

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

New Delhi, the December 11, 2009

**NOTIFICATION**

**Auction for Sale of Government of India Floating Rate Bonds, 2020**

F.No.4(1)-W&M/2009(i): Government of India hereby notifies sale of Floating Rate Bonds ( hereinafter called 'the Bonds') of 11 year tenure for an aggregate amount of Rs 2,000 crore. The sale will 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 will 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 will be allotted to eligible individuals and institutions as per the enclosed Scheme for Non-competitive Bidding Facility in the Auctions of Government Securities (**Annex I**).

**Place and Date of Auction**

4. The auction will be conducted by the Reserve Bank of India, (Public Debt Office), Mumbai Office, Fort, Mumbai on December 18, 2009. Bids for the auction should be submitted in electronic format on the Negotiated Dealing System (NDS) on December 18, 2009. 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 Stock will be eligible for "When Issued" trading in accordance with the guidelines issued by the Reserve Bank of India.

**Tenure**

6. The Floating Rate Bonds will be of eleven-year tenure. The tenure of the Bonds will commence from December 21, 2009. The Bonds will be repaid at par on December 21, 2020.

**Issue Price**

7. The Floating Rate Bonds, 2020 will be issued at par, i.e., at Rs.100.00 per cent.

**Date of Issue and Payment for the Bonds**

8. The result of the auction shall be displayed by the Reserve Bank of India at its Fort, Mumbai Office. The payment by successful bidders shall be made on December 21, 2009 (Monday), i.e., the date of issue.

## **Interest**

9. (i) Interest will accrue from December 21, 2009 (date of issue) and will be payable every half-year on June 21 and December 21.

(ii) The variable coupon rate for payment of interest on the Bonds 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 before the date of issue (Please see **Annex II** for illustration). The 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 will 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 will 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 coupon rate for payment of interest applicable for half year ending June 20, 2010 shall be 3.79 per cent. The rate of interest payable half yearly on the Bonds during the subsequent years 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