TENDER FORM FOR OVERNIGHT REPO AUCTION

The Regional Director
Public Accounts Department
Reserve Bank of India
Mumbai Office
Mumbai   Tenderer's RC S.G.L. A/c.
                                        No. with Securities.   SG 13 _ _ _ _
                                        Section , P.A.D.

                                         Tenderer's Current
                                        A/c. No. with D.A.D. _____

Dear Sir,

Tender for fixed rate Overnight Repurchase Agreements (Repo)
Auction to be held on _____by Reserve Bank of India

I/We* the undersigned hereby submit tender as set out below for the **sale** of Government of India dated securities/eligible Treasury Bills to you on _____ with the undertaking that the same securities will be purchased back from you on _____.

1.	Name of the tenderer & Address	
2.	Amount bid@ (in figures) (in words)	Rs. _____ crore Rupees _____ crore
3.	Repo Rate (per cent per annum) fixed by RBI	
4.	Telephone No.	
5.	Fax No.	

@Indicates the nominal amount bid for, against tender of securities.

Undertakings

On your acceptance of my/our* tender,

1. I/We* agree and undertake to avail the liquidity support, if successful in the auction, in the form of Repo.
2. I/We* also authorize the Reserve Bank of India to be our custodian, to hold the securities in their Repo Constituents' (RC)SGL Account, and to credit/debit my/our* Current Account and RC SGL Account (on repurchase by us) based on our application form.

3. I/We* also authorise the Reserve Bank of India to collect the coupon if any on the due dates on my/our*behalf and credit the same to my/our current account.

4. I/We* also agree and undertake to confirm the electronic Confirmation Advice from Reserve Bank of India, Mumbai Office (PAD) as soon as the results are announced and lodge the SGL Account transfer form for the sale in the manner and on the day/time indicated therein.

5. I/We* agree that the Reserve Bank of India shall not be held responsible for any loss, damage or liability on account of acting as the Custodian of our securities. I/We* also agree

that I/We* shall indemnify and keep indemnified the Reserve Bank of India at all times against any loss, damage or liability whatsoever arising out of acting as Custodian of our securities as above.

6.   I/We* have also submitted another bid(s)/not submitted any other bids* for the auction.

Terms and conditions

I/We* have read the terms and conditions for the auction and undertake to abide by them.

Yours faithfully,

i)   Signature of official (s) authorised
        to operate on SGL/Current Account   _____

ii)   Name   _____

iii)   Designation   _____

iv)   Office stamp of the tenderer   _____

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    * Strike out whichever is not applicable.

TERMS AND CONDITIONS FOR REPO AUCTIONS

1. Auctions for liquidity support in the form of overnight fixed-rate Repo will be conducted by the Reserve Bank of India at Mumbai on all working days except Saturdays.

2. All transferable Government of India dated securities and Treasury Bills that are eligible for SLR will be the eligible securities for Repo auctions.

3. Bids will be submitted for a minimum amount of Rs.5 crore and in multiples of Rs.5 crore thereafter.

4. All Scheduled Commercial Banks (excluding Regional Rural Banks) and Primary Dealers having SGL and Current Accounts with RBI, Mumbai will be eligible to participate in the Repo auctions.

5. The bids will be submitted electronically in the Negotiated Dealing System (NDS). Members of NDS facing genuine systems problem on any specific day may submit physical bids in sealed cover superscribed **"Overnight Repo Auction"** in the box provided in Mumbai Office, RBI, by 10.30 A.M. In case of inability to submit physical bid by 10.30 A.M. in the bid box, intention to submit physical bid indicating the bid amount must be communicated to the **Manager, Securities Section**, **Public Accounts Department (PAD), Mumbai Office by fax** before 10.30 A.M. and the bid in a sealed cover must be delivered to the Securities Section, PAD by 11.00 A.M. If such physical bids are not received by 11.00 A.M. the Fax request received will be ignored. It may be noted that the facility of fax communication on intention to submit the physical bid should not be used to circumvent the time discipline.

6. NDS provides for submission of single or multiple bids. However, members are advised that as far as possible they should submit only one bid. In case of physical submission of multiple bids, separate tender form should be submitted for each bid.

7. The Repo rate will be fixed by Reserve Bank of India from time to time.

8. The Repo will be conducted as 'Hold-in-Custody' type. A constituents' SGL Account called "Repo Constituents' (RC) SGL Account" will be opened with RBI as a custodial account. Securities held in tenderer's RC SGL Account will be transferred to RBI's Subsidiary Account during the period of Repo.

9. The tenderer should hold sufficient quantum of securities for the purpose of collateral in his RC SGL account (inclusive of 5 per cent margin), which will be automatically debited by RBI to the extent required. In case of insufficient balance in this account, the tenderer should transfer the securities from his SGL account to RC SGL account by RC transfer functionality in the LAF module and submit the SGL Form by fax (for early completion of settlement) for approval and finally deliver completed SGL form before 2.30 p.m.

10. For the purpose of Hold-in-Custody Repos, the applicants will have to authorise RBI to transfer securities from/to RC SGL accounts based on their application/bid form. They will also have to authorise RBI to credit/debit their current accounts and for transferring coupon payments during the repo period, if any to the tenderer. Accrued interest on the securities will be ignored for the purpose of pricing of the security. RBI will collect the coupon payment, if any, on the due date and credit the same to the party's Current Account in the case of Repo.

11. There will be margins for the Government of India dated securities and eligible Treasury Bills and the amount of securities transferred from the RC SGL a/c of successful tenderer will be Rs.105, in terms of face value, per Rs. 100 of repo amount..

12. The successful tenderer's Current Account with RBI will be credited as per the current procedure under Repo facility. Securities will be debited from the tenderer's RC SGL Account simultaneously. On the date of reversal the tenderer's RC SGL Account will be credited and Current Account will be debited with the repo amount and interest payable. It may be noted that the second leg of all LAF transactions is automatic and takes place at the 'begin of day'. Accordingly, participants must ensure sufficient balance in their current account for completion of settlement. For instance, in a Repo auction where bid amount accepted is Rs.500 crore at a cut off rate of 6.00 per cent the calculations of inflow of cash in the first leg and outflow of cash in the second leg will be as under:

Leg 1: Tenderer's Current Account   Cr. Rs.500 Crore
        Tenderer's RC SGL Account   Dr. Rs.525 Crore (Amt.of bid x 105/100)

Leg 2: Tenderer's RC SGL Account   Cr. Rs.525 Crore
        Tenderer's Current Account   Dr. Rs.500, 08, 21,918
                           (Amt. of bid + 1 day's interest at 6.00 per cent)

13. The repo facility will only be available against eligible securities held in excess of the securities required for maintaining the prescribed Statutory Liquidity Ratio (SLR). Therefore, while tendering bids with RBI for repo auction, banks must ensure that the collateral to be offered by them, on acceptance of their bid, represents their excess SLR holding. In case of default in maintenance of SLR requirement arising out of securities having been sold to RBI as collateral under repo, the defaulting bank may be debarred from participation in LAF auctions for a specified period as may be decided by RBI. Further the penal provisions for default in maintaining SLR requirements will also apply as prescribed under Section 24 of the Banking Regulation Act, 1949. Securities falling under shut period either on the date of transaction or on the date of reversal will not be eligible for collateral assignment.

14. Securities (unutilized) held in the RC SGL Account will be counted for SLR purpose. However, securities transferred to RBI under Repos will not be counted for SLR purposes. For making use of securities available in RC Account it has to be transferred back to principal SGL by RC Withdrawal functionality in the same manner as for RC Transfer functionality. As the RC SGL Account is available online in PDO-NDS, members may generate the Account Balance statement at their end. Securities Section, PAD will discontinue the practice of furnishing daily balance certificates to members.

15. The settlement of transactions in the auction will take place on the same day. But for the intervening holidays, the Repo auctions will be for one day except on Fridays when the auction will be for three days or more, maturing on the following working day.

16. The results of the auction will be announced through the Press Relations Division by 12.00 noon and the same would also be displayed at Mumbai Office, RBI, Main Building, Fort, Mumbai 400 001.

17. The results will also be communicated to the individual tenderers in the auction through NDS. In case results are not available through NDS for any reason, tenderer should check for the result of the auction and if successful must ensure sufficient balance in RC Account.

18. It will be binding on the successful bidders in the auction to accept the allotted amount in full. If the successful bidders do not honour the allotment, they will be subject to penal action, to the extent of being debarred from participating in the auctions for a period of one year.

19. Any irregular utilization of the facility would be subject to higher interest charge and the amount drawn down would be required to be repaid forthwith.

20. The Reserve Bank reserves the right to accept or reject any or all the tenders wholly or partially, if deemed fit, without assigning any reason.

21. The Reserve Bank shall not be held responsible for any loss, damage or liability on account of acting as the Custodian on behalf of the participants.