

January 27, 2009

All Scheduled Commercial Banks excluding RRBs/
All State Co-operative Banks/All Scheduled Primary
(Urban) Co-operative Banks /All Financial Institutions/
All Primary Dealers

Dear Sirs,

Auction of Government of India Dated Securities

Government of India have offered to sell (re-issue) of (i) "7.56 percent Government Stock 2014" for a notified amount of Rs.3,000 crore (nominal) through a price based auction using multiple price method vide Notification No.4(2)-W&M/2008 dated January 27, 2009 (ii) "6.83 percent Government Stock 2039" for a notified amount of Rs.3,000 crore (nominal) through a price based auction using multiple price method vide Notification No.4(2)-W&M/2008 (ii) dated January 27, 2009 and (iii) "a new 10-year Government Stock" for a notified amount of Rs. 4,000 crore (nominal) through a yield based auction using multiple price method vide Notification No.4(2)-W&M/2008 (i) dated January 27, 2009. The Reserve Bank of India at Mumbai will conduct the auctions on January 30, 2009. The salient features of the auctions and the terms and conditions governing the issue of the Stocks are given in the Notifications (copies enclosed), which should be read along with the General Notification F.No. 4 (13)-W&M/2008, dated October 8, 2008 issued by Government of India.

2. We wish to draw your attention, in particular, to the following:

(i) The Stocks will be issued for a minimum amount of Rs.10,000/- (nominal) and in multiples of Rs.10,000/- thereafter.

(ii) The competitive bids should be submitted in the prescribed form of application given in Annexure I/II/III, before 12.30 P.M. on January 30, 2009 in sealed covers superscribed "Tender for 7.56 percent Government Stock 2014- Auction dated January 30, 2009 " or, "Tender for 6.83 percent Government Stock 2039 -Auction dated January 30, 2009" or "Tender for "A new 10-year Government Stock" -Auction dated January 30, 2009" (as the case may be) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Fort, Mumbai. The price/yield percent expected by the bidder should be expressed up to two decimal points.

(iii) For all three auctions, Government Stock up to 5% of the notified amount of sale will be allotted to the 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 (2)-W&M/2008, F. No.4 (2)-W&M/2008(i) and F. No.4 (2)-W&M/2008(ii) all dated January 27, 2009). The non competitive bids should be submitted in the prescribed form of application given in Annexure I(a) /II(a)/III (a) by 12.30 P.M. on January 30, 2009 in sealed covers superscribed "Non-competitive bid for 7.56 percent Government Stock 2014- Auction dated January 30, 2009", "Non-competitive bid for 6.83 percent Government Stock 2039 -Auction dated January 30, 2009" or "Non-Competitive bid for "A new 10-year Government Stock" -Auction dated January 30, 2009" (as the case may be) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Fort, Mumbai.

(iv) The NDS members should submit competitive as well as non-competitive bids in electronic format using Primary Market Operation (PMO) module of NDS. All bids should be submitted **by 12.30 P.M.**

(v) An investor can submit more than one bid at different prices/yields but a separate application should be submitted for each bid. The aggregate amount of bids submitted by a person in an auction should not exceed the notified amount of auction.

(vi) On the basis of bids received, the Reserve Bank will determine the cut-off yield/price (as the case may be) up to which tenders for purchase of Government Stock will be accepted at the auctions. Bids quoted at rates higher/lower (as the case may be) than the cut-off yield/price determined by the Reserve Bank of India will be rejected. Reserve Bank of India will have the full discretion to accept or reject any or all bids either wholly or partially without assigning any reason

(vii) The result of the auctions will be displayed at Reserve Bank of India, Mumbai Office, Fort, Mumbai on January 30, 2009. Successful bidders will be required to deposit with the Reserve Bank of India, 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 payable at Mumbai, along with a covering letter on February 2, 2009 before 3.00 P.M. In case of current account holders, the amount payable will be debited to their respective current accounts maintained with the Reserve Bank of India.

(viii) 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. Interest on the Government Stock will be paid half-yearly.

(ix) The Government Stocks will be repaid at par on November 3, 2014, January 19, 2039 and February 2, 2019 respectively.

(x) The Stocks will qualify for the ready forward facility.

(xi) The Stock will be eligible for "When Issued" trading for a period commencing from January 28-30, 2009 in accordance with the guidelines on 'When Issued' transactions in Central Government Securities' issued by the Reserve Bank of India vide circular No. RBI /2006-07/178 dated November 16, 2006 as amended from time to time.

Yours faithfully,

(R.Subramanian)
Deputy General Manager