

## **RBI Press Release**

### **RBI announces Non-competitive Bidding Facility in G-Secs for Retail Investors**

**(December 8, 2001)**

The Reserve Bank of India has announced availability of non-competitive bidding facility in Government securities for retail investors. In a circular addressed to all market participants, the Reserve Bank of India has stated that participation on a non-competitive basis in Government securities auctions will be open to investors (i) who do not maintain current account or subsidiary general ledger account with the Reserve Bank; and (ii) who can make a single bid for an amount not more than Rs. one crore of face value per auction. In other words, participation on a non-competitive basis is open to any person including individuals, firms, companies, corporate bodies, institutions, provident funds, trusts and any other entity prescribed by the Reserve Bank. Regional rural banks, urban cooperative banks and non-banking financial companies will also be able to participate on non-competitive basis as an exception in view of their statutory obligations.

The facility to put in non-competitive bids will be available to retail investors through banks and primary dealers. The retail investors will be allowed to bid through a bank or a primary dealer in the auctions of dated Government of India securities notified from time to time. The minimum amount for bidding will be Rs.10,000 (face value) and thereafter in multiples of Rs.10,000. All retail investors taken together will be allocated securities under this facility upto a maximum of 5 per cent of the notified amount. The amounts allocated to non-competitive bidders will be within the notified amount. The allocation on a non-competitive basis will be done at the weighted average rate that will emerge in the auction on the basis of competitive bidding.

### **Introduction of Euro: RBI Measures**

**(December 31, 2001)**

From January 1, 2002 the Reserve Bank of India will announce Reference Rate for Euro in addition to Reference Rate for the US dollar. The Reserve Bank of India has been announcing the indicative exchange rate for the Euro since January 1, 1999.

Euro will become effective from January 1, 2002 when Euro bank notes and coins will be put into circulation in twelve member countries of the European Union. The twelve countries which are members of the European Union are Portugal, Belgium, Netherland, Ireland, Austria, Germany, Finland, France, Luxemburg, Greece, Italy, and Spain.

The Reserve Bank of India has also advised foreign exchange dealers and full fledged money changers to display, from January 1, 2002, the exchange rates for the Euro. The display of exchange rate will have to be in all foreign exchange dealing branches especially those located at airports and tourist centres. Authorised dealers and full fledged money changers will also sell and purchase Euro currency and travellers cheques once Euro becomes effective from January 1, 2002.

Residents are allowed to retain unspent foreign exchange up to US\$2000 or equivalent under Foreign Exchange Management Act, 1999. Residents are required to exchange such unspent legacy currency through any authorised dealer or full fledged money

changer before January 31, 2002. Beyond this date the exchange facility will be available if the authorised dealers and full fledged money changers have arrangements in place to realise the value for legacy currencies.

More information on Euro can be accessed on [www.euro.ecb.int](http://www.euro.ecb.int) or through the 'Other Links' sections on the RBI website [www.rbi.org.in](http://www.rbi.org.in).