RBI effects changes in Treasury Bill Auctions

May 12, 2001

The following changes will come into effect in the auctions of Treasury Bills with effect from the week beginning May 14, 2001:

(i) The auctions of 14 and 182 days Treasury Bills will be discontinued;
(ii) The notified amount in the auctions of 91-day Treasury Bills will be enhanced from Rs.100 crore to Rs.250 crore;
(iii) The notified amount in the auctions of 364 day Treasury Bills will continue to be Rs.750 crore; and
(iv) The auctions of 91-day Treasury Bills will now be conducted on every Wednesday with payment on the following Friday; and the auctions of 364-day Treasury Bills will be conducted on Wednesdays preceding the reporting Friday with payment on the following Friday.

It may be recalled that the Monetary and Credit Policy for 2001-2002 announced that the present 14-day Treasury Bill and 182-day Treasury Bill auctions are proposed to be discontinued and instead, the notified amount in the 91-day Treasury Bill auctions will be increased to Rs.250 crore. The notified amount in the 364-day Treasury Bill auction will remain at Rs.750 crore. It is proposed to synchronise the dates of payment for both 91-day and 364-day Treasury Bills. As such, both the 91-day and 364-day Bills will mature on same dates and together they can provide adequate fungible stock of Treasury Bills of varying maturities in the secondary market. The market clearing yields and the increased floating stock which are fungible are expected to activate the secondary market in Treasury Bills.

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