

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

New Delhi, dated the 13th March, 2003

NOTIFICATION

6.5% Savings Bonds, 2003(Non taxable)

No. F. 4(9)-W&M/2003: The Government of India, hereby notifies the issue of 6.5% Savings Bonds, 2003 (Non taxable) ("the Bonds") from 24th March, 2003 until further notice. The terms and conditions 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.

3. **Limit of Investment :**

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

4. **Tax concession :**

- (i) Income-tax: Interest on the Bonds will be exempt from Income-tax under the Income-tax Act, 1961.
- (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 Stock Certificate will be the date of receipt of subscription in cash or the date of realization of draft/cheque as the case may be. In the case of the Bonds in the form of Bond Ledger Account (BLA), the same will be opened (issued) from the date of tender of cash or the date of realisation of draft/cheque.

8. **Form**

- i) The Bonds will be issued in the form of Stock Certificate or may be held at the credit of the holder in an account called Bond Ledger Account.
 - a) The Bonds in the form of Bond Ledger Account will be issued and held with the Public Debt Offices of the Reserve Bank of India or any number of branches of the banks and Stock Holding Corporation of India Ltd. (SHCIL) as authorized by Reserve Bank of India specified in paragraph 10 below. A certificate of holding as specified in Annexure-1 will be issued to the holder of Bonds in Bond Ledger Account (in Form X or Form Y as may be applicable).
 - b) The Bonds in the form of Stock Certificate will be issued only at the offices of Reserve Bank of India referred to in paragraph 10(i)(a) below.
- ii) Where the Bonds in the form of Stock Certificate cannot be issued immediately on receipt of the subscription due to non-availability of the Bond forms, or otherwise the Receiving Office will issue a provisional receipt in favour of the subscriber for the value of the subscription tendered by him.
- iii) The Bonds issued in one form will not be eligible for conversion into the other form.

9. **Applications:**

- (i) Applications for the Bonds may be made in Form 'A' attached hereto as Annexure-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.

10. **Receiving Offices :**

- (i) Applications for the Bonds in the form of Bond Ledger Account will be received at:
 - (a) Offices of the Reserve Bank of India at Ahmedabad, Bangalore, Bhubaneswar, Mumbai (Fort and Byculla), Kolkata, Guwahati, Hyderabad, Jaipur, Kanpur, Chennai, Nagpur, New Delhi, Patna and Thiruvananthapuram, or
 - (b) Number of Branches of State Bank of India, Associate Banks, Nationalized Banks, four private sector banks and SHCIL as specified in the Annexure-3.
 - (c) Any other bank or number of branches of the banks and SHCIL where the applications will be received as specified by the Reserve Bank of India in this behalf from time to time.
- (ii) Applications for Bonds in the form of Stock Certificate will be received only at the offices of Reserve Bank of India, mentioned in sub-paragraph (i)(a) above.

11. **Nomination:**

- (i) A sole holder or a sole surviving holder of a Bond, being an individual, may nominate in form B annexed to this notification (Annexure – 4) or as near thereto as may be, one or more persons who shall be entitled to the Bond 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 Bond 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 Bond 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 (Annexure – 5).
- (v) Every nomination and every cancellation or variation shall be registered at the Receiving Office where the Bond is issued and shall be effective from the date of such registration.
- (vi) If the nominee is a minor, the holder of a Bond may appoint any person to receive the bond/amount due in the event of his death during the minority of the nominee.

12. **Transferability:**

The Bonds in the form of Bond Ledger Account and Stock Certificate shall not be transferable except by way of gift to a relative as defined in Section 6 of the Indian Companies Act, 1956, by execution of appropriate Transfer Form as given in Annexure 6A or 6B (as may be applicable) and execution of an affidavit by the holder. A list of relatives is given in Annexure 7.

13. **Interest :**

The Bonds will bear interest at the rate of 6.5% 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 along with the principal, as the subscriber may choose. In the latter case, the maturity value of the Bonds shall be Rs.1377/- (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 June/31st December as the case may be and thereafter half-yearly for period ending 30th June/31st December on 1st July and 1st January. Interest on Bonds in the form of Stock Certificate

and in the case of 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.

14. **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.

15. **Repayment :**

(i) The Bonds shall be repayable on the expiration of 5(five) years from the date of issue.

(ii) **Provision for Premature Encashment** - After minimum lock in period of 3 years from the date of issue, an investor can surrender the bond any time after the 6th half year but redemption payment will be made on the following interest payment due date. Thus the effective date of premature encashment will be 1st July and 1st January every year. However, 50% of the interest due and payable for the last six months of the holding period will be recovered in such cases both in respect of cumulative and non-cumulative Bonds.

16. **Brokerage:**

Brokerage at the rate of Re.0.50 (Fifty paise only) per Rs.100/- will be paid to brokers including PPF and UTI agents registered with Receiving Offices of Reserve Bank of India and Re. 1/- (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 (b) & (c) above and also to authorized banks on the applications tendered by them on behalf of their clients and bearing their stamp.

By Order of the President of India

**(D. Swarup)
Additional Secretary (Budget)**

ANNEXURE-1**Form 'X'****Government of India****Certificate of Holding**

(Non-Cumulative)

6.5% Savings Bonds, 2003**Bond Ledger Account No. _____**

[See Para 8 (i)(a)]

We hereby certify that Shri/Smt. _____ is the holder of
6.5% Savings Bonds, 2003 held in the Bond Ledger Account No. _____ with-----
----- (Name of the RBI Office/Bank branch) as per details given below.

These bonds will bear interest @ 6.5% per annum payable half-yearly.

This is issued subject to the terms and conditions laid down in Government of India Notification
No.----- dated -----.

Name of the Receiving Office

Branch Code No.

Official Seal.

1. (Name-----) 2. (Name-----)
Designation Designation

Nomination Registered
at Sl.No.

Signature of the Head of
the Receiving Office/the
officer next to him.

Note: This certificate is non-negotiable.

Details of Bonds held in the Bond Ledger Account

Sl. No.	Investment		Transfer		Due Date of Repayment *	Repayment		Balance	Initials under bank's seal
	Date	Amount	Date	Amount		Date	Amount		
1	2	3	4	5	6	7	8	9	10

7/-

* Due date of repayment to be indicated in the case of transfer.

ANNEXURE-1**Form 'Y'****Government of India****Certificate of Holding****(Cumulative)**

6.5% Savings Bonds, 2003

Bond Ledger Account No.

[See Para 8(i)(a)]

We hereby certify that Shri/Smt.----- is the holder of
6.5% Savings Bonds, 2003 held in the Bond Ledger Account No.----- with-----
----- (Name of the RBI Office/Bank branch) as per details given below.

This is issued subject to the terms and conditions laid down in Government of India Notification
No F.4(9) W&M/2003 dated 13th March ,2003 . The maturity value of the Bonds shall be
Rs.1377/- (being principal and interest) for every Rs.1000/- (Nominal).

Name of the Receiving Office

Branch Code No.

Official Seal.

1. (Name-----) 2. (Name-----)
Designation Designation

Nomination Registered
at Sl.No.

Signature of the Head of
the Receiving Office/officer
next to him.

Note: This certificate is non-negotiable.

Details of Bonds held in the Bond Ledger Account

Investment		Transfer		Due date of repayment *	Repayment		Balance		Initials under bank's seal
Date	Amount (Nominal)	Date	Amount (Nominal)		Date	Amount (Nominal)	Nominal	Maturity Value	
1.	2.	3	4.	5.	6.	7.	8.	9.	10

* Due date of repayment to be indicated in the case of transfer.

: 10:-

.....
SIGNATURE / THUMB IMPRESSION OF 1ST APPLICANT

+ SIGNATURE

NAME AND ADDRESS OF WITNESS

.....
SIGNATURE / THUMB IMPRESSION OF 2ND APPLICANT

1)

.....
SIGNATURE / THUMB IMPRESSION OF 3RD APPLICANT

2)

NOTE : @ Interest on Stock Certificate Bonds in the form of Bond Ledger
Account by credit to the bank account to the holder or by cheque/warrant.

+ In case of thumb impression.

11/-

-: 11:-

H.U.F. DECLARATION FORM

(ONLY IF APPLICANT IS KARTA OF HUF)

I,

SEX: M. [] F. []

[illegible]

RESIDING AT THE ADDRESS GIVEN AGAINST THE FIRST APPLICANT, DO
SOLEMNLY AFFIRM

THAT I AM THE KARTA OF THE HINDU UNDIVIDED FAMILY STYLED

[illegible]

(NAME OF THE HUF AND ADDRESS)

AND AS SUCH HAVE FULL POWERS TO INVEST, TRANSFER OR OTHERWISE
DEAL IN

6.5% SAVINGS BONDS, 2003 STANDING IN THE NAME OF THE SAID HUF.

SPECIMEN SIGNATURE FOR AND ON BEHALF
OF THE HUF (NAME OF THE HUF)

PLACE

DATE _____

SIGNATURE OF THE KARTA

INSTRUCTIONS AND GUIDELINES FOR 6.5% SAVINGS BONDS, 2003

- 1) There is no maximum limit for Investment in the Bonds.
- 2) Cheque/ draft towards subscription should be drawn in favour of the bank/Receiving Office, receiving the application and payable at the place where the application is tendered.
- 3) If the application is made on behalf of a minor by the legal guardian, a guardianship certificate granted by a competent court under the provisions of Guardians and Wards Act (Act of 1890) should be produced.
- 4) In case of minor applicant, a birth certificate issued by the Municipal or other competent authority, church, Registrar of Birth/s or a Magistrate, Head of a Gram Panchayat or Head Master of a School - disclosing the name and the date of birth of the minor should be produced in original (along with one Xerox copy) for verification.
- 5) The application shall bear the signature/thumb impression of the applicant/s. The thumb mark should be witnessed by 2 respectable persons.
- 6) If the application is signed by a person other than the investor, a Power of Attorney authorizing the signatory should be submitted along with the application. The P.O.A. should contain express provision to receive interest and the principal amount due under the Bonds and/or to negotiate or transfer the Bonds. The P.O.A. should also be unconditional. In case the P.O.A. is executed abroad, it should be attested by a Notary Public of the place where it is executed and notarized afresh in India (duly stamped).
- 7) The Karta of HUF making an application for Savings Bonds should submit a declaration in the form annexed hereto.
- 8) The nomination may be made by a sole holder (other than a minor) in case of bonds in the form of Bond Ledger Account in Form 'B' or as near thereto as may be. A nomination made may be varied or cancelled by notifying PDO / branch of authorized Receiving Office/bank in Form 'B' or 'C' as the case may be. Every nomination made or variation thereof shall be registered at PDO/ branch of authorized Receiving Office/bank of issue and shall be effective from the date of registration.
- 9) In case of applications made in the joint names of more than 2 persons, the bond/s interest warrants and Payment Order/s will be issued in the name of the first applicant "and others" (without mentioning names of other joint holders).
- 10) The date of issue of bond in the form of Stock Certificate will be date of receipt of subscription in cash/ or the date of realization of cheques/draft as the case may be. In the case of the bond in the form of Bond Ledger Account, it will be opened from date of receipt of subscription in cash or the date of realization of draft or cheque.

- 11) Tax concession available under 6.5% Savings Bonds are as under :
- i) Income Tax - Interest on the bonds will be exempt from Income tax under Income Tax Act, 1961
 - ii) Wealth Tax - The bonds will be exempt from Wealth Tax under the Wealth Tax Act 1957.
- 12) Bonds both in the form of Bond Ledger Account and Stock Certificate will **not** be transferable except by way of gift to a relative as defined in section 6 of the Indian Companies Act, 1956 by execution of an instrument of transfer as given in Annexure-6A or 6B (as may be applicable) and execution of an affidavit by the holder. The transfer shall not be deemed to be complete until the name of the transferee is registered as holder of the Bond in the books of Public Debt Office / Branch of authorized bank/Receiving Office of issue. A list of relatives is given in Annexure-7.
- 13) The bond is repayable after a period of **five years** from the date of issue.
- 14) Applications for Bonds in the form of Bond Ledger Account will be received at :
- (i) (a) Offices of the Reserve Bank of India at Ahmedabad, Bangalore, Chennai, Bhubaneshwar, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai (Fort and Byculla), Nagpur, New Delhi, Patna and Thiruvananthapuram.

(b) Branches of State Bank of India, Associate Banks and Nationalized Banks, four private sector banks and SHCIL specified in the Annexure 3 of the Government Notification.
 - (ii) Applications for Bonds in the form of Stock Certificates will be received only at the Offices of Reserve Bank of India mentioned at in (i) (a) above.
- 15) Brokerage at the rate of 0.50p./- (Fifty paise only) per Rs.100/- will be paid to the brokers registered with Receiving Offices of Reserve Bank and Re. 1/- (Rupee one only) per Rs.100/- will be paid to the brokers listed in Para 10 (b)&(c) of the notification and to PPF and UTI Agents enrolled with them as also to authorized banks on the applications tendered by them on behalf of their clients and bearing their stamp.
- 16) The Bonds shall not be tradable in secondary market and not eligible as collateral for loan from banks, financial institutions and NBFC, etc.

ANNEXURE - 3

List of Banks handling Savings Bonds Work

Name of the Bank	No. of Branches
1. State Bank of India	285
2. State Bank of Bikaner & Jaipur	30
3. State Bank of Hyderabad	23
4. State Bank of Indore	7
5. State Bank of Mysore	34
6. State Bank of Saurashtra	7
7. State Bank of Patiala	16
8. State Bank of Travancore	8
9. Allahabad Bank	34
10. Bank of Baroda	139
11. Bank of India	32
12. Bank of Maharashtra	46
13. Canara Bank	49
14. Central Bank of India	41
15. Dena Bank	39
16. Indian Bank	45
17. Indian Overseas Bank	62
18. Punjab National Bank	168
19. Syndicate Bank	81
20. UCO Bank	59
21. Union Bank of India	34
22. United Bank of India	38
23. Corporation Bank	55
24. Oriental Bank of Commerce	11
25. Vijaya Bank	43
26. HDFC Bank Ltd.	37
27. ICICI Bank Ltd.	48
28. IDBI Bank Ltd.	43
29. UTI Bank Ltd.	29
30 Stock Holding Corporation of India Ltd.	32
	1575

FORM OF NOMINATION

[illegible]

@

			PARTICULARS OF NOMINEE			
DATE OF ISSUE	AMOUNT Rs.	DATE OF REPAYMENT	FULL NAME WITH EXPANDED INITIALS AND ADDRESS OF NOMINEE	DATE OF BIRTH	RELATIONSHIP TO HOLDER	PARTICULARS OF BANK ACCOUNT

@ TO BE FILLED IN BY THE BANK OPENING THE ACCOUNT

16/-

SIGNATURE WITH NAME AND ADDRESS OF WITNESS:

1.

2.

PLACE

DATE

\$ **TO BE FILLED IN, IF NOMINEE IS A MINOR**

\$\$ NAME OF NOMINEE (MINOR)

+ THE PARA MAY BE STRUCK OUT IF THE NOMINATION IS NOT IN
SUBSTITUTION OF THE ONE ALREADY MADE.

ANNEXURE - 5
(FORM – C)
[See Para 11(iv)]

6.5% SAVINGS BONDS, 2003
NOTICE OF CANCELLATION OF NOMINATION

I _____ (Name and address) do hereby cancel the nomination dated _____ made by me in respect of the following Bond Ledger Account and registered by the Public Debt Office/ branch of the authorized Public Sector Bank on the _____ (date).

Particulars of the 6.5% Savings Bonds, 2003

Date of Issue	Bond Ledger Account No.	Amount Rs.
---------------	-------------------------	------------

Place

Date

Signature/Thumb impression of the holder

Signatures and addresses of the witnesses:

- 1) _____

2) _____

ANNEXURE - 6A

FORM OF TRANSFER
BOND LEDGER ACCOUNT
(See Para 12)
6.5% Savings Bonds, 2003

I/We

(Transferor/s)

do hereby assign and transfer my/our interest in the Bond Ledger Account of the 6.5% Savings Bonds, 2003 amounting to Rs.....being the amount/portion of the bonds for Rs.....held in Bond Ledger Account No.....together with accrued interest thereon, due for repayment on, to

(Transferee/s)

his/her/their executors, administrators or assignees and I/We

(Transferee/s)

do accept the Bonds in the above Bond Ledger Account No. () amounting to Rs..... (Cumulative/Non-Cumulative).

I/We

(Transferee/s)

request that I/we may be registered as the holder/s of the Bond hereby transferred to me/us and a Bond Ledger Account may be opened in my/our name/ credited to my/our Bond Ledger Account No.

*I/We

(Transferor/s)

hereby request that on the above transferee(s) being registered as the holder(s) of the Bond hereby transferred to him/them the aforesaid bond to the extent it has not been transferred to him/them may continue in my/our Bond Ledger Account No.....

Dated this _____ day of _____ Two thousand and _____

Signed by the above
named transferor
in the presence of
witness's signature,
name, occupation
and address

Name of
Transferor
&
Signature

Address

Signed by the above
named transferor
in the presence of
witness's signature,
name, occupation
and address

Name of
Transferor
&
Signature

Address

Omit the alternatives which do not apply

* This paragraph is to be used only when a portion of the bond is transferred.
Witness should be different for transferor and transferee.

- In case of minor separate declaration with birth certificate copy is to be submitted

Note : 1) An affidavit is enclosed.

2)The form should be submitted to the Receiving Office within one month
from the date of execution thereof failing which it is liable to be rejected.

-: 21:-

interest is payable at _____

As witness our hand the _____ day of _____

Signed by the above-named _____ (Transferor)

Transferor in the presence of

Signed by the above-named _____ (Transferee)

Transferee in the presence of

Transferred

Stock Certificate issued No/s _____ dated _____

Manager, Reserve Bank of India, P.D.O.

\$ Omit the alternative which does not apply.

The form should be submitted to Reserve Bank of India **within one month** (excluding the 'shut' period prescribed by Reserve Bank of India from time to time for the purpose of issue of interest) from the date of execution thereof failing which, it is liable to be rejected.

22/-

ANNEXURE -7

(See Para 12)

Extract from the Indian Companies Act, 1956

Section 6

Meaning of “relative” – A person shall be deemed to be a relative of another if, and only if

—

- a) they are members of a Hindu Undivided Family; or
- b) they are husband and wife; or
- c) the one is related to the other in the manner indicated in Schedule I-A.

SCHEDULE I-A

List of Relatives

- 1. Father
- 2. Mother (including step-mother)
- 3. Son (including step-son)
- 4. Son's wife
- 5. Daughter (including step-daughter)
- 6. Father's father
- 7. Father's mother
- 8. Mother's mother
- 9. Mother's father
- 10. Son's son
- 11. Son's son's wife
- 12. Son's daughter
- 13. Son's daughter's husband
- 14. Daughter's husband
- 15. Daughter's son
- 16. Daughter's son's wife
- 17. Daughter's daughter
- 18. Daughter's daughter's husband
- 19. Brother (including step-brother)
- 20. Brother's wife
- 21. Sister (including step-sister)
- 22. Sister's husband

Government of India
Ministry of Finance
Department of Economic Affairs
(Budget Division)

New Delhi, dated the 8th July, 2004

NOTIFICATION

6.5% Savings Bonds, 2003(Non taxable)

No. F. 4(9)-W&M/2003: The Government of India, hereby notifies that the issue of 6.5% Savings Bonds, 2003 (Non taxable) as per Notification No. F.No. 4(9)-W&M/2003, dated the 13th March, 2003 shall cease with effect from close of business as on July 8, 2004.

Sd/
(K.S. Menon)
Joint Secretary (Budget)