

8 % Savings (Taxable) Bonds, 2003 - Notification

Government of India
Ministry of Finance and Company Affairs
Department of Economic Affairs

Notification

New Delhi, dated the 21st March 2003

8 % Savings (Taxable) Bonds, 2003

No.F.4(10)-W&M/2003 : The Government of India, hereby notifies the issue of 8% Savings (Taxable) Bonds, 2003 (“the Bonds”) from 21st April 2003 until further notice. The terms and condition of the issue of the Bonds, shall be as follows:

2. Eligibility for Investment :

The Bonds may be held by -

- (i) an individual, not being a Non-Resident Indian -
 - (a) in his or her individual capacity, or
 - (b) in individual capacity on joint basis, or
 - (c) in individual capacity on anyone or survivor basis, or
 - (d) on behalf of a minor as father/mother/legal guardian
- (ii) a Hindu Undivided Family.
- (iii) (a)'Charitable Institution' to mean a Company registered under Section 25 of the Indian Companies Act 1956 or
 - (b) an institution which has obtained a Certificate of Registration as a charitable institution in accordance with a law in force; or
 - (c) any institution which has obtained a certificate from an Income Tax Authority for the purposes of Section 80G of the Income Tax Act, 1961.
- (iv) "University" means a university established or incorporated by a Central, State or Provincial Act, and includes an institution declared under section 3 of the University Grants Commission Act, 1956 (3 of 1956), to be a university for the purposes of that Act.

2. Limit of Investment :

There will be **no** maximum limit for investment in the Bonds.

4. Tax Treatment :

- (i) 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 Bonds holder.
- (ii) Wealth tax : The Bonds will be exempt from Wealth-tax under the Wealth tax Act, 1957.

5. Issue Price

- (i) The Bonds will be issued at par i.e. at Rs.100.00 per cent.
- (ii) 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).

6. Subscription

Subscription to the Bonds will be in the form of Cash/Drafts/Cheques. Cheques or drafts should be drawn in favour of the bank (Receiving Office), specified in paragraph 10 below and payable at the place where the applications are tendered.

7. **Date of Issue**

The date of issue of the Bonds in the form of Bonds Ledger Account, will be opened (issued) from the date of tender of cash or the date of realisation of draft/cheque.

8 **Form**

The Bonds will be issued only in the form of Bonds Ledger Account and may be held at the credit of the holder in an account called **Bonds Ledger Account** (BLA).

The Bonds in the form of Bonds Ledger Account will be issued and held with any number of branches of the banks and SHCIL as authorised by Reserve Bank of India specified in paragraph 10 below. A certificate of holding as specified in form TB I will be issued to the holder of Bonds in Bonds Ledger Account (in Form TBX or Form TBY as applicable).

9. **Applications:**

- (i) Applications for the Bonds may be made in Form 'A' attached hereto as TB 2 or in any other form as near as thereto stating clearly the amount and the full name and address of the applicant.
- (ii) Applications should be accompanied by the necessary payment in the form of cash/drafts/cheques as indicated in paragraph 6 above.
- (iii) Applicants who have obtained exemption from tax under the relevant provisions of the Income Tax Act, 1961, shall make a declaration to that effect in the application (in Form 'A') and submit a true copy of the certificate obtained from Income-Tax Authorities.

10. **Receiving Offices**

Applications for the Bonds in the form of Bonds Ledger Account will be received at :

- (a) Any number of Branches of State Bank of India, Associate Banks, Nationalised Banks, four private sector banks and SCHIL as specified in the TB 3.
- (b) Any other bank or number of branches of the banks and SCHIL where the applications will be received as specified by the Reserve Bank of India in this behalf from time to time.

11. **Nomination:**

- (i) A sole holder or a sole surviving holder of a Bonds, being an individual, may nominate in form B annexed to this notification (TB – 4) or as near thereto as may be, one or more persons who shall be entitled to the Bonds and the payment thereon in the event of his death.
- (ii) Where any amount is payable to two or more nominees and either or any of them dies before such payment becomes due, the title to the Bonds shall vest in the surviving nominee or nominees and the amount being due thereon shall be paid accordingly. In the event of the nominee or nominees predeceasing the holder, the holder may make a fresh nomination.
- (iii) No nomination shall be made in respect of the Bonds issued in the name of a minor.
- (iv) A nomination made by a holder of a Bonds may be varied by a fresh nomination in Form B or as near thereto as may be, or may be cancelled by giving notice in writing to the Receiving Office in Form C annexed to the notification (TB – 5).

(v) Every nomination and every cancellation or variation shall be registered at the Receiving Office where the Bonds is issued and shall be effective from the date of such registration.

(vi) If the nominee is a minor, the holder of a Bonds may appoint any person to receive the Bonds/amount due in the event of his death during the minority of the nominee.

12. **Transferability:**

The Bonds in the form of Bonds Ledger Account shall **not** be transferable.

13. **Interest :**

The Bonds will bear interest at the rate of 8% per annum. Interest on non-cumulative Bonds will be payable at half-yearly intervals from the date of issue in terms of paragraph 7 above or interest on cumulative Bonds will be compounded with half-yearly rests and will be payable on maturity alongwith the principal, as the subscriber may choose. In the latter case, the maturity value of the Bonds shall be Rs.1601.00 (being principal and interest) for every Rs.1,000/-(Nominal). Interest to the holders opting for non-cumulative Bonds will be paid from date of issue in terms of paragraph 7 above upto 30th September/ 31st March as the case may be and thereafter half-yearly for period ending 1st October/ 1st April. Interest on Bonds in the form of “Bonds Ledger Account” will be paid, by **cheque /warrant or through ECS by credit to bank account of the holder as per the option exercised by the investor/holder.**

14. **Tax Deduction at source**

Tax will be deducted at source while making payment of interest on the non-cumulative Bonds from time to time and credited to Government Account.

Tax on the interest portion of the maturity value will be deducted at source at the time of payment of the maturity proceeds on the cumulative Bonds and credited to Government Account.

However, tax will not be deducted while making payment of interest/maturity proceeds as the case may be, to institutions which have made a declaration in the application form that they have obtained exemption from tax under the relevant provisions of the I.T.Act and have submitted a true copy of the certificate obtained from I.T. Authorities.

15. **Advances/Tradability against Bonds**

The Bonds shall **not** be tradable in the secondary market and shall not be eligible as collateral for loans from banks, financial Institutions and Non Banking Financial Company (NBFC) etc.

16. **Repayment**

The Bonds shall be repayable on the expiration of **6(six) years** from the date of issue.

17. **Brokerage:**

Brokerage at the rate of Re1.00 (Rupee one only) per Rs.100 will be paid to the brokers including PPF and UTI agents registered with the Receiving Office listed in paragraph 10 (a) & (b) above and also to authorised banks on the applications tendered by them on behalf of their clients and bearing their stamp.

By Order of the President of India
sd/-
(D.Swarup)
Addl. Secretary(Budget)

Government of India
Ministry of Finance and Company Affairs
Department of Economic Affairs

Notification

New Delhi, dated the 2nd April 2003

8% Savings (Taxable) Bonds, 2003

F.No.4(10)-W&M/2003: The Government of India, hereby notifies that para 13 of this Ministry's Notification No.F.4 (10)-W&M/2003 dated 21st March 2003 is hereby partially modified and substituted as follows:

Para 13 - Interest:

The Bonds will bear interest at rate of 8% per annum. Interest on non-cumulative bonds will be payable at half-yearly intervals from the date of issue in terms of paragraph 7 above or interest on cumulative bonds will be compounded with half-yearly rests and will be payable on maturity alongwith the principal, as the subscriber may choose. In the latter case, the maturity value of the Bonds shall be Rs.1601/- (being principal and interest) for every Rs.1000/- (Nominal). Interest to the holders opting for non-cumulative bonds will be paid from date of issue in terms of paragraph 7 above upto 31st July/ 31st January, as the case may be and thereafter at half yearly for period ending 31st July and 31st January on 1st August and 1st February.

Interest on Bond in the form of "Bond Ledger Account" will be paid, by **cheque/ warrant or through ECS by credit to bank account of the holder as per the option exercised by the investor/holder.**

By Order of the President of India
sd/-
(D. Swarup)
Additional Secretary (Budget)