

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Economic Affairs)
(Budget Division)

New Delhi, the April 16, 2010

NOTIFICATION

Auction for Sale (Re-issue) of Government of India Floating Rate Bonds, 2020

F.No.4(3)-W&M/2010(i): Government of India hereby notifies sale (re-issue) of Floating Rate Bonds, 2020 (hereinafter called 'the Bonds') for an aggregate amount of Rs 3,000 crore. The sale shall be subject to the terms and conditions spelt out in this notification (called 'Specific Notification') as also the terms and conditions specified in the General Notification F. No. 4 (13)-W&M/2008, dated October 8, 2008 issued by Government of India.

Method of Issue

2. The Bonds shall be sold through the Reserve Bank of India, Public Debt Office, Mumbai Office, Fort, Mumbai - 400 001 in the manner as prescribed in paragraph 5.1 of the General Notification F.No. 4(13)- W&M /2008, dated October 8, 2008 by a price based auction using the Uniform Price Auction Method.

Allotment to Non-competitive Bidders

3. The Bonds up to 5 % of the notified amount of the sale shall be allotted to eligible individuals and institutions as per the enclosed Scheme for Non-competitive Bidding Facility in the Auctions of Government Securities (**Annex**).

Place and Date of Auction

4. The auction shall be conducted by the Reserve Bank of India, (Public Debt Office), Mumbai Office, Fort, Mumbai on April 23, 2010. Bids for the auction should be submitted in electronic format on the Negotiated Dealing System (NDS) on April 23, 2010. The non-competitive bids should be submitted between 10.30 a.m. and 11.30 a.m. and the competitive bids should be submitted between 10.30 a.m. and 12.30 p.m.

When Issued Trading

5. The Bonds shall be eligible for "When Issued" trading in accordance with the guidelines issued by the Reserve Bank of India.

Tenure

6. The Bonds shall be of eleven-year tenure commencing from December 21, 2009. The Bonds shall be repaid at par on December 21, 2020.

Date of Issue and Payment for the Bonds

7. The result of the auction shall be displayed by the Reserve Bank of India at its Fort, Mumbai Office on April 23, 2010. The payment by successful bidders shall be made on April 26, 2010 (Monday), i.e., the date of re-issue. The payment for the Stock shall include accrued interest on the nominal value of the Stock allotted in the auction from the date of original issue i.e., December 21, 2009 to April 25, 2010.

Interest

8. (i) Interest at a rate of 3.79 per cent per annum shall accrue on the nominal value of the Bonds from December 21, 2009 (date of original issue) and shall be paid on June 21, 2010. For the subsequent periods, the interest at a variable rate shall be paid every half-year on December 21 and June 21.

(ii) The variable coupon rate for payment of interest on subsequent semi-annual periods shall be the average rate (rounded off up to two decimal places) of the implicit yields at the cut-off prices of the last three auctions of Government of India 182 day Treasury Bills held up to the commencement of the respective semi-annual coupon periods. The implicit yields shall be computed by reckoning 365 days in a year.

(iii) In the event of Government of India 182-day Treasury Bill auctions being discontinued during the currency of the Bonds, the coupon rate shall be the average of Yield to Maturity (YTM) rates prevailing for six month Government of India Security/ies as on the last three non-reporting Fridays prior to the commencement of the semi-annual coupon period. In case particular Friday/s is/are holiday/s, the yield to maturity rates as on the previous working day shall be taken.

(iv) The rate of interest payable half yearly on the Bonds during the subsequent periods shall be announced by the Reserve Bank of India before the commencement of the relative semi-annual coupon period.

By Order of the President of India

(Shaktikanta Das)

Joint Secretary to the Government of India