

Sale of Government of India Dated Securities by Auction

Ref.No. IDMC. 4723 / 08.02.30.01/2001-02

April 29, 2002

To,

All Scheduled Commercial Banks excluding RRBs/
All State Co-operative Banks/ All Scheduled
Primary(Urban)Co-operative Banks/All Financial
Institutions/ All Primary & Satellite Dealers.

Dear Sirs,

Sale of Government of India Dated Securities by Auction

Government of India have offered to sell a new dated security of 10 years tenure for Rs.6,000 crore (nominal) vide notification F. No.4(9)-W&M/2002 dated April 29, 2002 (copy enclosed). The auction will be conducted using "Multiple Price Auction" method. The auction will be conducted at Mumbai on Thursday, May 2, 2002. The salient features of the auction and the terms and conditions governing the issue of the Stock are given in the notification, which should be read along with the General Notification F.No.4(2)-W&M/97 issued by Government on April 1, 1997 (c.f. our letter IDMC.No.3254/08.08.20/96-97 dated April 1, 1997) as amended by Government Notification No.4(7)-W&M/99 dated 5th April, 1999. We wish to draw your attention in particular, to the following:

- I. Government Stock up to 5% of the notified amount of sale will be allotted to eligible individuals and Institutions under the Scheme for Non-competitive Bidding Facility in the Auctions of Government Securities (enclosed with the notifications F. No.4(9)-W&M/2002 dated April 29, 2002).
- II. The Stock will be issued for a minimum amount of Rs.10,000/- (nominal) and in multiples of Rs.10,000/- thereafter.
- III. The bids should be submitted in the prescribed form of application given in Annexure I before 2.30 p.m. on May 2, 2002 in sealed cover superscribed "Tender for 10-Year Government Stock - Auction dated May 2, 2002" (Annexure I) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Mumbai Office, Fort, Mumbai. Members of NDS should submit their competitive bids only in electronic format. The bids on behalf of retail clients under the "Scheme for Non-competitive Bidding Facility in the Auctions of Government Securities" should be submitted in format Annexure I (a). The yield percent per annum expected by the bidder should be expressed up to two decimal points.
- IV. An investor can submit more than one bid at different yields but a separate application should be submitted for each bid. The aggregate amount of bids submitted by a person should not exceed the notified amount.
- V. On the basis of bids received, the Reserve Bank will determine the maximum rate of yield i.e. the coupon rate, up to which tenders for purchase of Government Stock will be accepted in the auction. All such bids offered at the maximum rate of yield, as determined by the Reserve Bank of India, will be accepted at par. Other bids tendered at lower than the maximum rate of yield

determined by the Reserve Bank of India will be accepted at the rate quoted in the bid. Bids quoted at rates higher than the maximum rate of yield determined by the Reserve Bank of India will be rejected. Reserve Bank of India will have full discretion to accept or reject any or all bids either wholly or partially without assigning any reason

- VI. The results of the auctions will be displayed at Reserve Bank of India, Fort, Mumbai on May 2, 2002. Successful bidders will be required to deposit with the Reserve Bank of India, Mumbai Office (Public Debt Office), Fort, Mumbai, the amount payable for the Government Stock allotted to them in cash or by cheque on their account with Reserve Bank of India, Mumbai or by Banker's pay order, along with a covering letter on May 3, 2002 before 2.30 p.m. In case of holders of Current account with RBI, the amount payable will be debited to their respective Current accounts maintained with the Reserve Bank of India.
- VII. The Government Stock will be issued by credit to Subsidiary General Ledger Account (SGL) of parties maintaining such account with Reserve Bank of India or in the form of Stock Certificate. The interest will be payable half-yearly on November 3 and May 3.
- VIII. The 10 year Stock will be repaid at par on May 3, 2012.

2. The new stock will qualify for the Ready-forward facility.

Yours faithfully,

Sd/
(A.S.Rao)
General Manager
Encl.: As above