## Sale of Government of India Dated Securities by Auction

Ref.No.IDMC.4840 /08.02.29.01/2000-01

May 25, 2001

To,

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

Dear Sirs,

**Sale of Government of India Dated Securities by Auction**

Government of India have offered to sell, vide notifications No.4(7)-W&M/2001 and No.4(7)–W&M/2001(i) both dated May 25, 2001 (copy enclosed), two new dated securities of 12-year and 20-year tenures, for notified amounts of Rs.3,000 crore (nominal) and Rs 2,000 crore (nominal) respectively, through yield based auctions by Reserve Bank of India. The auctions will be conducted at Mumbai on Tuesday, May 29, 2001. The salient features of the auctions and the terms and conditions governing the issue of the Stocks are given in the notifications, which should be read along with the General Notification F.No.4(2)-W&M/97 issued by Government on April 1, 1997 (c.f. our letter IDMC.No.3254/08.08.20/96-97 dated April 1, 1997) as amended by Government Notification No.4(7)-W&M/99 dated 5th April, 1999. 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 bids should be submitted in the prescribed form of application given in Annexure before 2.30 p.m. on May 29, 2001 in sealed covers superscribed "Tender for 12-Year Government Stock - Auction dated May 29, 2001" or "Tender for 20-Year Government Stock - Auction dated May 29, 2001" (as the case may be) and deposited in the appropriate tender box kept for the purpose at Reserve Bank of India, Fort, Mumbai. The yield per cent per annum expected by the bidder should be expressed upto **two** decimal points.

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

(iv) On the basis of bids received, the Reserve Bank will determine in each auction, the maximum rate of yield i.e. the coupon rate, upto which tenders for purchase of Government Stock will be accepted at each auction. All such bids offered at the maximum rate of yield, as determined by the Reserve Bank of India, will be accepted at par. Other bids tendered at lower than the maximum rate of yield determined by the Reserve Bank of India will be accepted at the rate quoted in the bid. Bids quoted at rates higher than the maximum rate of yield determined by the Reserve Bank of India will be rejected. Reserve Bank of India will have full discretion to accept or reject any or all bids either wholly or partially without assigning any reason.

(v) The results of the auctions will be displayed at Reserve Bank of India, Fort, Mumbai on May 29, 2001. 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, along with a covering letter on May 30, 2001 before 2.30 p.m. In case of holders of Current account with RBI, the amount payable will be debited to their respective Current accounts maintained with the Reserve Bank of India.

(vi) The Government Stock 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 Stocks will be paid half-yearly i.e. on November 30 and May 30.

(vii) The 12-year Government Stock will be repaid at par on May 30, 2013 and the 20-year Government Stock will be repaid at par on May 30, 2021.

2. The new Stocks will qualify for the Ready-forward facility.

Yours faithfully,

Sd/-

(A.S.Rao)
General Manager
Encl.: 3 Sheets