

GOVT. OF INDIA [RBI] FLOATING RATE SAVINGS BOND 2020



Government of India has launched Floating Rate Savings Bonds 2020 (Taxable) scheme, with effect from July 01, 2020 in terms of GoI Notification F.No.4(10)-B(W&M)/2020 dated June 26, 2020. The salient features of the Bond are detailed below.

FLOATING RATE BONDS: AT-A-GLANCE

- ✓ **Minimum investment of Rs.1,000**
- ✓ **No maximum limit on investment**
- ✓ **Floating rate of interest with a Half Yearly interest payout**
- ✓ **100% risk free investment option**
- ✓ **7 years tenure of the bond from the date of issue with a special provision for premature redemption for Senior Citizens.**
- ✓ **Eligibility - An Individual, not being a Non-Resident Indian or a Hindu Undivided Family**

TERMS & CONDITION IN DETAIL

Category of Investor

Resident Individual, HUF

Limit of investment

Minimum Rs.1000/- and in multiples of Rs.1000/-.

Date of Issue of bonds

Date of receipt of subscription in cash (up to ` 20,000/- only), or date of realization of cheque /draft/ funds.

Forms of Bonds

Electronic form held in the Bond Ledger Account.

Interest

- Interest is payable semi-annually from the date of issue of bonds, up to 30th June / 31st December as the case may be, and thereafter half-yearly for period ending 30th June and 31st December on 1st July and 1st January respectively.
- The coupon rate payable for next half-year would be reset on 1st January 2021 and thereafter, every 1st July and 1st January.

Post Maturity Interest

Post Maturity Interest is not payable.

Bank Details

It is mandatory for the investor/s to provide bank account details to facilitate payment of interest /maturity value directly to his/her/their bank account.

Tax benefits

Income from the bonds is taxable.

Nomination Facility

The sole Holder or all the joint holders may nominate one or more persons as nominee in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulation, 2007, published in Part III, Section 4 of the Gazette of India dated December 1, 2007.

Maturity period

7 years from the date of issuance.

You can apply for the Floating Rate Savings Bonds 2020 (Taxable) if you are:

A person residing in India

- In his or her individual capacity, or
- In individual capacity on joint basis, or
- In individual capacity on anyone or survivor basis, or
- On behalf of a minor as father/mother/legal guardian

Or a

A Hindu Undivided Family**Premature redemption**

Facility is available to the eligible investors after Lock in period of 4, 5, and 6 years in the age bracket of 80 years and above, between 70 to 80 years and 60 to 70 years respectively

Transferability

The bonds are not transferable.

Tradability / Advances

The bonds are not tradable in the secondary market and also not eligible as collateral for availing loans.

Cheque Favoring**"HDFC Bank - RBI Floating Rate Savings Bond 2020"****IMPORTANT NOTE**

- Non-Resident Indian's (NRI)s not eligible to invest in these bonds.
- No maximum limit.
- Bond Ledger Account will be opened by the Receiving Office in the name of investor/s.
- Half-yearly interest is payable on 1st January / 1st July. The coupon on 1st January 2021 shall be paid at 7.15%.
- Tax will be deducted at source while interest is paid.
- If an exemption under the relevant provisions of the Income Tax Act,1961 is obtained, it may be declared in the Application Form.
- Penalty charges @ 50% of last coupon payment.
- Transferability is limited to nominee(s)/legal heir in case of death of holder.

DOCUMENTATION**Individuals**

- Duly filled in application form (Complete application forms with all pages in full - duly filled in from the investors)
- Self-attested PAN card copy of the investor
- Self-attested Address copy of the investor
- Cancelled cheque leaf of the bank which was mentioned in application for interest and maturity payments
- No correction / alteration allowed in the application and the corrections if any to be duly authenticated by the investor

Hindu Undivided Family [HUF]

- Duly filled in application form (Complete application forms with all pages in full - duly filled in by the Karta with stamp and signature)
- Self-attested PAN card copy of the HUF
- Self-attested Address copy of the HUF
- Cancelled cheque leaf of the bank which was mentioned in application for interest and maturity payments
- No correction / alteration allowed in the application and the corrections if any to be duly authenticated by the Karta
- List of coparceners in the Hindu Undivided Family along with their signatures attested by Karta

Minors

- Duly filled in application form (Complete application forms with all pages in full - duly filled in from the Guardian)
- Self-attested PAN card copy of the minor / Guardian
- Self-attested Address copy of the minor / Guardian
- Birth Certificate of the minor attested by the Guardian
- Cancelled cheque leaf of the bank which was mentioned in application for interest and maturity payments
- No correction / alteration allowed in the application and the corrections if any to be duly authenticated by the investor.
- In case of POA, Original POA to be verified by the bank and certified as **"Original Seen and Verified"**.

FREQUENTLY ASKED QUESTIONS

Are the Floating Rate Savings Bonds (Taxable) transferable?

No, these bonds are not transferable.

What is the minimum and maximum limit for investment in the Floating Rate Savings Bonds (Taxable)?

The Bonds will be issued for a minimum amount of Rs. 1000/- (face value) and in multiples thereof. There will be no maximum limit for investment in Bonds.

What is the tenure of the Floating Rate Savings Bonds (Taxable)?

The tenure of the bond is 7 years from the date of issue. No interest will accrue after the maturity of the bond.

Is a nomination facility available?

Yes, a nomination facility is available.

How much tax do I have to pay?

The interest income from the bonds is taxable. TDS (This stands for Tax Deducted at Source, which means the tax you have to pay on your salary is already deducted and the net amount is received by you.) is deducted at the time of interest payment as per the prevailing IT rules.

What is the minimum and maximum limit for investment in the Floating Rate Savings Bonds (Taxable)?

The Bonds will be issued for a minimum amount of Rs. 1000/- (face value) and in multiples thereof.

What is the tenure of the Floating Rate Savings Bonds (Taxable)?

The tenure of the bond is 7 years from the date of issue. No interest will accrue after the maturity of the bond. Premature redemption facility is allowed for investors in the age group of 60 years and above as per RBI's Notification.

When is the interest payable?

Interest is payable semi-annually from the date of issue of bonds, up to 30th June / 31st December as the case may be, and thereafter half-yearly for period ending 30th June and 31st December on 1st July and 1st January respectively.

Are the Floating Rate Savings Bonds (Taxable) transferable?

No, these bonds are not transferable.

How much interest will the Floating Rate Savings Bonds (Taxable) bear?

The interest rate of the bond, would be re-set half yearly starting with Jan 1st, 2021 and thereafter every July 1st and will be liked with the prevailing National Saving Certificate (NSC) rate with a spread of (+) 35 bps over the respective NSC rate. Accordingly, the coupon rate for first coupon period i.e. July 1 to Dec. 31, 2020 payable on Jan. 01, 2021 is arrived at 7.15% (6.80%+0.35%). All subsequent coupon reset would be based on the fixation of rate of interest on NSC on Jan 01 and July 01 following the above methodology.

Click or visit for forms: <http://ifinltd.in/Research/Bonds/Applications>

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