



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI No. 2008-2009/417

Ref DGBA.CDD No. H- 8217 / 13.04.137 / 2008 - 09

March 24, 2009

Chaitra 03, 1931 (Saka)

The General Manager  
State Bank of India and Associate Banks  
and 17 Nationalised Banks  
Axis Bank Ltd / ICICI Bank Ltd / IDBI Bank Ltd / HDFC Bank Ltd &  
Stock Holding Corporation of India Ltd

Dear Sir,

**Repayment of 8 % Savings (Taxable) Bonds, 2003**

Please refer to our Loan Circular CO.DT. 13.01.299 / H-3836 /2002-03 dated April 03, 2003 regarding issue of 8 % Savings (Taxable) Bonds, 2003. The said bonds issued in terms of Government of India Notification No. F. 4 (10) - W&M / 2003 dated March 21, 2003 will mature for repayment from April 21, 2009 onwards according to the date of individual investments. The Press Communiqué dated March 24, 2009 issued by Government of India, Ministry of Finance, Department of Economic Affairs, New Delhi is enclosed for information. The general procedures to be strictly adhered to by the Agency banks in connection with the repayment of the bonds held under Bond Ledger Accounts (BLAs) are given below:

**1. Issue of Advices to Investors:** The attention of the holders may be drawn to the ensuing maturity of their bonds one month before the date on which investment in the BLA is due for repayment as per the format given in Annexure I (copy enclosed). The advices to the holders should be sent by Registered / Speed Post. It should be ensured that the advices are sent only in respect of BLAs which are free from stoppage.

**2. Post Maturity Interest:** As stated in Para 15 of our Loan Circular dated April 3, 2003 the bonds shall be repayable on expiry of **six** years from the date of issue. No interest would accrue after the maturity of the bond. We, therefore, advise you to intimate to the investors

यह विभाग आईएसओ 9001:2000 प्रमाणित है।

सरकारी और बैंक लेखा विभाग, केन्द्रीय कार्यालय, भायखला ऑफिस बिल्डिंग, 4 थी मंजिल, मुंबई सेन्ट्रल रेलवे स्टेशन के सामने, भायखला, मुंबई-400 008

**This Department is ISO 9001-2000 certified**

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that **the investment does not carry Post Maturity Interest**, prominently in the above advices.

### **3. Discharge of Certificates by the investors**

(i) As per Regulation 24 (2) (b) of Government Securities Regulations, 2007, (copy of which was forwarded to you vide our letter DGBA.CDD.H-6289/11.29.002/2007-08 dated December 7, 2007) payment of maturity proceeds to the registered holder of a Government Security, held in the form of BLA shall be made by pay order or by credit to the account of the holder in any bank having facility of receipt of funds through electronic means. For this purpose, in terms of Regulations 24(2) (d) bond holders are required to submit relevant particulars of their bank account to the Agency banks. This regulation in effect obviates the necessity of the investor submitting Annexure 1A seeking repayment of bonds and enables Agency banks to automatically redeem the matured bonds on due date and despatch the payment advice. To facilitate the automatic redemption on due dates, holders of BLAs whose bank account details are not available with you, may be asked to furnish the relevant particulars and a mandate as per Annexure 1B (copy enclosed) for crediting the proceeds electronically to their account. It may also be noted that in the absence of mandate, repayment will be made on receipt of discharge in Annexure 1A, as hitherto.

(ii) As per extant instructions, the investor is required to furnish the particulars of his PAN / GIR number, or a declaration in Form No. 60, in case the investor does not have PAN / GIR No, if the amount of repayment exceeds Rs. 1 lakh.

### **4. Payment to the Investors**

(i) Although the Receipt (Annexure 1A) is submitted well in advance for repayment, it should be ensured that actual payment of discharge value is made only on the due date, and if payment is made through electronic mode, the investor's account should be credited on due date only and not before that. In the event of holiday being declared by the State Government under the Negotiable Instruments Act, 1881 on the maturity date or maturity date being Sunday, **the maturity proceeds may be made on the previous working day.**

(ii) The repayment should be made only by the bank branch concerned, maintaining the BLA. Details of closure of the investment(s) i.e. date(s) and amount(s) etc. should be maintained and invariably be indicated in the BLA, wherever applicable duly authenticated by the Supervising Official.

(iii) If multiple investments are made against the same BLA, the redemption of individual investment should be reflected therein and a fresh statement of holding duly indicating the

BLA number, date of maturity and amounts in respect of individual investments may be generated and given to the investor. It should be ensured that the outstanding balance appearing in the BLA and the statement of holding are the same.

**5. Delivery of Payment Order:** In case of repayment by issuance of Payment Order it should be ensured that the payment orders bearing the dates of redemption are prepared and kept ready / despatched (in case of request to send by post) so as to reach the holder at least one day in advance and for senior citizens, three days in advance. The payment order may be despatched by speed/registered post.

**6. Interest payments:** As regards investments held under **non-cumulative** scheme, the interest for the broken period/last half-year should be paid along with the principal, if bank account details are available or duly discharged bond is submitted well in advance. If bank account details are not available or duly discharged bond is not submitted well in advance by the investor, then the interest warrants for the broken period / last half-year pertaining to such investments should be despatched on the due date of maturity. While despatching such interest warrants of matured investments, the covering letter addressed to the investor should invite his attention to maturity intimation advice issued in terms of para 1 above and indicate that the investment has matured on the specific date. As regards payment of interest on investments held under **cumulative** scheme, interest on bond should be paid along with the principal. The advices to the investors should invariably contain the legend **"Interest will not accrue on the investment after ---/ ---/ --- (date of maturity)"**.

**7. Accounting:** The Principal and the interest should be separately accounted for and the scrolls drawn separately and kept on records for audit / verification in terms of the extant instructions issued from time to time.

**8. Reporting to Government of India:** The designated branches should submit a statement showing the payments and outstanding in respect of the BLAs under the scheme on monthly basis to the Controller of Accounts, Department of Economic Affairs, Ministry of Finance, Government of India, New Delhi through their Link Office. The repayment scrolls pertaining to the principal and the interest should be drawn separately as per Appendix XI & XII of MOP for this purpose.

**9. Reporting to PDO of jurisdiction:** The monthly report sent to the PDO of jurisdiction should invariably contain the details of repayments in part D of Appendix IV. The repayment scrolls pertaining to the principal and the interest drawn separately as per Appendix XII of MOP for the month as above may also be submitted alongside.

**10. Reimbursement from CAS Nagpur:** The Agency banks may prefer claims for reimbursement as per paragraph 1.14 and 1.18 (section I) of MOP **only in respect of the**

**repayments effected** by them. Such claims may be submitted in the usual manner to CAS, Nagpur through the respective link cells along with the consolidated scrolls *separately for principal and interest*. The claims should be duly supported by a certificate from the Internal / Concurrent Auditors to the effect that the repayment figures have been checked 100% and that the amount has already been paid to the investors.

**11. Preservation of Records:** The instructions vide paragraph 1.22 of MOP regarding preservation of records should be followed meticulously.

**12. Advice to designated Banks:** Since most of the branches have computerized their operations, the requisite system changes required to comply with the above instructions, may please be made well in advance to avoid any hassles at the operational level and to render better customer service to the investors. The contents of this circular may please be brought to the notice of the designated branches concerned urgently.

**13.** The above instructions are illustrative and not exhaustive and should be read with the instructions in the MOP, Government Securities Act, 2006 and Government Securities Regulations, 2007. In case of any specific doubts or queries on the above, the designated banks / branches may please contact the PDO of jurisdiction.

**14.** Please acknowledge receipt and monitor compliance.

Yours faithfully,

sd/-

(K.R.K. Reddy)  
Assistant General Manager

Encls: as above.

## ANNEXURE I

<b>On letterhead of the Agency bank</b>
---

Ref. No. ....

Date:

To,  
(Investor's name and address)

Madam / Dear Sir,

Repayment of 8 % Savings (Taxable) Bonds, 2003

We advise that the investment(s) made by you under the captioned scheme is/are due for repayment on maturity as shown below:

BLA No.	Date of Investment	Date of Maturity	Principal	Interest	Total Amount
<b>Grand Total:</b>					

2. In terms of Regulation 24 of the Government Securities Regulations, 2007, if bank account details are already furnished by the investors, the above investment/s will be automatically redeemed and proceeds will be credited to your bank account on the maturity date through electronic mode. No separate application/discharge and submission of original Certificate of Holding is required for seeking repayment.

3. Those investors who have not furnished bank account details are requested to furnish the same as per the mandate form enclosed (ANNEXURE 1B) duly filled in and certified by the bank concerned, wherever necessary.

4. If bank details in the mandate form are not furnished by the investors, they are required to return the attached ANNEXURE 1A, completed in all respects, and the receipt (**Acquittance**) duly discharged, after affixing the revenue stamp at the place provided for, to enable us to issue Payment Order.

5. As per extant instructions, the investor is required to furnish the particulars of his PAN / GIR number, (or a declaration in Form No 60, in case the investor does not have PAN / GIR No), if the amount of repayment exceeds Rs. one lakh.

6. You may please note that the investment does not carry post maturity interest/ i.e., **Interest will not accrue on the investments from and after the date of maturity** indicated above.

7. Kindly note to submit the applicable document(s)/information 20 days in advance so that the repayment is made on the due date itself.

Yours faithfully,

Signature  
(Name and Designation)

Encl: As above.

**ANNEXURE 1A****From**

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 -----  
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**To**

The Branch Manager

.....  
 .....  
 .....

Dear Sir,

**Repayment of 8 % Savings (Taxable) Bonds, 2003**

I / We request and authorise that the following investment in my / our BLA under 8 % Savings (Taxable) Bonds, 2003 may please be paid by a Payment Order.

BLA No.	Date of Investment	Amount invested	Date of Maturity	Interest	Total Amount
<b>GRAND TOTAL</b>					

Yours faithfully

Signature (s)

Name (s)

\* I / We desire that the Payment Order may please be sent by Post / Courier Service at my risk and responsibility and it may be delivered to any person available at my / our residence in my / our absence.

\* Strike out if not applicable.

**ACQUITTANCE**

Received from (Name of designated bank / branch) Rs. \_\_\_\_\_ (Rupees-----  
 -----only), being the principal amount with  
 accrued interest due on 8 % Savings (Taxable) Bonds, 2003 against my /our BLA as per  
 details given above.

**No.****Name (s)****Income Tax PAN**

(If amount exceeds Rs. 1 lakh)

i.

ii.

iii.

Place:

Date:

(Revenue Stamp) Signature(s)
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**ANNEXURE 1B****Electronic Clearing Service (Credit Clearing) Mandate Form****(Investor(s) option to receive redemption proceeds / interest payments through Electronic Credit Clearing Mechanism)**

- 1) **Investor name(s)** :
- 2) **(a) BLA No.** :
- (b) PAN/GIR No.\*** :
- (c) Telephone No./Mobile No./E-mail ID** :

**3) Particulars of Bank account**

- A Name of the Bank :
- B Name of the branch :
- Address :
- Telephone No :

C 9-Digit code number of the bank and branch

appearing on the MICR cheque issued by the bank:

D Type of the account (Savings, Current or Cash Credit)  
with code (10/11/13) :

E Ledger and Ledger folio number:

F Account number (as appearing on the cheque book):

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank for verification of the above particulars)

- 4) **Date of effect** :

I/we hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I/we would not hold the user institution responsible. I/we have read the option invitation letter and agree to discharge the responsibility expected of me/us as a participant under the scheme.

Date: (.....)  
Signature (s) of the Investor

(In case of joint holding, all the investors, whose signatures are registered with Agency bank, should sign here)

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Certified that the particulars furnished above are correct as per our records.

Bank's Stamp:

Date: (.....)  
Signature of the authorised  
official of the Bank

\*: compulsory for investors due to receive maturity proceeds exceeding Rs. one lakh

**PRESS COMMUNIQUE**

The 8 % Savings (Taxable) Bonds, 2003 issued in terms of Government of India, Ministry of Finance, Department of Economic Affairs Notification No. F. 4 (10) - W&M / 2003 dated March 21, 2003 will start maturing for repayment with effect from April 21, 2009. The holders may note that **"no interest would be payable on the Bonds after maturity"**.

2. As per sub-regulations 24 (2) (b) and 24 (3) of Government Securities Regulations, 2007, payment of maturity proceeds to the registered holder of a Government security, held in the form of Bond Ledger Account (BLA) shall be made by a pay order incorporating the relevant particulars of his bank account or by credit to the account of the holder in any bank having facility of receipt of funds through electronic means. To facilitate repayment of the above bonds on the due dates, holders of BLAs may furnish the relevant particulars of their bank account to the issuing offices well in advance so that the automatic redemption of BLAs can be made on due date without requiring to give any discharge upon the security / Annexure 1A. Holders may, therefore, submit the relevant particulars of their bank account for automatic redemption of the maturity value on the due date.

However, in the absence of relevant particulars of bank account / mandate for receipt of funds through electronic means, repayment will be made on receipt of discharge on the Annexure 1A (in case of BLA).

3. Full details of the procedure for receiving discharge value may be obtained from the Agency Bank concerned.

Government of India  
Ministry of Finance  
Department of Economic Affairs  
(Budget Division)  
North Block  
New Delhi- 110 001  
Dated: 24.03.2009