

Sale of Government of India Dated Securities by Auction

Ref.No.IDMC. 4343 /08.02.30.01/2001-02

April 2, 2002

To,

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,

Sale of Government of India Dated Securities by Auction

Government of India have offered to sell two securities, viz., a new dated security of 7 years tenure for Rs.3,000 crore (nominal) vide notification F. No.4(9)-W&M/2002 dated April 2, 2002 (copy enclosed) and a new dated security of 10 years tenure for Rs.4,000 crore (nominal) vide notification F. No.4(9)-W&M/2002 (1) dated April 2, 2002 (copy enclosed). Both the auctions will be conducted using "Uniform Price Auction" method. The auctions will be conducted at Mumbai on Thursday, April 4, 2002. The salient features of the auctions and the terms and conditions governing the issue of the Stocks are given in the notifications, which should be read along with the General 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 April 1, 1997) as amended by Government Notification No.4(7)-W&M/99 dated 5th April, 1999. We wish to draw your attention in particular, to the following:

- I. For both the auctions, Government Stock up to 5% of the notified amount of sale will be allotted to 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(9)-W&M/2002 and F. No.4(9)-W&M/2002(1) dated April 2, 2002).
- II. The Stocks will be issued for a minimum amount of Rs.10,000/- (nominal) and in multiples of Rs.10,000/- thereafter.
- III. The bids should be submitted in the prescribed form of applications given in Annexure (I or II as applicable) before 2.30 p.m. on April 4, 2002 in sealed cover superscribed "Tender for 7-Year Government Stock - Auction dated April 4, 2002" (Annexure I) and "Tender for 10-Year Government Stock - Auction dated April 4, 2002" (Annexure II) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Mumbai Office, Fort, Mumbai. The bids on behalf of retail clients under the "Scheme for Non-competitive Bidding Facility in the Auctions of Government Securities" should be submitted in formats Annexure I (a) and Annexure II (a) for 7 years and 10 years Government Stocks, respectively. The yield percent per annum expected by the bidder should be expressed up to two decimal points.
- IV. For both the auctions, an investor can submit more than one bid at different yields but a separate application should be submitted for each bid. The aggregate amount of bids submitted by a person should not exceed the notified amount.

- v. Under “Uniform Price Auction” method, competitive bids offered with rates up to and including the maximum rate of yield, as determined by the Reserve Bank of India, will be accepted at the maximum rate of yield so determined. Bids quoted higher than the maximum rate of yield as 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, Fort, Mumbai on April 4, 2002. Successful bidders will be required to deposit with the Reserve Bank of India, Mumbai Office (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 April 5, 2002 before 2.30 p.m. In case of holders of Current account with RBI, 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. The interest will be payable half-yearly on October 5 and April 5.
 - viii. The 7 years Stock will be repaid at par on April 5, 2009 and the 10 year Stock will be repaid at par on April 5, 2012.
2. The new stocks will qualify for the Ready-forward facility.

Please acknowledge receipt.

Yours faithfully,

Sd/-

(A.S.Rao)
General Manager