

June 14, 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

Government of India have offered to sell (re-issue) "7.38 percent Government Stock 2015" for a notified amount of Rs 6,000 crore (nominal) through a price based auction using multiple price method vide Notifications No.4(8)-W&M/2004 dated June 14, 2004. Government of India have also announced to sell (re-issue) "6.13 percent Government Stock 2028" for a notified amount of Rs.3,000 crore through a price based auction using multiple price method vide Notifications No. 4(8)-W&M/2004 (i) dated June 14, 2004. The auctions will be conducted by Reserve Bank of India at Mumbai on June 17, 2004. The salient features of the auctions and the terms and conditions governing the issue of the Stocks are given in the Notifications (copy enclosed), which should be read along with the General Notification F.No.4 (9)-W&M/2000 issued by Government on May 6, 2002.

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

- (i) The Stocks 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/II, before 12.30 p.m. on June 17, 2004 in sealed covers superscribed "Tender for 7.38 per cent Government Stock 2015 " or, "Tender for 6.13 % Government Stock 2028" (as the case may be) 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 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(8)-W&M/2004 and F. No.4(8)-W&M/2004 (i) both dated June 14, 2004). The non competitive bids should be submitted in the prescribed form of application given in Annexure I(a)/II(a) by 12.30 pm on June 17, 2004 in sealed covers superscribed "Non-competitive bid for 7.38 per cent Government Stock 2015" or, "Non -Competitive bid for 6.13 percent Government Stock 2028" (as the case may be) 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 form.
- (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 in an auction should not exceed the notified amount of auction.
- (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 auctions. 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 the full discretion to accept or reject any or all bids either wholly or partially without assigning any reason.
- (vi) The results of the auction will be displayed at Reserve Bank of India, Mumbai Office, Fort, Mumbai on June 17, 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 June 18, 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.

- (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. Interest on the Government Stock will be paid half-yearly.
- (viii) The Government Stocks will be repaid at par on September 3, 2015 and June 4, 2028 respectively.
- (ix) The stocks will qualify for the ready forward facility.

Yours faithfully,

(R. Sebastian)
General Manager
Encls: As above