

## Press Communique

### 8% Savings (Taxable) Bonds, 2003

Government of India has announced to launch of 8% Savings (Taxable) Bonds, 2003 commencing from 21st April 2003 to enable resident citizens/charitable institutions/universities to invest in a **taxable bond**, without any **monetary ceiling**. The main features of the Bonds are:

- |       |                                |   |
|-------|--------------------------------|---|
| (i)   | Who can invest:                | The Bonds are open to investment by individuals (including Joint Holdings) and Hindu Undivided Families/charitable institutions/universities. <b>NRIs are not eligible for making investments in these Bonds.</b>   |
| (ii)  | Subscription:                  | Applications for the Bonds in the form of Bond Ledger Account will be received in the designated branches of agency banks and SHCIL in all numbering about 1600.  |
| (iii) | Issue Price                    | The Bonds will be issued at par i.e. at Rs.100.00 per cent.<br><br>The Bonds will be issued for a minimum amount of Rs. 1000/- (face value) and in multiples thereof. Accordingly, the issue price, will be Rs.1000/- for every Rs.1,000/- (Nominal).<br><br>The Bonds will be issued in demat form (Bond Ledger Account) only. |
| (iv)  | Period:                        | The Bonds will be on tap till further notice and issued in cumulative and non-cumulative forms.   |
| (v)   | Limit of investment            | There will be no maximum limit for investment in the Bonds.   |
| (vi)  | Tax treatment:                 | Income-tax: Interest on the Bonds will be taxable under the Income-tax Act, 1961 as applicable according to the relevant tax status of the bond holder.<br><br>Wealth tax: The Bonds will be exempt from Wealth-tax under the Wealth- tax Act, 1957.  |
| (vii) | Maturity and rate of interest: | The Bonds will have a maturity of <b>6 years</b> carrying interest at <b>8%</b> per annum payable half-yearly. The cumulative value of Rs.1000 at the   |

- (viii) Transferability: end of six years will be **Rs.1601/-**.  
The Bonds are **not** transferable.
- The Bonds are **not** tradeable in the Secondary market and are **not** eligible as collateral for loans from banking institutions, non-banking financial companies or financial institutions.
- (ix) Nomination: A sole holder or a sole surviving holder of a Bond, being an individual, can make a nomination

Full details of the scheme are available in the Government Notification dated 21st March 2003.

Ministry of Finance & Company Affairs  
Department of Economic Affairs  
New Delhi.

Dated 21st March 2003.

PC.8% Taxable 17.3.2003