

**Government of India
Ministry of Finance
Department of Economic Affairs
Budget Division**

New Delhi, dated May 29, 2013

NOTIFICATION

Auction for Sale of a New Inflation Indexed Government Stock of 10 Years

F.No.4 (16) W&M/2012: Government of India hereby notifies sale of **Inflation Indexed Government Stock-2023** (securities) of 10-year tenure for an aggregate amount of Rs. 1,000 crore (nominal). The sale will be subject to the terms and conditions spelt out in this notification (called 'Specific Notification') as also the terms and conditions specified in the General Notification F. No. 4 (13)-W&M/2008, dated October 8, 2008 issued by Government of India.

Method of Issue

2. The Stock will be sold through Reserve Bank of India, Mumbai Office, Fort, Mumbai- 400 001 in the manner as prescribed in paragraph 5.1 of the General Notification F. No. 4 (13)-W&M/2008, dated October 8, 2008 by a yield based auction using uniform price auction method.

Allotment to Non-competitive Bidders

3. The Government Stock up to 20% of the notified amount of the sale will be allotted to eligible individuals and institutions as per the enclosed Scheme for Non-competitive Bidding Facility in the Auctions of Government Securities (**Annex**).

Place and date of auction

4. The auction will be conducted by Reserve Bank of India, Mumbai Office, Fort, Mumbai-400 001 on **June 4, 2013**. Bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system on **June 4, 2013**. 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 12.00 noon.

Tenure

6. The **Inflation Indexed Government Stock** will be of ten years tenure. The tenure of the Stock will commence from **June 5, 2013**. The Stock will be repaid at the adjusted face value or at par whichever is higher on **June 5, 2023**.

Date of issue and payment for the stock

7. The result of the auction shall be displayed by the Reserve Bank of India at its Fort, Mumbai Office on **June 4, 2013**. The payment by successful bidders will be on **June 5, 2013** i.e., the date of issue.

Interest

8. The coupon rate for the securities will be set at the cut-off yield to maturity rate decided in the auction. The interest will be payable half-yearly on December 5 and June 5. The principal will be adjusted against inflation by multiplying with index ratio (IR) and the coupon will be paid on the adjusted principal.

Price Index

Final Wholesale Price Inflation (WPI) will be used for calculating index ratio and thereby providing inflation protection. The monthly final WPI will be used as reference WPI for 1st day of a calendar month and the reference WPI for the days between 1st day of two contiguous calendar months will be computed through linear interpolation. Further, monthly final WPI will be used with a lag of four months, viz. final WPI for January 2013 and February 2013 will be

used as reference WPI for 1st June 2013 and 1st July 2013, respectively. The reference WPI for **5th June 2013 will be 170.38** (through linear interpolation of reference WPI for 1st June and 1st July at 170.3 and 170.9, respectively). In case of revision in the base year for WPI series after issuance of **Inflation Indexed Government Stock**, new WPI index will be used for indexation purposes and the past values of new WPI index would be computed through splicing the base. The monthly data on final WPI published by the Office of the Economic Adviser to the Government of India, Ministry of Commerce and Industry will be used.

Index ratio

Index ratio would be computed by dividing reference WPI of the settlement/coupon date with the reference WPI of the issue date. Index ratio for a specific date may be truncated to six decimal places and rounded off to five decimal places.

By Order of the President of India

(Dr. Rajat Bhargava)

Joint Secretary to the Government of India