

**Scheme for Bidding, Underwriting and Liquidity Support to Primary Dealers-
2001-02**

IDMC.PDRS.No. 5018/03.64.00/2000-01

17 May 2002

All Primary Dealers

**Scheme for Bidding, Underwriting and
Liquidity Support to Primary Dealers-2001-02**

Please refer to our letter IDMC.No. 4135/03.64.00/2000-01 dated April 19, 2001 forwarding to you the captioned scheme.

2. It has been decided to reduce the penalty period for reduction in Liquidity support, in case a PD fails to submit the required minimum bid or submits a bid lower than its commitment in any auction of Treasury Bills, from the existing 6 months to 3 months.
3. Accordingly, the clause (C) of Paragraph 1 (B) of the scheme is modified as under:

*" If any Primary Dealer in any auction of Treasury Bills, fails to submit the required minimum bid or submits a bid lower than its commitment, the Reserve Bank will reduce assured liquidity support to the extent of shortfall/ failure in submission of bids for a period of **three** months from the date so specified by the Reserve Bank. For instance, if a bid is short by an amount of Rs. 10 crore, liquidity support will be reduced by an amount of Rs. 10 crore for **three** months."*

Yours faithfully,

(Rekha Warriar)
Deputy General Manager