

February 27, 2008  
Phalguna 8, 1929 (Saka)

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

Dear Sir,

**Repayment of 6.5% Savings Bonds, 2003 (Non Taxable)**

Please refer to our Loan Circular CO.DT. 13.01.298 / H-3566/2002-03 dated March 15, 2003 regarding issue of 6.5% Savings Bonds, 2003 (Non Taxable). The said bonds issued in terms of Government of India Notification No. F. 4 (9) W & M / 2003 dated 15.3.2003 will mature for repayment from March 24, 2008 onwards according to the date of individual investments. The Press Communiqué dated February 22, 2008 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 account (BLA) 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 March 15, 2003 the bonds shall be repayable on expiry of five 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 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-6298/11.29.002/2007-08 dated December 7, 2007) payment of maturity proceeds to the registered holder of a Government Security, held in the form of Bond Ledger Account (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 dispatch 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 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. The maturity intimation advice (Annexure I) has been suitably modified incorporating the above changes and a copy each the said advice and mandate form to be furnished by the investors is enclosed.

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, where 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 / dispatched (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 dispatched by speed/registered post.

**6. Interest payments:** As regards BLAs held under non-cumulative scheme, the interest for last broken period should be paid along with the principal. The interest warrants pertaining to such investments should be dispatched on the due date of maturity irrespective of whether the investor has furnished discharge receipt for repayment or not. While despatching such interest warrants of matured BLAs, the covering letter addressed to the investor should indicate that the investment has matured on the specific date. 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,

(Dr.Balu K)  
Deputy General Manager

**ANNEXURE 1**

<b>On letterhead of the Agency bank</b>
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Ref. No. ....

Date:

To,  
(Investor's name and address)

Madam / Dear Sir,

Repayment 6.5% Savings Bond Scheme 2003 (Non Taxable)

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 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 BLA 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 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. As per GOI Notification No. F.4 (5) - W & M / 2002 dated February 28, 2003 **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)

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

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**To**

The Branch Manager

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 .....  
 .....

Dear Sir,

**Repayment of 6.5% Savings Bond Scheme 2003**

I / We request and authorise that the following investment in my / our BLA under 6.5 % Savings Bond Scheme 2003 may please be paid by a Payment Order.

BLA No.	Date of Investment	Amount invested	Date of Maturity	Interest	Total Amount
GRAND TOTAL					

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 6.5% Savings 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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**Electronic Clearing Service (Credit Clearing) Mandate Form**

**(Investor's option to receive redemption proceeds/interest payments through  
 Credit Clearing Mechanism)**

1) **Investor's name (s)** :2) **Member ID No. / BLA No.** :**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 (S.B., 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 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 would not hold the user institution responsible. I have read the option invitation letter and agree to discharge the responsibility expected of me as a participant under the scheme.

Date:

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

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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