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April 2, 2004

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,

Auction of Government of India Dated Securities under Market Stabilisation Scheme (MSS)

Government of India have offered to sell (re-issue) of "6.18 percent Government Stock 2005" for a notified amount of Rs.5,000 crore (nominal) through a price based auction using multiple price auction method vide Notification No. F. No. 4(1)-W&M/2004 dated April 2, 2004. The auction will be conducted by Reserve Bank of India at Mumbai on April 6, 2004. The salient features of the auction and the terms and conditions governing the issue of the Stock are given in the Notification (copy enclosed), which should be read along with the General Notification F.No.4 (9)-W&M/2000, dated May 6, 2002 issued by Government of India as amended from time to time .

2. We wish to draw your attention, in particular, to the following:

- (i) The Stock will be issued for a minimum amount of Rs.10, 000/- (nominal) and in multiples of Rs.10,000/- thereafter.
- (ii) The competitive bids should be submitted in the prescribed form of application given in Annexure I, before 12.30 p.m. on April 6, 2004 in sealed covers superscribed "Tender for 6.18 % Government Stock 2005"and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Fort, Mumbai. The price percent expected by the bidder should be expressed up to two decimal points. The competitive bids by the NDS members should be submitted only in electronic form using NDS.
- (iii) For the above auction, 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 Auction of Government Securities (enclosed with the notification F. No. 4(1)-W&M/2004 dated April 2, 2004). The non competitive bids should be submitted in the prescribed form of application given in Annexure I(a) before 12.30 p.m. on April 6, 2004 in sealed covers superscribed "Non-competitive bid for 6.18 % Government Stock 2005"and deposited in the appropriate tender box kept for the purpose at Reserve Bank of

India, Fort, Mumbai. All non-competitive bids should only be submitted in prescribed physical forms only.

- (iv) An investor can submit more than one bid at different 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 of the loan.
- (v) 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 rates lower than the minimum price 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 result of the auction will be displayed at Reserve Bank of India, Mumbai Office, Fort, Mumbai on April 6, 2004. Successful bidders will be required to deposit with the Reserve Bank of India, 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 payable at Mumbai, along with a covering letter on April 7, 2004 before 2.30 p.m. In case of current account holders, the amount payable will be debited to their respective current accounts maintained with the Reserve Bank of India on April 7, 2004. The payment for the Stock will include accrued interest on the nominal value of the Stock allotted in the auction from the date of last coupon payment date, i.e., March 3, 2004 to April 6, 2004.
- (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. Interest on the Government Stock will be paid half-yearly.
- (viii) The Government Stock will be repaid at par on September 3, 2005.
- (ix) The stock will qualify for the ready forward facility.

Yours faithfully,

(R. Sebastian)
General Manager
Encls: As above