

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 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.
- (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.

3. 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 bond 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 Bonds in the form of Bond Ledger Account (BLA) 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 Bond Ledger Account and may be held at the credit of the holder in an account called Bond Ledger Account.

The Bonds in the form of Bond 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 Bond 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 Bond 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 SHCIL as specified in the TB 3.

(b) 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.

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 (TB – 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 (TB – 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 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/- (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 “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. **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)
Additional Secretary (Budget)

Annexure I

Form 'TBX'

Government of India
Certificate of Holding

(Non-Cumulative)

8% Savings (Taxable) Bonds, 2003

Bond Ledger Account No.

[See Para 8]

We hereby certify that Shri/Smt.----- is the holder of 8% Savings (Taxable) Bonds, 2003 held in the Bond Ledger Account No.----- with----- (Name of the Bank branch) as per details given below. These bonds will bear interest @ 8% per annum payable half-yearly.

This is issued subject to the terms and conditions laid down in Government of India Notification No. F.4(10) W&M/2003 dated 21st March, 2003.

Name of the Receiving Office

Branch Code No.

Official Seal.

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

Nomination Registered
at Sr.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

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

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

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

8% Savings (Taxable) Bonds, 2003

Bond Ledger Account No.

[See Para]

We hereby certify that Shri/Smt.----- is the holder of 8% Savings (Taxable) Bonds, 2003 held in the Bond Ledger Account No.----- with----- (Name of the 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(10) W&M/2003 dated 21st March, 2003.

The maturity value of the Bonds shall be Rs 1601/-. (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 Sr.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
	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.

ANNEXURE - 2

(FORM A)

[See Para 9]

APPLICATION FORM FOR 8% Savings (Taxable) Bonds, 2003

(Please read the instructions carefully before filling up the form)

(Please write in block letters and tick (☒) the appropriate box)

I/WE TENDER THE SUM _____
BEING THE SUBSCRIPTION TO 8 % SAVINGS
(TAXABLE) BONDS , 2003 AMOUNT OF
SUBSCRIPTION Rs. _____
(Rupees _____)
PAID BY ☐ CASH ☐ CHEQUE ☐ D.D.
No. _____ DATED _____
DRAWN ON _____
(BANK/BRANCH)

I/WE APPLY AS ☐ INDIVIDUAL ☐
ON BEHALF OF MINOR ☐

* KARTA OF HUF ☐

* CHARITABLE INSTITUTION ☐

* UNIVERSITY ☐

RELATIONSHIP WITH MINOR ☐ FATHER
☐ MOTHER ☐ LEGAL GUARDIAN

MODE OF HOLDING :-

☐ SINGLE

☐ JOINT

☐ ANYONE OR SURVIVOR

STATUS ☐ RESIDENT

☐ MINOR

* Declaration form to be filled in and submitted, if
applicable.

BROKERS NAME :

CODE NO. :

ADDRESS :

FOR OFFICE USE ONLY

BROKERAGE PAID Rs.

APPLICATION NO.

DATED

DATE OF DEBIT OF
DRAWEE BANK

DATE OF TRANSFER
TO LINK CELL

DATE OF CREDIT TO
SPL. CURRENT A/C

DATE OF CREDIT TO
GOVT. ACCOUNT

BOND LEDGER, A/C. No

BRANCH MANAGER

RUBBER STAMP OF RECEIVING OFFICE
WITH FULL ADDRESS

I / WE REQUEST THAT THE BONDS MAY BE ISSUED TO ME / US AS INDICATED BELOW:

☐ BOND LEDGER ACCOUNT MAY BE OPENED IN MY/OUR NAME

☐ MAY BE CREDITED TO MY/OUR BOND LEDGER ACCOUNT NO.

I / WE WISH TO DRAW INTEREST ON MATURITY/CUMULATIVE [] @

HALF YEARLY – NON CUMULATIVE []@

In case of credit of interest to bank Account

NAME OF THE BANK BRANCH

SAVINGS/CURRENT ACCOUNT NO. _____

(Fill in the boxes using block letters leaving one box blank after each word)

FULL NAME OF THE FIRST APPLICANT / HUF/ MINOR SEX: M. [] F. []

[illegible]

FULL NAME OF FATHER/MOTHER/LEGAL GUARDIAN (IN CASE OF MINOR) / KARTA OF HUF / POWER OF ATTORNEY HOLDER

[illegible]

DATE OF BIRTH (IN CASE OF MINOR)

--	--	--	--	--	--

D
M
Y

(IN CASE OF MINOR)

Registration No. in case of Power of Attorney/ HUF already registered with Reserve Bank of India

--	--	--	--	--	--

ADDRESS (DO NOT REPEAT NAME) OF THE 1ST APPLICANT

[illegible]

FULL NAME AND ADDRESS OF 2ND APPLICANT

[illegible]

FULL NAME AND ADDRESS OF 3RD APPLICANT

[illegible]

PERMANENT ACCOUNT NUMBER

FIRST APPLICANT

SECOND APPLICANT

THIRD APPLICANT

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

+ SIGNATURE
NAME AND ADDRESS OF WITNESS

1).....

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

2)

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

NOTE : @ Interest on 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.

I,
F. []

[illegible][illegible]

AND AS SUCH HAVE FULL POWERS TO INVEST, TRANSFER OR OTHERWISE DEAL IN 8% SAVINGS (TAXABLE) BONDS , 2003 STANDING IN THE NAME OF THE SAID HUF.

11/-

FORM OF DECLARATION BY CHARITABLE INSTITUTION/UNIVERSITY
(Refer to Annexure 2 - Form A (See para 9))

I/We(Name of the charitable institution/ university/
Applicant) hereby declare that we have obtained an exemption certificate from
tax from the Income Tax Authorities(specify the name,
designation, place of the Authority) vide Certificate No.
dated issued by the said Authority. A true copy of the said
Certificate is submitted along with this application form.

Place:

Signature of the Authorised Official
of the Applicant

Date:

Seal

INSTRUCTIONS AND GUIDELINES FOR 8% Savings (Taxable) 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 authorising 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 notarised afresh in India (duly stamped).
- 7) The Kartha of HUF making an application for Taxable Bonds should submit a declaration in the form annexed hereto.
- 8) If the application is made on behalf of a
 - (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 such application shall be signed by an authority authorized to sign the documents on behalf of such Charitable Institution. Certified copies of the relevant documents shall be submitted along with the application.
- 9) If the application is made on behalf of a "University", means any university established under any statute, such application shall be signed by an authority authorized to sign the documents on behalf of such University. Certified copies of the relevant documents shall be submitted along with the application.
- 10) 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 branch of authorised Receiving Office in Form 'B' or 'C' as the case may be. Every nomination made or variation thereof shall be registered at branch of authorised Receiving Office and shall be effective from the date of registration.

- 11) 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.
- 12) The bond in the form of Bond Ledger Account will be opened from date of receipt of subscription in cash or the date of realisation of draft or cheque.
- 13) Tax treatment available under 8% Savings (Taxable) Bonds, 2003 are as under:
- i) Wealth tax - The bonds will be exempt from Wealth tax under the Wealth tax Act 1957.
 - ii) Income tax - Tax will be deducted at source while making payment of interest on the non-cumulative bonds and credited to Government Account. Tax on the interest portion of 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.
- 14) The bond is repayable after a period of **six years** from the date of issue.
- 15) Applications for Bonds in the form of Bond Ledger Account will be received at 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.
- 16) Brokerage at the rate of Re. 1.00 (Rupee one only) per Rs.100/- will be paid to the brokers listed in Para 10 (a)&(b) and to PPF and UTI Agents enrolled with them as also to authorised banks on the applications tendered by them on behalf of their clients and bearing their stamp.
- 17) 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 8% Savings (Taxable) Bonds, 2003 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

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 DELETED, IF THE NOMINATION IS NOT IN SUBSTITUTION OF THE ONE ALREADY MADE.

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

8% Savings (Taxable) 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 branch of the authorised bank/receiving office on _____ (date).

Particulars of the 8% Savings (Taxable) Bonds, 2003

of Issue	Ledger Account No.	unt Rs. Nomination in favour of

Place

Date

Signature/Thumb impression of the holder

Signatures and addresses of the witnesses:

1) _____

2) _____
