

**Auction of Government Securities:
Non-competitive bidding facility to retail investors**

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All Scheduled Commercial Banks /All State Co-operative
Banks/All Scheduled Primary (Urban) Co-operative
Banks/ All Primary Dealers

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Dear Sirs,

It was announced in the 'Statement on Monetary and Credit Policy for the year 2001-2002' that in order to encourage retail participation in the primary market for Government Securities, it is proposed to allocate upto a maximum of 5 (five) percent of the notified amount in auctions of select dated securities for allotment to retail investors on a "non-competitive" basis at the weighted average rate. Accordingly the scheme has been formulated. A copy of the Scheme is enclosed for your information.

2. The scheme will be operated 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 as may be notified from time to time. Each bank or PD, on the basis of firm orders from the retail investors, will submit separately a single customer bid for allotment on non-competitive basis for the aggregate amount on the day of the auction. The details of individual customers, viz., name, amount, etc. should be enclosed to the bid application.

3. Banks/ Primary Dealers are advised to formulate the modalities to assist the retail investors in bidding for the Government Stock under the aforesaid Scheme. Since this is an innovative scheme, we shall be glad to have their suggestions for educating the retail clients and for giving adequate publicity to the Scheme.

Yours faithfully,

Sd/
(H.R. Khan)
Chief General Manager
Encls : as above.