

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:224  
ANSWERED ON:18.03.2005  
EXPERT COMMITTEE ON SMALL SAVINGS  
Chandrappan Shri C.K.;Das Gupta Shri Gurudas

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Expert Committee headed by G.N. Bajpai has advised to link the rate of interest for small investors to inflation;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto?

**Answer**

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

- (a) to (c): A statement is placed on the Table of the House.

Statement referred to in reply to the Lok Sabha Starred Question No. 224 raised by Shri Gurudas Dasgupta and Shri C.K. Chandrappan, Members of Parliament, for 18t March, 2005 regarding `Expert Committee on Small Savings.`

- (a): Yes, Sir.

(b): The National Common Minimum Programme (NCMP) , inter alia, enjoins upon the Government to ensure that the interests of small investors will be protected and they will be given new avenues for safe investment of their savings. The Government, therefore, decided to constitute an Expert Group under the chairmanship of Shri G.N. Bajpai, the then Chairman, Securities and Exchange Board of India (SEBI). The terms of the Expert Group, inter alia, included suggesting appropriate measures for offering investors, including senior citizens, reasonable return through new savings instruments. The Group, in its report submitted in January, 2005, inter alia, recommended a new scheme, to be called `Senior Citizens` Inflation Protection Savings` Scheme` with the same features as the existing `Senior Citizens` Savings` Scheme` on a mutatis mutandis basis, the difference being that the coupon rate will be pegged at 200 basis points above average annual rate of inflation, as measured by the WPI (base: 1993-94) of the preceding calendar year. The investor may have a combined ceiling of Rs. 15 lakh for his investment under the two senior citizens` savings` schemes. The coupon will be reset annually with effect from 1st April, each year.

- (c): The report is under examination in the Government.