

September 2, 2005

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,

Auctions of Government of India Dated Securities

Government of India have offered to sell (re-issue) "5.69 percent Government Stock 2018" for a notified amount of Rs 5,000 crore (nominal) through a price based auction using multiple price method vide Notifications No.4 (2)-W&M/2005 dated September 2, 2005. Government of India have also announced to sell a new 30-year Government Stock for a notified amount of Rs.3,000 crore through a yield based auction using uniform price method vide Notifications No. 4(2)-W&M/2005 (i) dated September 2, 2005. The auctions will be conducted by Reserve Bank of India at Mumbai on September 8, 2005. The salient features of the auctions and the terms and conditions governing the issue of the Stocks are given in the Notifications (copies enclosed), which should be read along with the General Notification F.No.4 (9)-W&M/2000 dated May 6, 2002 issued by Government as amended from time to time.

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 September 8, 2005 in sealed covers superscribed "Tender for 5.69 per cent Government Stock 2018 " or, "Tender for 30-year Government Stock" (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/yield percent (as the case may be) expected by the bidder should be expressed up to two decimal points.
 - (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(2)-W&M/2005 and F. No.4(2)-W&M/2005 (i) both dated September 2, 2005). 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 September 8, 2005 in sealed covers superscribed "Non-competitive bid for 5.69 per cent Government Stock 2018" or, "Non-Competitive bid for 30 year Government Stock" (as the case may be) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Fort, Mumbai.
 - (iv) The NDS members should submit competitive as well as non-competitive bid in electronic format using Primary Market Operation (PMO) module of NDS. All bids should be submitted **by 12.30 p.m**
 - (v) 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.

- (vi) On the basis of bids received, the Reserve Bank will determine the minimum/maximum price/yield (as the case may be) up to which tenders for purchase of Government Stock will be accepted at the auctions. Bids quoted at rates lower/higher (as the case may be) 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.
- (vii) The results of the auctions will be displayed at Reserve Bank of India, Mumbai Office, Fort, Mumbai on September 8, 2005. 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 September 9, 2005 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.
- (viii) 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.
- (ix) The Government Stocks will be repaid at par on September 25, 2018 and September 9, 2035 respectively.
- (x) The Stocks will qualify for the ready forward facility.

Yours faithfully,

Sd/-

(R Sebastian)
General Manager