

August 31, 2007

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) "8.20 per cent Government Stock 2022" for a notified amount of Rs.4,000 crore (nominal) through a price based auction using multiple price method vide Notification No.4(5)-W&M/2007 dated August 31, 2007. Government of India have also announced sale of "8.33 per cent Government Stock 2036" for a notified amount of Rs.3,000 crore through a price based auction using multiple price method vide Notification No.4(5)-W&M/2007(i) dated August 31, 2007. Reserve Bank of India at Mumbai will conduct the auctions on September 7, 2007. 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 7, 2007 in sealed covers superscribed "Tender for 8.20 per cent Government Stock 2022 " or, "Tender for 8.33 per cent Government Stock 2036" (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.

(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 (5)-W&M/2007 and F. No.4 (5)-W&M/2007(i) both dated August 31, 2007). The non competitive bids should be submitted in the prescribed form of application given in Annexure I (a)/ II (a) by 12.30 P.M. on September 7, 2007 in sealed covers superscribed "Non-competitive bid for 8.20 per cent Government Stock 2022" or, "Non-Competitive bid for 8.33 per cent Government Stock 2036" (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 bids 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 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.

(vii) The result of the auctions will be displayed at Reserve Bank of India, Mumbai Office, Fort, Mumbai on September 7, 2007. 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 10, 2007 before 3.00 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 February 15, 2022 and June 7, 2036, respectively.

(x) The Stocks will qualify for the ready forward facility.

(xi) The Stock will be eligible for "When Issued" trading for a period commencing from September 3, 2007 to September 7, 2007 in accordance with the guidelines on 'When Issued' transactions in Central Government Securities' issued by the Reserve Bank of India vide circular No. RBI /2006-07/178 dated November 16, 2006.

Yours faithfully,

(R. Subramanian)
Dy. General Manager