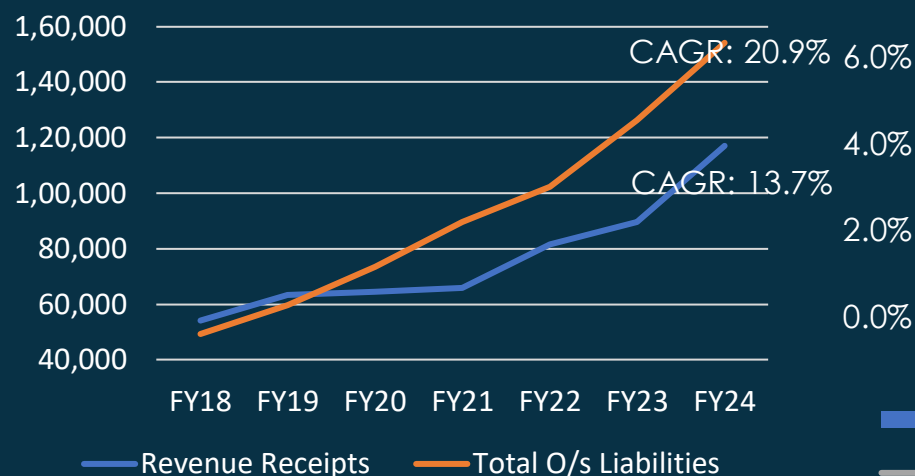
Maturity Profile of Outstanding SDLs [FY24]



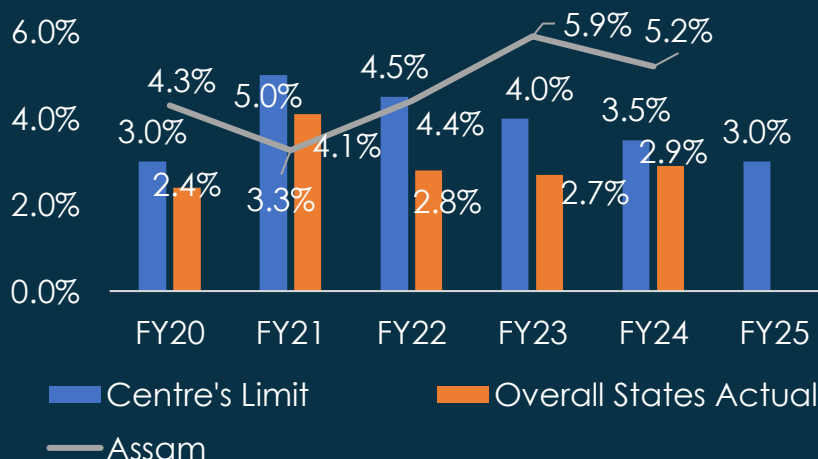
Insights

- State has seen improvement in Fiscal deficit numbers with increase revenue receipts and limited increase in market borrowings
- State continues to spend heavily on capital expenditure with borrowings as well as SASCI scheme.

O/s Liabilities to Revenue Receipts

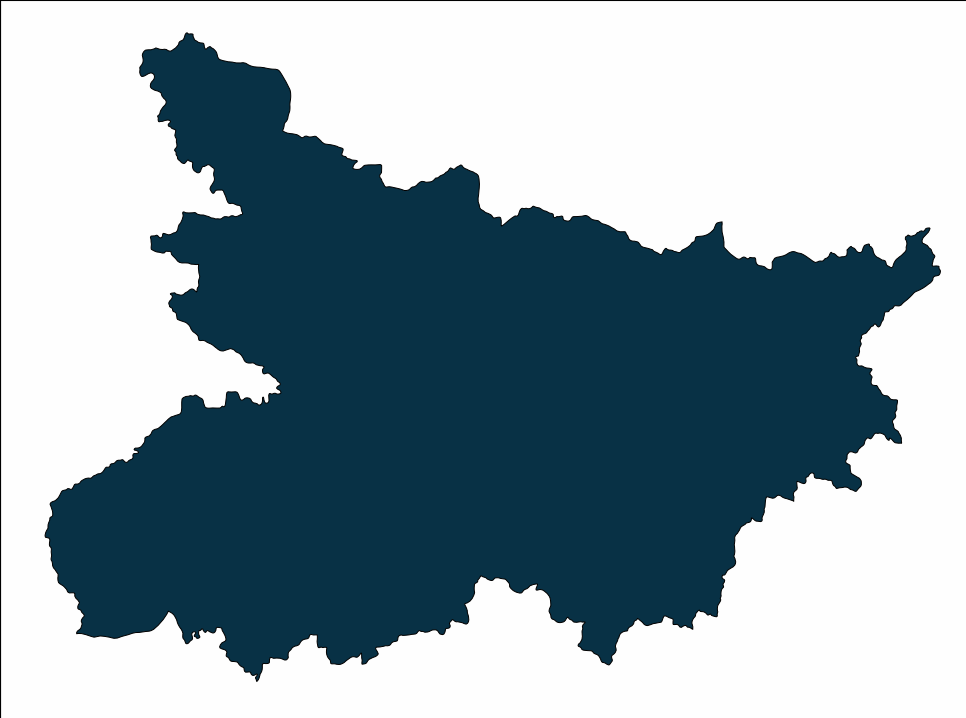


Comparison of GFD as a % of GDP



Outlook

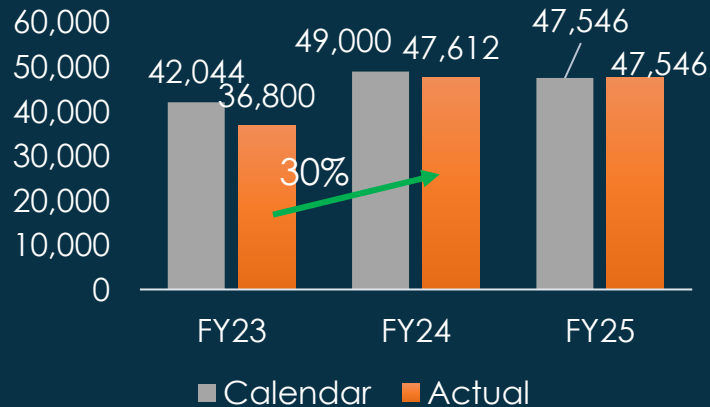
- Assam will spread its issuance tenor between 10-20 year to reduce early repayment burden
- Assam will continue to increase its borrowings (~20,000 cr) as it has Debt/GSDP ratio of 24% within limits of 32% as per AFRBM Act



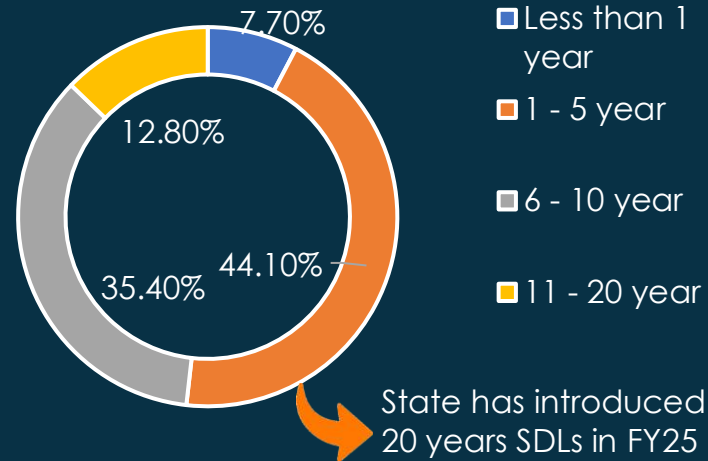
- ▶ While keeping issuances similar to last fiscal at 47,546 cr, Bihar has introduced ~10% 20 year SDLs to the total issuances in last Fiscal
- ▶ 30% of the borrowings have been spread between 10-20 year SDLs
- ▶ Bihar has one of the highest dependencies on Central Grants as part of its Revenue Receipts which could be concerning
- ▶ The State has seen significant increase in public debt to GSDP – 38.94% in FY25 & 32.78% in FY 24*

Weighted Average Cut off [10 year] : 7.15%
Min Spread of 10 year SDL with Benchmark : 28 bps
Max Spread of 10 year SDL with Benchmark : 40 bps

Borrowing Pattern of last 3 years



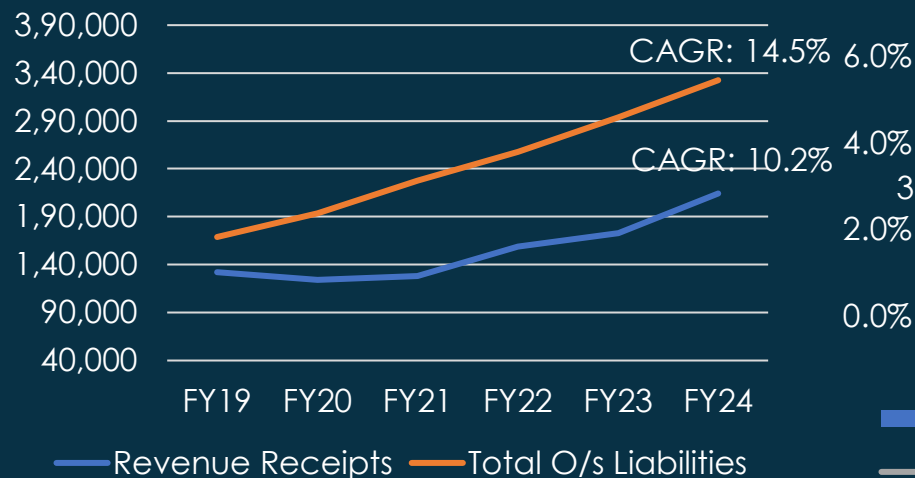
Maturity Profile of Outstanding SDLs [FY24]



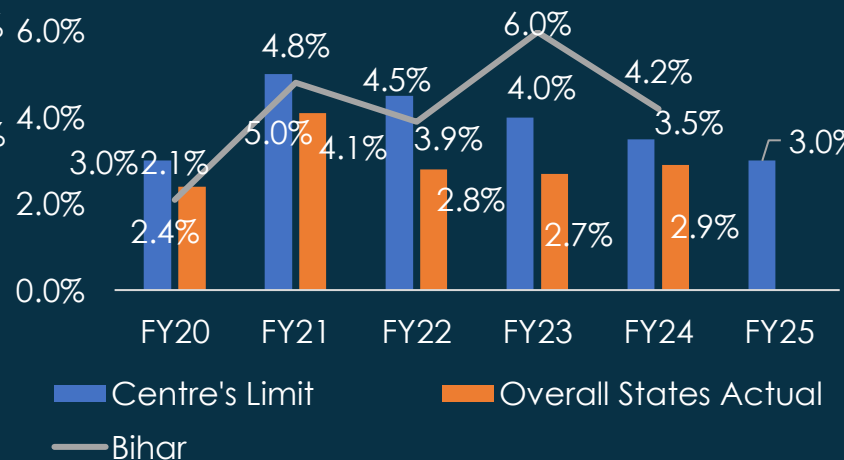
Insights

- Bihar had seen significant increase in GFD in FY23 but has managed to improve the numbers in FY24
- State borrowings kept at same levels as FY24
- State has seen significant expenditure on subsidies instead of capital outlay

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- Upcoming elections might impact capital expenditure and see further introduction of populist schemes
- Borrowings will continue to be limited to previous years numbers as Central grants and election might reduce expenditure

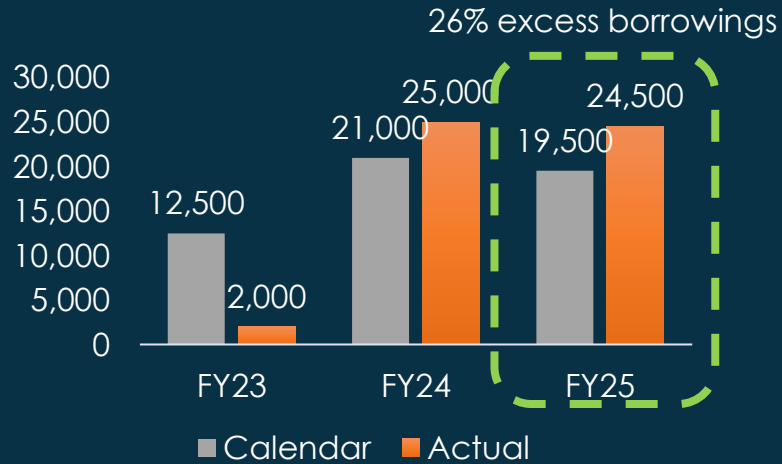


- ▶ State has seen kept the same trend in borrowings as last year with 26% more borrowings than planned in FY25 calendar
- ▶ SDL trading for Chhattisgarh securities has increased therefore improving liquidity in the secondary markets
- ▶ State has seen significant decline in Fiscal Health in FY24 - G.F.D./ G.S.D.P. @ 5.32%
 - Expected to come back within FRBM limits in FY25
- ▶ Chhattisgarh has seen significant increase in social services expenditure which needs to be monitored for improving Fiscal Health

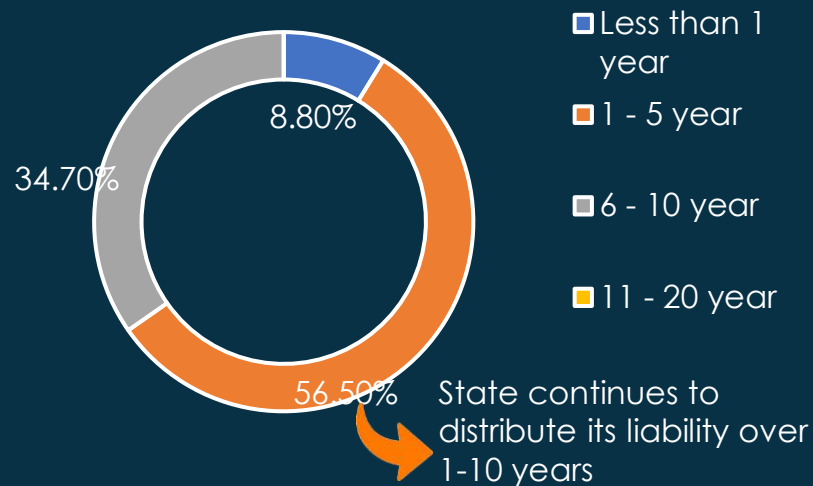
Weighted Average Cut off [10 year] : 7.24%
Min Spread of 10 year SDL with Benchmark : 48 bps
Max Spread of 10 year SDL with Benchmark : 53 bps

Chhattisgarh

Borrowing Pattern of last 3 years



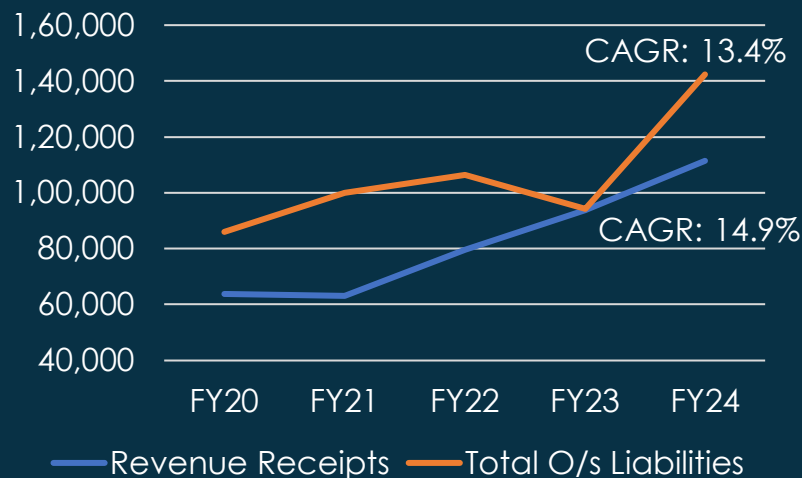
Maturity Profile of Outstanding SDLs [FY24]



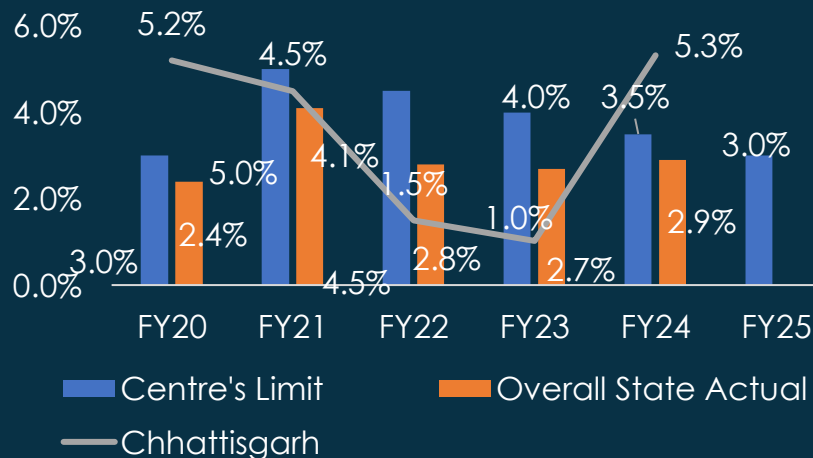
Insights

- State has significantly increased in borrowing profile in last 2 years
- Despite rise in revenue receipts, state liabilities have increased considerably in FY24
- State Fiscal deficit is also increasing more than the FRBM limit which could increase fiscal stress

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

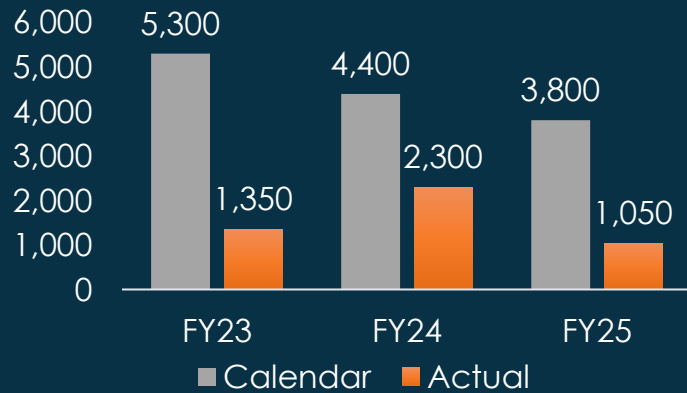
- State social service commitments could further increase borrowings
- Tenor may be spread between 10-15 years to ease repayment stress
- Liquidity in state SDLs may increase with more number of securities available in the market in last 2 fiscals



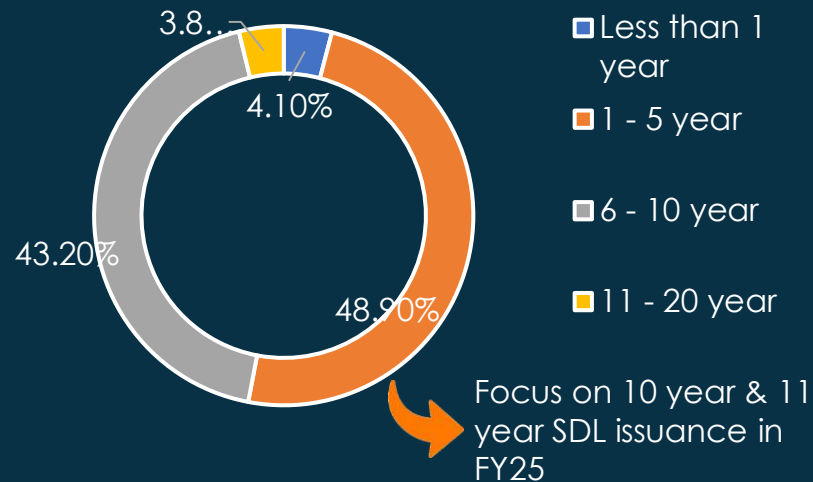
- ▶ Goa borrowings have been under limits with less than 30% utilization of 3800 cr as planned in FY25 calendar
- ▶ Despite significant increase in revenue receipts, large borrowings have largely increased overall outstanding debt of the state
- ▶ One of the Highest S.O.N.T.R. revenue in the country due to mining royalties and inclusion of power tariffs
- ▶ Outstanding Debt/ G.S.D.P. was at 29.3% for FY24

Weighted Average Cut off [10 year] : 7.19%
Min Spread of 10 year SDL with Benchmark : 28 bps
Max Spread of 10 year SDL with Benchmark : 39 bps

Borrowing Pattern of last 3 years



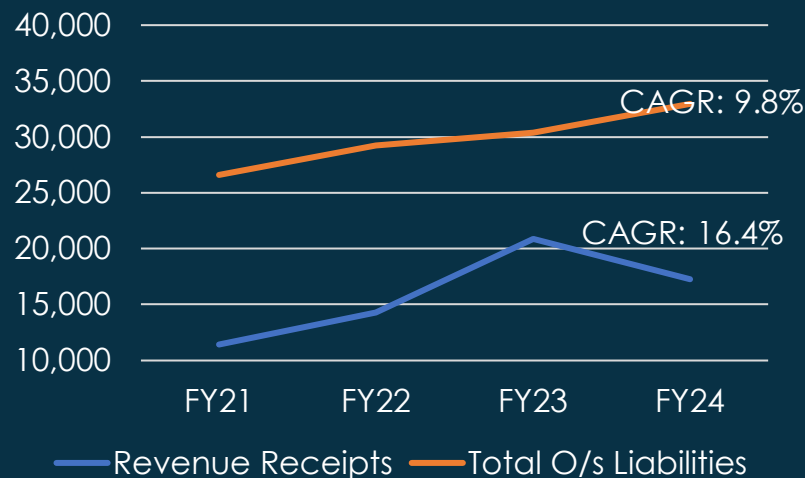
Maturity Profile of Outstanding SDLs [FY24]



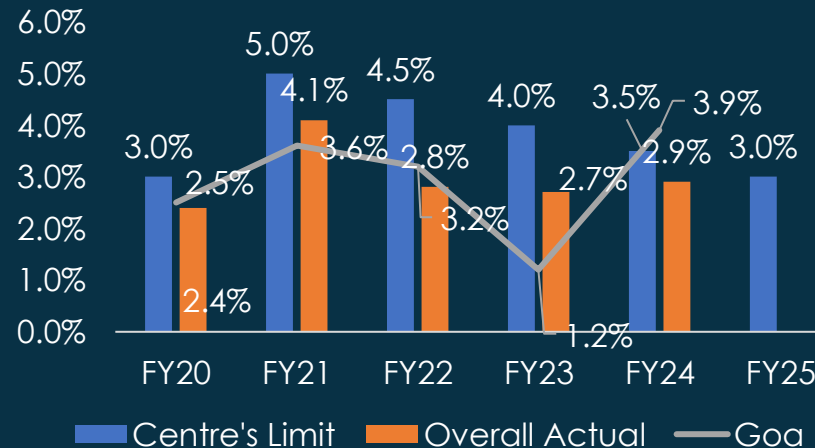
Insights

- Intermittent increase in borrowings brought back to controllable levels after National Games expenditure
- Maturity profile of outstanding SDLs increasing on a YOY basis with more allocation to 10-15 year SDLs
- GFD of state more than FRBM limits & significant increase in overall debt

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

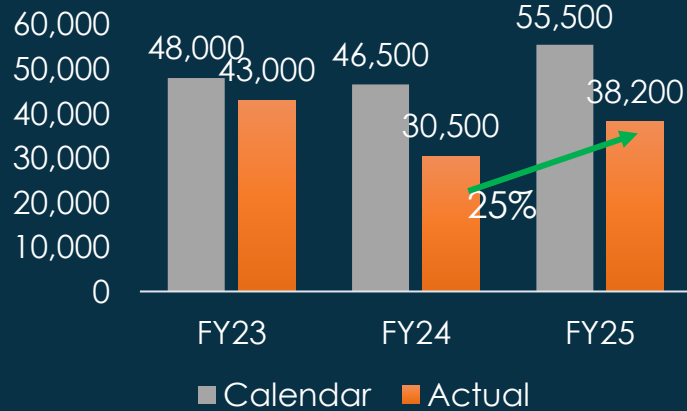
- State borrowings to remain below 1500 cr
- New SDLs to continue 10-15 years maturity profile
- State will continue to feel fiscal stress for the next few years till the outstanding debt is controlled



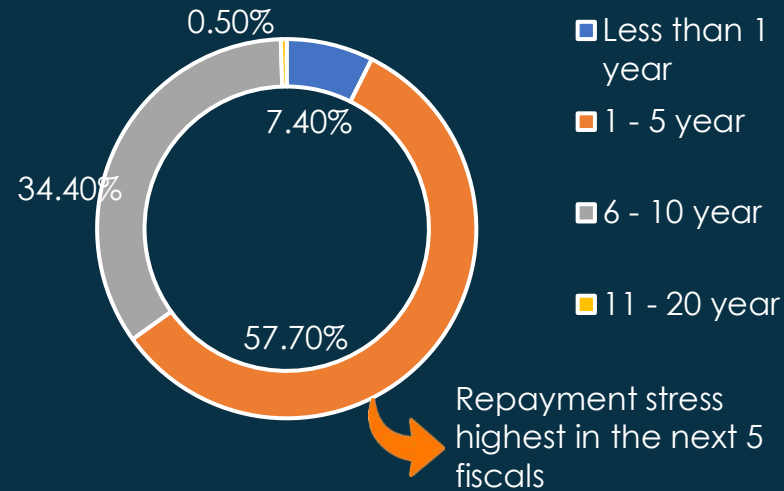
- ▶ Secondary trading for Gujarat SDLs has seen sharp fall in first 3 quarters
 - Ranked 7-9 as compared to Top 3 traded SDLS in Q1 - Q2 FY24*
- ▶ Top 5 States in S.O.T.R. as a proportion of overall revenue in last 8 years [More than 75%]
- ▶ One of the Lowest Outstanding Debt/ G.S.D.P. Ratio [18.2%]
- ▶ Borrowing Utilization ~70% in FY25 & FY24 due to high revenue receipts and moderate Capital Expenditure

Weighted Average Cut off [10 year] : 7.17%
Min Spread of 10 year SDL with Benchmark : 35 bps
Max Spread of 10 year SDL with Benchmark : 47 bps

Borrowing Pattern of last 3 years



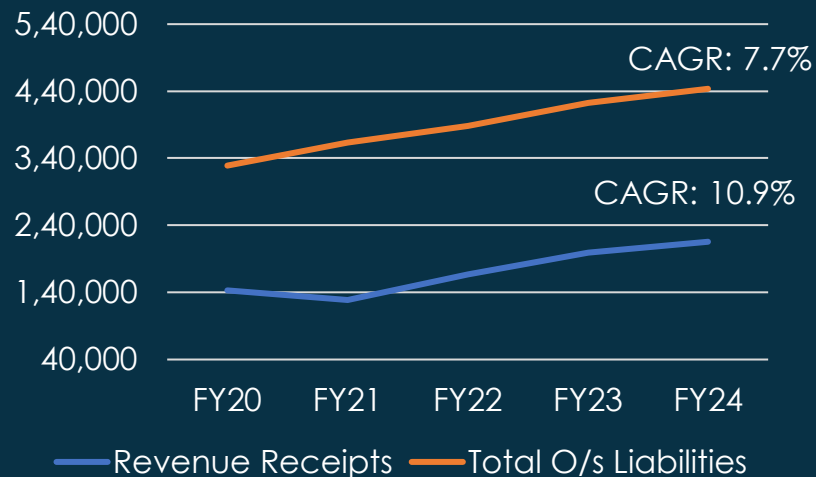
Maturity Profile of Outstanding SDLs [FY24]



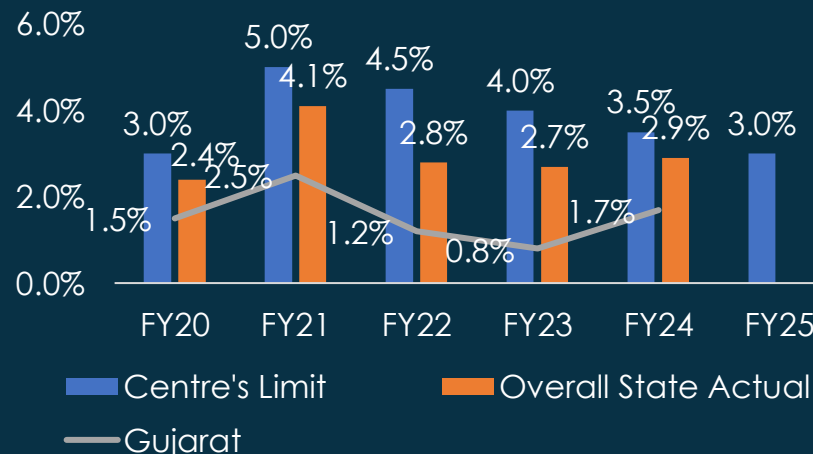
Insights

- More than 40% SDLs issued in Q4 in last 4 years
- GFD/GSDP one of the lowest due to increasing Revenue Receipts (1.7% in FY24)
- However, Outstanding Debt of ~4.5 Lac cr is significantly high and may create a debt trap in the future

O/s Liabilities to Revenue Receipts

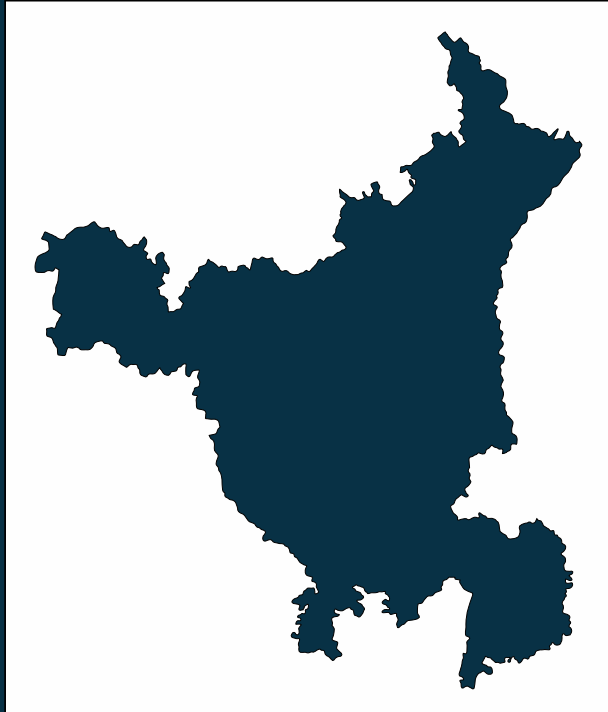


Comparison of GFD as a % of GDP



Outlook

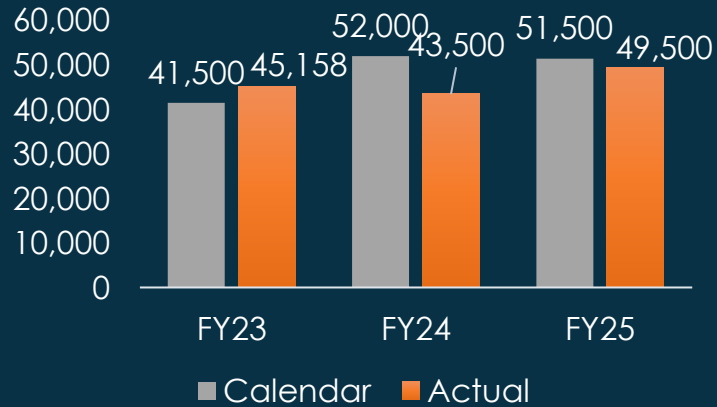
- State continues to allocate significant funds in Capital Expenditure for state development
- Borrowings may be spread between 10-20 yrs. as short term repayments are very high
- High frequency trading to continue in secondary market by traders



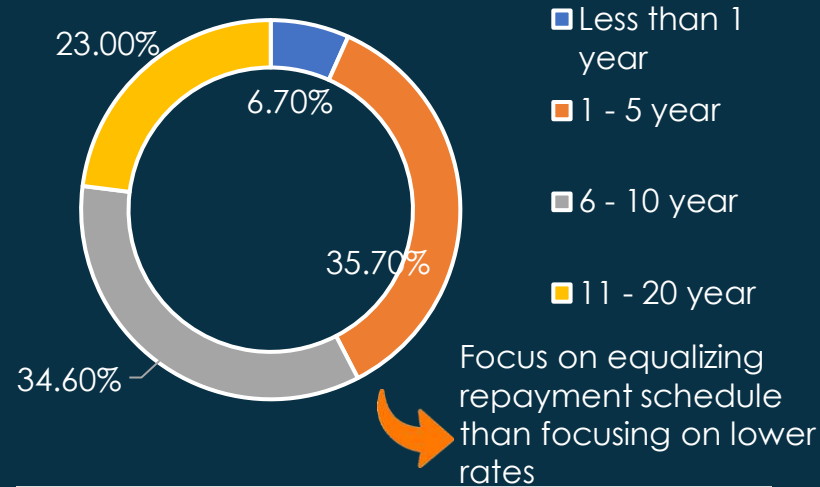
- ▶ Amongst Top 10 traded SDLs in last 3 fiscals
- ▶ Over 80% borrowing utilization as per calendar in last 4 years
- ▶ State has one of the highest S.O.T.R. as a proportion of Overall Revenue in the country for last 9 years [>80%]
 - Top 5 states in S.O.N.T.R. as a proportion of Overall Revenue
- ▶ G.F.D./ G.S.D.P. ratio within limits prescribed by Central Govt [2.8% in FY24 – Centre's Limit 3.5%]

Weighted Average Cut off [10 year] : 7.34%
Min Spread of 10 year SDL with Benchmark : 29 bps
Max Spread of 10 year SDL with Benchmark : 40 bps

Borrowing Pattern of last 3 years



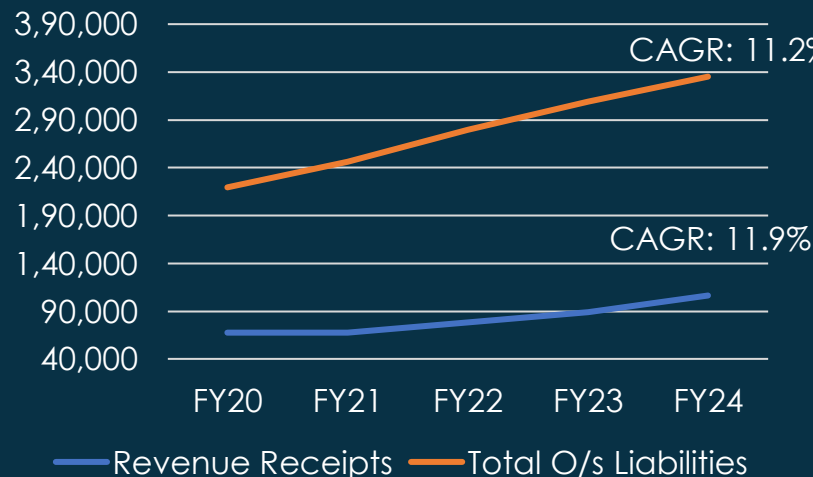
Maturity Profile of Outstanding SDLs [FY24]



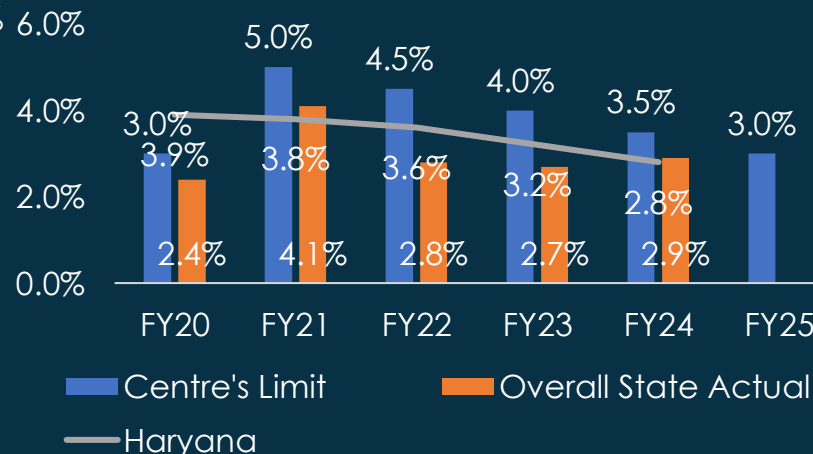
Insights

- State continues to have high borrowings expected to be diverted towards capital expenditure
- State GSDP growth able to control fiscal deficits but YoY repayments pegged at ~20,000 cr for next 15 years

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- State borrowings may see some decline in this fiscal
- New borrowings will be mostly among 15 year plus SDLs as per present equalization strategy of debt repayments
- Haryana SDLs will continue to stay in demand among investors

Himachal Pradesh

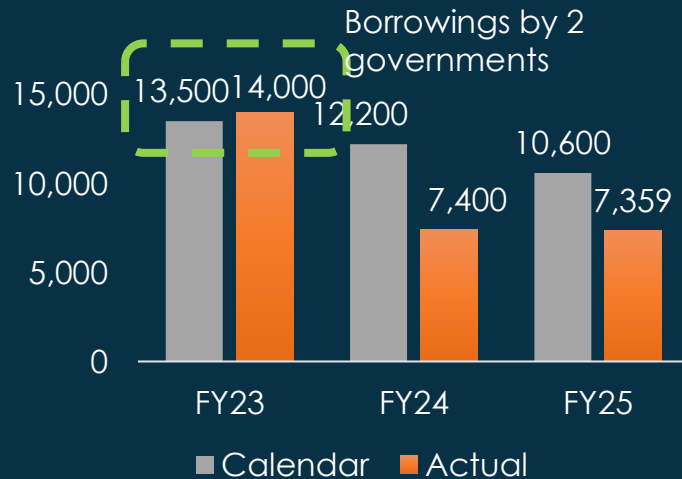


- ▶ Himachal Pradesh has limited its exposure on new borrowings as overall debt has grown significantly for the state
- ▶ Despite huge debt, outstanding liabilities have increased at a C.A.G.R. of 10% between FY20 to FY24
- ▶ Despite bringing positive changes, the state has one of the highest debt-stress in the country
- ▶ State borrowings primarily used to service interests & repayments
 - Only 26% utilization of Borrowed Funds in Capital Expenditure

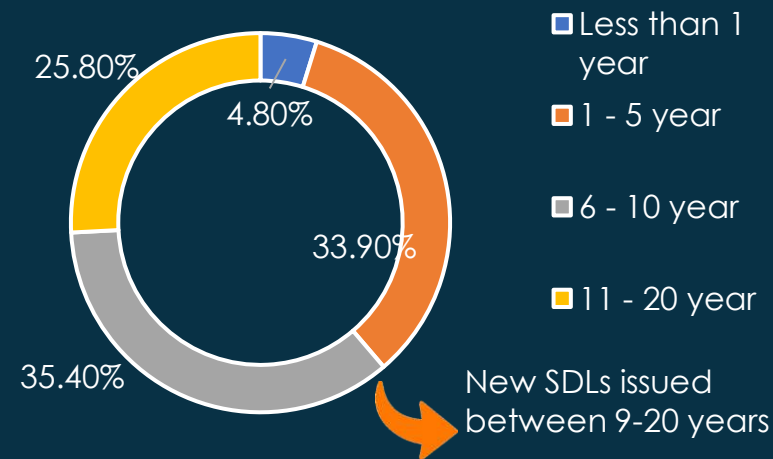
Weighted Average Cut off [10 year] : 7.24%
Min Spread of 10 year SDL with Benchmark : 26 bps
Max Spread of 10 year SDL with Benchmark : 57 bps

Himachal Pradesh

Borrowing Pattern of last 3 years



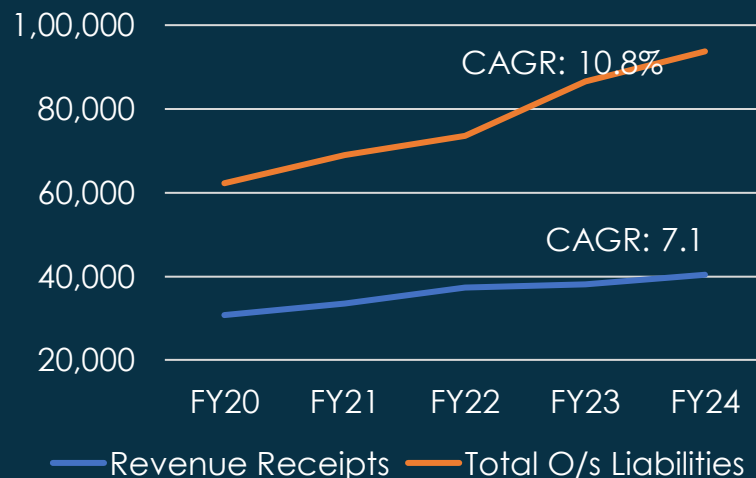
Maturity Profile of Outstanding SDLs [FY24]



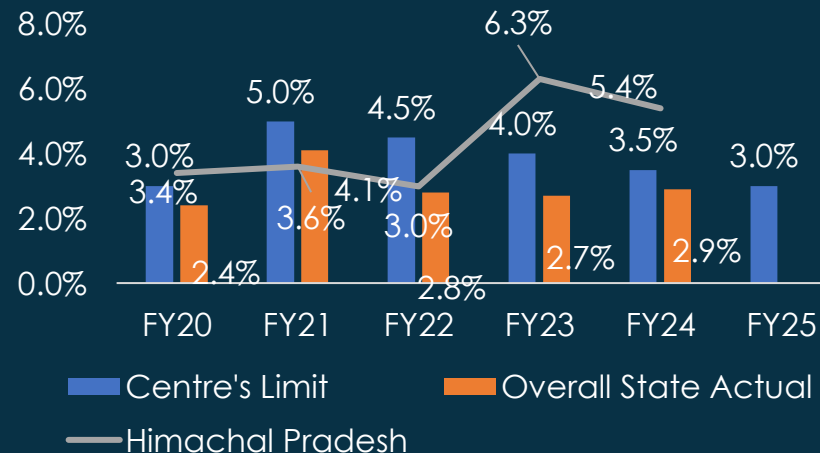
Insights

- State had improved its revenue receipts and moderated the growth in liabilities in FY24 however, overall debt has crossed 1 Lac crore
- State has limited further borrowings and focuses on cost cutting to further reduce the large fiscal deficit of the state

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- Total state borrowings will continue to be in the range of 30,000-40,000 for next 5 years
- SDLs issuances with tenors 10 – 20 yrs. to continue
- Revenue generation initiatives need to be increased multifold to avoid debt trap

Jammu & Kashmir

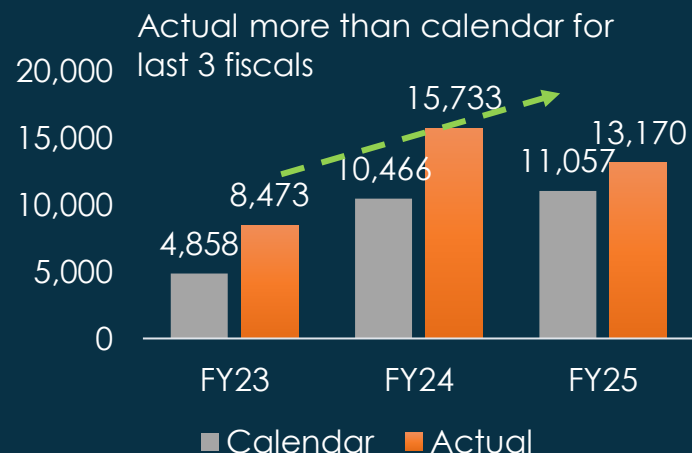


- ▶ Borrowings continue to exceed calendar as capital expenditure grows
- ▶ Substantial demand for long-term borrowings
- ▶ State has seen significant increase in revenue receipts as development increases in the state
- ▶ State to continue healthy SDL issuances as capex requirement increases for state development

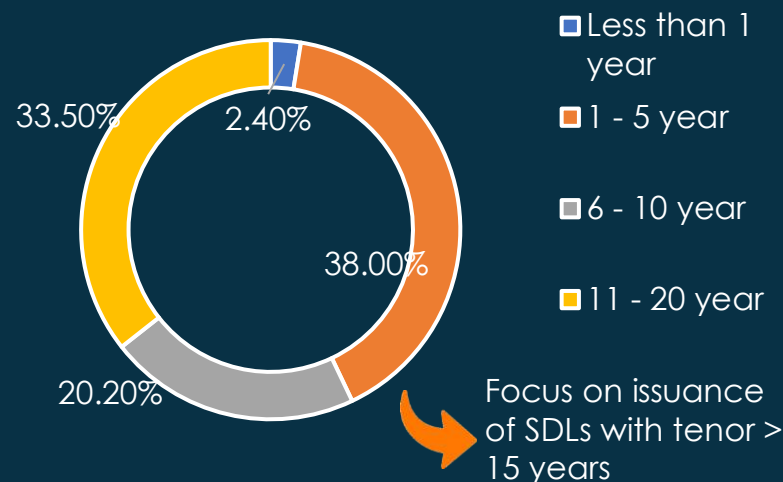
Weighted Average Cut off [7 year] : 7.22%
Min Spread of 7 year SDL with Benchmark : 53 bps
Max Spread of 7 year SDL with Benchmark : 53 bps

Jammu & Kashmir

Borrowing Pattern of last 3 years



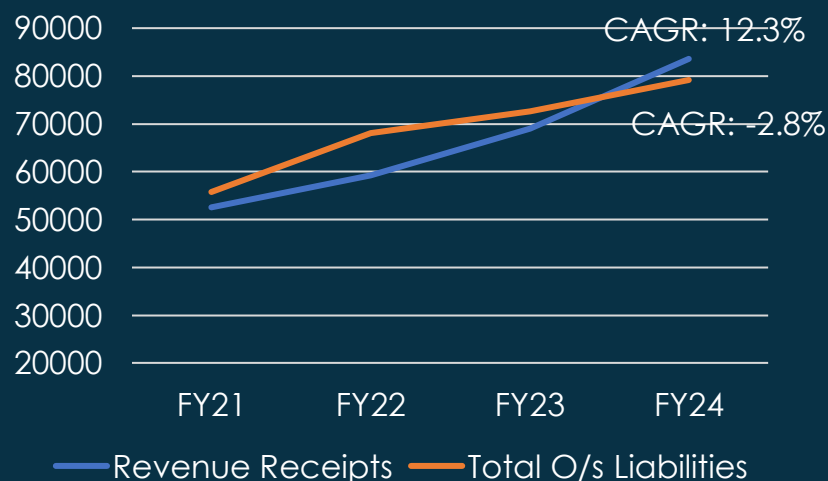
Maturity Profile of Outstanding SDLs [FY24]



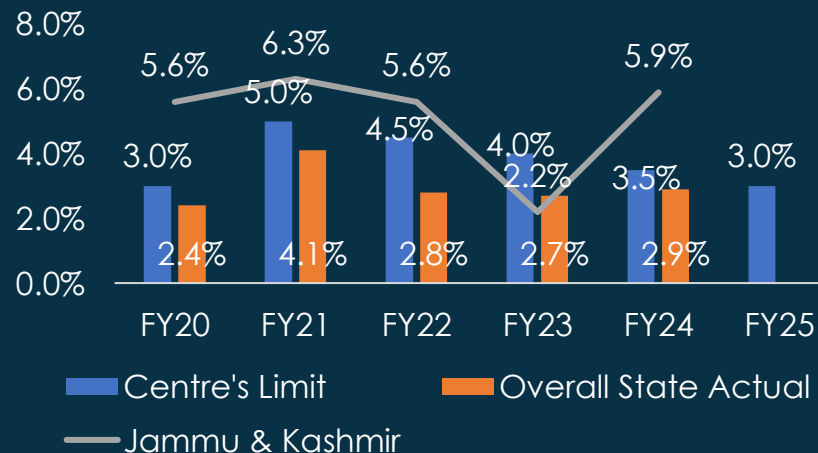
Insights

- **Actual Borrowings exceed calendar due to Development Expenditure**
- **High capital expenditure for upliftment of territory has led to more borrowings from the market**
- **State has seen significant increase in revenue receipts from Tourism and other development expenses**

O/s Liabilities to Revenue Receipts

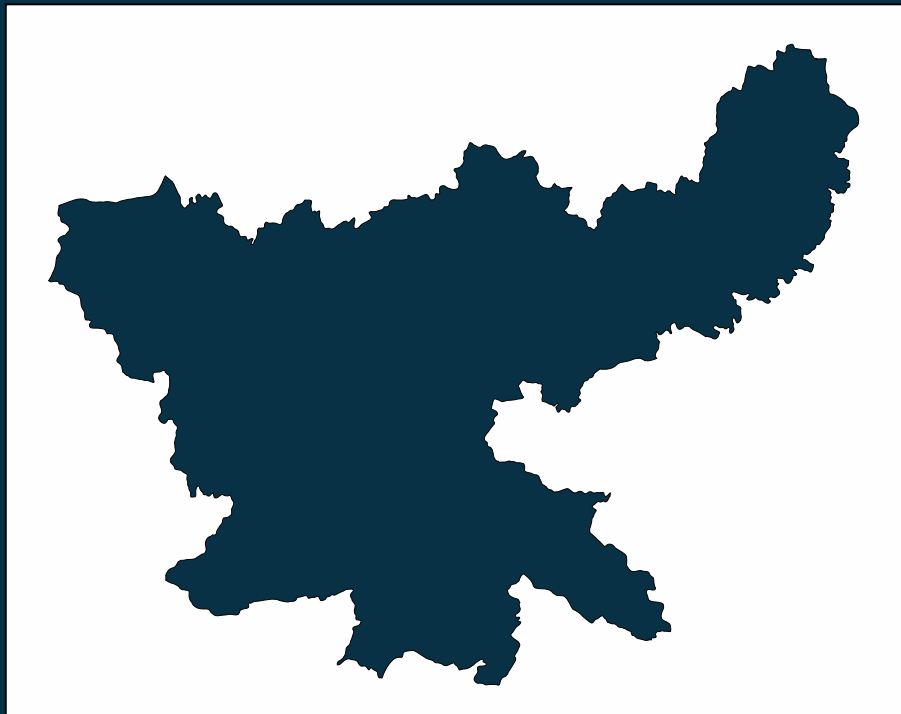


Comparison of GFD as a % of GDP



Outlook

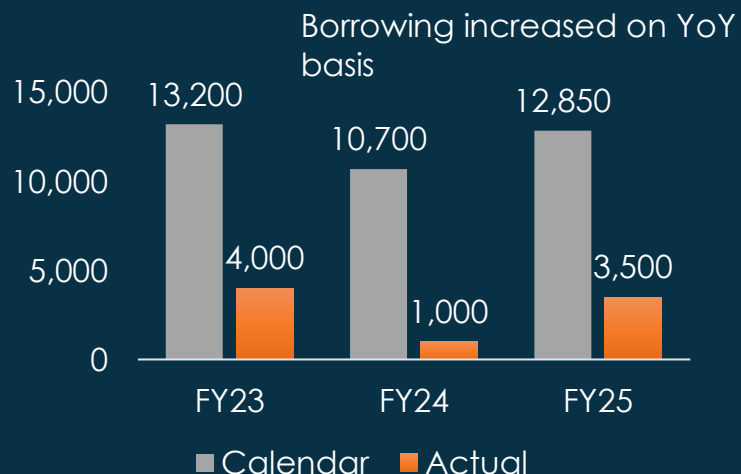
- **State will continue to see positive momentum and revenue receipts**
- **Borrowing pattern of longer tenors to continue along with available provisions for 6-10 year SDLs**
- **State will continue to receive better demand as seen from cut-off rates in FY25**



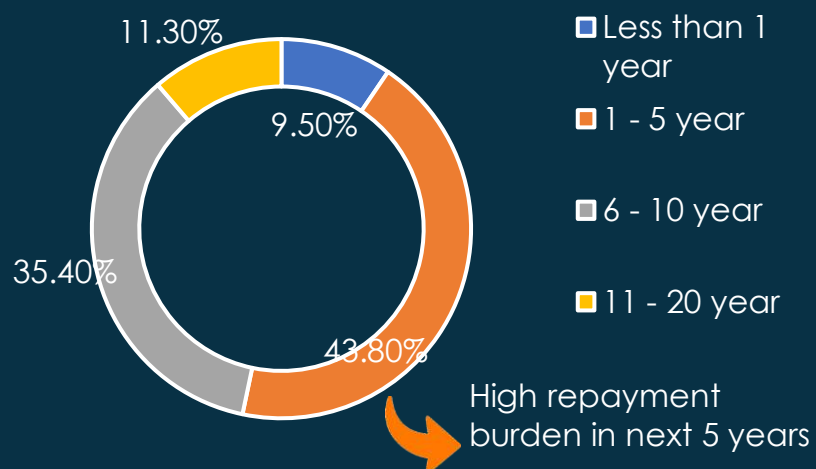
- ▶ One of the lowest borrowing states in FY24 & FY25 vis-à-vis other states with similar area and population
- ▶ Significant underutilization of borrowing calendar in FY24 & FY25.
- ▶ State has one of the lowest Outstanding Debts/ G.S.D.P. thereby having debt sustainability
- ▶ State has seen increasing borrowing trend in the last Fiscal

Weighted Average Cut off [4.5 year] : 6.96%
Min Spread of 4.5 year SDL with Benchmark : 33 bps
Max Spread of 4.5 year SDL with Benchmark : 33 bps

Borrowing Pattern of last 3 years



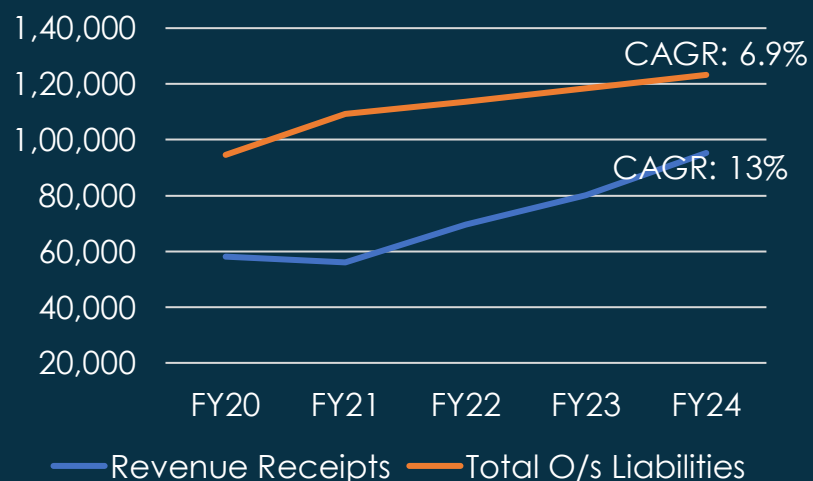
Maturity Profile of Outstanding SDLs [FY24]



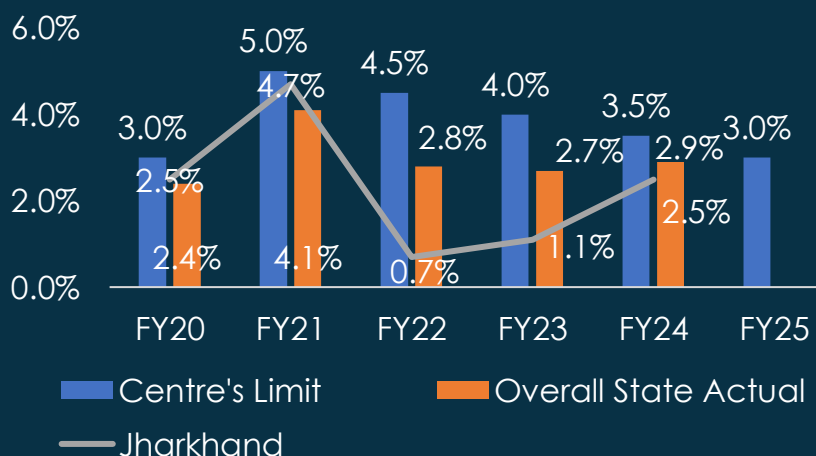
Insights

- State had revenue surplus in last 5 years except for FY21
- Increase in borrowing in FY25 as scheme based outflows increase post elections
- Despite prudent fiscal management, overall development & capital outlay is a concern

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

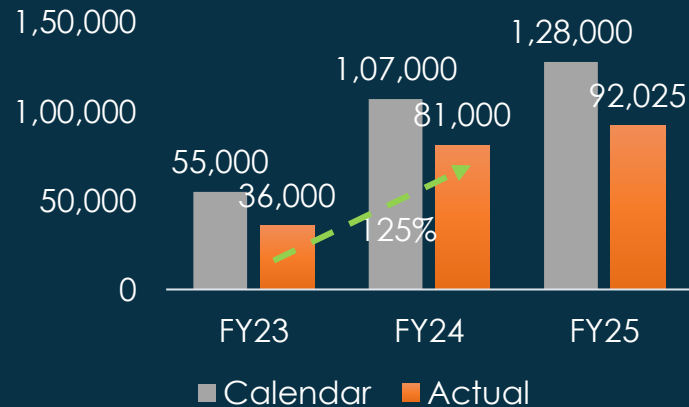
- Borrowings may increase beyond 5,000 cr as short term liabilities increase
- GFD to be under FRBM act but will see an increasing trend ahead
- Increase in SDL above 5 year tenors could be seen in this fiscal



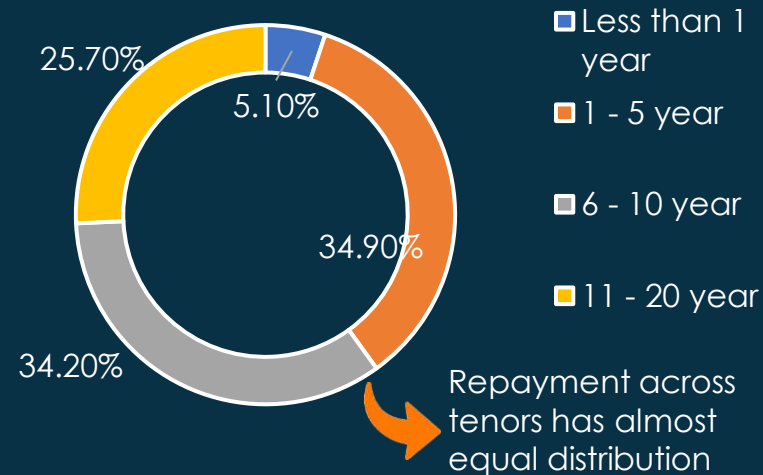
- ▶ Top 3 borrowing states in FY25 [92,025 cr]
- ▶ New borrowings spread between tenors 3-18 years with >50% concentration in <10 year SDLs in FY25
- ▶ State continues to borrow in second half of the year [Last 4 year trend]
- ▶ State has witnessed an increased in its Fiscal Deficit. The numbers may further exceed in the coming years as developmental expenditures rise

Weighted Average Cut off [10 year] : 7.14%
Min Spread of 10 year SDL with Benchmark : 26 bps
Max Spread of 10 year SDL with Benchmark : 47 bps

Borrowing Pattern of last 3 years



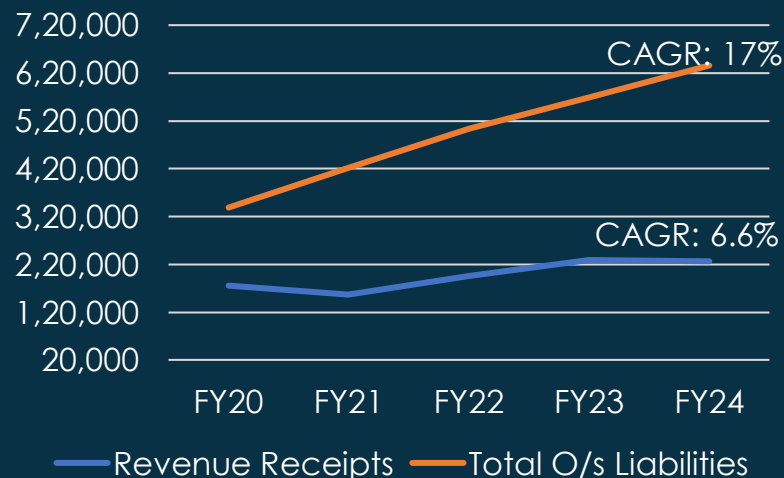
Maturity Profile of Outstanding SDLs [FY24]



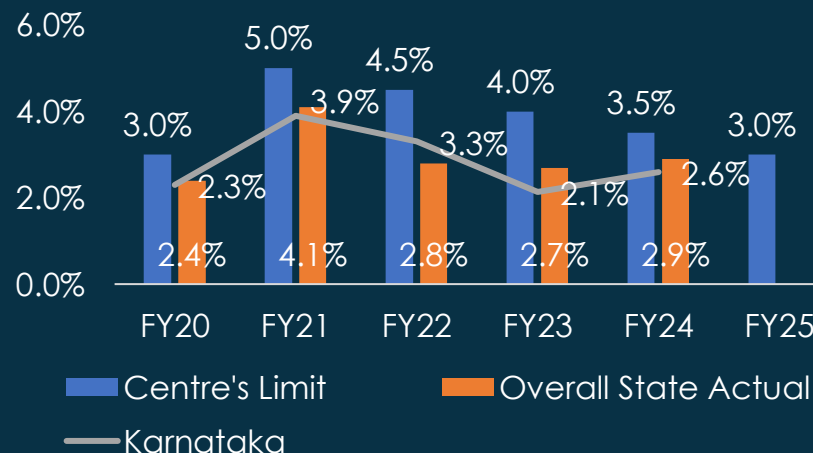
Insights

- Borrowings concentrated between tenors 1-10 years. Repayment burden high in short-term
- O/s Liabilities increasing at ~3x the revenue receipts which could be a concern in the future
- State Fiscal deficit within FRBM limit of 3.5% but has increased in FY24

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

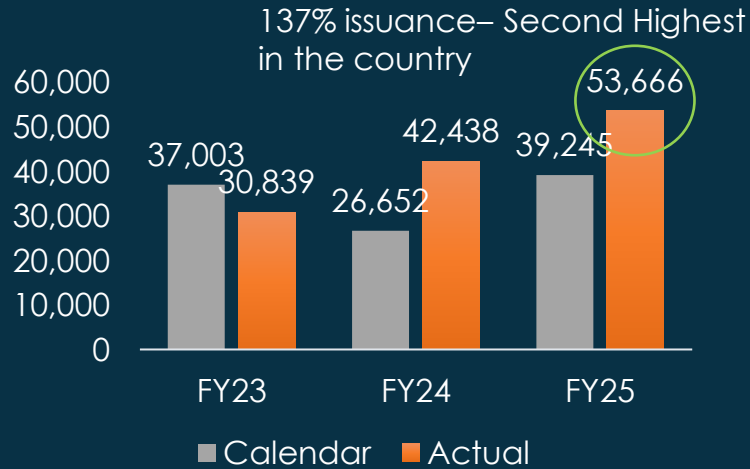
- Karnataka borrowings might remain less than 1 lac cr but will continue to be elevated
- New issuance tenure expected between 10 year – 20 years SDLs basis current repayment profile



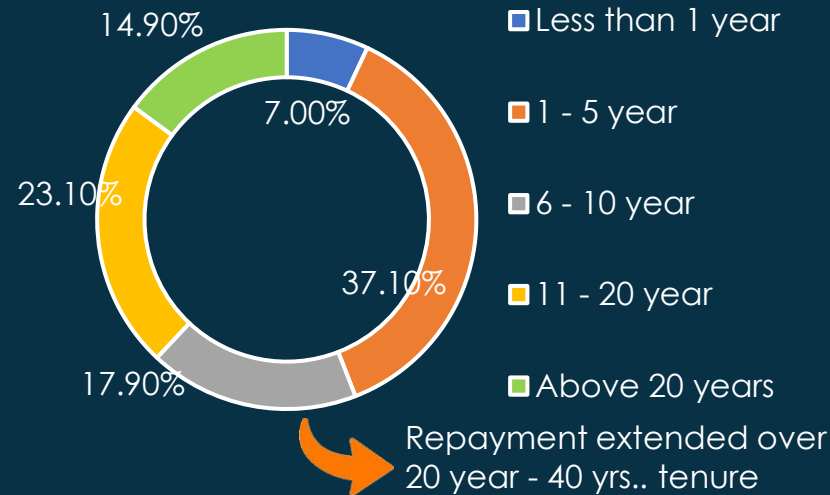
- ▶ Kerala has overborrowed by 137% over the planned borrowings
 - Second Highest by any state in FY25 after Odisha
- ▶ One of the 3 states with >10% exposure in SDLs having maturity >20 years
- ▶ State continues to issue significant SDLs of long duration maturity
- ▶ State under legal tussle with Centre with regards to additional borrowings as the state deems to highly debt-stressed

Weighted Average Cut off [10 year] : 7.10%
Min Spread of 10 year SDL with Benchmark : 38 bps
Max Spread of 10 year SDL with Benchmark : 38 bps

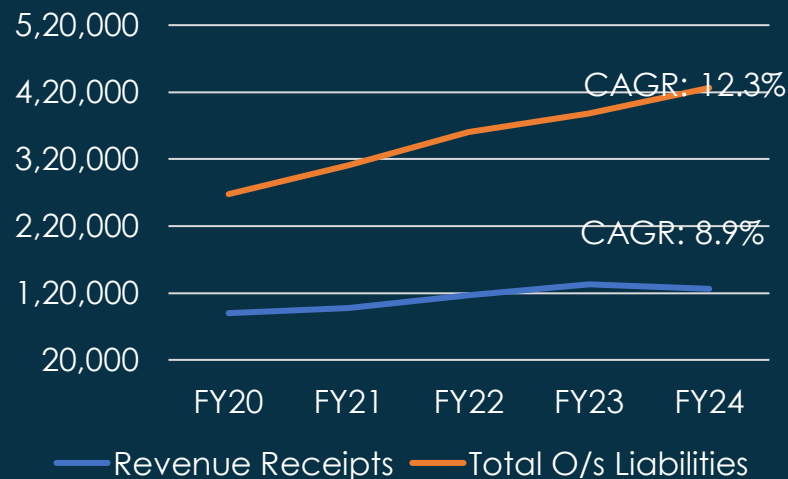
Borrowing Pattern of last 3 years



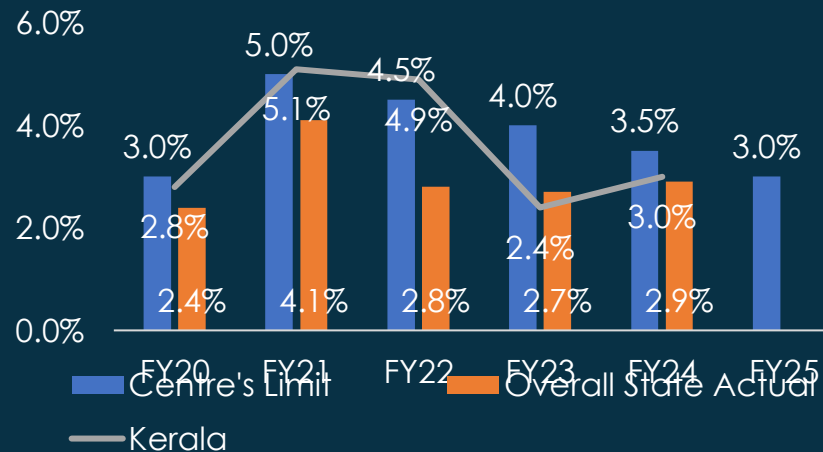
Maturity Profile of Outstanding SDLs [FY24]



O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Insights

- Despite multiple initiatives to increase Tax Revenue, the net borrowings have increased
- State has also seen significant reduction in revenue receipts, thereby increasing liabilities
- GFD has increased with low revenue receipts

Outlook

- State borrowings will continue to be high (~50,000 cr) as short-term repayments are high
- SDLs will be spread between 7 - 35 years with issuance spread evenly across the their year to meet repayment led liabilities

Madhya Pradesh

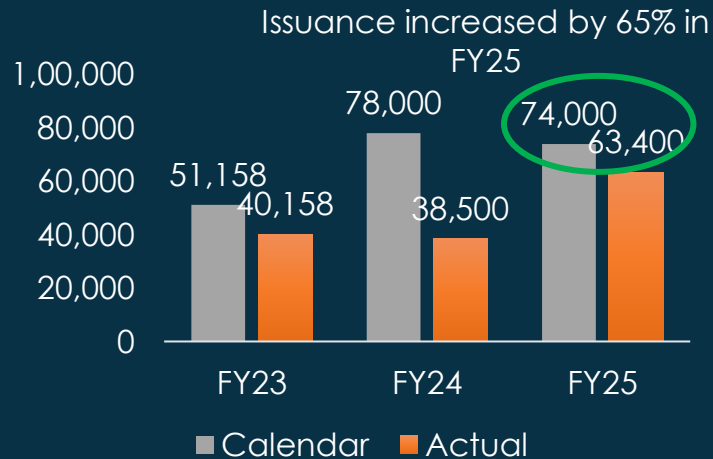


- ▶ SDL issuances anchored on higher tenors with borrowings increasing significantly by 65% in FY25 as compared to FY24
- ▶ Borrowings highly skewed towards second half of the year. ~76% borrowings in H2
- ▶ More than 32% borrowings have tenor more than 20 years. State shifting its liabilities to higher tenors
- ▶ High Debt continues to pose a concern regarding future repayments vis-à-vis growth in revenue receipts

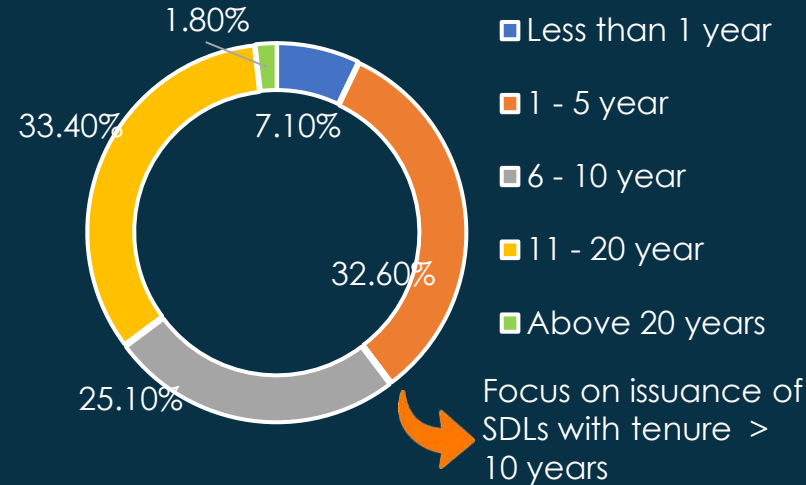
Weighted Average Cut off [10 year] : 7.02%
Min Spread of 10 year SDL with Benchmark : 39 bps
Max Spread of 10 year SDL with Benchmark : 39 bps

Madhya Pradesh

Borrowing Pattern of last 3 years



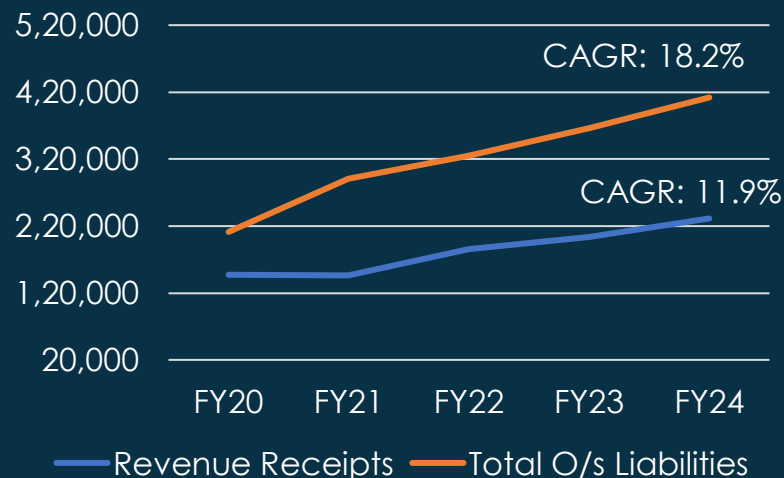
Maturity Profile of Outstanding SDLs [FY24]



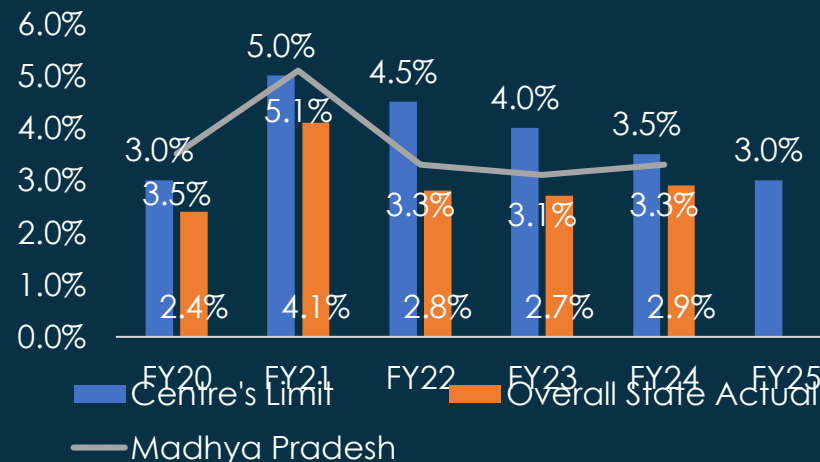
Insights

- Despite healthy GFD, the state has a massive outstanding liabilities of ~4 lac crore increasing every year
- Significant rise in fiscal borrowings to create additional stress on state finances as GFD has started seeing in increasing trend

O/s Liabilities to Revenue Receipts

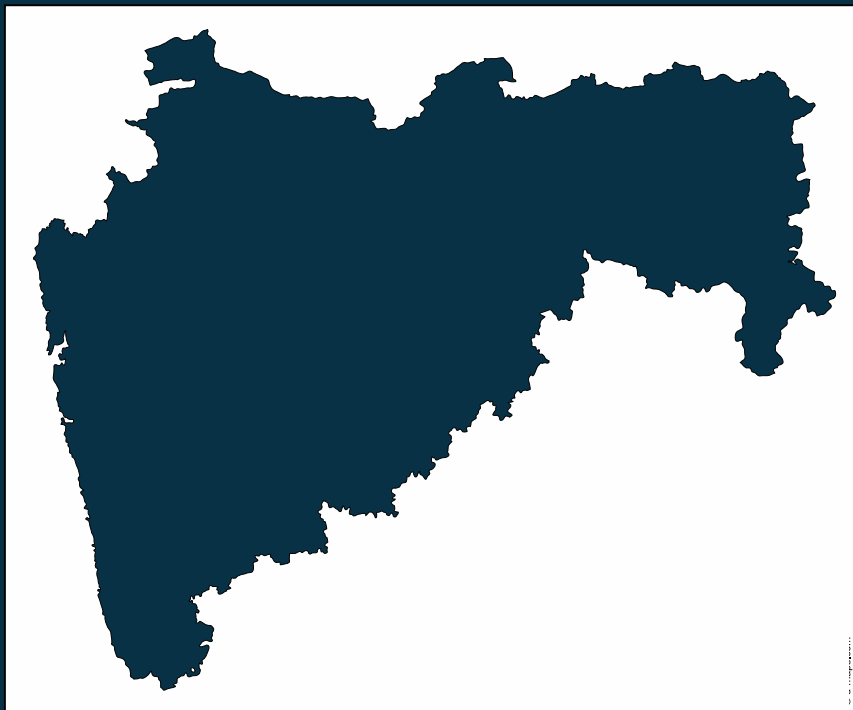


Comparison of GFD as a % of GDP



Outlook

- State might borrow heavily as short-term repayment stress increases
- State borrowing pattern spread almost equally but room for SDL issuances with tenor > 20 years
- We may witness continued demand as it is an approved state for buy-only funds

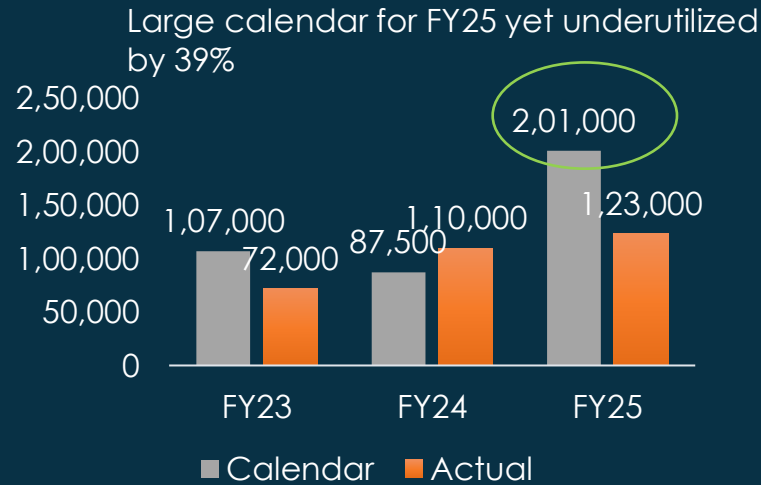


- ▶ Maharashtra continues to be the most traded State SDL in the country for last two years and mostly preferred by market participants
- ▶ State calendar for FY25 was one of the highest in recent years at 2,01,000 cr but remained underutilized with borrowings at 1,23,000 cr
- ▶ Second highest borrowing state after Tamil Nadu in FY25
- ▶ State cautious of its rising fiscal deficit and has initiated steps to keep it under control

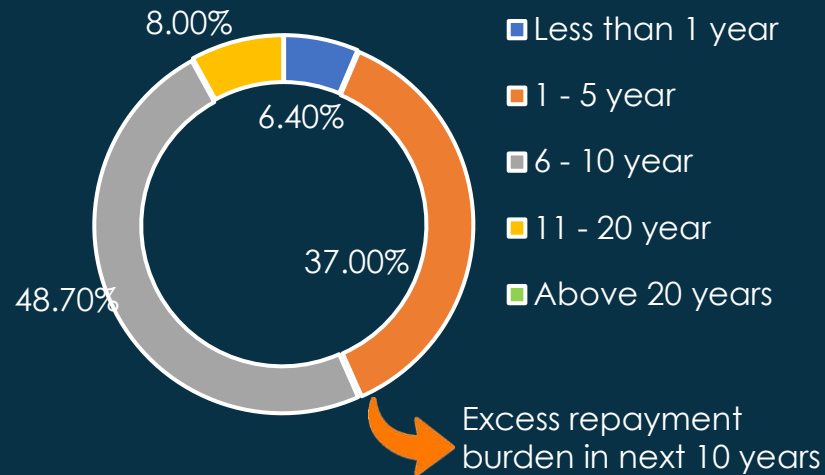
Weighted Average Cut off [10 year] : 7.22%
Min Spread of 10 year SDL with Benchmark : 34 bps
Max Spread of 10 year SDL with Benchmark : 35 bps

Maharashtra

Borrowing Pattern of last 3 years



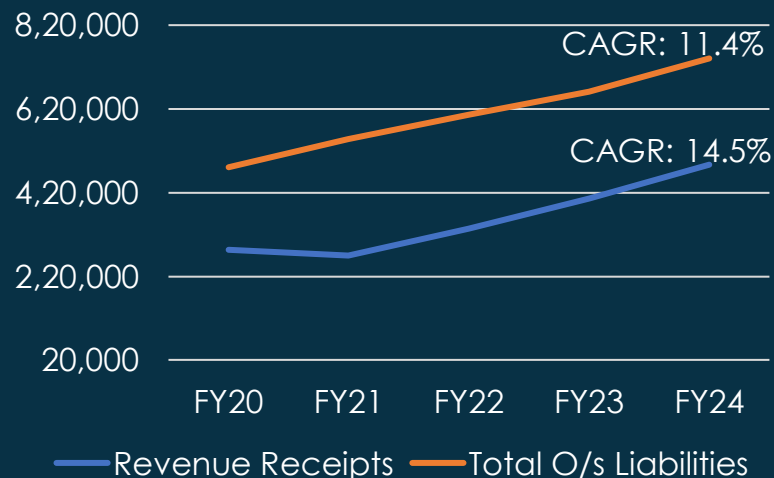
Maturity Profile of Outstanding SDLs [FY24]



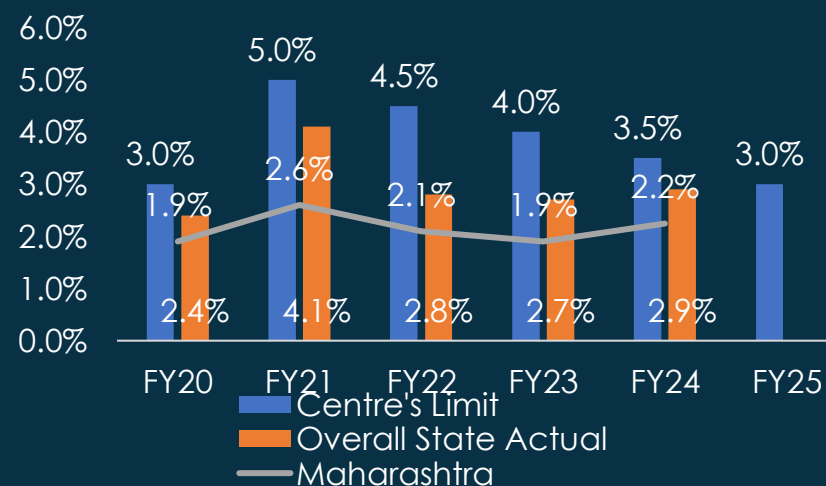
Insights

- O/s Debt at ~7.5 Lac cr – One of the highest in India oriented towards infrastructure development
- Large borrowings also may be deployed for populist schemes
- State GFD under limits with increasing trend as borrowings increase on YoY basis

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP

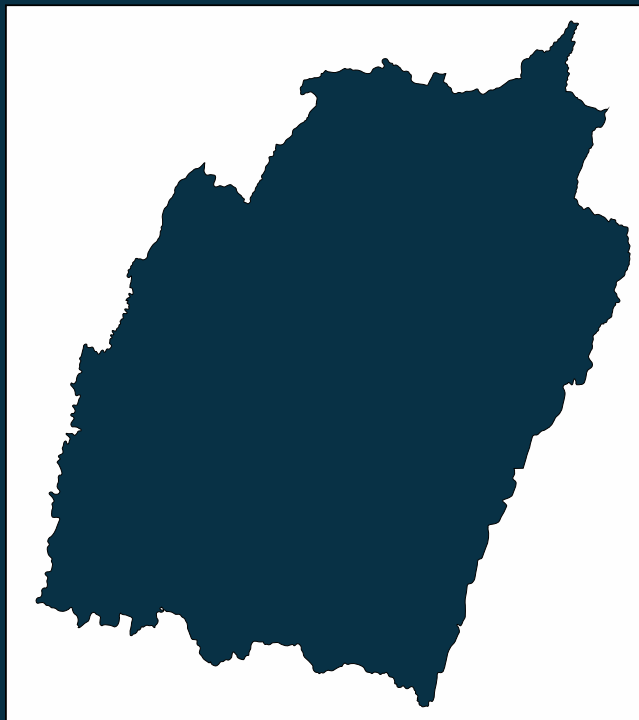


Outlook

- Last year's calendar may indicate continued large borrowings by the state
- State SDLs will continue to be launched for tenors more than 10 years
- State to command heavy demand from investors & traders likewise

GFD: Gross Fiscal Deficit

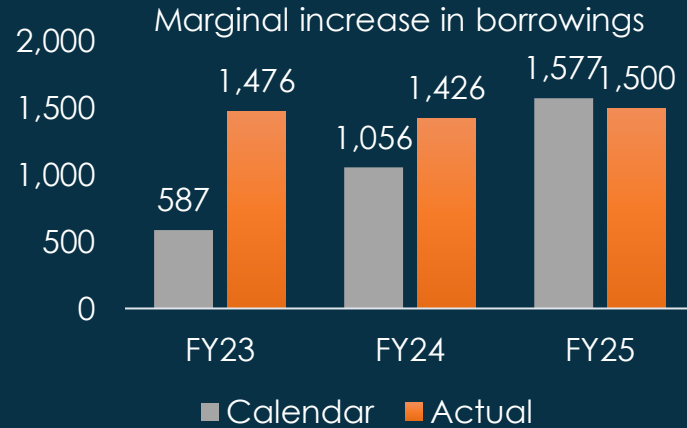
Manipur



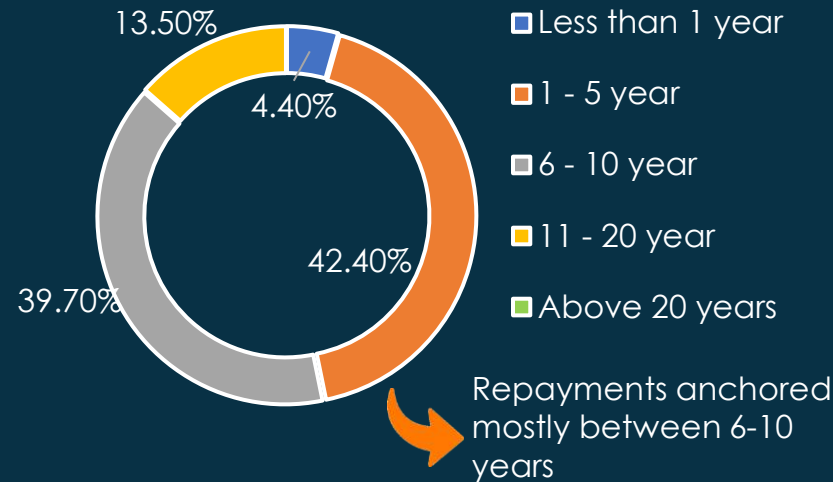
- ▶ State SDLs have low preference due to low supply and low liquidity
- ▶ Manipur has introduced 15 year SDLs in FY25
- ▶ The state has one of the highest Outstanding Debt/ G.S.D.P. ratios in the country
- ▶ State continues to have high Fiscal Deficit amid extended state violence for last few years

Weighted Average Cut off [12 year] : 7.36%
Min Spread of 12 year SDL with Benchmark : 35 bps
Max Spread of 12 year SDL with Benchmark : 41 bps

Borrowing Pattern of last 3 years



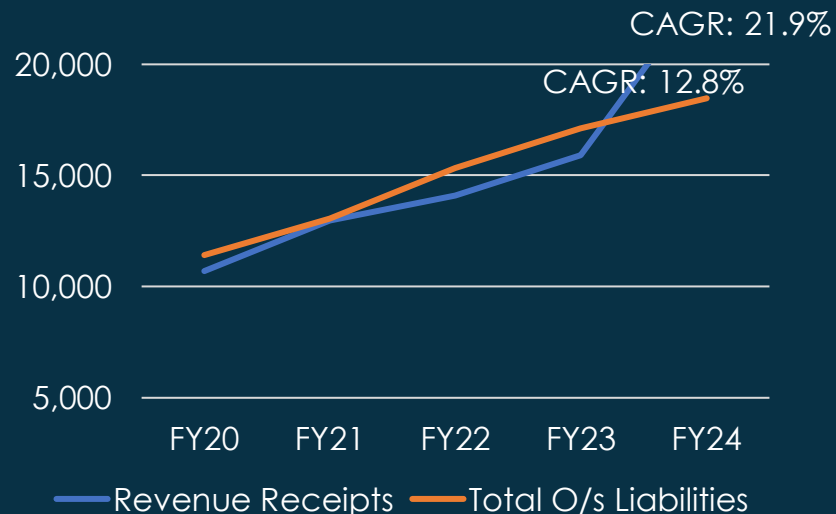
Maturity Profile of Outstanding SDLs [FY24]



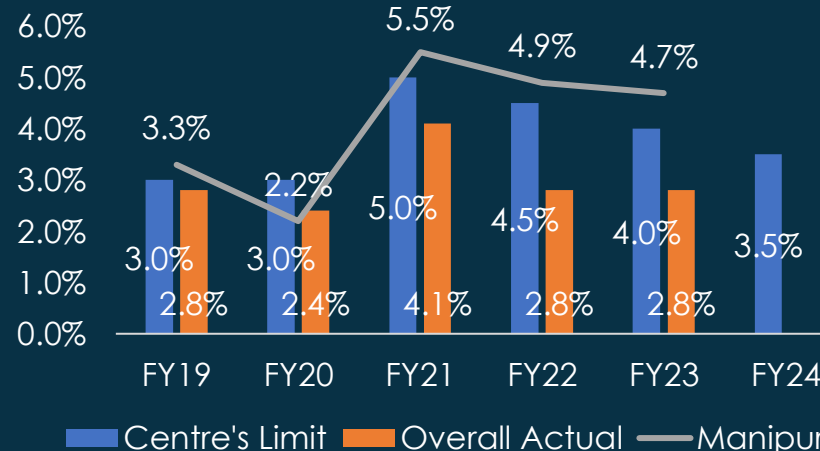
Insights

- Issuance of 12 yr. and 15 yr. SDLs in FY25 with shift from 12/10 yr.. SDLs in last 3 fiscals
- State revenue has increase considerably
- Social stability impacted economic growth leading to limited improvement in fiscal numbers

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- Manipur may issue SDLs with tenors more than 12 yrs. as short-term repayments increase
- New borrowings may be limited as revenue is rising and capital expenditure is still not very actively deployed in the state

GFD: Gross Fiscal Deficit

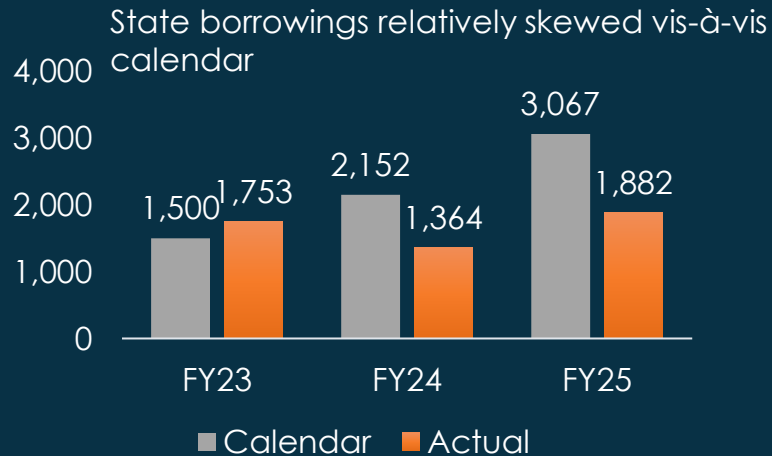


- ▶ State borrowings have increase considerably but underutilized by ~40% as per calendar
- ▶ State Fiscal deficit continues to be very high, thereby increases chances of default if revenue does not increase
- ▶ Meghalaya issued SDLs only for 9 year and 10 year tenors in FY25 and might increase tenors in the future
- ▶ State continues to struggle with tax and non-tax revenue due to geo-political limitations

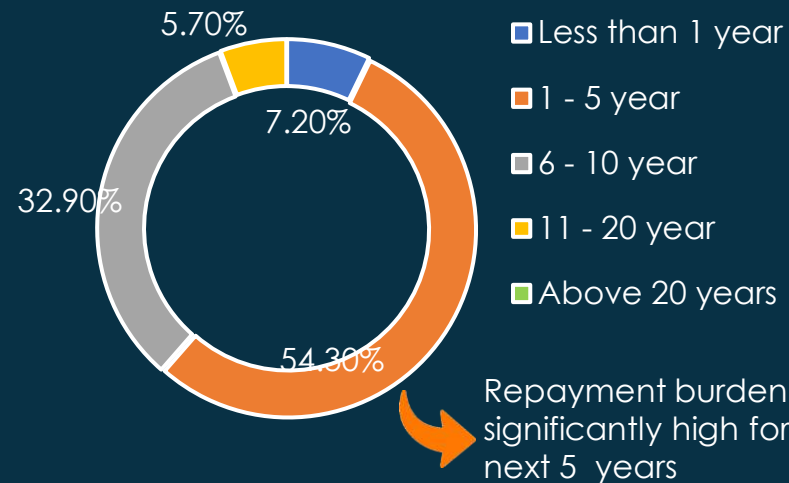
Weighted Average Cut off [10 year] : 7.36%
Min Spread of 10 year SDL with Benchmark : 35 bps
Max Spread of 10 year SDL with Benchmark : 42 bps

Meghalaya

Borrowing Pattern of last 3 years



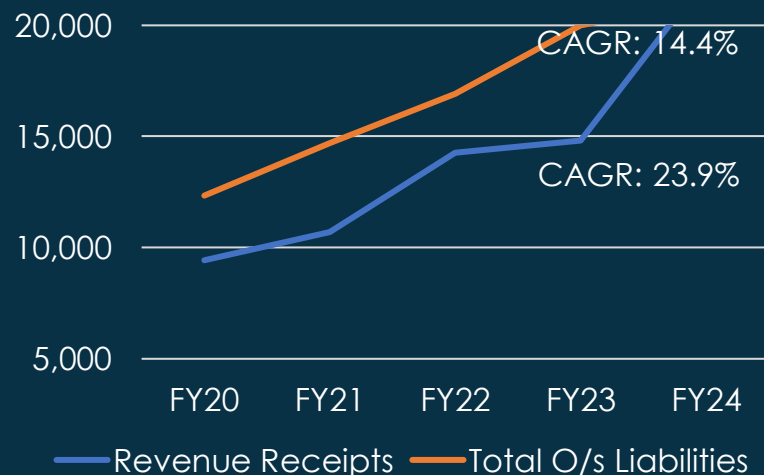
Maturity Profile of Outstanding SDLs [FY24]



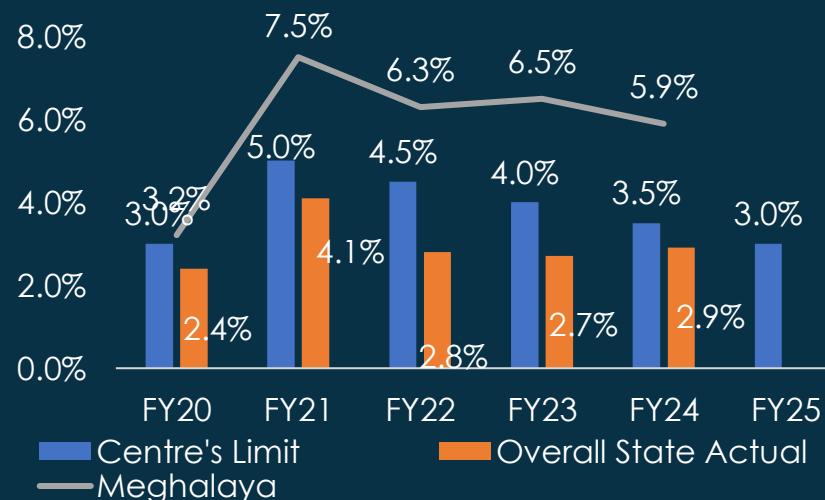
Insights

- State amendment in FRBM act led to increase in additional borrowings in FY25
- State continues to use fresh borrowings to repay debt as short-term maturities are very high
- State has increased its revenue which could give some relief ahead

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

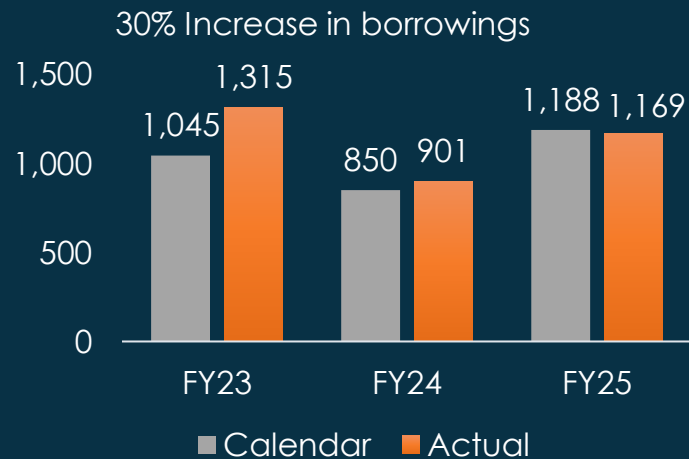
- State will continue its borrowing beyond 1500 cr in short-term
- State may introduce SDLs with tenor more than 10 years in this financial year
- Borrowings expected to be equally spread in all quarters



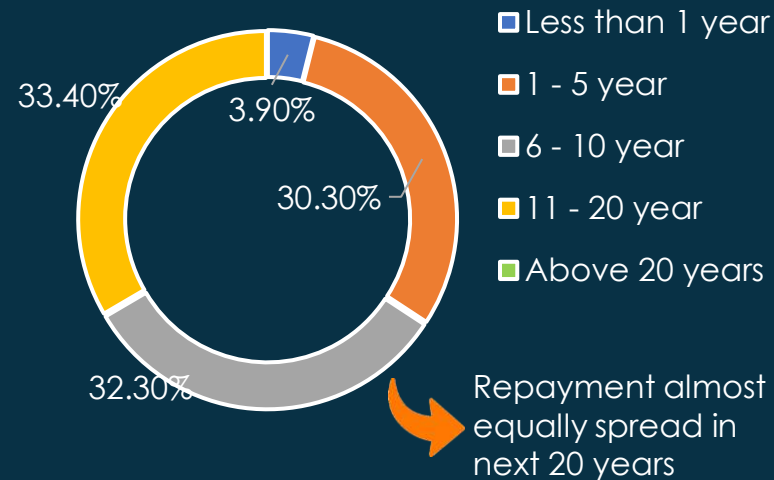
- ▶ State SDLs have low preference due to low supply and low liquidity
- ▶ Mizoram overall borrowing has increased as per calendar for last 2 Fiscal
- ▶ While the debt has increase significantly, the state struggles to meet the sustain the revenue growth vis-à-vis outstanding liabilities
- ▶ State borrowings were concentrated towards 13-16 years SDLs in FY24

Weighted Average Cut off [10 year] : 7.16%
Min Spread of 10 year SDL with Benchmark : 46 bps
Max Spread of 10 year SDL with Benchmark : 46 bps

Borrowing Pattern of last 3 years



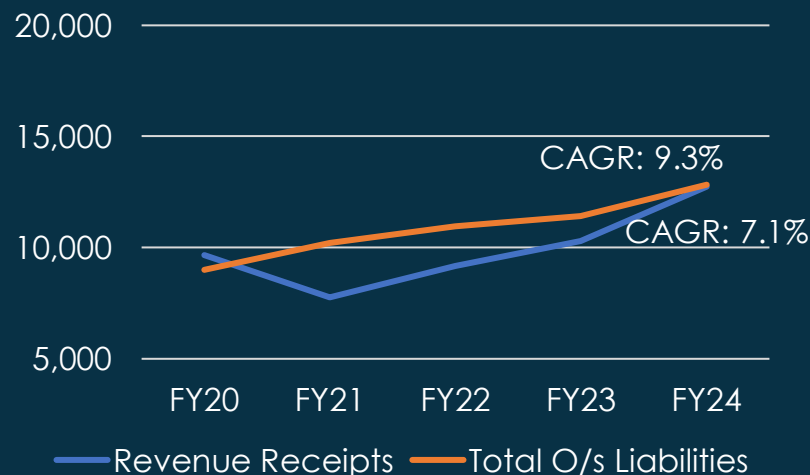
Maturity Profile of Outstanding SDLs [FY24]



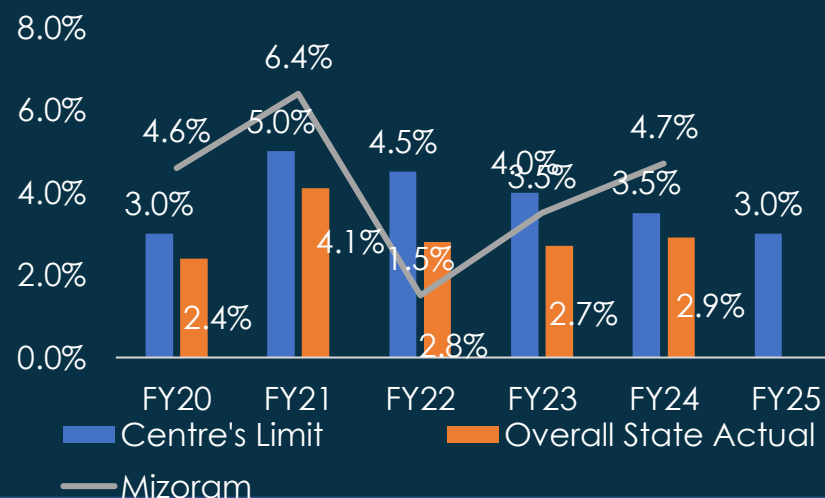
Insights

- State looking to spread its repayment over the years to avoid short-term repayments & improve rising GFD
- State allocation to capital expenditure needs to increase for overall development

O/s Liabilities to Revenue Receipts



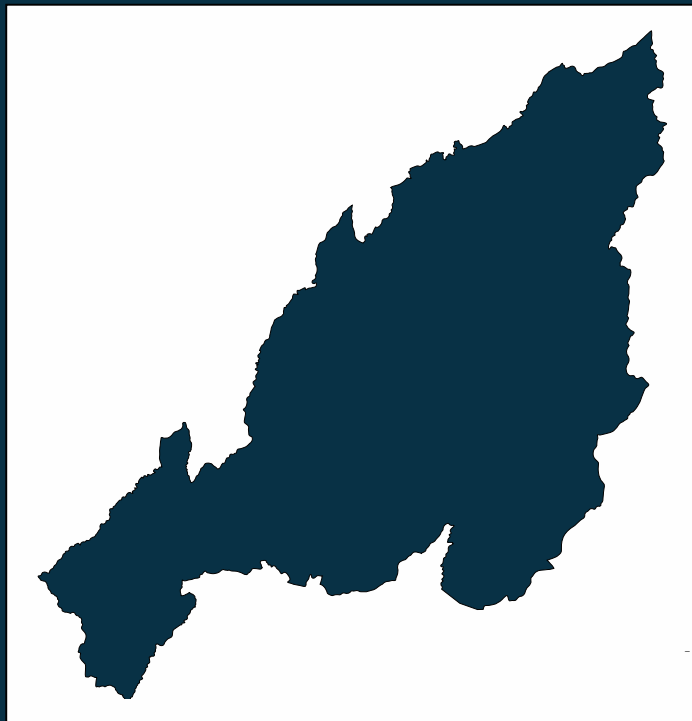
Comparison of GFD as a % of GDP



Outlook

- New borrowings expected to be moderated
- SDL tenors to range between 15-20 yr..
- State continue to remain one of the yeast trading excel

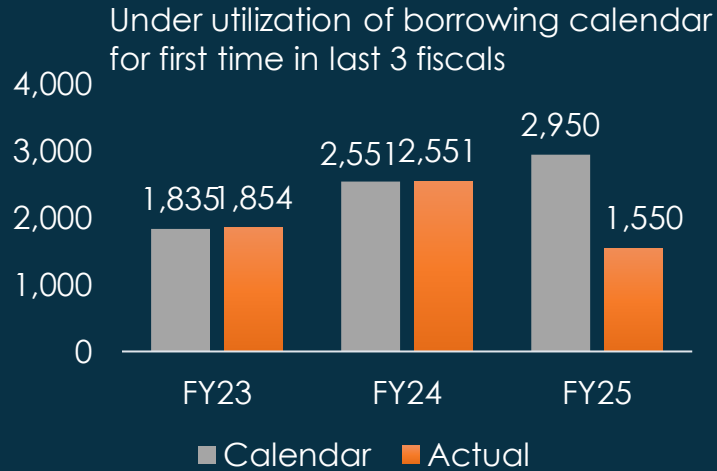
Nagaland



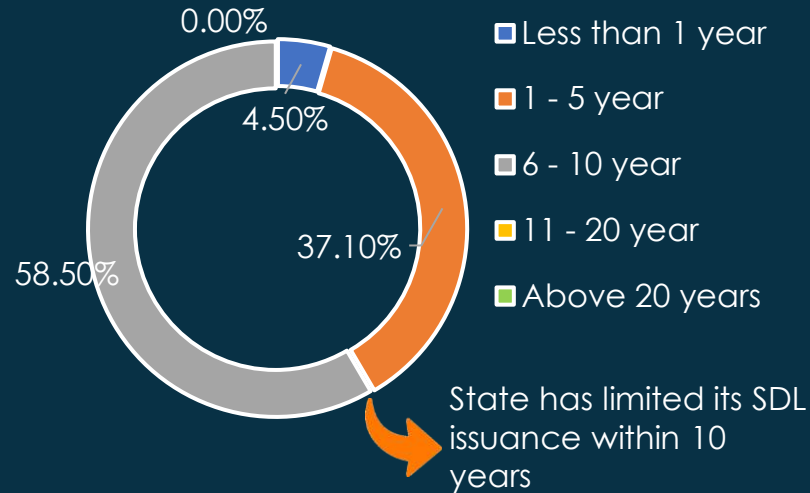
- ▶ State SDLs have low preference due to low supply and low liquidity
- ▶ Nagaland has started to limit its borrowing last financial year
- ▶ Nagaland has seen an increasing trend in its fiscal deficit numbers in last few years
- ▶ State expects major reduction in its Fiscal Deficit for FY25 basis overall growth in economy

Weighted Average Cut off [10 year] : 7.24%
Min Spread of 10 year SDL with Benchmark : 34 bps
Max Spread of 10 year SDL with Benchmark : 58 bps

Borrowing Pattern of last 3 years



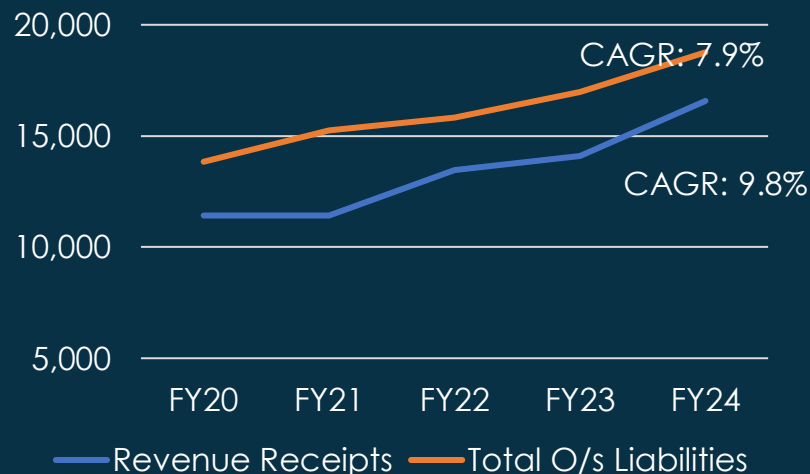
Maturity Profile of Outstanding SDLs [FY24]



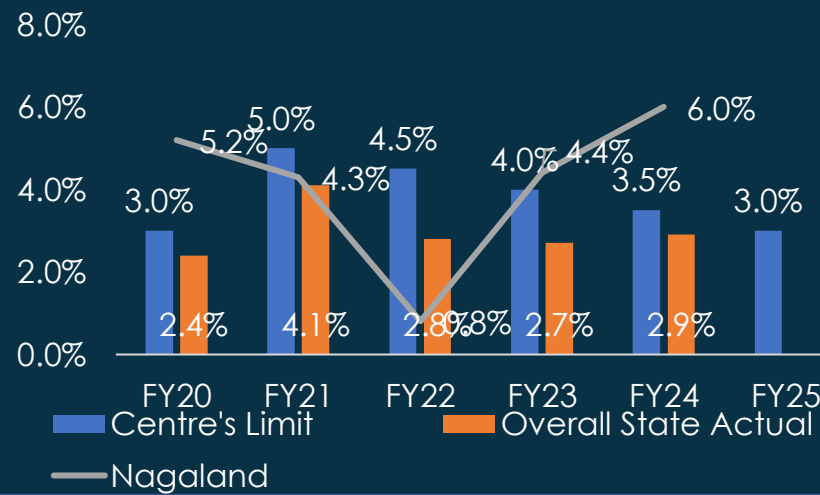
Insights

- State has limited its new borrowings in this fiscal and has seen growth in its revenue
- Increase in Fiscal Deficit likely to subside with reduction in borrowings
- New SDLs issued are in the range of 10 years

O/s Liabilities to Revenue Receipts

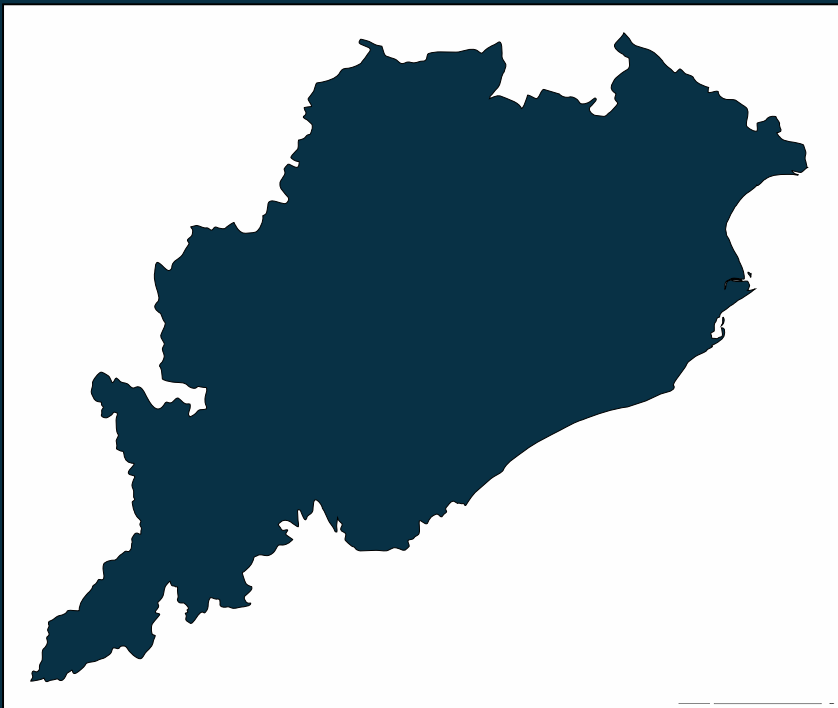


Comparison of GFD as a % of GDP



Outlook

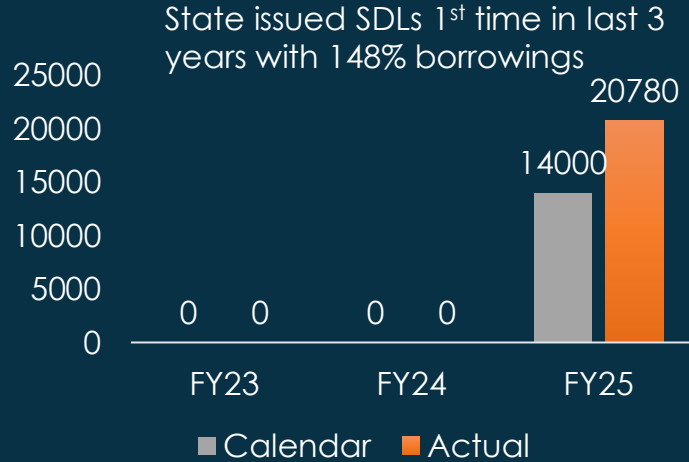
- New SDL issuances may stretch beyond 10 years to spread exposure
- State Demand & Liquidity will continue to be limited



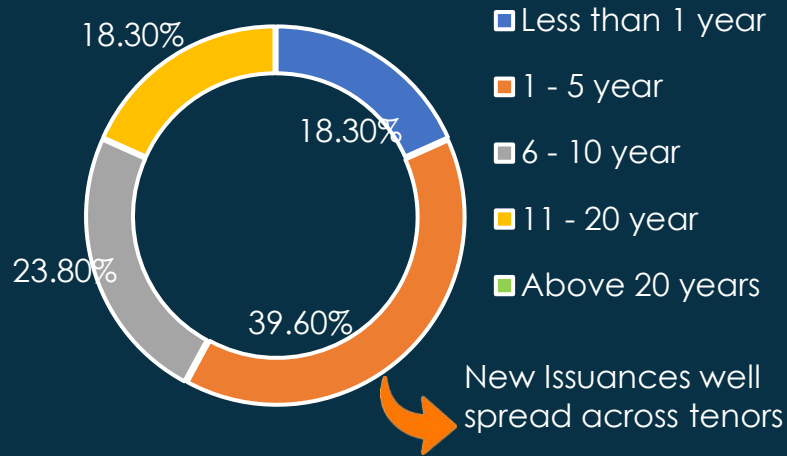
- ▶ Odisha has borrowed significantly in last FY contrary to the last 2 FYs where the borrowing was zero
- ▶ Odisha has the lowest Outstanding Debt/ G.S.D.P.
- ▶ State has seen significant increase in revenue while keeping the deficits pretty much under their control
- ▶ Significant efforts on driving mining royalties continue

Weighted Average Cut off [10 year] : 7.05%
Min Spread of 10 year SDL with Benchmark : 42 bps
Max Spread of 10 year SDL with Benchmark : 42 bps

Borrowing Pattern of last 3 years



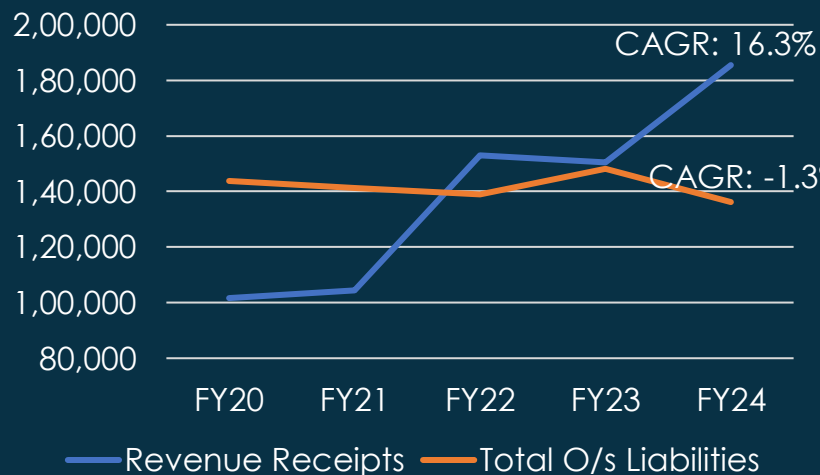
Maturity Profile of Outstanding SDLs [FY24]



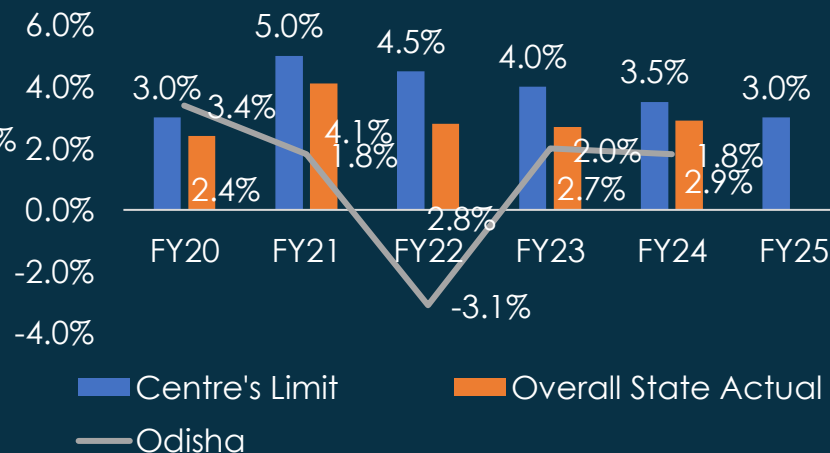
Insights

- Reducing trend on outstanding liabilities of the state
- State revenue growth one of the highest in the country
- The new government has increase market borrowings significant to fulfill promises as well as deploy towards capital expenditure

O/s Liabilities to Revenue Receipts

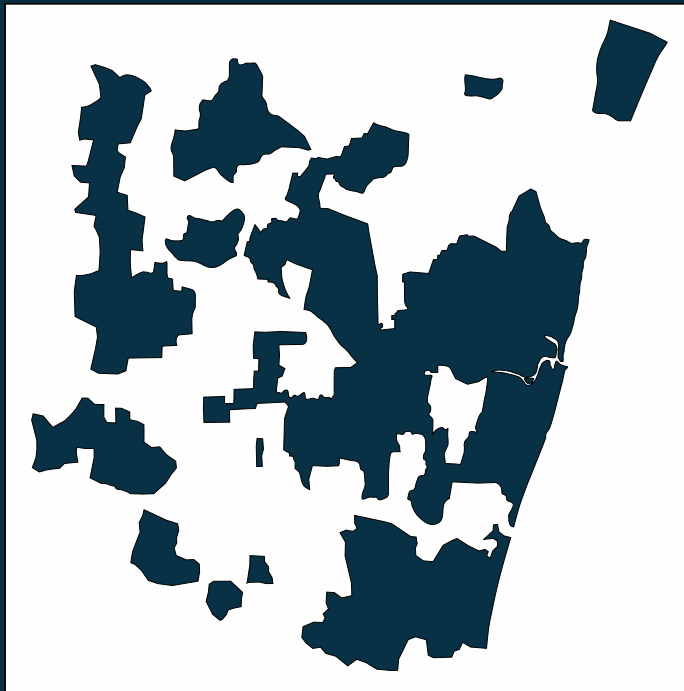


Comparison of GFD as a % of GDP



Outlook

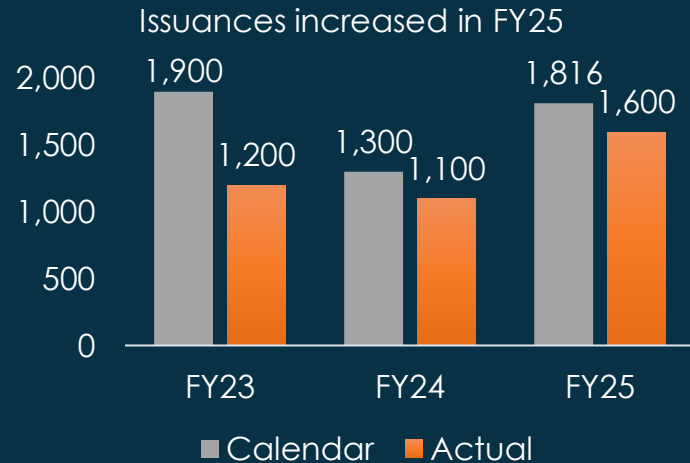
- The government might continue to borrow as it deepens its presence in state
- New issues likely to be spread across all tenors to balance repayments
- Borrowings might continue across all quarters this fiscal



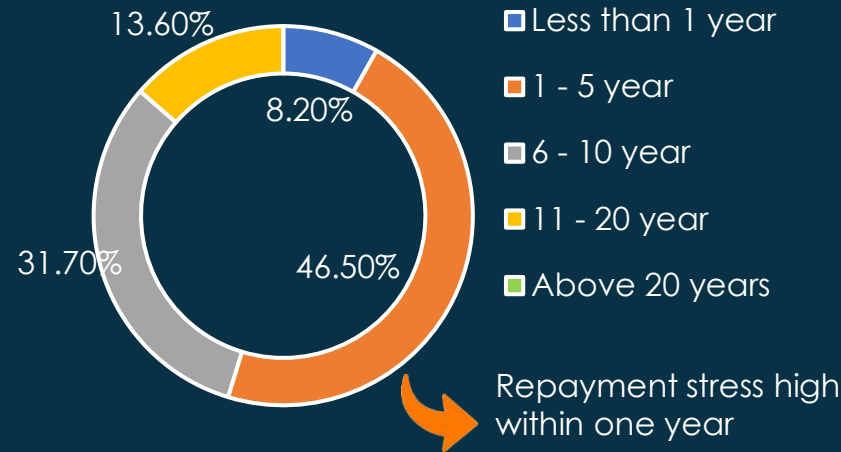
- ▶ Puducherry borrowings have increased in FY25 by 45%
- ▶ Puducherry continues to predominantly borrow in H2
 - 85% borrowing in FY25 has been in Q4
- ▶ Puducherry has started issuing SDLs with more than 10 year maturity going up to 15 years
- ▶ The U.T. has its Fiscal Deficit within prescribed limits by the Center

Weighted Average Cut off [10 year] : 7.09%
Min Spread of 10 year SDL with Benchmark : 27 bps
Max Spread of 10 year SDL with Benchmark : 27 bps

Borrowing Pattern of last 3 years



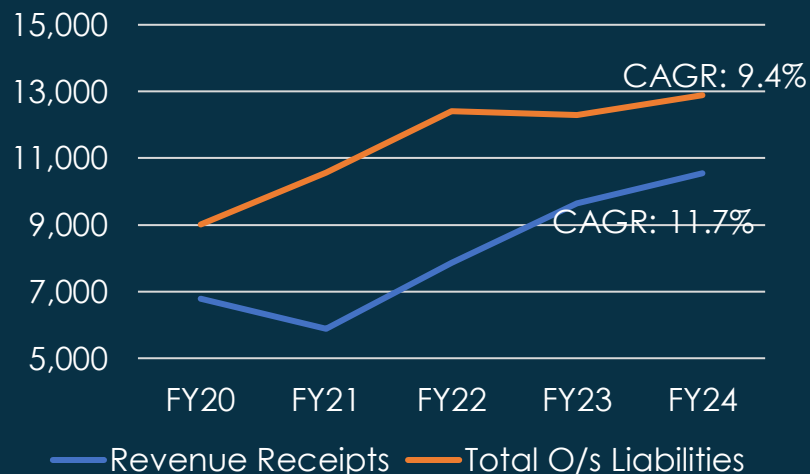
Maturity Profile of Outstanding SDLs [FY24]



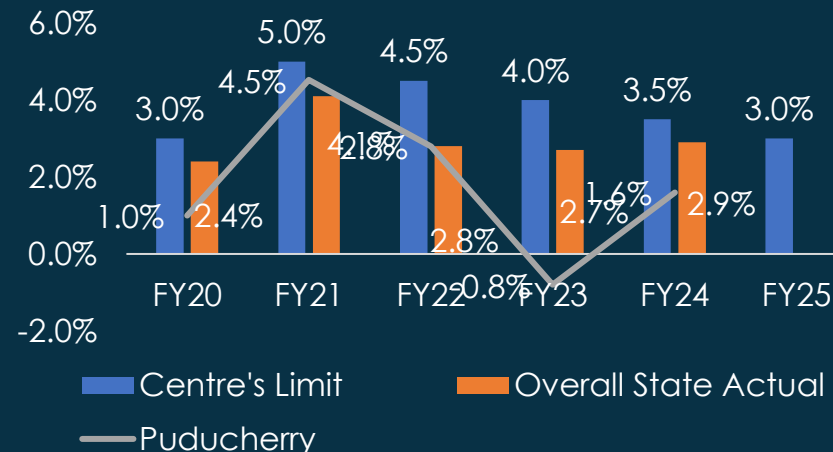
Insights

- Limited state revenue with increase in repayment of borrowings and requirement of capital expenditures creating problems for the U.T.
- New Borrowings spread between 4-15 years to distribute future repayments

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

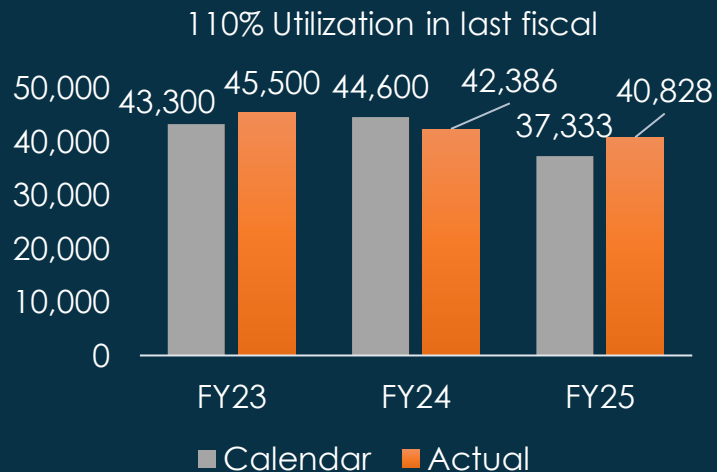
- Puducherry might continue to issue new SDLs at similar levels to meet shortfall expected in repayments and budgetary expenditures
- Borrowings may be spread beyond 10 years as short-term tenors get stressed for repayments



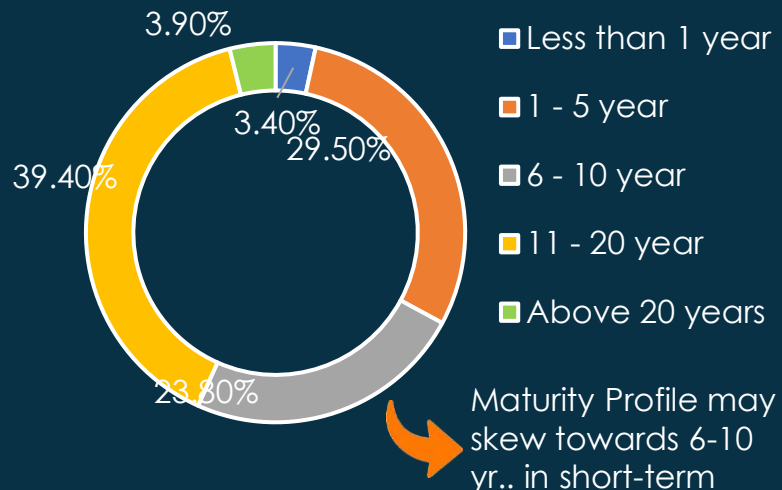
- ▶ Punjab has continued to borrow majority of the funds in the first half of the year
- ▶ State struggles with high outstanding debt with limited increase in revenue receipts
- ▶ State has issued SDLs between 8-25 years in FY25
- ▶ State might raise more as debt servicing and repayments rise significantly in coming years

Weighted Average Cut off [10 year] : 7.29%
Min Spread of 10 year SDL with Benchmark : 33 bps
Max Spread of 10 year SDL with Benchmark : 40 bps

Borrowing Pattern of last 3 years



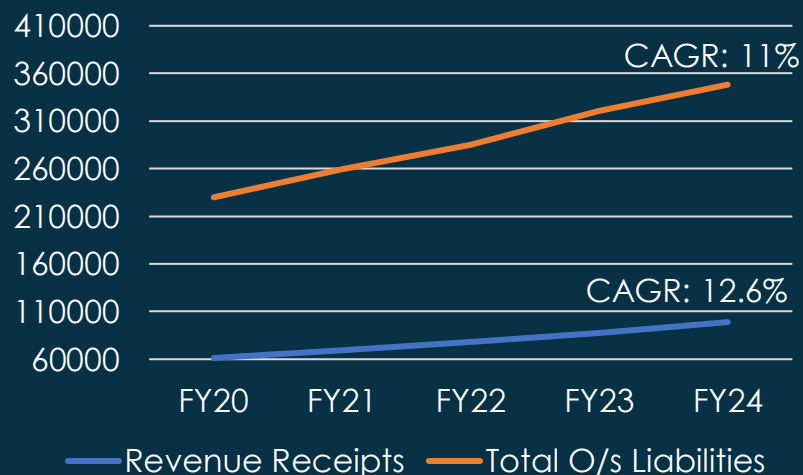
Maturity Profile of Outstanding SDLs [FY24]



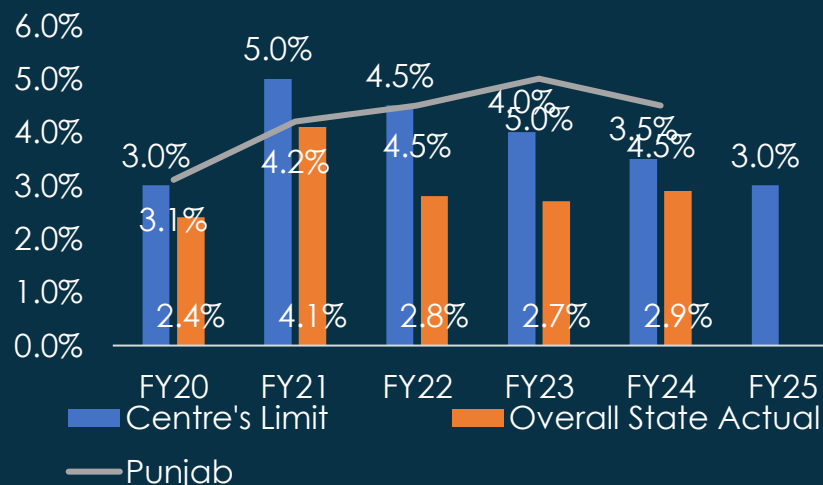
Insights

- Struggles with debt management as large chunk of fresh borrowings used for debt servicing
- Overutilization of borrowings in FY25 despite lower repayment stress
- State has seen minor improvements in fiscal deficit and does still not very favorable conditions

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- Borrowings may remain high as FY26 debt repayment is more than 13,000 cr
- New SDLs to trend between 6-10 years or more than 20 years
- State SDL demand not expected to rise as market perception not yet changed for the state

Rajasthan

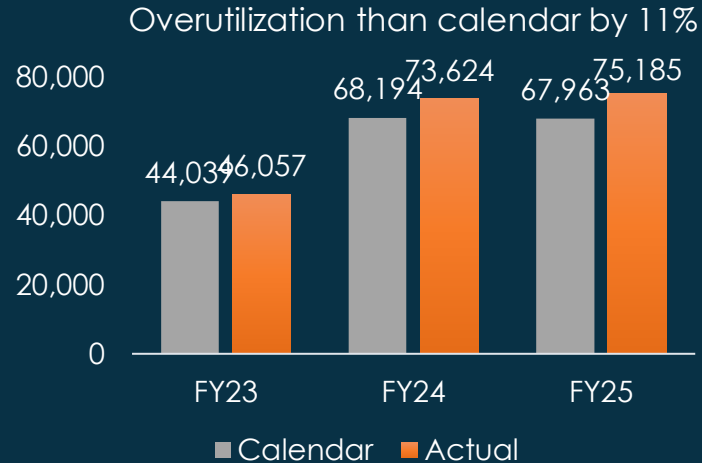


- ▶ Amongst Top 6 borrowing states and Top 5 traded SDLs in last 2 years
- ▶ Rajasthan has exceeded its borrowing as per calendar for last 4 fiscals beating their planned estimates on expenditure
- ▶ SDL borrowings have been spread across tenors from 7-26 years but 10 year SDLs have seen more than 37% issuance
- ▶ State borrowings were well spread across all months and quarters, thus creating constant visibility on demand as well as supply

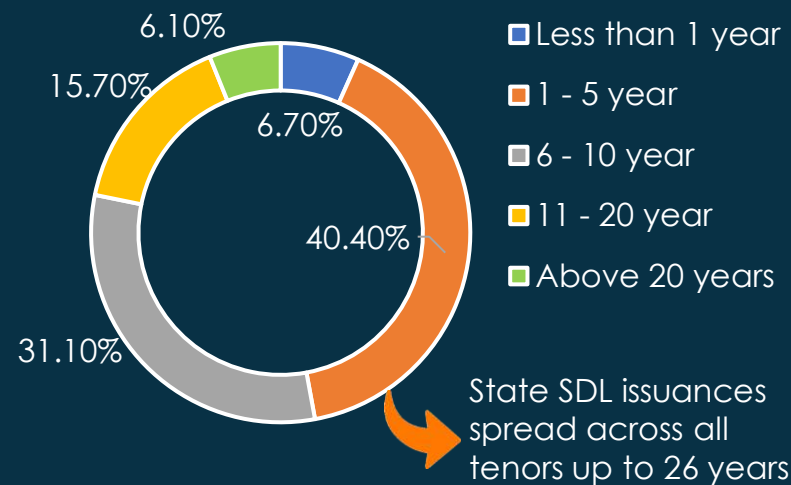
Weighted Average Cut off [10 year] : 7.22%
Min Spread of 10 year SDL with Benchmark : 27 bps
Max Spread of 10 year SDL with Benchmark : 50 bps

Rajasthan

Borrowing Pattern of last 3 years



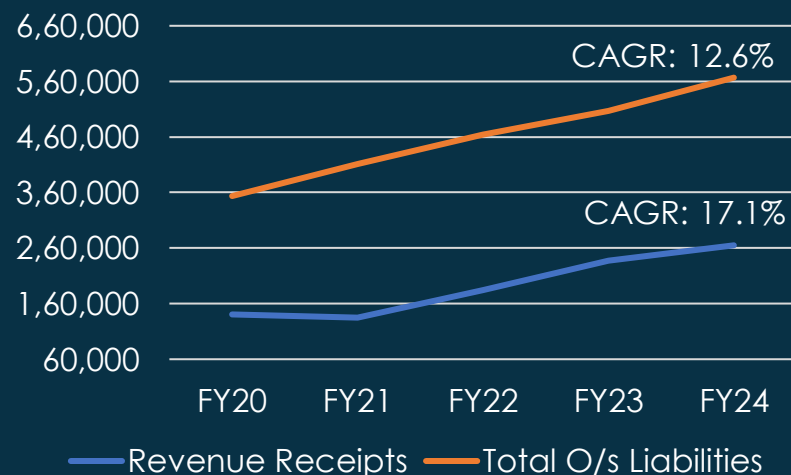
Maturity Profile of Outstanding SDLs [FY24]



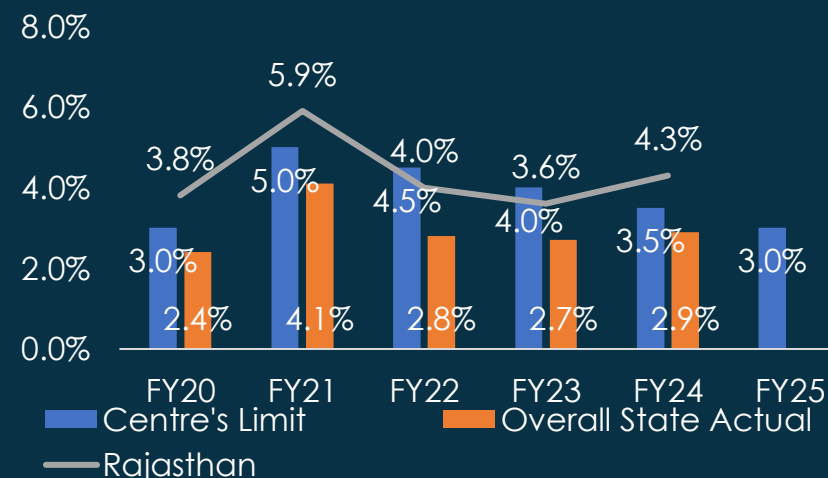
Insights

- Short-term debt repayments of state will put pressure on debt repayments through borrowings
- Fresh loans being used mostly to service debt
- State revenue increasing at a better rate than o/s liabilities which may give some comfort in the future

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

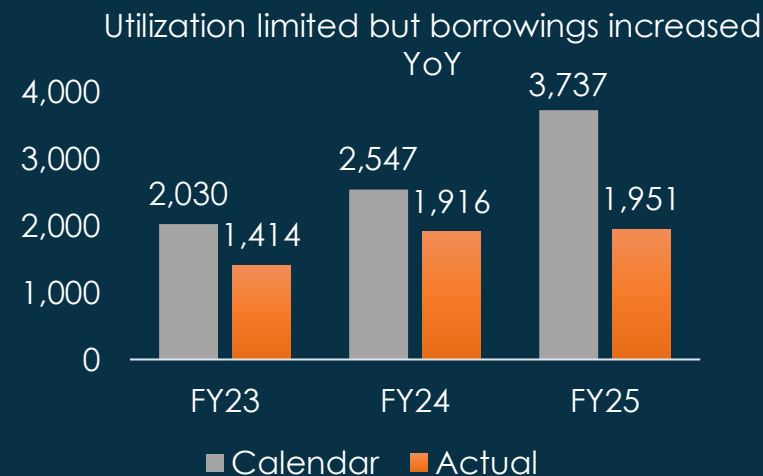
- State borrowings will remain high for next 5 years
- Since GFD is increasing, increase in new borrowings could pose serious concerns
- Political stability may improve Fiscal Health of the state in the future



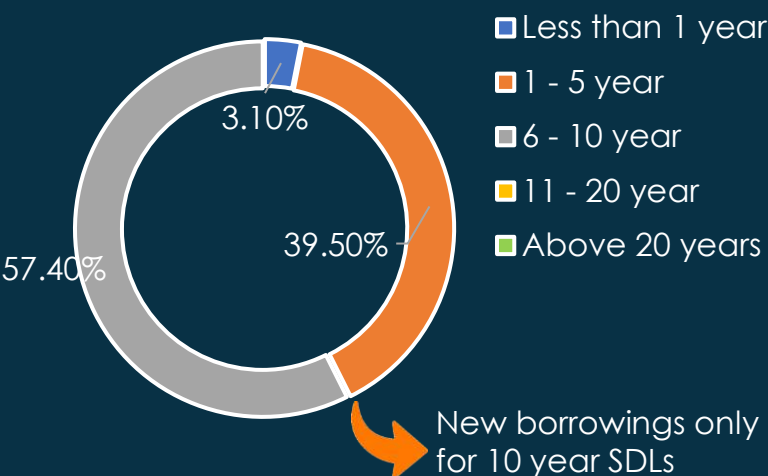
- ▶ State SDLs are least traded and issued with volumes below 2,000 cr
- ▶ State borrowings have seen a shortfall of 45% than planned as per calendar
- ▶ Sikkim has only issued 10 year SDLs in last 4 years with most of the borrowings happening in second half of the financial year
- ▶ Sikkim will have to look beyond 10 year for SDL issuance to manage its debt servicing and repayment structure

Weighted Average Cut off [10 year] : 7.15%
Min Spread of 10 year SDL with Benchmark : 33 bps
Max Spread of 10 year SDL with Benchmark : 49 bps

Borrowing Pattern of last 3 years



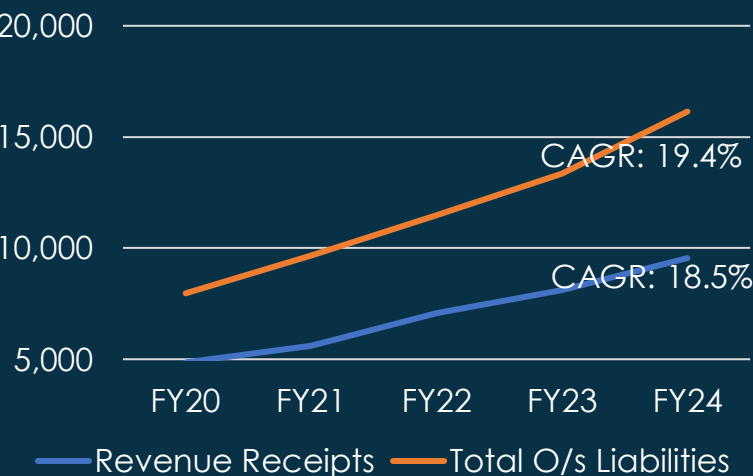
Maturity Profile of Outstanding SDLs [FY24]



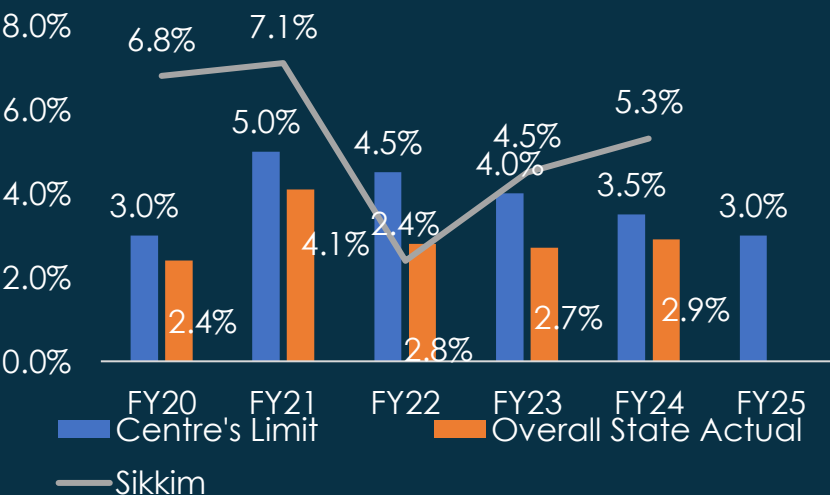
Insights

- Significant growth in liabilities (19% 5 yr.. CAGR) while revenue and GDP growth have been good
- Despite decent utilization of funds for capital expenditure and healthy revenue growth, increase debt servicing and repayments would be a concern for the state

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- State may look at issuing SDLs beyond 10 year tenure as short-term repayments rise
- State will continue to borrow in the H2FY26 when older repayments are due

Tamil Nadu



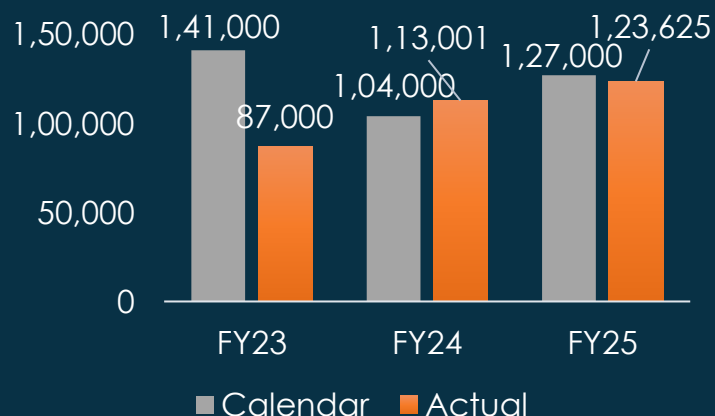
- ▶ Highest borrowing state for FY25 & FY24 with more than 1 lac cr SDLs issued with tenors up to 30 years
- ▶ Tamil Nadu SDLs have been in the Top 5 issued and traded SDLs for last 3 fiscals with proper availability of supply
- ▶ The state has highest outstanding debt in the country
- ▶ One of the 3 states with >10% exposure in SDLs having maturity >20 years

Weighted Average Cut off [10 year] : 7.24%
Min Spread of 10 year SDL with Benchmark : 26 bps
Max Spread of 10 year SDL with Benchmark : 49 bps

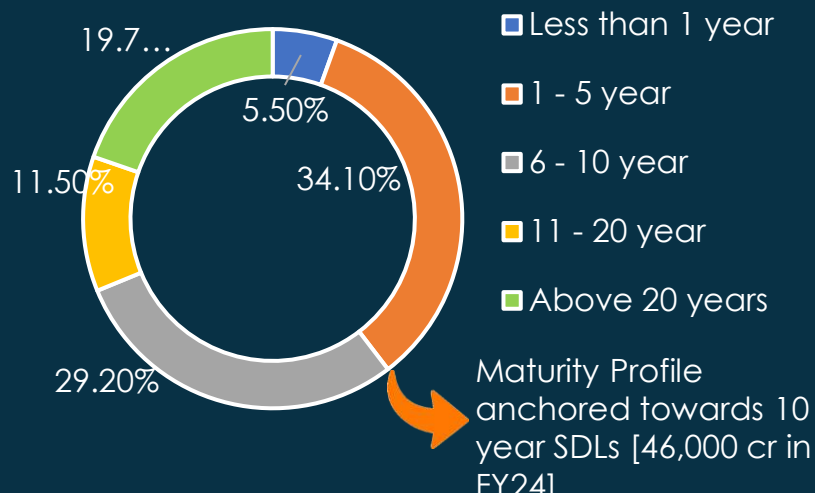
Tamil Nadu

Borrowing Pattern of last 3 years

~ 100% utilization with 9% increase in borrowings



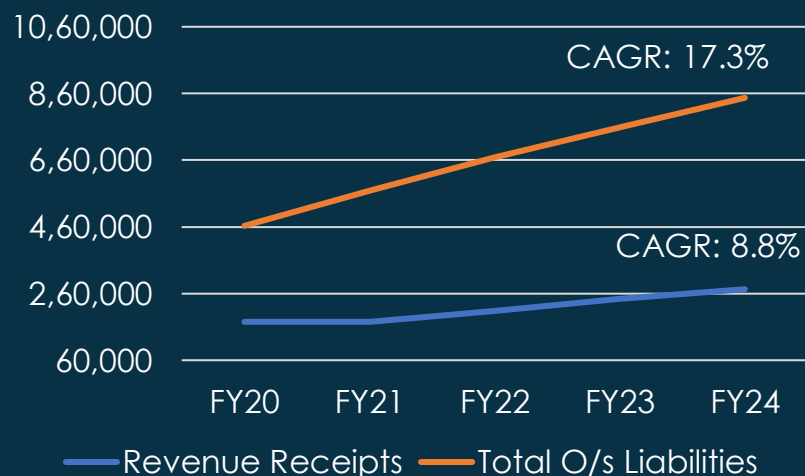
Maturity Profile of Outstanding SDLs [FY24]



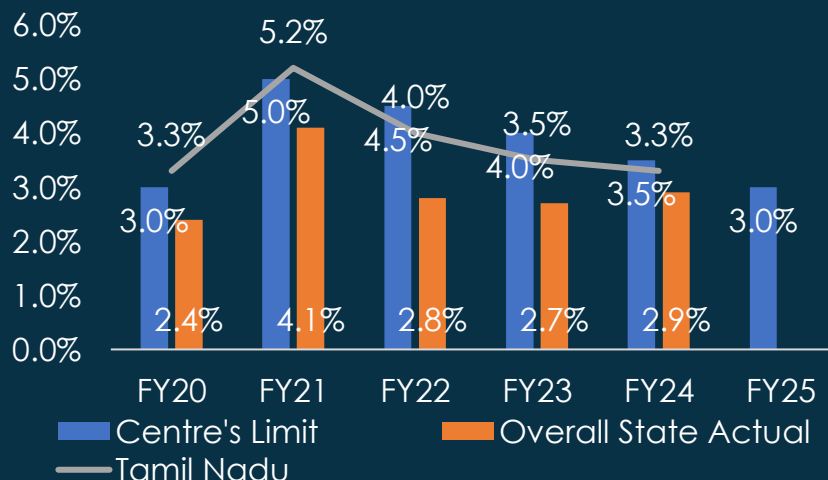
Insights

- Borrowings shifting more towards debt servicing & meeting revenue expenditure than capital outlay
- O/s Liabilities continue to grow at 2x of revenue receipts [5 yr.. CAGR]
- Fiscal Deficit has improved and short-term repayments are limited as liabilities shifted to long tenor SDL

O/s Liabilities to Revenue Receipts



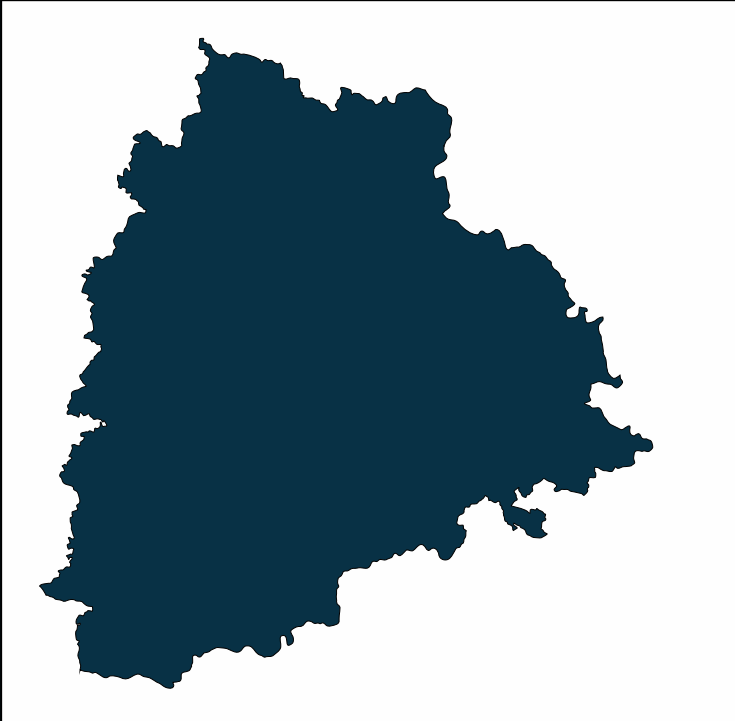
Comparison of GFD as a % of GDP



Outlook

- New SDLs to be issued for tenors between 10 – 20 yrs..
- Issuance of new SDLs might be limited to ~1 lac cr as repayments are less in FY26
- Premium commanded by the state does not seem justified looking at the fiscal health of the state

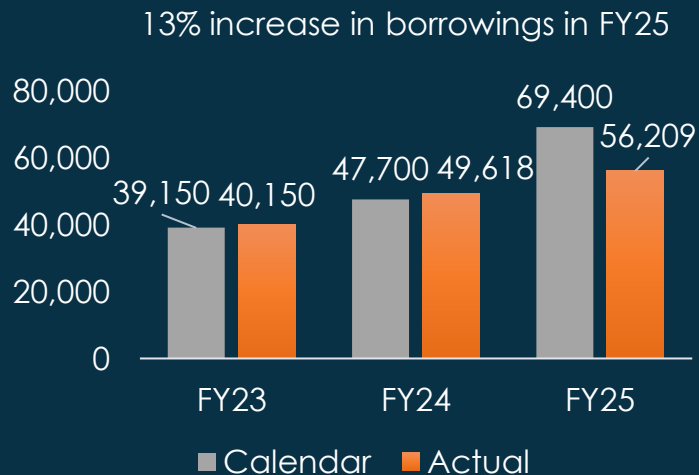
Telangana



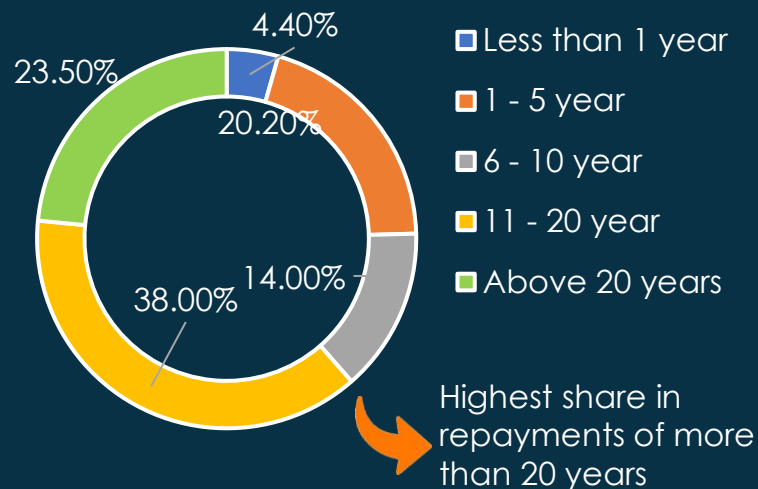
- ▶ Telangana State borrowings increasing on YOY basis as state deploys funds on capital expenditure
- ▶ Despite of high borrowings, state has a healthy revenue growth @ 13.3% CAGR
- ▶ Telangana has a well-spread borrowing plan which will aid in future repayments
- ▶ One of the 3 states with >10% exposure in SDLs having maturity >20 years

Weighted Average Cut off [11 year] : 7.26%
Min Spread of 11 year SDL with Benchmark : 38 bps
Max Spread of 11 year SDL with Benchmark : 38 bps

Borrowing Pattern of last 3 years



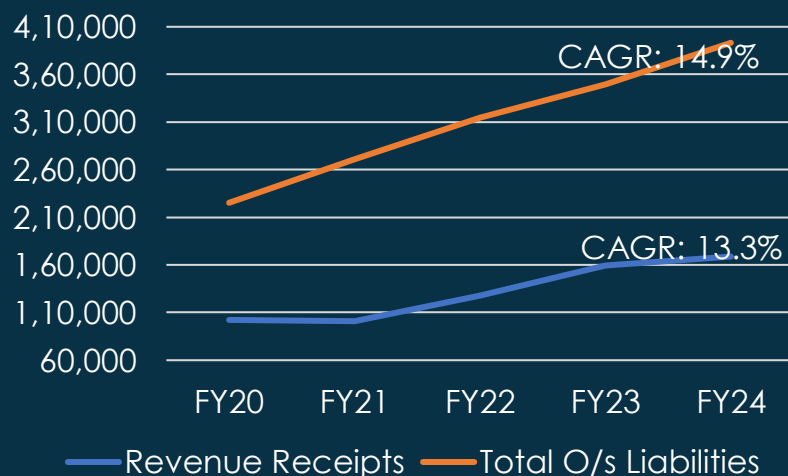
Maturity Profile of Outstanding SDLs [FY24]



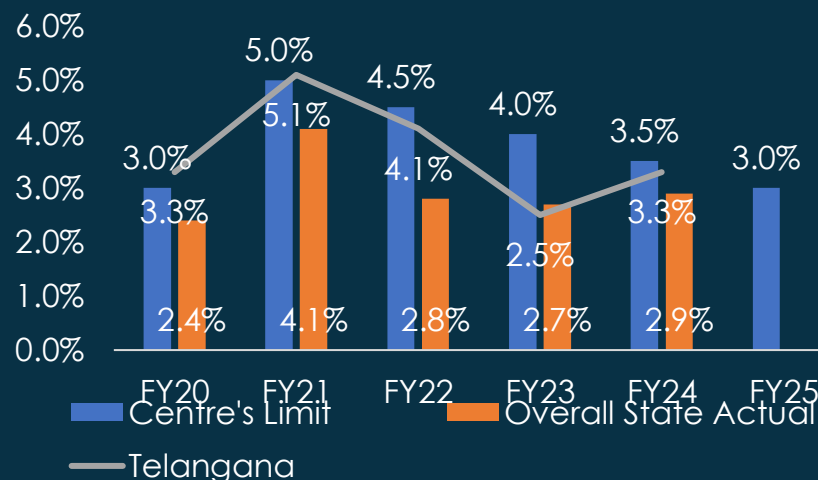
Insights

- Borrowings increasing continuously for Capital Expenditure in FY24
- Mobilization of off-budget borrowings for Mega Projects and lack of revenue sources in earlier years increased liabilities and GFD
- State borrowings well spread but rising Fiscal deficits a concern

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



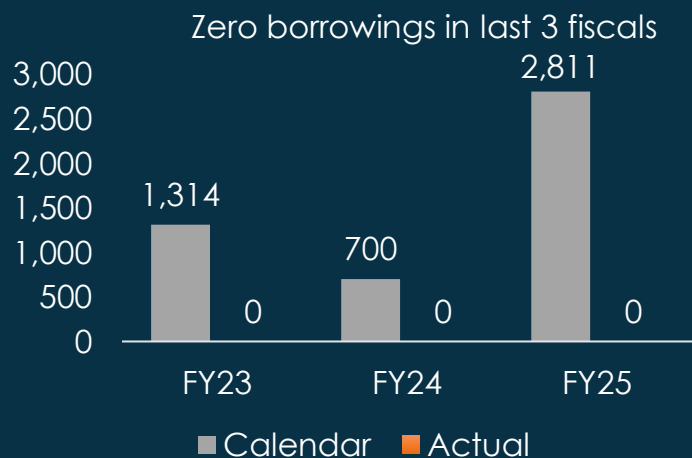
Outlook

- State may continue to borrow ~60,000 to meet budgetary spends
- New SDL tenors to range between 5 – 10 yrs. and >20 years as state has spread its repayments in the past
- Very well spread borrowing program and therefore a recommended State SDL

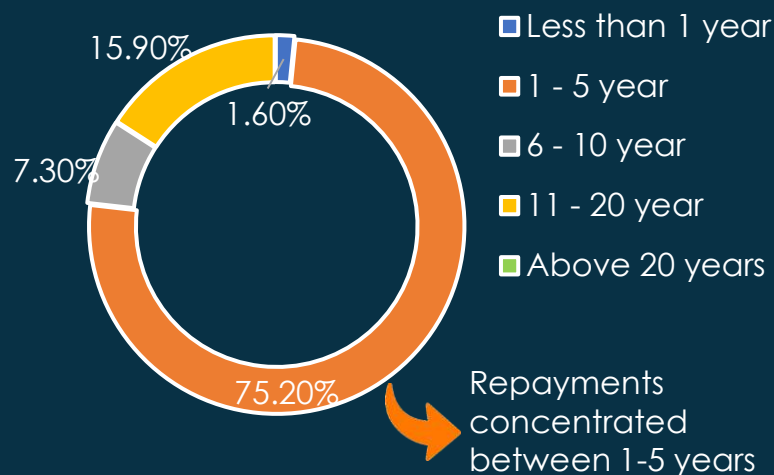


- ▶ Tripura has not borrowed any amount for last 3 financial years despite a cumulative calendar of ~ 4,800 cr
- ▶ State has stayed away from Market Borrowings as new debt taken in last 5 years have mostly been interest free and under favorable conditions
- ▶ Tripura also has a healthy fiscal deficit with revenue surplus and has seen a significant increase in its non-tax revenue
- ▶ However, utilization of capital expenditure budget has not been up to the mark which could explain the limitations in borrowings of the state

Borrowing Pattern of last 3 years



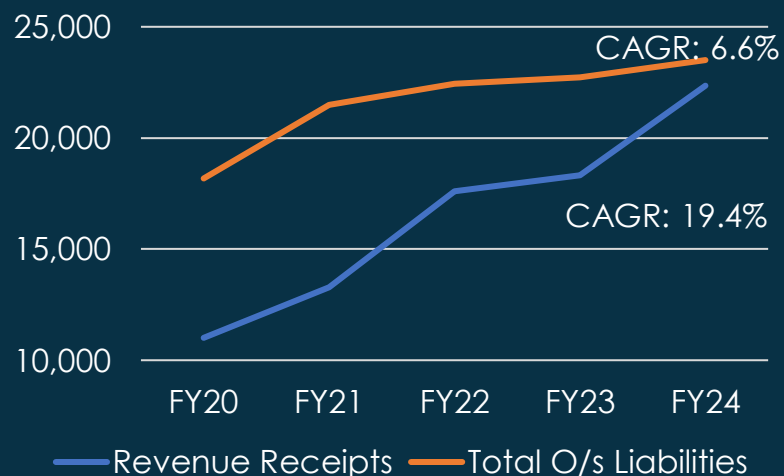
Maturity Profile of Outstanding SDLs [FY24]



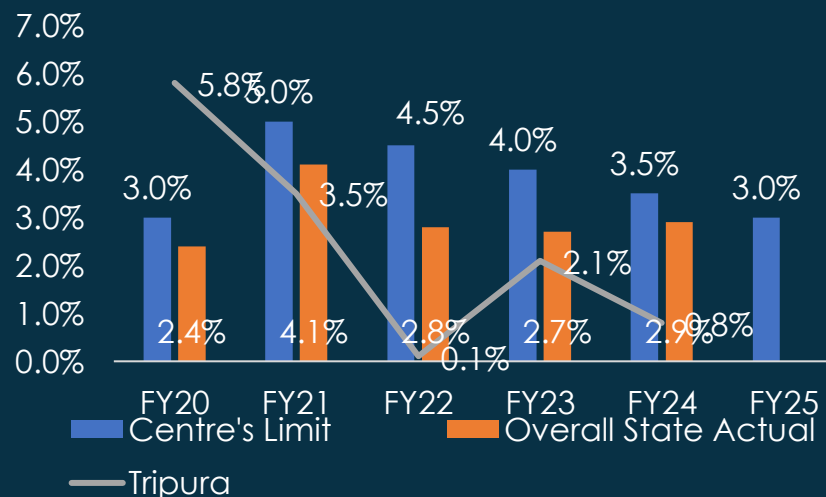
Insights

- Managed to stay away from SDL borrowings for 3 consecutive years
- Capex utilization a concern as planned borrowings are not utilized
- Significant growth in revenue has kept the fiscal numbers of state in a healthy condition

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- Fresh borrowings dependent on utilization of capital expenditure budget by the state
- Overall borrowings if any will be limited to <1,000 cr
- New borrowings may be limited to 6-10 year SDLs

Uttar Pradesh

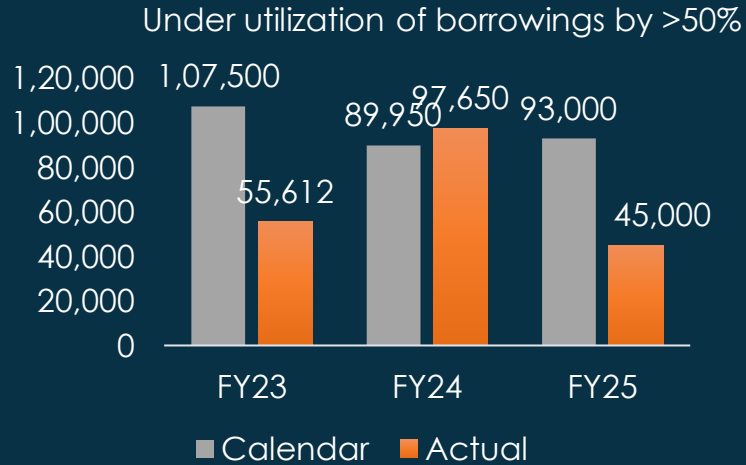


- ▶ State borrowings decreased by 54% in FY25
- ▶ 85% borrowing concentrated between 12 year to 16 year SDLs
- ▶ 100% SDLS in FY 25 and more than 80% SDLs in FY23 & FY24 issued in second half of Financial Year
- ▶ State expected to continue limiting its borrowings as revenue increases

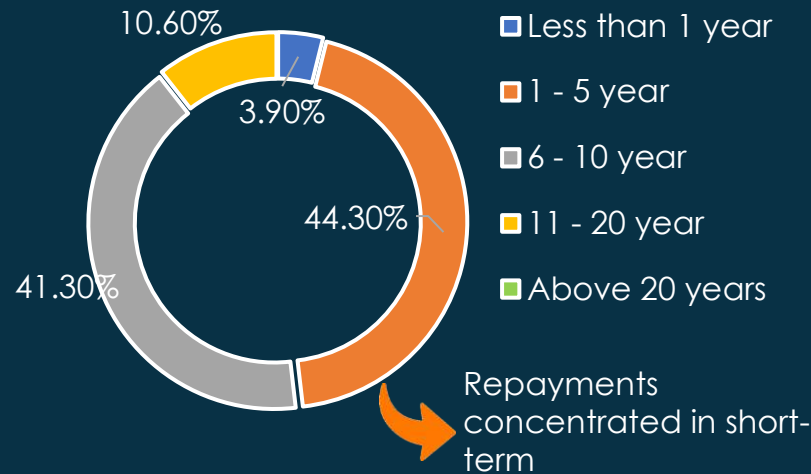
Weighted Average Cut off [8 year] : 7.10%
Min Spread of 8 year SDL with Benchmark : 25 bps
Max Spread of 8 year SDL with Benchmark : 50 bps

Uttar Pradesh

Borrowing Pattern of last 3 years



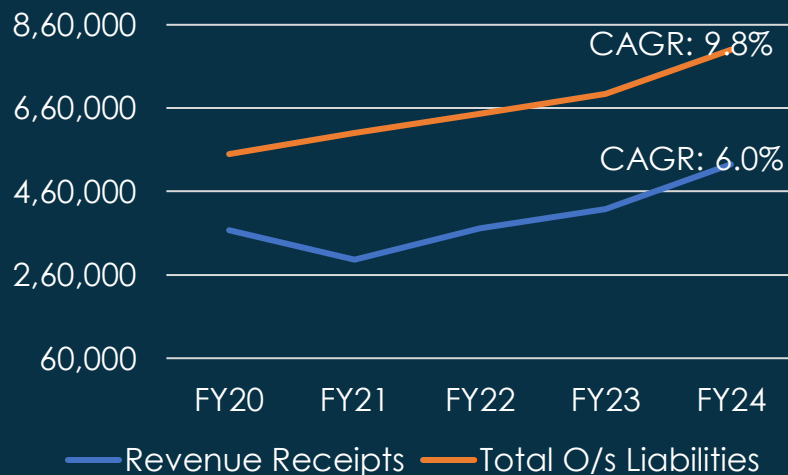
Maturity Profile of Outstanding SDLs [FY24]



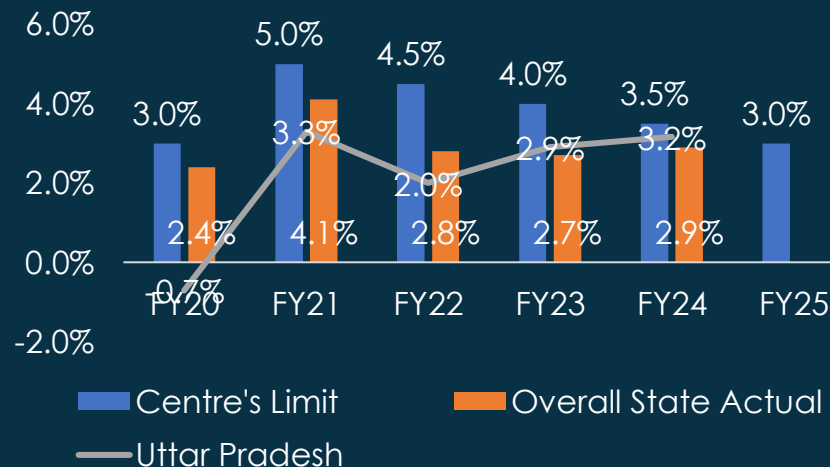
Insights

- Borrowings have largely been within FRBM limits but overall liabilities are significantly high (>7 lac cr)
- U.P. has limited its borrowings as repayments were less
- Revenue growth is healthy and Fiscal deficit is under FRBM limits

O/s Liabilities to Revenue Receipts



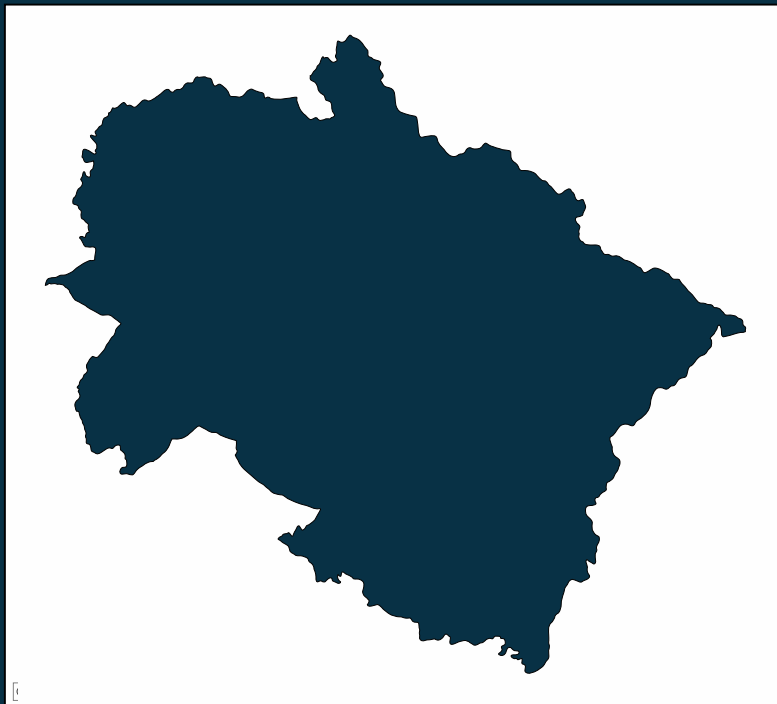
Comparison of GFD as a % of GDP



Outlook

- Borrowings for FY26 may be limited to < 1,00,000 cr as per calendar
- Demand in secondary market will increase in H2 as per earlier trend
- Fiscal health may improve over 5 — 10 years

GFD: Gross Fiscal Deficit

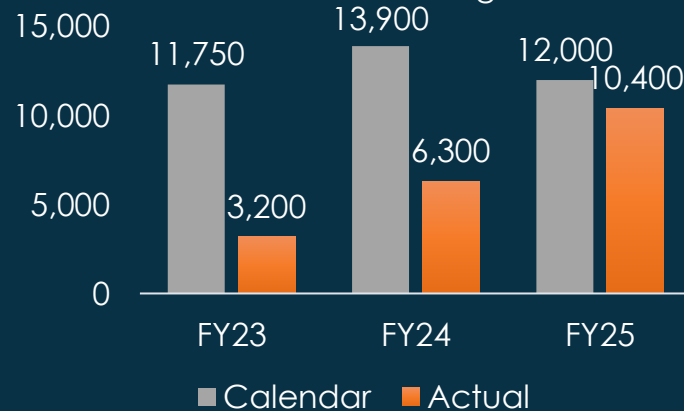


- ▶ Uttarakhand SDLs issuances have grown by 1.6x between FY25& FY24 and 2x between FY23 & FY24
 - Actual borrowings in FY25 have been 87% of calendar
- ▶ In FY25 Uttarakhand has issued 5-7 year tenor SDLs as compared to FY24 where it was anchored to 10 year tenors
- ▶ State has a high revenue growth structure while it has seen an increase in its fiscal deficit
- ▶ Demand of state SDLs in the secondary market is fairly muted due to short supply

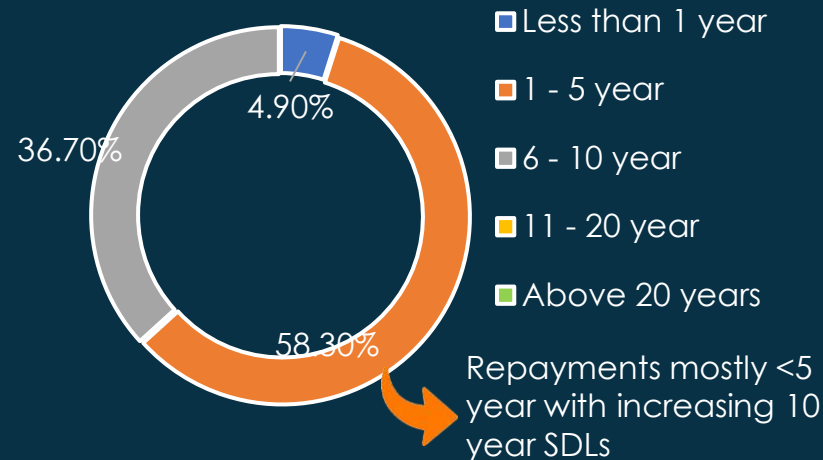
Weighted Average Cut off [7 year] : 7.13%
Min Spread of 7 year SDL with Benchmark : 38 bps
Max Spread of 7 year SDL with Benchmark : 54 bps

Borrowing Pattern of last 3 years

Utilization as per calendar has increased on YoY basis with 40% borrowing increase



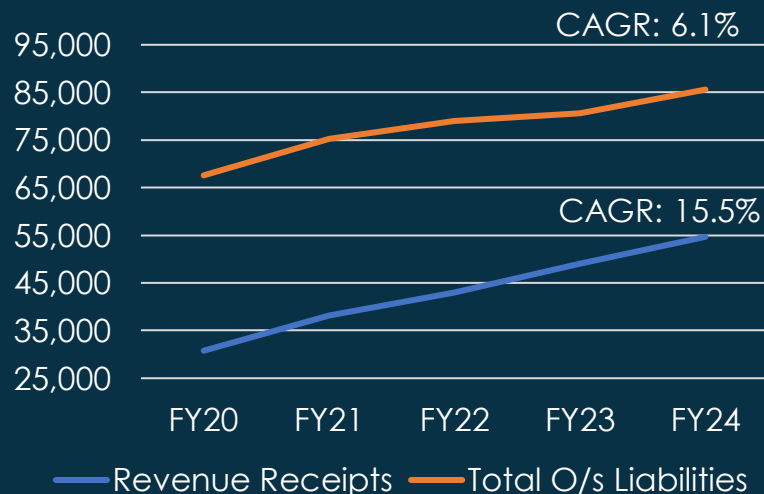
Maturity Profile of Outstanding SDLs [FY24]



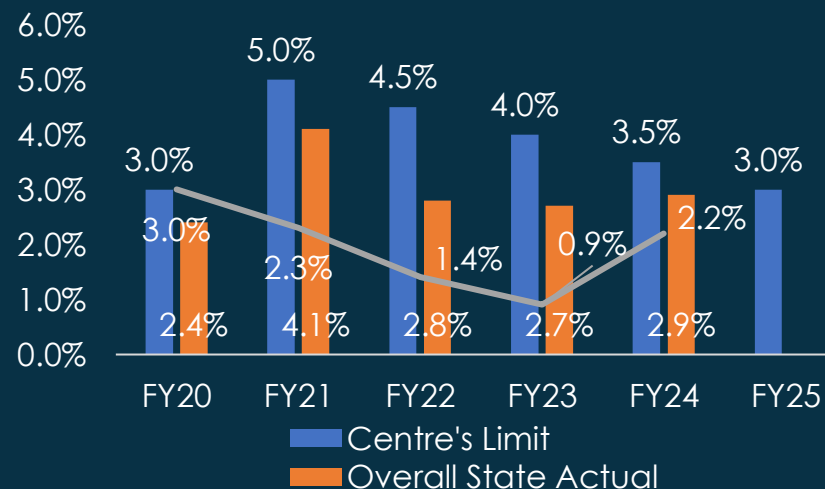
Insights

- State has not utilized 100% of its borrowings on capital expenditure but used some of it to service debt
- Healthy increase in revenue receipts as compared to O/s liabilities
- State Fiscal Deficit is increasing but within FRBM limits as of now

O/s Liabilities to Revenue Receipts



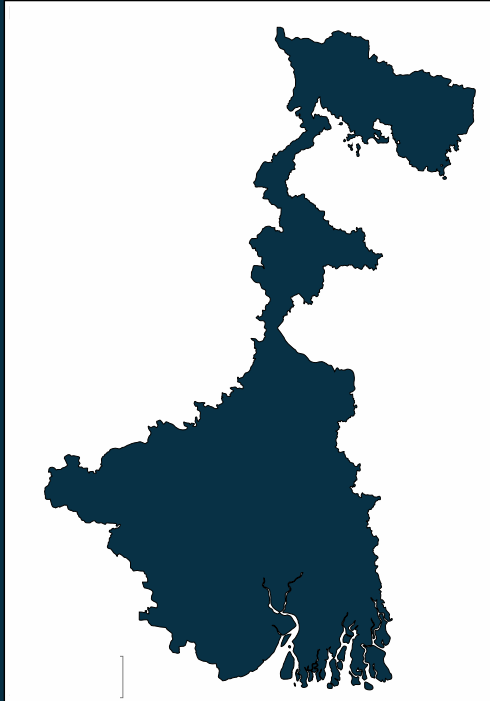
Comparison of GFD as a % of GDP



Outlook

- Uttarakhand will raise another 12000 - 15,000 cr from while actual borrowings may go up by 6,000 cr to fund capital outlay
- State will have to spread its maturity profile in order to sustain repayments and not get caught in the debt trap

West Bengal



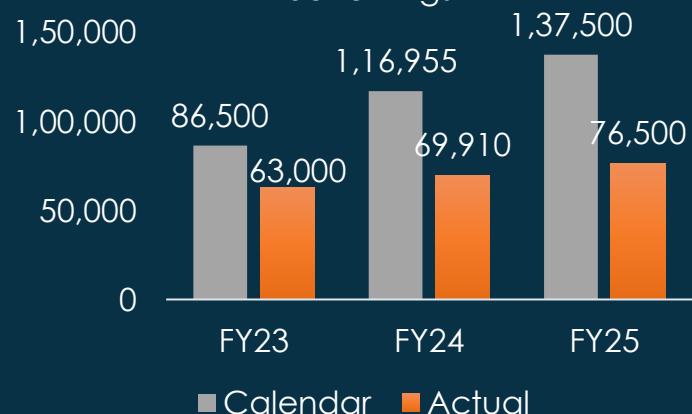
- ▶ Top 5 borrowing states in FY25 with borrowings ~75,000 cr
- ▶ West Bengal had the second highest borrowing plan for FY25 [1.375 lac cr] after Maharashtra at 2.01 lac cr
 - Actual borrowing was only 56%
- ▶ New borrowings are concentrated between 15 year & 20 year SDLs (48,000 cr) with overall issuances for SDLs with tenor > 12 years
- ▶ Gross Fiscal Deficit of the state is within limits but Liabilities continue to outpace Revenue Receipts

Weighted Average Cut off [13 year] : 7.31%
Min Spread of 13 year SDL with Benchmark : 58 bps
Max Spread of 13 year SDL with Benchmark : 60 bps

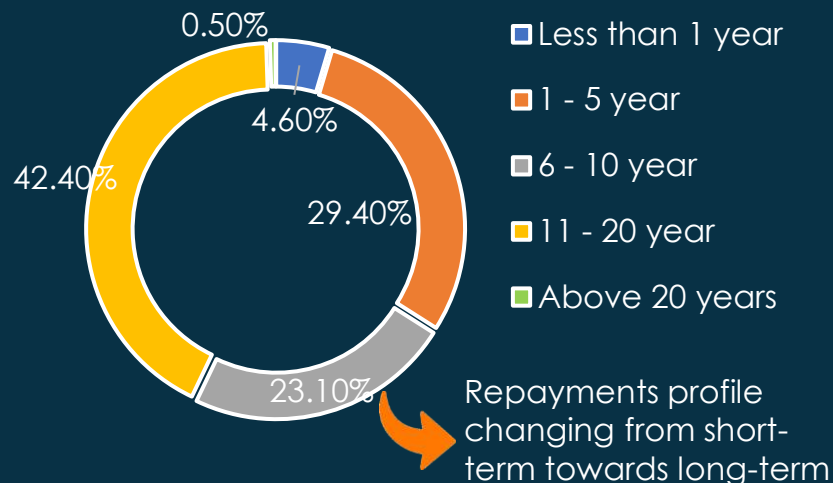
West Bengal

Borrowing Pattern of last 3 years

Actual Issuances are way less than planned borrowings



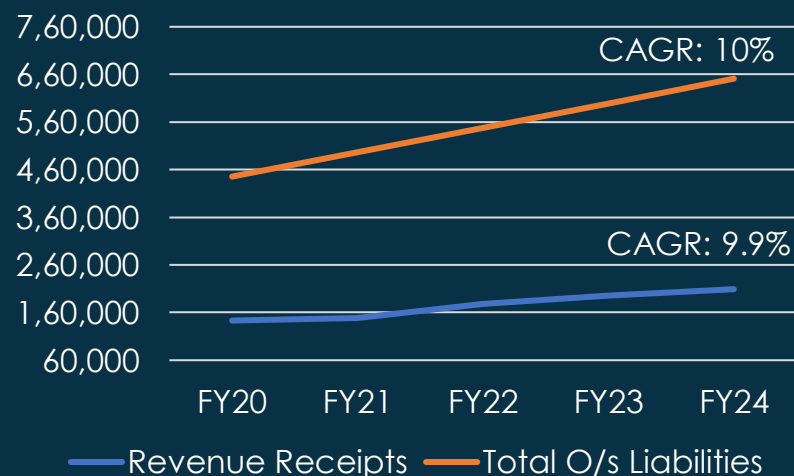
Maturity Profile of Outstanding SDLs [FY24]



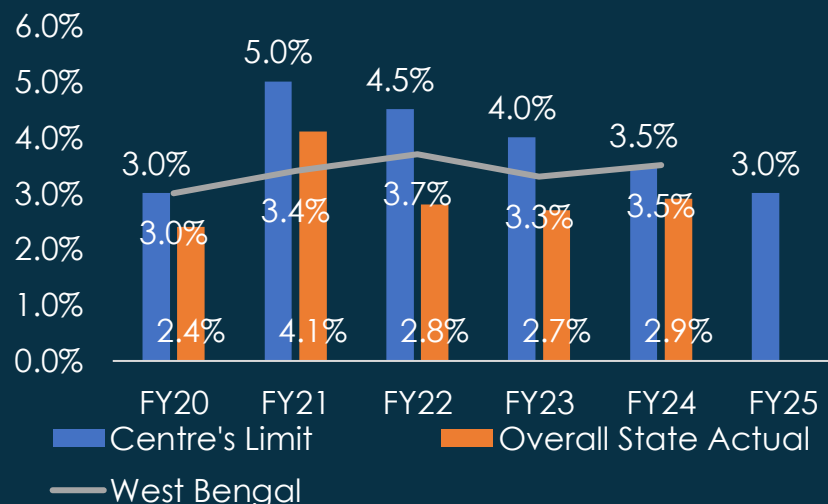
Insights

- Rising debt due to increasing non-planned expenses & limited growth
- State annual repayment relatively high in next 5 years which might keep new borrowings elevated
- State allocating new SDL issuances to maturities more than 10 years

O/s Liabilities to Revenue Receipts



Comparison of GFD as a % of GDP



Outlook

- State borrowings will continue to follow earlier trend of major issuances in H2
- New borrowings might be limited to 80,000 cr
- Tenors such as 25 year to 30 year is likely to be seen in this FY

Sources of Information:

- Reserve Bank of India
- Clearing Corporation of India Ltd
- Reports from Comptroller & Auditor General of India for states
- Publicly available information on Print & Digital Media, Official Websites of News Agencies and Publications
- Other Publicly available information from recognized and regulated entities

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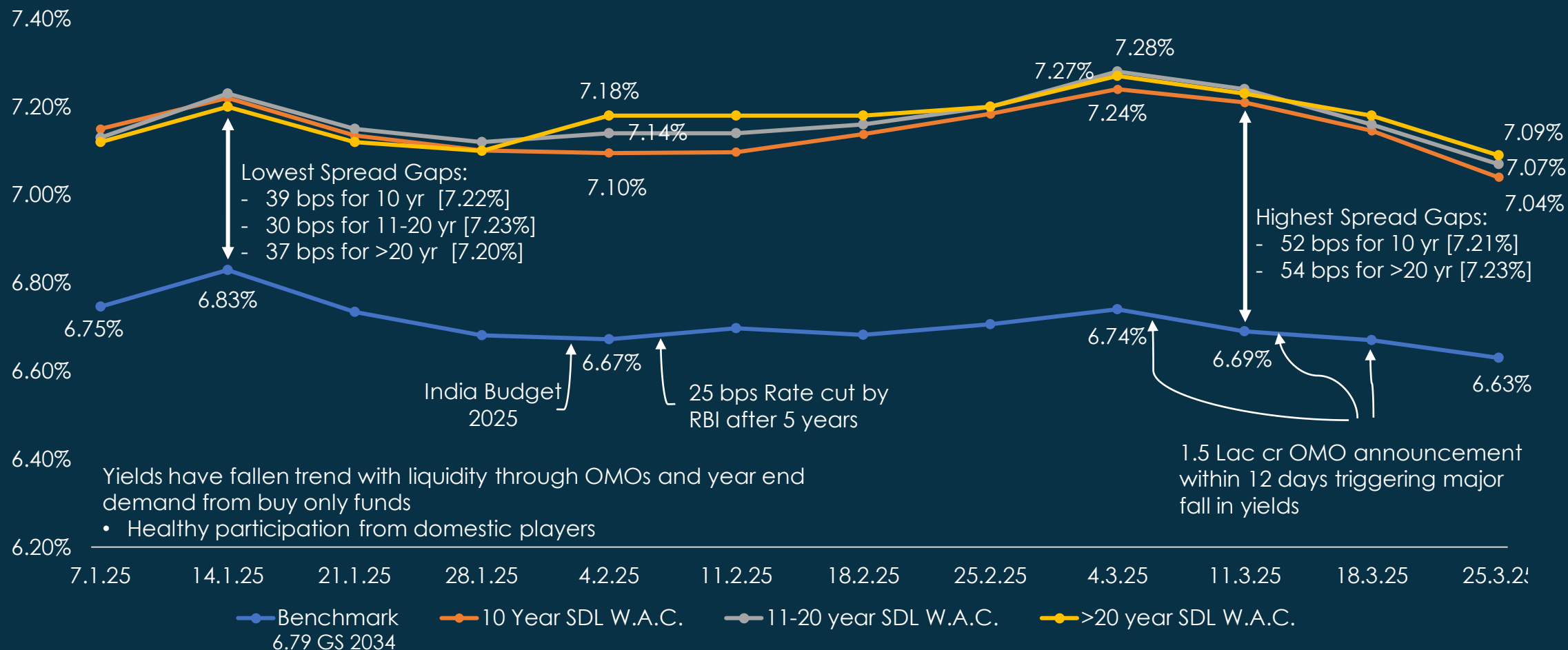
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Spread Trend: Q4 - FY25 SDL Auctions

SDL supply increase significantly especially in March '25 with considerable demand from buy-only funds and institutions post O.M.O. led sale



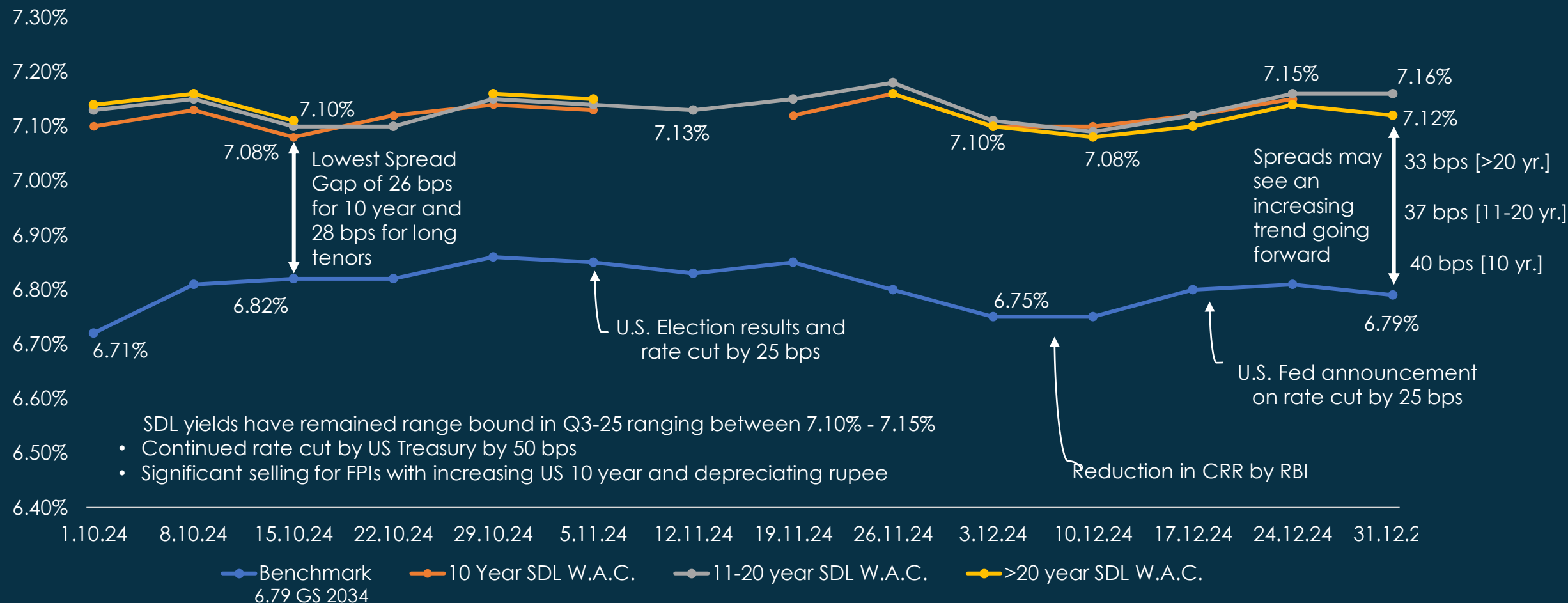
Note: 10-yr. Benchmark Levels are depicted only for SDL Auction dates in Q4

[Weighted Average Cut-Off on Auction Days]
Source: RBI, CCIL

Spread Trend: Q3 - FY25 SDL Auctions

[Trend as published at end of Q3 quarterly report]

SDL Issuance was muted due to advance tax devolution support by Central Government to states



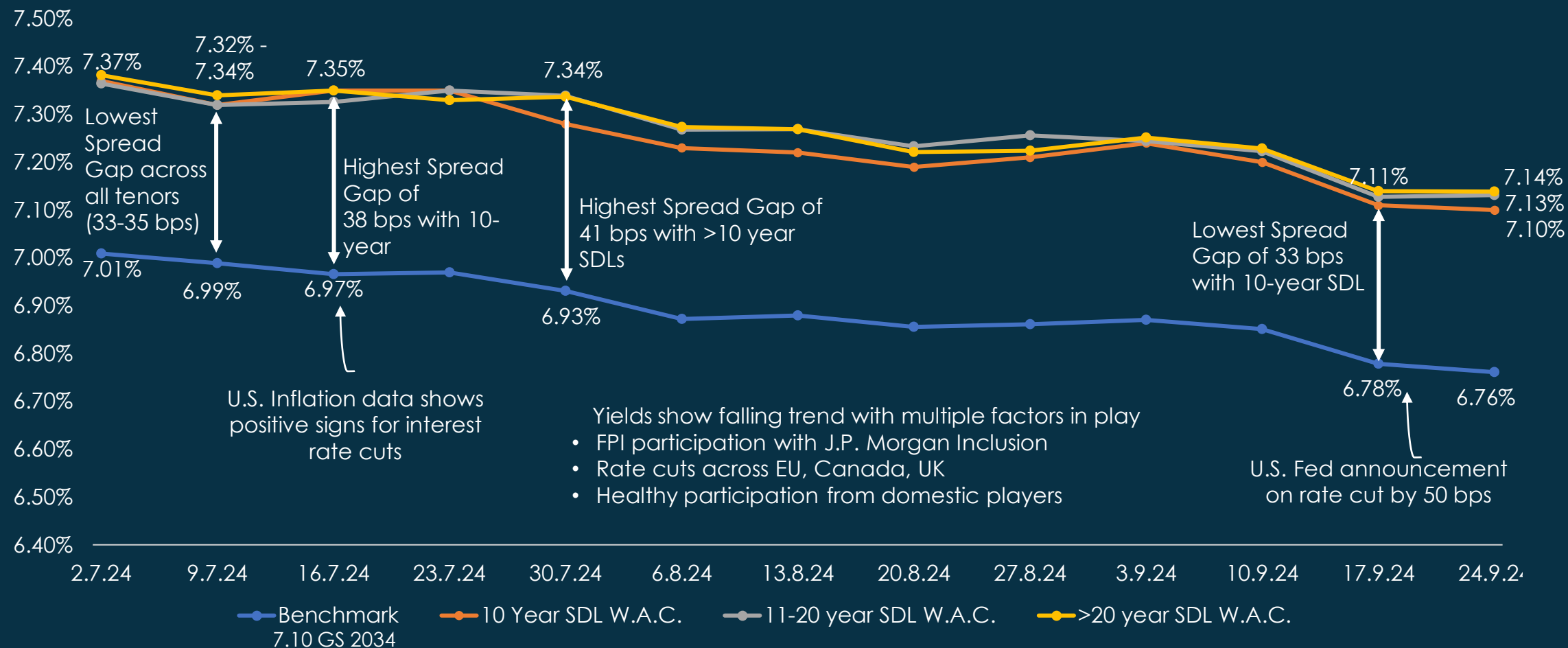
Note: 10-yr. Benchmark Levels are depicted only for SDL Auction dates in Q3

[Weighted Average Cut-Off on Auction Days]
Source: RBI, CCIL

Spread Trend: Q2 - FY25 SDL Auctions

[Trend as published at end of Q2 quarterly report]

SDL Issuance picks up with states trying to make up for Q1 under-borrowings

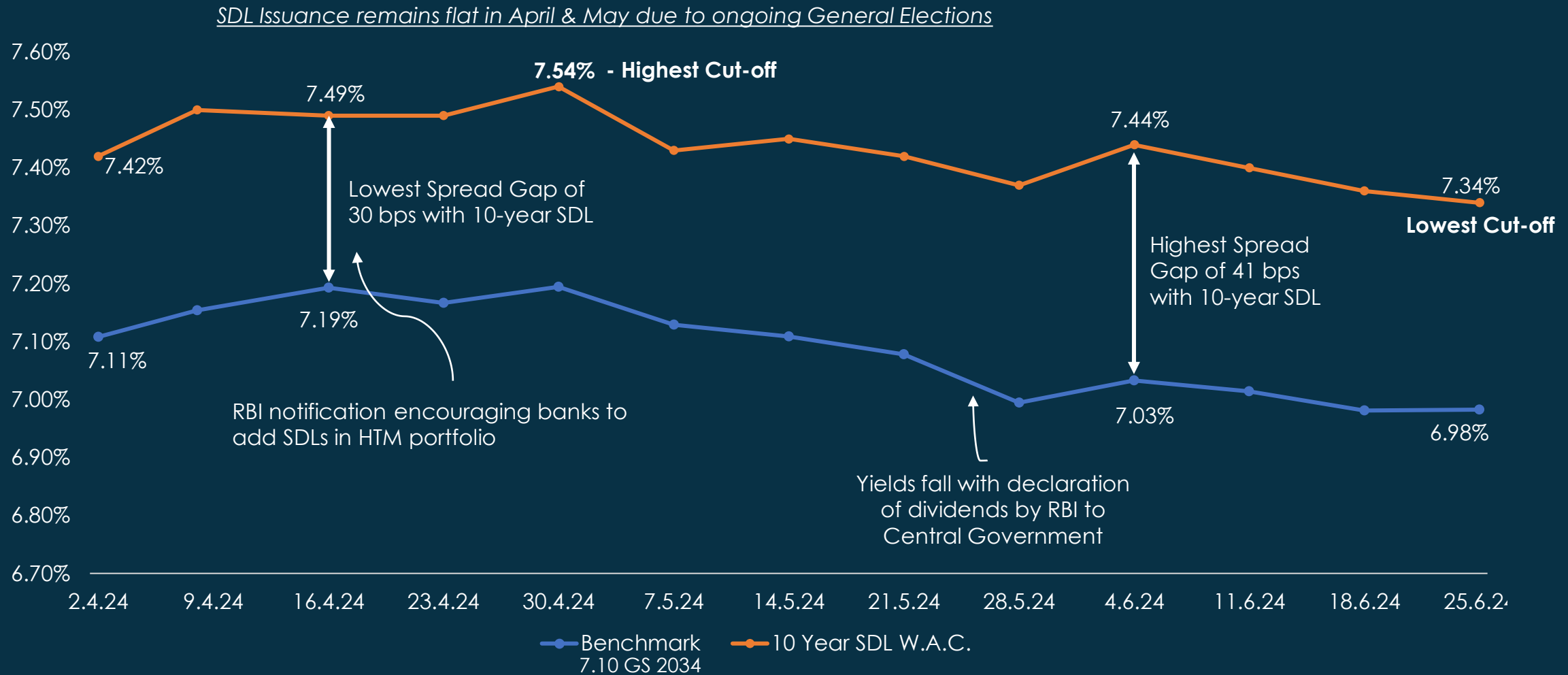


Note: 10-yr. Benchmark Levels are depicted only for SDL Auction dates in Q2

[Weighted Average Cut-Off on Auction Days]
Source: RBI, CCIL

10-Year Spread Trend: Q1 - FY25 SDL Auction

[Trend as published at end of Q1 quarterly report]



Note: 10-yr. Benchmark Levels are depicted only for SDL Auction dates in Q1

[Weighted Average Cut-Off on Auction Days]

Source: RBI, CCIL