

## **Auction of Government of India Dated Securities**

Ref.No.IDMC.660 /08.02.29.01/2001-02

August 6, 2001

All Scheduled Commercial Banks excluding RRBs/  
All State Co-operative Banks/All Scheduled Primary  
(Urban) Co-operative Banks /All Financial Institutions/  
All Primary & Satellite Dealers.

Dear Sirs,

### **Auction of Government of India Dated Securities**

Government of India have offered to sell (re-issue), vide Notification no.4(7)-W&M/2001 dated August 6, 2001, the dated security "9.81% Government Stock, 2013" for a notified amount of Rs 4,000 crore (nominal) by a price based auction. Government of India have also offered to sell, vide Notification no.4(7)-W&M/2001(i) dated August 6, 2001, a new dated security of 18 years tenure for a notified amount of Rs 2,000 crore (nominal) by a yield based auction. The auctions will be conducted by Reserve Bank of India at Mumbai on August 8, 2001. 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 loan Notification F.No.4(2)-W&M/97 issued by Government on April 1, 1997 (c.f. our letter IDMC No 3254/08.08.20/96-97 dated 1<sup>st</sup> April, 1997) as amended by Government notification F. No. 4(7)-W&M/99 dated 5th April, 1999.

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 bids should be submitted in the prescribed forms of application given in Annexure(s), before 2.30 p.m. on August 8, 2001 in sealed covers superscribed "Tender for 9.81% Government Stock 2013-Auction dated August 8, 2001" or "Tender for 18-year Government Stock –Auction dated August 8, 2001"(as the case may be) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Mumbai Office, Fort, Mumbai. For the price-based auction, the price per cent expected by the bidder should be expressed upto two decimal points. For the yield-based auction, the yield per cent per annum expected by the bidder should be expressed upto two decimal points.
- iii) An investor can submit more than one bid at different prices/yields 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 each loan.
- iv) **For the price based auction :** On the basis of bids received, the Reserve Bank will determine the minimum price upto which tenders for purchase of Government Stock will be accepted at the auction. 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 full discretion to accept or reject any or all bids either wholly or partially without assigning any reason.
- v) **For the yield based auction :** On the basis of bids received, the Reserve Bank will determine the maximum rate of yield i.e. the coupon rate, upto which tenders for purchase of Government Stock will be accepted at the auction. All such bids offered at the maximum rate of yield, as determined by the Reserve Bank of India, will be accepted at par. Other bids tendered at lower than the maximum rate of yield determined by the Reserve Bank of India will be accepted at rate quoted in the bid. Bids quoted at rates higher than the maximum rate of yield determined by the

Reserve Bank of India will be rejected. Reserve Bank of India will have full discretion to accept or reject any or all bids either wholly or partially without assigning any reason.

vi) The results of the auctions will be displayed at Reserve Bank of India, Mumbai Office, Fort, Mumbai on August 8, 2001. 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, along with a covering letter on August 9, 2001 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 "9.81% Government Stock 2013" will be repaid at par on May 30, 2013 and the new 18-year Government Stock will be repaid at par on August 9, 2019.

ix) Both the Government Stocks will qualify for the ready forward facility.

Please acknowledge receipt.

Yours faithfully,

Sd/-  
(A.S.Rao)  
General Manager

Encls: 3 Sheets

Endt.No.IDMC. 661 /08.02.29.01/2001-02 of date

Copy together with enclosures forwarded for information to:

1. The Regional Director, Reserve Bank of India, Public Debt Office, Ahmedabad, Bangalore, Bhubaneswar, Byculla, Calcutta, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, and Thiruvananthapuram.
2. Heads of all Central Office Departments/ Chief General Manager/General Managers of all RBI offices.
3. Principals of BTC Mumbai, RBSC Chennai, CAB Pune, Director NIBM Pune.

Sd/-  
(A.R.Prabhu)  
Asst Gen Manager  
Encl.: As above