

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

INFLATION INDEXED NATIONAL SAVING SECURITIES- CUMULATIVE (IINSS-C)

December 2nd, 2013

The Government of India, in consultation with Reserve Bank of India, has decided to launch Inflation Indexed National Savings Securities-Cumulative (IINSS-C) for retail investors in the second half of December 2013.

These securities are being launched in the backdrop of announcement made in the Union Budget 2013-14 to introduce instruments that will protect savings from inflation, especially the savings of the poor and middle classes.

The distribution/ sale of IINSS-C would be through banks. The eligible investors would include individuals, Hindu Undivided Family (HUF), Charitable Institutions registered under section 25 of the Indian Companies Act and Universities incorporated by Central, State or Provincial Act or declared to be a university under section 3 of the University Grants Commission Act, 1956 (3 of 1956).

Interest rate on these securities would be linked to final combined Consumer Price Index [CPI (Base: 2010=100)]. Interest rate would comprise two parts, i.e. fixed rate (1.5% per annum) and inflation rate based on CPI and the same will be compounded in the principal on half-yearly basis and paid at the time of maturity. Early redemptions will be allowed after one year from date of issue for senior citizens (i.e. above 65 years of age) and 3 years for all others, subject to penalty charges at the rate of 50% of the last coupon payable for early redemption. Early redemptions, however, can be made only on coupon dates.

Other details of the scheme would be announced by the Reserve Bank of India. The issuance of non-cumulative Inflation Indexed National Saving Securities for retail investors will be examined in due course.
