

RBI Press Release

RBI announces Rate of Interest on FRBs 2006 (May 18, 2002)

The Reserve Bank of India has announced that the rate of interest on the Floating Rate Bonds, 2006 (FRB 2006) applicable for the half year ending November 21, 2002 will be 6.23 per cent per annum.

It may be recalled that FRB 2006 were floated in November 2001 for an aggregate amount of Rs.2,000 crore (nominal). The rate of interest on the FRB 2006 was set at a mark-up (decided in the auction) over and above the variable base rate. The variable base rate for payment of interest was to be the average rate (rounded off upto two decimal places) of the implicit yields at cut-off prices of the last six auctions of Government of India 364-day Treasury Bills held up to the commencement of the respective half yearly coupon period.

The mark-up decided in the auction held on November 21, 2001 was (-)0.05 (Minus 0.05). The interest rate for six-month period November 22, 2001-May 21, 2002 was accordingly fixed at 7.01 per cent.

The base rate based on the average rate of the implicit yields at cut-off prices of the last six auctions of Government of India 364-day Treasury Bills held up to May 15, 2002 is 6.28 per cent. Accordingly, the rate of interest on FRB 2006 applicable for the half year ending November 21, 2002 has been fixed at 6.23 per cent per annum.