

RBI/2007-08/202
IDMD.PDRS.No. 2720/03.64.00/2007-08

November 30, 2007

All Primary Dealers in the Government Securities Market and Scheduled Commercial Banks undertaking PD business departmentally

Revised Scheme of Underwriting Commitment and Liquidity Support

Please refer to our circular RBI/2007-08/186/IDMD.PDRS.No. 2382/03.64.00/2007-08 dated November 14, 2007 on the captioned subject.

2. We have since received a few queries about the change in the minimum bidding requirement in the Additional Competitive Underwriting auction. The bidding requirement as per the revised circular has been further amplified in the Annex for the benefit of market participants.

3. All other terms and conditions of the underwriting scheme remain unchanged.

Yours faithfully

(R.N. Kar)
General Manager

	ANNEX			
	(Annex to RBI Circular No: RBI/2007-08/202 IDMD.PDRS.No.2720/03.64.00/2007-08 dated November 30, 2007)			
	Illustration of the change in minimum bidding commitment of Primary Dealers in the Additional Competitive Underwriting auction			
Sr. No.	Underwriting components	Basis of computation	Present Method	Revised Method
	(Amount in Rs. crore)			
	Notified Amount		5000	5000
1	No. of PDs		19	19
2	Minimum Underwriting Commitment (MUC) for all PDs collectively	(Notified Amount / 2)	2500	2500
3	Each PD's share under MUC	(Sr.No.2 / Sr. No.1)	131.58	131.58
4	Rounded off to next higher integer		132	132
5	Total PD commitment under MUC collectively	(Sr. No. 4 x Sr. No. 1)	2508	2508
6	Balance under ACU	(Total notified amount minus MUC)	2492	2492
7	Minimum bidding commitment for each PD under ACU	3 per cent of notified amount under present method and an amount equal to MUC under revised method	150	132
8	Total commitment under ACU for all PDs collectively	(Sr. No. 7 x Sr. No.1)	2850	2508
9	Total underwriting commitment for each PD under MUC and ACU	(Sr. No. 4 + Sr. No. 7)	282	264
10	Total Underwriting	(Sr. No. 9 x Sr. No. 1)	5358	5016