Ref.No.IDMD /3076/08.02.033/2010-11 January 10, 2011

All Scheduled Commercial Banks /
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 (a) "7.17 percent Government Stock 2015 " for a notified amount of Rs.4,000 crore (nominal) through a price based auction using uniform price method vide Notification No.4(3)-W&M/2010 dated January 10, 2011, (b) "8.13 percent Government Stock 2022 "for a notified amount of Rs 4,000 crore (nominal) through a price based auction using uniform price method vide Notification No.4(3)-W&M/2010(i) dated January 10, 2011 and (c) "8.30 percent Government Stock 2040" for a notified amount of Rs.3,000 crore (nominal) through a price based auction using uniform price method vide Notification No.4(3)-W&M/2010(ii) dated January 10, 2011. The Reserve Bank of India at Mumbai will conduct the auctions on January 14, 2011. 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) In all the 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 (3)-W&M/2010, F. No.4 (3)-W&M/2010(i) and F. No.4 (3)-W&M/2010(ii) all dated January 10, 2011). Each bank or PD on the basis of firm orders received from their constituents will submit a single consolidated non-competitive bid on behalf of all its constituents in electronic format on the Negotiated Dealing System (NDS). Allotment under the non-competitive segment to the bank or PD will be at the cut-off price that will emerge in the auction on the basis of the competitive bidding.

(iii) Both competitive and non-competitive bids for the auction should be submitted in electronic format on the Negotiated Dealing System (NDS) on January 14, 2011. Bids in physical form will not be accepted except in extraordinary circumstances such as general failure of the NDS system. 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.

(iv) An investor can submit more than one competitive bids at different prices in electronic format on the Negotiated Dealing System (NDS). However, the aggregate amount of bids submitted by a person in an auction should not exceed the notified amount of auction.

(v) On the basis of bids received, the Reserve Bank will determine the minimum price up to which tenders for purchase of Government Stock will be accepted at the auctions. Bids quoted at rates lower than the minimum 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.

(vi) The result of the auctions will be announced on January 14, 2011 and payment by successful bidders will be on January 17, 2011 (Monday).

(vii) 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.

(viii) The Government Stocks will be repaid at par on June 14, 2015, September 21, 2022 and July 2, 2040 respectively.

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

(x) The Stock will be eligible for “When Issued” trading during the period January 11-14, 2011 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,

(P.K.Das)
General Manager

Encls: As above