

## Sale of Government of India Dated Securities by Auction

Ref.No.IDMC. 193 /08.02.30.01/2002-03

July 12, 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 Dealers.

Dear Sirs,

### Sale of Government of India Dated Securities by Auction

Government of India have offered to sell a new **10- year Government Stock with Call and Put Options** for Rs.3,000 crore (nominal) through a **yield based auction using uniform price method** vide notification F. No.4(9)-W&M/2002 dated July 12, 2002 (copy enclosed). The Government have also offered to sell (re-issue) of "8.07 per cent Government Stock 2017" for Rs. 4,000 crore (nominal) through a **price based auction using multiple price method** vide notification F.No.4(9)-W&M/2002(1) dated July 12, 2002 (copy enclosed). The auctions will be conducted at Mumbai on Wednesday, July 17, 2002. The salient features of the auctions and the terms and conditions governing the issue of the Stocks are given in the notifications, which should be read along with the General Notification F.No.4(9)-W&M/2000 issued by Government on May 6, 2002. We wish to draw your attention in particular, to the following:

**2. (a) For the new 10 year Government stock with Call and Put options:** The auction will be conducted by a yield based auction using **Uniform Price Auction** method. Under this method competitive bids offered with rates up to and including the maximum rate of yield, as determined by the Reserve Bank of India, will be accepted at the maximum rate of yield so determined. Bids quoted higher than the maximum rate of yield as determined by the Reserve Bank of India will be rejected.

(b) Under the **call option** the Government shall have the discretion to prematurely redeem the Government Stock at par, after giving a public notice of two months, on any coupon payment date **on or after completion of five years tenure from the date of issuance of the Government Stock**. Similarly, under the **put option** the holders of the Government Stock shall also have the option to offer the Government Stock for premature redemption at par, after giving a notice of two months, on any coupon payment date **on or after completion of five years tenure from the date of issuance of the Government Stock**. In both the events, interest shall cease to accrue on the redeemed Government Stock from the coupon payment date of premature redemption

**3. For the reissue of 8.07% Government Stock, 2017:** Auction will be conducted on **'Multiple Price' method**. On the basis of bids received, the Reserve Bank will determine the minimum price up to which tenders for purchase of Government Stock will be accepted at the auction. Bids quoted at prices lower than the minimum price determined by the Reserve Bank of India will be rejected.

**4(i).** For both the auctions, Government Stock up to 5% of the notified amount of sale will be allotted to the 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 and F. No.4(9)-W&M/2002(1) dated July 12, 2002).

(ii). The Stocks 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 applications given in Annexure (I or II as applicable) **before 2.30 p.m. on July 17, 2002** in sealed cover superscribed "Tender for 10-Year Government Stock with Call and Put options - Auction dated July 17, 2002" (Annexure I) and "Tender for 8.07 per cent Government Stock 2017- Auction dated July 17, 2002" (Annexure II) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Mumbai Office, Fort, Mumbai. 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 formats Annexure I (a) and Annexure II (a) for 10 year Government Stock and 8.07 per cent Government Stock, 2017, respectively. The yield percent per annum or the price as the case may be expected by the bidder should be expressed up to two decimal points.
- (iv). For both the auctions, an investor can submit more than one bid at different yields/prices 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). 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 July 17, 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 July 18, 2002 (Thursday) 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 Stocks 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.
- (viii). The 10 years Stock will be repaid at par on July 18, 2012 and the '8.07 per cent Government 2017' will be repaid at par on January 15, 2017.
- (ix). The new stock will qualify for the Ready-forward facility.

Please acknowledge receipt.

Yours faithfully,

Sd/-

(Chandan Sinha)  
General Manager